

1.0 Comprehensive Income Statement Converted to Cash

	Year to date		YTD Variance		Full Year		Variance		Notes
	Actual (\$'000)	Forecast (\$'000)	Actual to Forecast (\$'000)	%	Forecast (\$'000)	Budget (\$'000)	Forecast to Budget (\$'000)	%	
Rates and Charges	34,730	34,645	84	0%	135,704	135,224	480	0%	
Statutory Fees and Fines	3,628	3,618	9	0%	20,106	22,469	(2,363)	(11%)	
User Fees	6,431	6,687	(255)	(4%)	35,042	38,170	(3,129)	(8%)	
Grants - Operating	3,147	3,193	(45)	(1%)	10,785	10,908	(123)	(1%)	
Grants - Capital	0	0	(0)	(0%)	4,838	5,126	(288)	(6%)	
Contributions - Monetary	5,601	5,727	(126)	(2%)	11,504	9,108	2,397	26%	
Contributions - Non Monetary	0	0	0	0%	0	0	0	0%	
Other Income	2,916	2,783	133	5%	20,000	22,016	(2,016)	(9%)	
Total Income	56,454	56,653	(199)	(0%)	237,979	243,021	(5,042)	(2%)	1
Employee Costs	21,209	20,579	(630)	(3%)	94,259	94,365	106	0%	
Materials & Services	15,877	16,909	1,032	6%	89,027	89,552	525	1%	
Depreciation	4,958	5,760	802	14%	22,850	22,850	0	0%	
Amortisation of Right of Use assets	0	0	0	0%	740	808	68	8%	
Bad & Doubtful Debts	712	674	(39)	(6%)	4,654	5,135	481	9%	
Borrowing Costs	0	44	44	100%	178	178	0	0%	
Interest - Right of Use	15	19	4	23%	53	76	24	31%	
Other expenses	2,372	2,117	(255)	(12%)	16,943	16,687	(256)	(2%)	
Net proceeds from asset disposals	(49)	(50)	(1)	1%	2,804	3,619	815	23%	
Share of Joint Venture	0	0	0	0%	0	0	0	0%	
Total Expenses	45,094	46,051	957	2%	231,507	233,270	1,763	1%	2
Operating Surplus / (Deficit)	11,360	10,602	758	7%	6,471	9,751	(3,280)	(34%)	
Income Statement Converted to Cash									
Adjustments for non-cash operating items:									
• Add back depreciation	4,958	5,760	(802)	(14%)	22,850	22,850	0	0%	
• Add back amortisation	0	0	0	0%	740	808	(68)	(8%)	
• Add back written-down value of infrastructure assets disposals	0	0	0	0%	8,999	8,999	0	0%	
• Add back balance sheet work in progress reallocated to operating	0	0	0	0%	1,200	1,200	0	0%	
• Add back Joint Venture Equity Accounting	0	0	0	0%	0	0	0	0%	
• Add back Impairment	0	0	0	0%	0	0	0	0%	
• Less Contributed Assets	0	0	0	0%	0	0	0	0%	
	4,958	5,760	(802)	-14%	33,789	33,857	(68)	0%	
Adjustments for investing items:									
• Less Capital Expenditure	(2,020)	(2,175)	155	7%	(37,013)	(36,771)	(242)	(1%)	3
Adjustments for financing items:									
• Add New Borrowings	0	0	0	0%	0	0	0	0%	
• Less Loan Repayments	0	0	0	0%	(7,500)	(7,500)	0	0%	
• Less Lease Repayments	(194)	(222)	28	(13%)	(760)	(889)	129	(15%)	
	(194)	(222)	28	-13%	(8,260)	(8,389)	129	2%	
Adjustments for financing items:									
Net Reserves Drawdown/ (Replenishment)	0	0	0	0%	(754)	(161)	(593)	(268%)	4
Current Year Cash Surplus/ (Deficit)	14,103	13,964	140	(99%)	(5,767)	(1,713)	(4,054)	(237%)	
Opening balance cash surplus/ (Deficit)	6,661	6,661	0	0%	6,661	4,720	1,941	41%	
Accumulated Cash Surplus	20,764	20,625	140	1%	894	3,007	(2,113)	(70%)	

Refer to explanatory notes on forecast adjustments.

2.0 Notes to the Income Statement

Legend: ↑ financial improvements, → neutral impact, ↓ unfavourable financial changes

Note 1. Operating income forecast adjustments:

↑ → ↓	Variance (\$,000's)	Operating income forecast explanatory notes
↑	978	Recognition of income received in 2020/21 from Commonwealth Home Support Programme in accordance with Accounting Standards tying funding to the timing of service delivery.
↑	480	The number of properties in the municipality has increased by 610 and an increased take up of the larger 240 litre domestic waste bins than budgeted.
↑	122	Election income received in August for prior year council elections (not budgeted).
→	2,397	Additional development contribution for open space expected in St Kilda Hill neighbourhood.
→	(1,409)	50% of Victorian Grants Commission general funding received in 2020/21 which was ringfenced in reserve. This is offset by drawdown on reserve in 2021/22.
→	(171)	COVID-19 closures of community facilities have resulted in reduced income. This is offset by matching expenditure reduction.
↓	(2,403)	Parking Infringement revenue forecast has been reduced to reflect the loss of income incurred due to the Covid-19 lockdowns since July, and State government restrictions on enforcement (enforcement activity has been limited to safety and red signed areas since early August).
↓	(2,179)	Paid parking forecast has been reduced to reflect the loss of income incurred due to lockdowns since July. This has limited work-based car travel and general visitation to and within the city.
↓	(2,280)	Council agreed to provide \$2.3m of support including rent waivers to Council tenants, rental waivers to South Melbourne Market Stallholders, and footpath trading permit fee waivers at the 16 August meeting.
↓	(207)	Blackspot Alma Rd and Alexandra Street project contingent on external funding which has not eventuated. Project not going ahead.
↓	(192)	Child Care Gap fee waiver mandated by Commonwealth Government whilst Victoria is impacted by COVID-19 restrictions.
↓	(100)	St Kilda Esplanade Market Income reduction for the period July-Oct due to Covid-19 State Government lockdown & Restrictions resulting in market closure
↓	(100)	South Melbourne Market parking income reduce for the period July-Oct due to Covid-19 State Government lockdown & Restrictions resulting in reduce attendance

Note 2. Operating expenditure forecast adjustments:

↑ → ↓	Variance (\$,000's)	Operating expenditure forecast explanatory notes
↑	481	Lower parking doubtful debts expected due to decreased number of parking infringements issued.
↑	370	Lower building and property maintenance requests as a result of temporary services closures.
↑	536	Lower employee costs and savings due to enterprise vacancy and COVID-19 impacting on service delivery including libraries, independent living.
↑	259	Habitat Housing Initiative did not proceed as Department of Health and Human Services reclaimed funding in late 2020/21.
↑	250	Lower Fines Victoria lodgement fees due to reduced number of parking infringement notices issued caused by Covid-19 lockdowns and enforcement restrictions.

↑ → ↓	Variance (\$,000's)	Operating expenditure forecast explanatory notes
↑	170	Contract payments for the management of parking infringement administration and VicRoads search fees reduced as a result of reduced parking infringement notices issued caused by COVID-19 lockdowns and enforcement restrictions.
→	815	Greater net proceeds from sale of fleet which will be used to partially fund the additional purchase of street sweepers and community buses (previously leased).
→	121	COVID-19 closures of community facilities have resulted in reduced expenditure and matching loss of income.
→	(600)	Customer Experience program – forecast increased to reflect approved end of year deferrals from 20/21 to deliver the remaining components of the project.
→	(537)	Reactivation of Public Space project – forecast increased to reflect approved end of year deferrals from 20/21 to deliver the remaining components of the project.
→	(115)	Victorian Government funding for a six-month Health Officer to enhance COVID safe for business.
↓	(102)	Pedagogy & Practice Lead converted full time to maintain consistent childcare service provisions.

Note 3. Capital expenditure forecast adjustments:

↑ → ↓	Variance (\$,000's)	Capital expenditure forecast explanatory notes
↑	152	Station Pier Boardwalk & Jetty Renewal – Project cancelled as responsibility of works confirmed to sit with Ports Victoria.
→	301	Lower deferrals for the Core Information Technology infrastructure renewal and upgrade project due to greater spend in 2020/21.
→	273	Cora Graves Accessibility – Project cancelled due to the future use of building under consideration.
→	(1,416)	Fleet replacement expenditure increased due to the purchase of street sweepers and community buses (previously leased) and a net reduction of staff packaged vehicles (key benefits including lower financing costs \$0.04m, reduced carbon emissions from investment in hybrid/electric vehicle and safer vehicles). Funded partly from additional sales proceeds and drawdown on Asset Renewal Reserve
→	(437)	Childcare Centre Fence Compliance – additional budget approved for increased construction costs of the remaining sites. Fully funded from Childcare reserve.
→	(308)	Wattie Watson Oval construction expenditure deferred from 2020/21 including \$200k transferred from Point Ormond Playground.
→	(172)	South Melbourne Market Public Safety Improvements – additional construction budget approved following closure of tender resulting in a higher market price from prior estimates.
→	(160)	Department of Transport funded Safety Improvements at Mountain Street which was not budgeted.
→	(100)	Elwood Park Sports Field Lighting – additional budget approved to remediate soil contamination.
→	(236)	Deferral of 2020/21 budget approved for various projects including North Port Oval, Building Roof Renewals, and others affected by delays caused by resourcing and supply issues during the pandemic.
→	163	Inkerman Street Bike Corridor – deferral to future years. Three concept design options will inform the community consultation and construction has been re-scheduled for 2024/25.
→	207	Blackspot Safety Improvement at Alma Rd and Alexandra Street project contingent on external funding which has not eventuated. Project not going ahead.

↑ → ↓	Variance (\$,000's)	Capital expenditure forecast explanatory notes
→	200	Point Ormond Playground upgrade savings expected following the award of tender. Savings transferred to Wattie Watson also a Local Road and Community Infrastructure funded project.
→	395	Access Control Renewal Council Buildings partial deferred to 2022/23 as the development of key principles to be considered in the selection of suitable access control systems has taken longer than anticipated due the availability of current resources. Whilst these have now been developed and approved it is unlikely the initial timelines identified to procure an electronic system will be able to be met
→	1,630	South Melbourne Town Hall Renewal Upgrade partial deferred to 2022/23 based on revised scheduling of works following Council approval of the project approach and full scope of works.
→	(450)	Procurement and installation of wall mounted air filtration units in childcare centres to reduce the risk of airborne transmission of the Covid-19 virus. Funded from Childcare Centre Infrastructure Reserve.

Note 4. Reserve forecast adjustments:

↑ → ↓	Variance (\$,000's)	Reserve forecast adjustment explanatory notes
→	1,717	Drawdown on tied grants received from prior financial years included: Victorian Grants Commission funding received in June 2021, Wattie Watson Oval Construction and other projects.
→	1,238	Net Drawdown on reserves for projects deferred from 2020/21 including Reactivation of Public Space, Customer Experience Program, and other projects.
→	1,079	Greater net drawdown on Child Care Infrastructure reserve for Childcare Centre Fence Compliance due to higher construction costs wall mounted air filtration units in childcare centres.
→	(2,528)	Lower net drawdown on Open Space Contributions mainly due to receipts from St Kilda Hill exceeding forecast expectations.
→	(143)	Lower net drawdown on Sustainable Transport Reserve mainly due to Inkerman Street Bike Corridor deferral.
→	(2,025)	Partial deferral of projects to 22/23 including Access Control Renewal Council Buildings and South Melbourne Town Hall Renewal Upgrade.

3.0 Balance Sheet

	Opening Balance \$'000	Year to Date			Full Year			Variance %	Note
		Actual \$'000	Forecast \$'000	Variance \$'000	Forecast \$'000	Budget \$'000	Variance \$'000		
ASSETS									
Current assets									
Cash and cash equivalents	13,842	5,265	8,000	(2,735)	8,000	7,672	328	4%	
Trade and other receivables	20,159	48,444	45,361	3,083	20,461	17,905	2,556	14%	
Other financial assets	106,011	94,526	93,360	1,166	110,284	107,000	3,284	3%	1
Non current assets classified as held for sa	11,713	11,713	11,713	0	0	0	0	0%	
Other assets	2,479	176	2,516	(2,340)	2,516	4,137	(1,621)	(39%)	
Total current assets	154,205	160,125	160,951	(826)	141,262	136,714	4,548	3%	
Non-current assets									
Investments in associates and joint venture	270	270	270	0	270	307	(37)	(12%)	
Trade and other receivables	532	532	532	0	532	521	11	2%	
Other financial assets	5	5	5	0	5	0	5	0%	
Property, infrastructure, plant and equipmer	3,239,409	3,237,033	3,235,825	1,209	3,320,086	3,320,124	(38)	(0%)	
Right of use assets	1,301	1,301	1,301	0	561	1,138	(577)	(51%)	
Total non-current assets	3,241,516	3,239,140	3,237,931	1,209	3,321,453	3,322,090	(637)	(0%)	
TOTAL ASSETS	3,395,720	3,399,265	3,398,883	382	3,462,715	3,458,804	3,911	0%	
LIABILITIES									
Current liabilities									
Trade and other payables	13,174	3,968	5,372	1,404	16,372	16,587	215	1%	
Trust funds and deposits	7,374	7,597	7,521	(76)	7,521	8,124	603	7%	
Provisions	18,567	18,920	18,938	17	18,938	16,266	(2,672)	(16%)	1
Interest-bearing loans and borrowings	7,500	7,500	7,500	0	0	0	0	0%	
Lease liabilities	767	1,136	545	(591)	7	605	598	99%	
Total current liabilities	47,381	39,121	39,875	754	42,838	41,582	(1,256)	(3%)	
Non-current liabilities									
Provisions	3,367	3,367	3,434	67	3,434	3,531	97	3%	
Interest-bearing loans and borrowings	0	0	0	0	0	0	0	0%	
Lease liabilities	563	0	563	563	563	789	226	29%	
Total non-current liabilities	3,930	3,367	3,997	630	3,997	4,320	323	7%	
TOTAL LIABILITIES	51,312	42,488	43,872	1,385	46,835	45,902	(933)	(2%)	
TOTAL ASSETS	3,344,409	3,356,777	3,355,010	1,767	3,415,880	3,412,902	2,978	0%	
EQUITY									
Accumulated surplus	640,760	652,119	644,996	7,124	635,477	638,974	(3,497)	(1%)	
Asset revaluation reserve	2,612,191	2,613,199	2,612,191	1,008	2,688,191	2,688,819	(628)	(0%)	
Other reserves	91,458	91,458	97,824	(6,366)	92,213	85,109	7,104	8%	
TOTAL EQUITY	3,344,409	3,356,777	3,355,011	1,765	3,415,881	3,412,902	2,979	0%	

Balance Sheet explanatory notes

Note	Explanatory notes
1	Forecast higher staff provisions due to lower take up of leave. Management closely monitoring this to ensure staff take their annual leave allocations. Easing of lockdown restrictions and the coming Christmas holiday period will likely to see an increase in leave taken.

4.0 Statement of Cash Flows

	Full Year	Year to Date			Full Year				Note
	2019/20 \$'000	Actual \$'000	Forecast \$'000	Variance \$'000	Forecast \$'000	Budget \$'000	Variance \$'000	Variance %	
Cash flows from operating activities									
Rates and charges	131,501	9,832	9,747	84	135,704	135,224	480	0%	
Statutory fees and fines	13,274	2,092	2,833	(741)	15,316	17,505	(2,189)	(13%)	1
User Fees	30,739	5,026	5,144	(117)	38,364	41,674	(3,310)	(8%)	1
Grants - operating	13,383	3,147	3,193	(45)	10,785	10,908	(123)	(1%)	
Grants - capital	3,860	0	0	(0)	4,838	5,125	(287)	(6%)	
Contributions- monetary	6,235	5,601	5,727	(126)	11,504	9,193	2,311	25%	2
Interest received	934	102	90	12	370	360	10	3%	
Trust funds and deposits taken	21,488	13,644	13,563	81	53,801	53,772	29	0%	
Other receipts	9,337	5,042	5,021	21	11,823	13,587	(1,764)	(13%)	3
Net GST refund	6,869	1,980	1,986	(6)	8,408	8,340	68	1%	
Employee costs	(90,090)	(20,855)	(20,141)	(714)	(92,321)	(94,133)	1,812	(2%)	4
Materials and services	(79,190)	(24,111)	(24,279)	168	(99,572)	(100,465)	893	(1%)	
Short term, low value and variable lease pa	(906)	(128)	(103)	(25)	(375)	0	(375)	0%	
Trust funds and deposits repaid	(22,063)	(13,421)	(13,416)	(5)	(53,654)	(53,684)	30	(0%)	
Other payments	(7,882)	(2,149)	(2,325)	176	(8,465)	(8,219)	(246)	3%	
Net cash provided by/(used in) operating	37,489	(14,199)	(12,961)	(1,238)	36,526	39,187	(2,661)	(7%)	
Cash flows from investing activities									
Payments for property, infrastructure, plant and equipment	(15,086)	(5,702)	(5,296)	(406)	(35,734)	(36,771)	1,037	(3%)	
Proceeds from sale of property, infrastructure, plant and equipment	4,083	49	50	(1)	6,195	5,380	815	15%	
Payments for investments	(106,011)	(94,526)	(93,360)	(1,166)	(110,284)	(90,000)	(20,284)	23%	
Proceeds from sale of investments	87,000	106,011	106,011	0	106,011	90,000	16,011	18%	
Net cash provided by/(used in) investing	(30,014)	5,832	7,404	(1,573)	(33,812)	(31,391)	(2,421)	8%	
Cash flows from financing activities									
Finance costs	(349)	0	(44)	44	(178)	(178)	0	(0%)	
Repayment of borrowings	0	0	0	0	(7,500)	(7,500)	0	0%	
Interest paid - lease liability	(77)	(15)	(19)	4	(53)	(76)	23	(30%)	
Repayment of lease liabilities	(849)	(194)	(222)	28	(760)	(889)	129	(15%)	
Net cash provided by/(used in) financing activities	(1,275)	(209)	(286)	77	(8,490)	(8,643)	153	(2%)	
Net (decrease) increase in cash and cash equivalents	6,200	(8,576)	(5,842)	(2,734)	(5,777)	(847)	(4,930)	582%	
Cash and cash equivalents at the beginning of the financial year	7,642	13,842	13,842	0	13,842	8,518	5,324	63%	
Cash and cash equivalents at the end of the financial year (investment less than 90 days)	13,842	5,266	8,000	(2,734)	8,065	7,671	394	5%	
Total cash and investments	119,853	99,792	101,360	(1,569)	118,284	114,672	3,612	3%	

Cash flows explanatory notes

Note	Explanatory notes
1	Forecast reduction in paid parking and infringement income due to lockdown restrictions.
2	Forecast additional Open Space Contributions from developers due to greater development at St Kilda Hill neighbourhood. Funds are ringfenced in reserve for future open space enhancement projects.
3	Council approved \$2.3 million of social and economic recovery package in August 2021.
4	Forecast lower payment of staff leave based on current leave taken. Leave management plan being implemented and management monitoring this closely.

5.0 Capital Works Statement

Property	Year to date		YTD Variance		Full Year		Variance		Notes
	Actual (\$'000)	Forecast (\$'000)	Actual to Forecast (\$'000)	%	Forecast (\$'000)	Budget (\$'000)	Forecast to Budget (\$'000)	%	
Buildings	396	473	76	16%	12,003	13,108	1,104	8%	1
Total Property	396	473	76	16%	12,003	13,108	1,104	8%	
Plant and Equipment									
Plant, machinery and equipment	746	600	(146)	(24%)	3,889	2,427	(1,462)	(60%)	2
Fixtures, fittings and furniture	22	51	29	56%	1,194	1,194	(0)	(0%)	
Computers and telecommunications	22	201	179	89%	1,098	1,336	238	18%	3
Library books	156	125	(31)	(25%)	872	952	80	8%	
Total Plant and Equipment	946	977	31	3%	7,053	5,910	(1,144)	(19%)	
Infrastructure									
Roads	12	41	30	72%	1,858	2,049	191	9%	
Bridges	2	2	(0)	(8%)	167	151	(16)	(11%)	
Footpaths and cycleways	112	78	(35)	(45%)	3,447	3,432	(15)	(0%)	
Drainage	198	208	10	5%	1,238	1,238	0	0%	
Parks, open space and streetscape	354	397	43	11%	11,246	10,884	(362)	(3%)	4
Total Plant and Equipment	678	726	48	7%	17,956	17,754	(202)	(1%)	
Total Capital Works Expenditure	2,020	2,175	155	7%	37,013	36,771	(242)	(1%)	
Capital Expenditure Type									
New asset expenditure	72	72	0	0%	2,130	2,269	139	6%	
Asset renewal expenditure	1,439	1,432	(7)	(0%)	17,579	16,566	(1,023)	(6%)	
Asset upgrade expenditure	466	636	170	27%	15,659	16,442	783	5%	5
Asset expansion expenditure	43	35	(8)	(23%)	1,645	1,504	(141)	(9%)	5
Total Capital Works Expenditure	2,020	2,175	155	7%	37,013	36,771	(242)	(1%)	

Capital expenditure explanatory notes

Note	Explanatory notes
1	Buildings forecast is \$1.1m below annual budget mainly due to delays resulting in the partial deferral of the Access Control Renewal Council Buildings and South Melbourne Town Hall Renewal Upgrade Projects. These are partially offset by the approval of increased construction cost for Childcare Centre Building Asset Renewal Project and wall mounted air filtration units in childcare centres, partially offset by marginal forecast reductions in other projects.
2	Unbudgeted purchase of street sweepers and community buses which are normally finance leased. Key benefits included lower financing costs, lower carbon emissions and safer fleet.
3	Computers & Telecommunications is \$0.2m below annual budget mainly due to forecast reduction to adjust IT equipment received just before 30 June. This was previously anticipated to be received and included in 21/22 budget with anticipated supply delays during Q3 of 20/21.
4	Parks, Open space and Street scape forecast is (\$0.4m) above annual budget due to approval of additional construction budget for SMM Public Safety Improvement (\$0.2m) and Elwood Park Sports Field lighting (\$0.1m) projects. This is partially offset by (\$0.15m) Station Pier Boardwalk & Jetty Renewal cancellation. In addition, end of year deferrals for several other projects has increased forecast position for 21/22.
5	Capital expenditure types has marginal variations to annual budget (4% or \$1.6m) due to Building Project deferrals, adjustment to end of year deferrals and approval of additional construction budget for some of the projects between renewal and upgrade types.

6.0 Financial Support

Economic and Social Recovery Package:

Total support expected this year to provide \$5.5 million of support including \$1.3m carried forward from 2020/21.

Included in the support provided is a mandated waiver of gap fees payable by families whose children did not attend childcare centres during lockdown.

We are still processing rent relief relating to the June quarter.

Initiatives	FY21 Deferrals (\$m)	FY22 Funding (\$m)	Expenditure Jul - Sep 2021 (\$m)	Comments
Rates Hardship Assistance Waivers, Deferrals, Rebates	0.000	0.965	0.088	Rates notices issued October 2021 minor delay due to system implementation/ roll-out. Important to be accurate with data.
Rent relief - Commercial tenants	0.118	1.096	0.262	Some tenants yet to submit claims
Rent relief - South Melbourne Market	0.186	1.120	0.375	Does not yet include August claims onwards being processed
Registration and permit fees (business)	0.000	0.380	0.380	Waiver finalised
Public space activation	0.225	0.000	0.113	Progress with activations
Other business support measures	0.175	0.200	0.008	Ongoing lockdowns limiting activation activity/progressing slower than anticipated
Childcare - Gap Fee Waiver	0.000	0.192	0.192	*Federal Government mandated. Council absorbing this within budget.
Support for community organisations	0.000	0.090	0.045	\$15k monthly to PPCG
Music Precinct	0.200	0.000	0.000	Works in progress. Councillor briefing scheduled.
Arts Grants	0.069	0.180	0.008	Funding for 6 key arts organisations to be administered in February 2022
Bicycle and pedestrian accessibility improvements	0.343	0.000	0.000	Part funding dependant on Department of Transport co funding (0.243m) balance works scheduled for late 2021, early 2022
Total Social & Economic Recovery	1.316	4.223	1.471	