



# **Quarterly Financial Report**

## **December 2009**

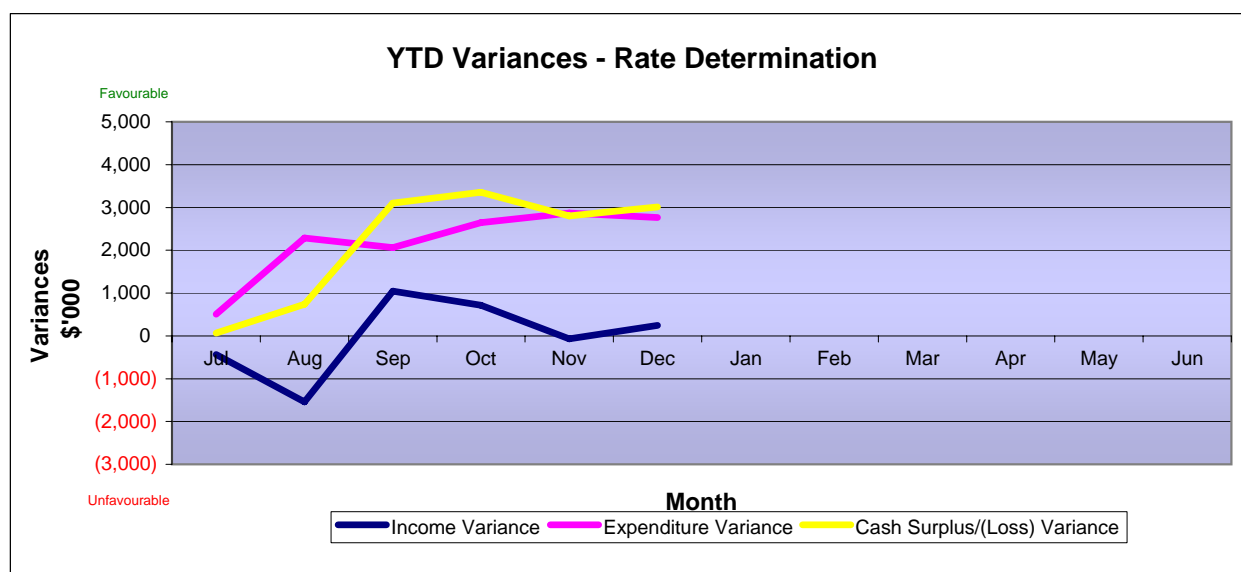
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## Income Statement Converted to Cash for the Six Months Ended 31 December 2009

	YTD Actual (\$'000)	YTD Forecast (\$'000)	YTD Variance (\$'000)	Full Year Forecast (\$'000)	Full Year Budget (\$'000)
<b>REVENUE</b>					
Rates	38,931	39,160	(230)	78,293	78,293
Grants - operating	4,621	4,531	90	8,786	8,763
Contributions	1,538	600	938	1,200	1,200
Parking fees & fines	10,905	10,846	59	21,540	21,540
Grants - capital	374	1,620	(1,246)	5,920	5,920
User charges, fees & fines	6,890	7,661	(772)	15,028	14,975
Interest	730	500	230	1,000	1,000
Other revenue	3,868	3,909	(41)	8,676	8,753
Proceeds on sale of Assets	1,216	0	1,216	0	0
<b>TOTAL REVENUE</b>	<b>69,073</b>	<b>68,827</b>	<b>246</b>	<b>140,445</b>	<b>140,445</b>
<b>EXPENDITURE</b>					
Employee benefits	24,623	25,232	609	50,540	50,522
Contract Services	16,568	17,602	1,033	35,151	35,196
Materials & Other Costs	11,272	12,373	1,101	25,796	25,254
Depreciation	7,926	7,247	(679)	14,500	14,500
Borrowing costs	58	81	23	161	161
<b>TOTAL EXPENDITURE</b>	<b>60,448</b>	<b>62,534</b>	<b>2,086</b>	<b>126,148</b>	<b>125,632</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>8,625</b>	<b>6,293</b>	<b>2,332</b>	<b>14,297</b>	<b>14,813</b>
Less Depreciation	7,926	7,247	679	14,500	14,500
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<b>16,551</b>	<b>13,540</b>	<b>3,011</b>	<b>28,797</b>	<b>29,313</b>
Capital Works Expenditure	5,158	5,862	704	26,158	26,148
Remediation Expenditure	0	1,212	1,211	4,723	4,723
Capital Carry Over 2008/2009	2,655	2,880	225	4,619	4,619
Capital Expenditure	782	1,710	928	2,575	3,101
Transfers (to) Statutory Reserves	1,538	600	(938)	1,200	1,200
<b>TOTAL CAPITAL</b>	<b>10,134</b>	<b>12,264</b>	<b>2,130</b>	<b>39,276</b>	<b>39,792</b>
<b>NET OPERATING SURPLUS / (DEFICIT) AFTER CAPITAL WORKS</b>	<b>6,417</b>	<b>1,276</b>	<b>5,141</b>	<b>(10,479)</b>	<b>(10,479)</b>
Loan Repayments	(244)	(244)	0	(495)	(495)
Transfers from Statutory Reserves	1,462	1,462	0	1,462	1,462
Net Transfers (To) / From General Reserves	31	(1,500)	1,531	1,831	1,831
<b>SURPLUS / (DEFICIT)</b>	<b>7,666</b>	<b>994</b>	<b>6,672</b>	<b>(7,681)</b>	<b>(7,681)</b>
2008/09 Carry Over Surplus/(Deficit)	1,908	1,908	0	1,908	1,908
B/Fwd Surplus to Fund Council Initiatives	272	272	0	272	272
B/Fwd Surplus to Fund Capital Carry Over	6,869	6,869	0	6,869	6,869
<b>NET SURPLUS / (DEFICIT)</b>	<b>16,715</b>	<b>10,043</b>	<b>6,672</b>	<b>1,368</b>	<b>1,368</b>

## Income Statement Converted to Cash for the Six Months Ended 31 December 2009



Note - Target for Cash Surplus/(Loss) Variance is zero.

### Key Income Variances

Income has a **favourable variance of \$246K** and is primarily due to the following offsetting factors:

**Proceeds on the sale of assets is favourable by \$1.216M.** This is as a result of the sale of the land at 2 Princes Street, St Kilda for the sum of \$1.2M.

**Rates Revenue is unfavourable by \$230K.** Primarily due to reduced supplementary rate income. Interest on overdue rates is also unfavourable \$72K. However, the majority of overdue rate income will be realised in the second half of the year and it is anticipated that this will actually be a favourable variance of \$100K come year end.

**Contributions are favourable by \$938K** due to greater than anticipated developer contributions. The majority of this income has been received in relation to developments in the Port Melbourne area (\$1.075M). This income has been transferred to a statutory reserve.

**Capital Grants are unfavourable by \$1.246M.** The majority of this unfavourable variance is due to delays in works on the St Kilda Family and Children's Centre.

**Fees & Charges are unfavourable by \$772K** due to a number of minor variances across the organisation, the most predominant being related to the West St Kilda child care centre not operating until 2010 (\$312K unfavourable).

### Key Expenditure Variances

Expenditure (excluding depreciation) is **favourable by \$2.765M** due to the following factors:

**Employee Costs are favourable by \$609K** largely due to unfilled positions across the organisation including those related to the delay in the opening of the West St Kilda Child Care Centre (\$257K favourable).

**Contract Services are favourable by \$1.033M** comprising:

(b) General delays in expending the phased budget across numerous other departments across the organisation.

**Materials and Other Costs are favourable by \$1.101M** primarily due to:

(a) Other Expenses \$461K favourable - variances are spread across a variety of departments including Family, Youth & Children (\$124K) in Long Day Care Centres;

(b) Staff training \$304K - variances are spread across a variety of departments the most predominant being in People & Culture (\$109K) where the council wide training is managed.

## Income Statement for the Six Months Ended 31 December 2009

	YTD Actual (\$'000)	YTD Forecast (\$'000)	YTD Variance (\$'000)	Full Year Forecast (\$'000)	Full Year Budget (\$'000)
<b>Revenue</b>					
Rates	38,931	39,160	(230)	78,293	78,293
Parking fees & fines	10,905	10,846	59	21,540	21,540
User charges, fees & fines	6,890	7,661	(772)	15,028	14,975
Grants	4,996	6,151	(1,155)	14,706	14,683
Contributions	1,538	600	938	1,200	1,200
Other revenue	3,868	3,875	(7)	8,615	8,691
Interest	730	500	230	1,000	1,000
<b>Total revenue</b>	<b>67,857</b>	<b>68,792</b>	<b>(935)</b>	<b>140,383</b>	<b>140,383</b>
<b>Expenditure</b>					
Employee benefits	24,623	25,232	609	50,540	50,522
Contracts and materials	17,071	18,182	1,111	36,329	36,403
Utility payments	1,125	1,113	(13)	2,180	2,180
Professional services	1,600	1,778	178	4,400	4,394
Borrowing costs	58	80	23	161	161
Depreciation	7,926	7,247	(679)	14,500	14,500
Other expenses	8,045	8,902	857	18,039	17,473
<b>Total expenditure</b>	<b>60,448</b>	<b>62,534</b>	<b>2,086</b>	<b>126,148</b>	<b>125,632</b>
(Profit) / loss on disposal of assets	(1,216)	0	1,216	0	0
<b>Surplus / (deficit)</b>	<b>8,625</b>	<b>6,259</b>	<b>2,367</b>	<b>14,235</b>	<b>14,751</b>

## Balance Sheet as at 31 December 2009

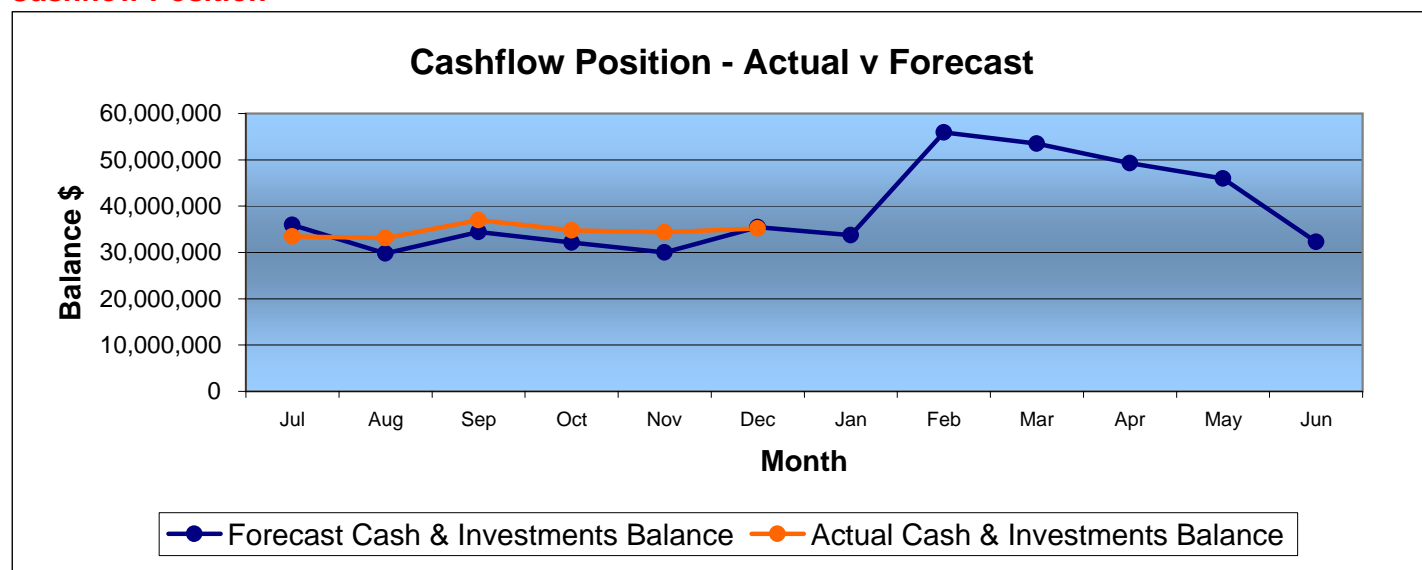
	31 December 2009 (\$'000)	31 December 2008 (\$'000)
<b>Current assets</b>		
Cash	4,304	3,168
Receivables	18,006	19,370
Investments	29,099	24,620
Other	1,496	1,209
<b>Total current assets</b>	<b>52,905</b>	<b>48,367</b>
<b>Non current assets</b>		
Investments	5	5
Receivables	0	150
Property, Infrastructure, Plant and Equipment	1,819,960	1,925,607
<b>Total non current assets</b>	<b>1,819,965</b>	<b>1,925,762</b>
<b>Total assets</b>	<b>1,872,870</b>	<b>1,974,129</b>
<b>Current liabilities</b>		
Creditors	6,261	5,766
Provisions	9,114	8,373
Borrowings	535	424
<b>Total current liabilities</b>	<b>15,910</b>	<b>14,563</b>
<b>Non-current liabilities</b>		
Borrowings	3,029	3,220
<b>Total non-current liabilities</b>	<b>3,029</b>	<b>3,220</b>
<b>Total liabilities</b>	<b>18,939</b>	<b>17,783</b>
<b>Net assets</b>	<b>1,853,931</b>	<b>1,956,346</b>
<b>Equity</b>		
Accumulated surplus	569,417	569,181
Asset Revaluation Reserve	1,261,738	1,368,340
Other reserves	22,776	18,825
<b>Total equity</b>	<b>1,853,931</b>	<b>1,956,346</b>

**Notes:**

( 1 ) Balance Sheet comparisons are based on corresponding period in prior year due to seasonality of Council's cash flow.

## Cashflow, Investments & Borrowings

### Cashflow Position



Council's cash position of \$35.2 million is in line with the year to date forecast budget of \$35.5 million (\$0.3 million variance).

### Investments as at 31 December 2009

Financial Institution	S & P Rating		Type of Investment	Principal Investment (\$'000)	Date Of Investment	Interest Rate %	No. of Days to Maturity
	Long (A-)	Short (A2)					
CBA	AA-	A1+	11am Account	5,000	-	-	At Call
CBA	AA-	A1+	Floating rate note	3,000	21-Jan-08	4.33	386
Deutsche	AA-	A1+	Floating rate note	3,000	28-Feb-08	4.92	1058
Bank of Cyprus***			Term Deposit	1,000	09-Nov-09	5.20	8
My State Credit Union***			Term Deposit	1,000	05-Nov-09	5.32	34
Bendigo Bank***	BBB+	A2	Term Deposit	444	24-Aug-09	4.50	55
NAB (LSL)	AA-	A1+	Term Deposit	5,391	31-Aug-09	4.80	59
CBA	AA-	A1+	Term Deposit	2,000	09-Nov-09	4.70	68
Members Equity***	BBB	A2	Term Deposit	1,000	09-Nov-09	5.30	127
IMB***	BBB	A2	Term Deposit	1,000	09-Nov-09	5.50	130
Suncorp***	A1	A	Term Deposit	1,000	09-Nov-09	5.43	130
NAB***	AA-	A1+	Term Deposit	1,000	04-Dec-09	6.80	337
Westpac***	AA-	A1+	Term Deposit	1,000	04-Dec-09	6.80	338
Westpac	AA-	A1+	Term Deposit	2,000	14-Dec-09	6.80	348
Westpac	AA-	A1+	Term Deposit	2,000	04-Feb-09	5.00	765
CBA	AA-	A1+	Term Deposit	1,000	31-Jul-09	5.75	1095
<b>Total</b>				<b>30,835</b>		<b>4.96*</b>	<b>294**</b>

\* Weighted Average Interest Rate to Maturity

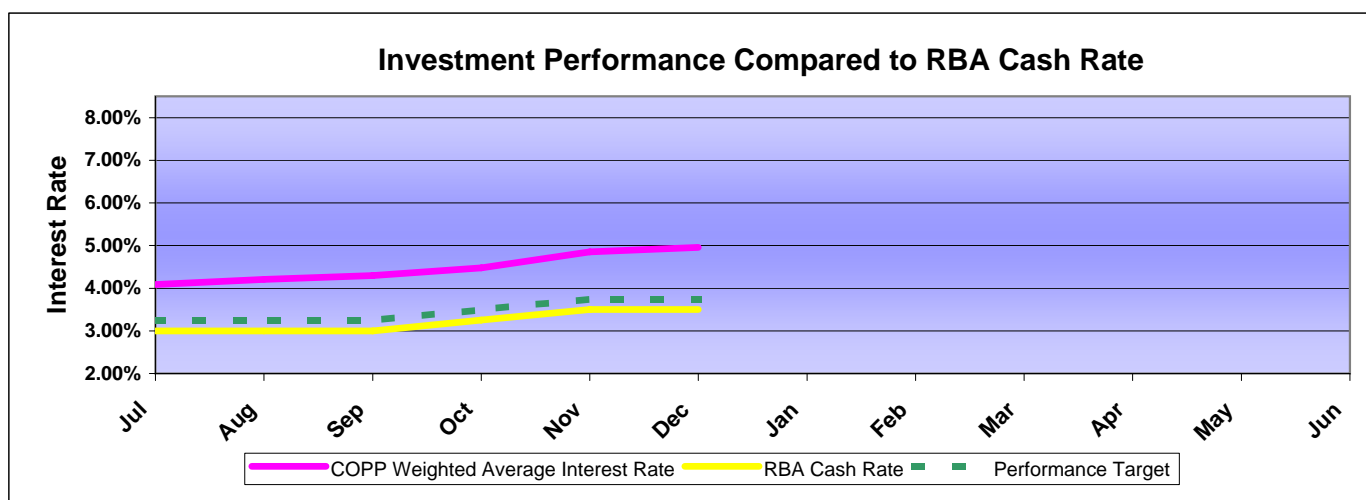
\*\* Weighted Average No. of Days to Maturity from Month End Date

\*\*\*Principal Government Guaranteed

Please note there is a \$1M government guarantee per institution. As at 31 December 2009, \$8.4M of the investment portfolio is government guaranteed. The investment with Deutsche Bank (non ADI) does not qualify for the government guarantee. Neither do the deposits in excess of \$1M with individual institutions.

## Cashflow, Investments & Borrowings

### Investment Performance



Council's weighted average interest rate on investments at 31 December 2009 of 4.96% is 1.21% greater than the Reserve Bank of Australia cash rate of 3.75%.

### Borrowings Status

Financial Institution	Interest Rate %	Debt Principal As At 01/10/2009 (\$'000)	Principal Repaid Oct - Dec (\$'000)	Debt Principal As At 31/12/2009 (\$'000)
CBA Semi Government Loan 2	6.15	2,686	123	2,563
<b>Total</b>		<b>2,686</b>	<b>123</b>	<b>2,563</b>

#### NOTES:

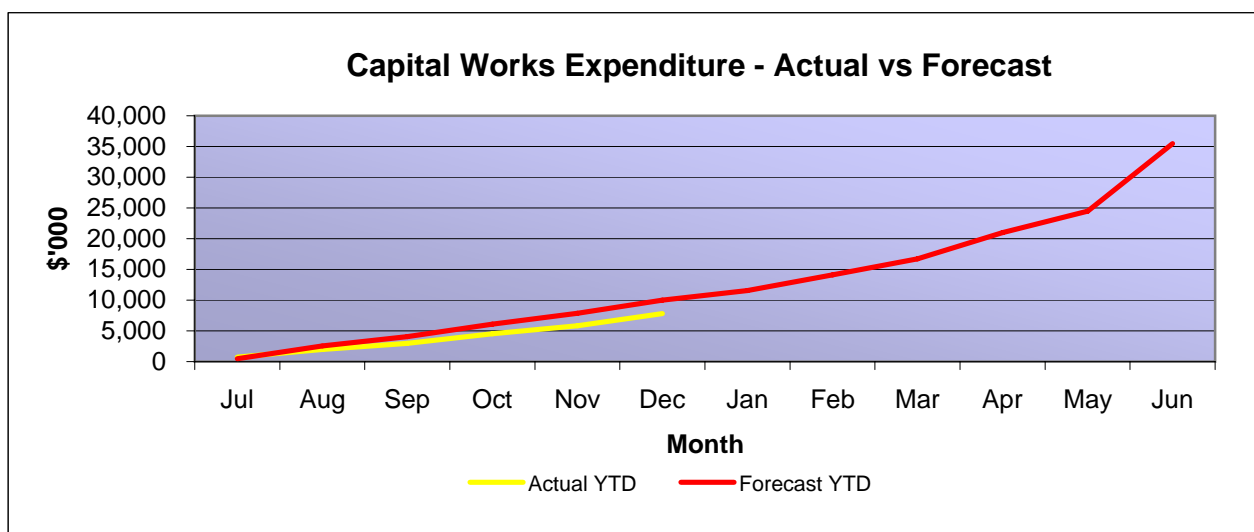
- Loan repayments are made quarterly on both principal and interest components.
- For the period July 2009 to December 2009, \$244K was repaid from the principal and \$84K has been paid in interest.

## Capital Works

### Capital Works Statement for the six months ended 31 December 2009

Asset Class	YTD Actual (\$'000)	YTD Forecast (\$'000)	Full Year Forecast (\$'000)	Full Year Original Budget (\$'000)
Buildings	1,457	1,752	12,735	12,575
Roads	1,336	1,269	5,605	5,575
Drainage	172	140	600	600
Kerb and channel	451	277	800	800
Streetscapes & open spaces	624	1,060	6,018	6,068
Footpaths	845	977	1,300	1,300
Signage & street works	82	157	200	200
Planning and implementation	194	230	1,158	1,333
<b>Total 2009/10</b>	<b>5,158</b>	<b>5,862</b>	<b>28,416</b>	<b>28,451</b>
Capital works carried forward from 08/09	2,656	4,092	7,040	7,040
<b>Total capital works</b>	<b>7,814</b>	<b>9,954</b>	<b>35,456</b>	<b>35,491</b>

### Capital Works Expenditure Variance



Capital works expenditure (FY '10) and capital carry over (FY '09) is favourable against YTD budget by **\$2.140M**.

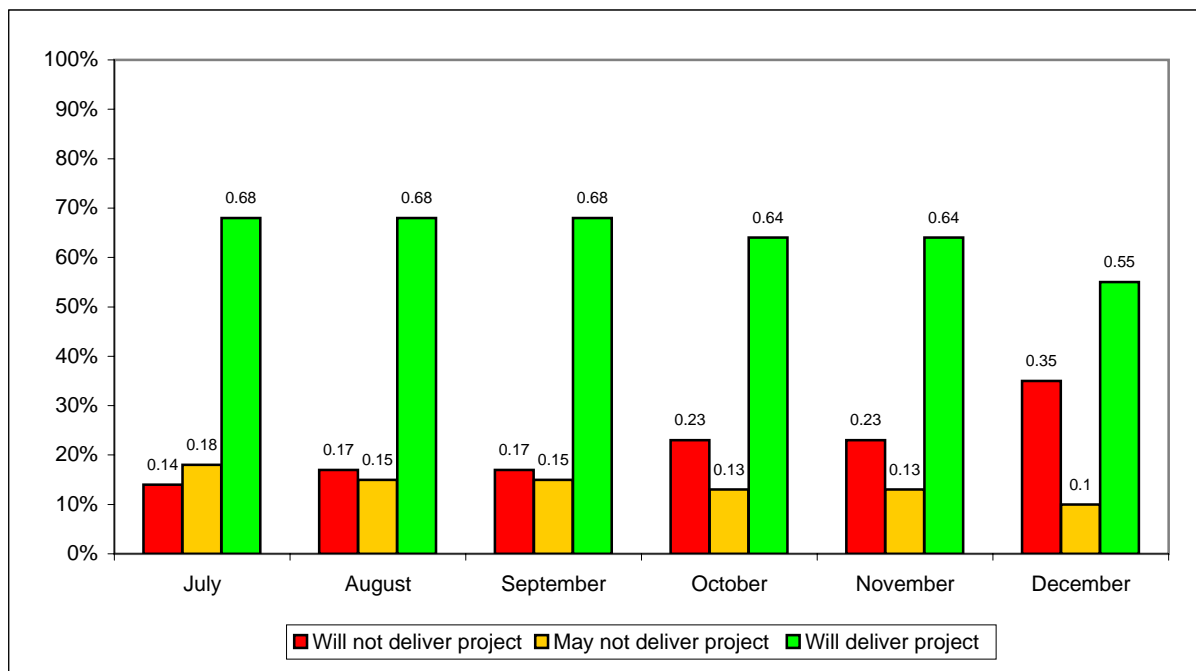
## Capital Works

### Capital Works Expenditure Status

Capital Works 09/10  
Remediation Expenditure  
Capital Carry Over

YTD Actual Exp (\$'000)	Full Year Forecast (\$'000)	% of Total Forecast Spent
5,158	26,158	19.7%
0	4,723	0.0%
2,655	4,619	57.5%
<b>7,814</b>	<b>35,501</b>	<b>22.0%</b>

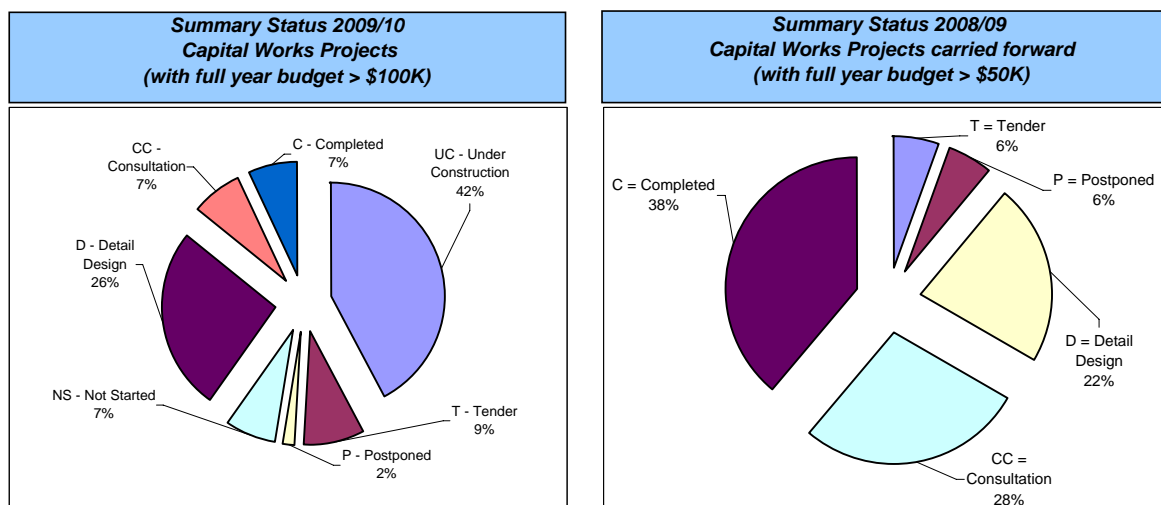
### Capital Works - Projected Rollover Percentage (funding)



## Capital Works

### Capital Works Implementation Status

Implementation of the capital program is monitored by progress of the projects against milestones created at the beginning of the year.



### Detailed Capital Works 2009/10 > \$100,000

Description of Project	YTD Actual (\$'000)	YTD Forecast (\$'000)	Full Year Forecast (\$'000)	Original Budget (\$'000)	Status
<b>Buildings</b>					
Sth Melbourne Market Projects	0	0	100	100	D
PM & SM Life Saving Club Design	0	0	100	100	CC
Sth Melb Market Rooftop Enviro Wks	0	0	100	100	D
Clarendon Street Child Care Centre	0	10	100	0	CC
St Kilda Library Detailed Design	0	0	150	150	CC
Environmental Retrofits 2009-10	0	100	200	200	UC
Call Centre Re-Location	125	155	225	225	C
Sth Melbourne Market Stalls 101-103	4	0	300	300	UC
SMM Power Substation 09-10	15	40	350	350	UC
Public Toilet Strat Middle Park Bea	20	96	380	330	UC
Sth Melbourne Market Vegi Lane Roof	12	14	400	400	T
Northport Pav Redevelop Stage 2	118	195	420	420	D
Urban Studies Centre Construction	0	230	1,100	1,100	P
Elwood Park Sports Pavillion	988	900	1,300	1,300	C
Stk Family & Children's Ctre 09/10	93	0	2,200	2,200	D
Stk Town Hall Precinct Base Carpark	0	0	2,450	2,450	D
Liardet St Family & Children Svs Ct	2	0	2,800	2,800	D
<b>Roads</b>					
Bridport Montague Pedestrian Safety	2	10	105	105	UC
ROW R1655 Elwood-Meredith to Canal	19	0	110	110	UC
Road Resurfacing Program 2009/10	5	0	118	50	UC
Traffic Safety Improvements	5	9	130	130	UC
Rd Rehab Lindsay Ave-Southey St-End	135	140	140	140	C
Rd Rehab Pool St-Princess to Nott	0	0	140	140	T
Bike Lane Jacka Boulevard	1	0	150	150	D
ROW R2843 Sth Melb Adj to 266 Park	0	0	160	160	T
Roads To Recovery (R2R) Progr 09/10	0	0	190	190	UC
Luna Park Interchange 2009-10	44	0	200	200	UC
Rd Rehab Smith St-St Vincent-Tribe	1	50	210	210	T
Rd Rehab Park Lane-Mary-West Beach	153	60	230	230	UC
Rd Rehab Liardet St-Nott-Princess	18	30	230	230	UC
Inkerman Pakington Lane 2009-10	8	25	250	250	D
Improving Walkability Carlisle St	13	20	250	250	D
Bike Lane Beach St Marine Pde Stg 4	5	10	250	250	D
Rd Rehab Station St-Bridge-Ingles	129	100	430	430	UC
Bike Lane Cecil Street	0	0	550	550	CC

#### LEGEND

CC = Consultation, D = Detail Design, T = Tender, UC = Under Construction, C = Completed, NS = Not Started, P = Postponed

## Capital Works

## Detailed Capital Works 2009/10 &gt; \$100,000 (continued)

Description of Project	YTD Actual (\$'000)	YTD Forecast (\$'000)	Full Year Forecast (\$'000)	Original Budget (\$'000)	Status
<b>Kerb and Channel</b>					
Kerb&Chnnl Bertie St-Woodruff - End	174	60	320	320	UC
<b>Drainage</b>					
Drainage CCTV	0	30	100	100	NS
Minor Drainage Works 2009/10	63	40	100	100	UC
Drainage Program Bertie Street	0	30	150	150	NS
<b>Streetscape &amp; Open Spaces</b>					
Irrigation Systems Renewal	84	100	100	100	UC
Pocket Parks Asworth	0	120	120	120	T
Foreshore Minor Infrastructure Impr	2	60	125	125	UC
Park Furniture & Signage 2009-10	54	75	150	150	UC
West Beach Balustrade Stage 2	62	35	150	150	C
St Kilda Botanical Garden Gates	1	6	200	200	D
Manage Climate Change in Open Space	61	120	200	200	UC
Play Space Alma Park Tree House	2	2	200	200	D
Play Space Renewal Danks St Median	2	1	250	250	D
West Beach Landscaping	3	0	250	250	D
Garden City Reserve Final Stage	130	260	540	590	UC
Elwood Foreshore Stage 3	19	10	790	790	NS
Gasworks Park Remediation 2009/10	1	0	2,300	2,300	D
<b>Footpath Works</b>					
Various Total Footpath Works	845	977	1,300	1,300	UC
<b>Signage and Street Furniture</b>					
Street Signage & Furni Prog 2009/10	82	157	200	200	UC
<b>Planning &amp; Implementation</b>					
Soil Contamination & Investigation	55	0	300	300	UC
Future Capital Wks Concept/Designs	0	0	325	500	NS
Sustainable Public Lighting	140	230	530	530	UC

## Detailed Capital Works Carried Over from Prior Financial Year &gt; \$50,000

Description of Project	YTD Actual (\$'000)	YTD Forecast (\$'000)	Full Year Forecast (\$'000)	Full Year Original Budget (\$'000)	Status
Port Melb Streetscape Wks Rouse St	0	12	60	60	CC
Liardet St Family & Children's Ctr	2	5	78	78	D
Tree Planting St Kilda Rd	73	78	78	78	C
St Kilda Library Upgrade Concept De	0	0	78	78	CC
SouthPort Lifesaving Club Stage 2	17	33	96	96	CC
Garden City Rsv Play Space Upgrade	159	101	101	101	C
West Beach Promenade Balustrade	115	115	115	115	C
Tree Plant St Kilda Rd - Dand'ng Rd	121	117	117	117	C
Tree Planting Final Stage StKildaRd	49	101	120	120	C
Albert Park VRI Replace Synthetic	8	135	135	135	CC
Carlisle St Streetscape Impro Final	0	0	219	219	T
Urban Studies Cnt EmeraldHill Libra	126	351	351	351	P
Sandridge Beach Promenande FinalStg	3	456	456	456	D
STK Skate Park	10	9	477	477	D
Pedestrian Safety Clarendon St	600	572	572	572	C
Cleve Plaza & Jacka Crossing StkEde	1,300	697	697	697	C
Land Purchase St Kilda Family&Child	0	0	750	750	CC
Gasworks Park Remediation 08/09	0	1,212	2,423	2,423	D

## LEGEND

CC = Consultation, D = Detail Design, T = Tender, UC = Under Construction, C = Completed, NS = Not Started, P = Postponed

## Divisional Operating Statement for the Six Months Ended 31 December 2009

	Year To Date Surplus / (Loss)			Full Year Surplus / (Loss)		
	YTD Actual (\$'000)	YTD Forecast (\$'000)	YTD Variance (\$'000)	Full Year Forecast (\$'000)	Full Year Original Budget (\$'000)	Variance (\$'000)
<b>CORPORATE SERVICES (CS)</b>						
Gen Mgr - Corporate Services	(122)	(210)	88	(421)	(421)	0
Information Management Group	(2,284)	(2,256)	(28)	(4,536)	(4,165)	(371)
Community & Councillor Support	(1,425)	(1,657)	233	(3,335)	(3,335)	0
Finance & Investments	38,291	38,305	(13)	76,583	77,011	(429)
People & Organisational Development	(1,051)	(860)	(191)	(1,721)	(1,721)	0
Governance & Engagement	(3,390)	(3,650)	260	(7,306)	(7,151)	(155)
<b>Total CS</b>	<b>30,020</b>	<b>29,671</b>	<b>349</b>	<b>59,265</b>	<b>60,220</b>	<b>(954)</b>
<b>CHIEF EXECUTIVE OFFICER (CEO)</b>						
Office of the Chief Executive Officer	(358)	(485)	127	(949)	(777)	(173)
Internal Audit	(139)	(61)	(78)	(121)	(121)	0
<b>Total CEO</b>	<b>(496)</b>	<b>(545)</b>	<b>49</b>	<b>(1,071)</b>	<b>(898)</b>	<b>(173)</b>
<b>CULTURAL &amp; COMMUNITY DEVELOPMENT (CCD)</b>						
Gen Mgr - Cultural & Comm Development	(112)	0	(112)	0	0	0
Culture & Leisure	(2,929)	(3,115)	186	(6,307)	(6,307)	0
Family, Youth & Children	(1,833)	(1,869)	36	(4,808)	(4,388)	(420)
Community Development	(995)	(1,077)	82	(1,844)	(1,860)	16
Community Services *	3	0	3	0	(391)	391
Diversity & Ageing	(1,020)	(1,235)	215	(2,415)	(2,444)	29
<b>Total CCD</b>	<b>(6,887)</b>	<b>(7,296)</b>	<b>410</b>	<b>(15,374)</b>	<b>(15,390)</b>	<b>16</b>
<b>ENVIRONMENT &amp; PLANNING (EP)</b>						
Gen Mgr - Environment & Planning	(507)	(630)	123	(860)	(860)	0
City Development	(323)	(381)	58	(510)	(636)	126
City Strategy	(938)	(1,098)	160	(2,142)	(2,254)	112
Compliance & Parking	6,581	6,251	330	11,776	11,824	(49)
Sustainability	(526)	(682)	156	(1,134)	(979)	(155)
<b>Total EP</b>	<b>4,287</b>	<b>3,461</b>	<b>826</b>	<b>7,129</b>	<b>7,095</b>	<b>34</b>
<b>CITY &amp; INFRASTRUCTURE SERVICES (CIS)</b>						
Gen Mgr - City & Infrast Services	(170)	(217)	48	(440)	(440)	0
Engineering Services	(1,376)	(1,487)	111	(3,141)	(3,156)	15
Infrastructure Services	(9,579)	(9,756)	177	(19,815)	(19,775)	(40)
Parks & Open Space Services	(3,644)	(3,782)	138	(7,197)	(7,201)	4
Property Services	1,268	1,272	(4)	2,321	1,739	582
<b>Total CIS</b>	<b>(13,501)</b>	<b>(13,970)</b>	<b>469</b>	<b>(28,273)</b>	<b>(28,834)</b>	<b>561</b>
<b>Grand Total</b>	<b>13,423</b>	<b>11,320</b>	<b>2,103</b>	<b>21,677</b>	<b>22,193</b>	<b>(516)</b>

\* note that all expenditure within the Community Services department has not been split between other departments as part of the organisational restructure. This will be actioned for the March 10 QFR

## Divisional Operating Statement Incorporating Overheads for the Six Months Ended 31 December 2009

Year To Date			
Actual Surplus/ (Deficit)			
YTD Result <u>before</u> Overheads (\$'000)	Internal Overhead Income (\$'000)	Internal Overhead (Expenses) (\$'000)	YTD Result <u>after</u> Overheads (\$'000)

**CORPORATE SERVICES (cs)**

Gen Mgr - Corporate Services	(122)	0	(57)	(178)
Information Management Group	(2,284)	1,678	(128)	(734)
Community & Councillor Support	(1,425)	789	(272)	(907)
Finance & Investments	38,291	1,706	(298)	39,699
People & Organisational Development	(1,051)	532	(70)	(589)
Governance & Engagement	(3,390)	807	(270)	(2,853)
<b>Total CS</b>	<b>30,020</b>	<b>5,512</b>	<b>(1,095)</b>	<b>34,437</b>

**CHIEF EXECUTIVE OFFICER (CEO)**

Office of the Chief Executive Officer	(358)	0	(18)	(375)
Internal Audit	(139)	0	0	(139)
<b>Total CEO</b>	<b>(496)</b>	<b>0</b>	<b>(18)</b>	<b>(514)</b>

**CULTURAL & COMMUNITY DEVELOPMENT (CCD)**

Gen Mgr - Cultural & Comm Development	(112)	0	0	(112)
Culture & Leisure	(2,929)	0	(940)	(3,869)
Family, Youth & Children	(1,833)	0	(807)	(2,639)
Community Development	(995)	0	(135)	(1,130)
Community Services	3	0	(450)	(447)
Diversity & Ageing	(1,020)	0	(477)	(1,497)
<b>Total CCD</b>	<b>(6,887)</b>	<b>0</b>	<b>(2,808)</b>	<b>(9,695)</b>

**ENVIRONMENT & PLANNING (EP)**

Gen Mgr - Environment & Planning	(507)	0	0	(507)
City Development	(323)	0	(360)	(684)
City Strategy	(938)	0	(138)	(1,076)
Compliance & Parking	6,581	0	(571)	6,010
Sustainability	(526)	0	(145)	(671)
<b>Total EP</b>	<b>4,287</b>	<b>0</b>	<b>(1,214)</b>	<b>3,072</b>

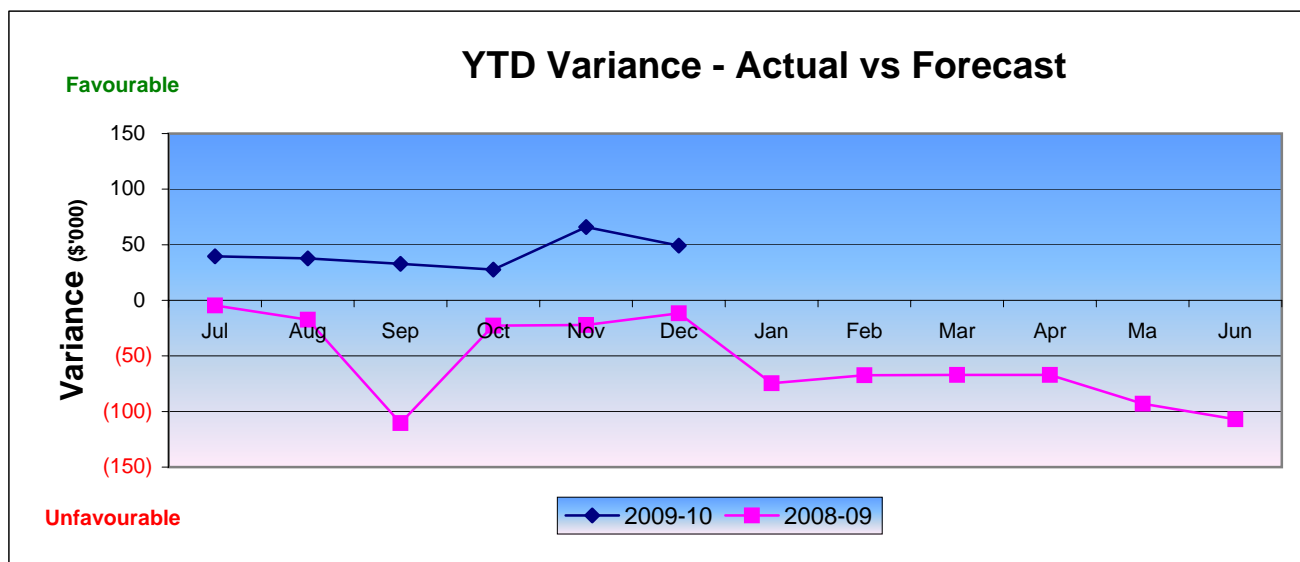
**CITY & INFRASTRUCTURE SERVICES (CIS)**

Gen Mgr - City & Infrast Services	(170)	0	(20)	(190)
Engineering Services	(1,376)	0	(215)	(1,591)
Infrastructure Services	(9,579)	1,069	(596)	(9,106)
Parks & Open Space Services	(3,644)	0	(202)	(3,845)
Property Services	1,268	0	(414)	854
<b>Total CIS</b>	<b>(13,501)</b>	<b>1,069</b>	<b>(1,446)</b>	<b>(13,878)</b>

**Grand Total**

<b>13,423</b>	<b>6,581</b>	<b>(6,581)</b>	<b>13,423</b>
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## Chief Executive Officer



Note - Target for YTD Variance against Forecast is zero.

### Financial Performance - Six Months Ended 31 December 2009

#### Operating Surplus/(Loss)

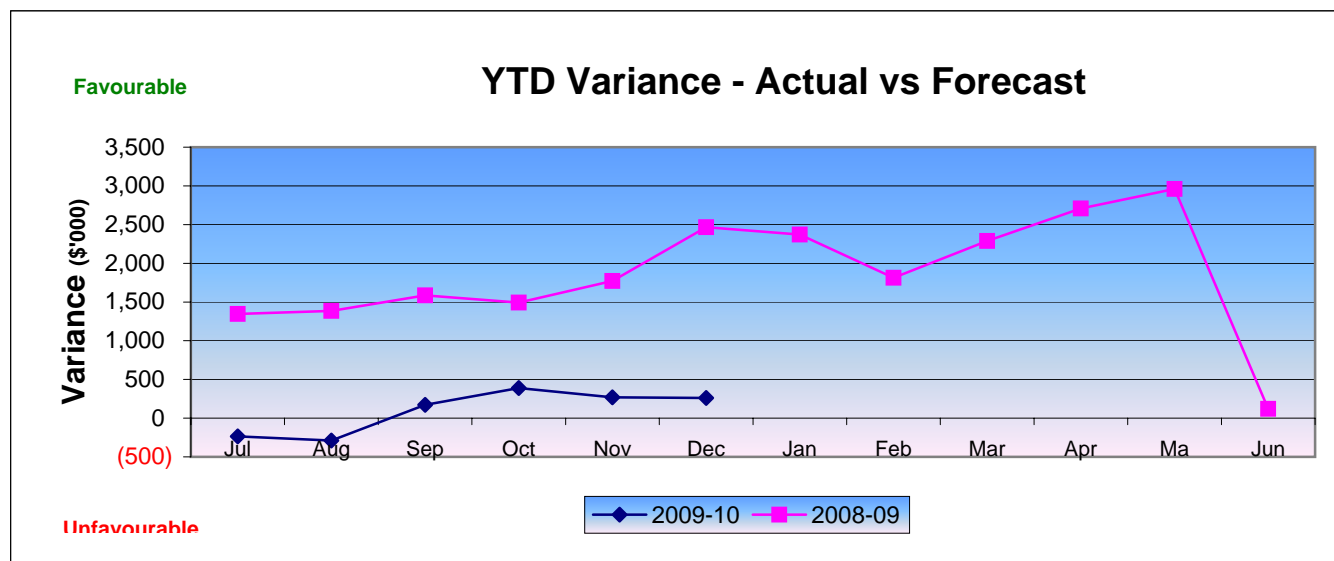
	YTD Actuals (\$'000)	YTD Forecast (\$'000)	Variance	Full Year Forecast (\$'000)	Full Year Budget (\$'000)
			Favourable Neutral (Unfavourable) (\$'000)		
<b>December</b>	(496)	(545)	<b>49</b>	(1,071)	(898)
<b>September</b>	(220)	(253)	<b>33</b>	(1,071)	(898)

### Summary of Key Variances

Account Structure	Variance Fav/(Unfav) \$'000	Explanation of Variance	Management action to address variance
Wages And Salaries	(39)	Due to the appointment of Manager, Internal Audit which was not included in the original budget.	Flag variance as a permanent variance.
Professional Services	88	This is due to delays in the progression of the St Kilda Triangle development review.	Monitor expenditure.

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## Corporate Services



Note - Target for YTD Variance against Forecast is zero.

### Financial Performance - Six Months Ended 31 December 2009

#### Operating Surplus/(Loss)

	YTD Actuals (\$'000)	YTD Forecast (\$'000)	Variance	Full Year Forecast (\$'000)	Full Year Budget (\$'000)
			Favourable Neutral (Unfavourable) (\$'000)		
<b>December</b>	30,020	29,671	<b>349</b>	59,265	60,220
<b>September</b>	15,136	14,943	<b>194</b>	59,265	60,220

### Summary of Key Variances

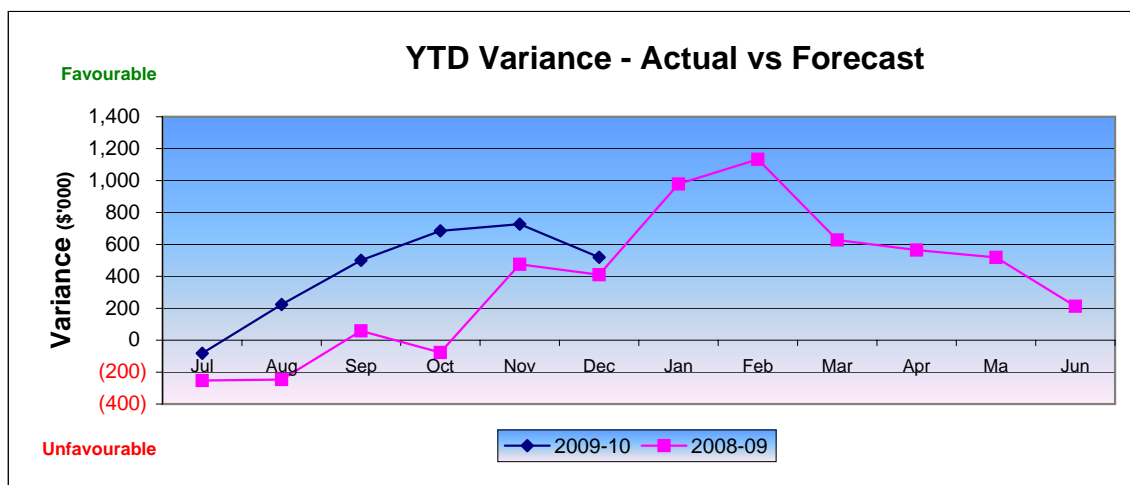
Account Structure	Variance Fav/(Unfav) \$'000	Explanation of Variance	Management action to address variance
Other Income Total	293	Primarily due to: - unbudgeted settlement income of \$84K from LeasePlan, due to transfer of Council's fleet leasing to one sole provider, SG Fleet. - greater than anticipated income (\$118K favourable) from the State Revenue Office and South East Water for the sale of valuations data to them	- this favourable variance will be offset by lease costs allocated across the organisation for the new SG Fleet contract. - this will be a permanent full year favourable variance
Interest Income	220	Due to the investment of surplus funds available as a result of delays in expending the capital and operating budgets.	Continue to maximise returns on available funds within Council's investment policy constraints.
Training	138	There has been reduced level of training due to organisational changes and preparation of Training Providers tender.	The new organisational structure is now in place and the learning and development calendar has been prepared and panel of providers finalised.

## Corporate Services

Account Structure	Variance Fav/(Unfav) \$'000	Explanation of Variance	Management action to address variance
Contract Payments	122	Primarily due to the under utilisation of market research services.	A tender process will be completed in January to establish a panel of research providers suitable for our needs.
Government Grants	(242)	This is due to the Victorian Grants Commission (VGC) paying Council one of its 2009/10 instalments in the 2008/09 financial year. This means that VGC income was favourable in 2008/09 but will be unfavourable in 2009/10.	This will be a full year unfavourable variance.
Rates	(230)	Primarily due to reduced supplementary rate income. Note that further supplementary rate income is expected to be raised in April / May but it is unlikely to meet the full year budget of \$600K.	It is anticipated that there will be a full year unfavourable variance of \$100K.

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Note - Target for YTD Variance against Forecast is zero.

### Financial Performance - Six Months Ended 31 December 2009

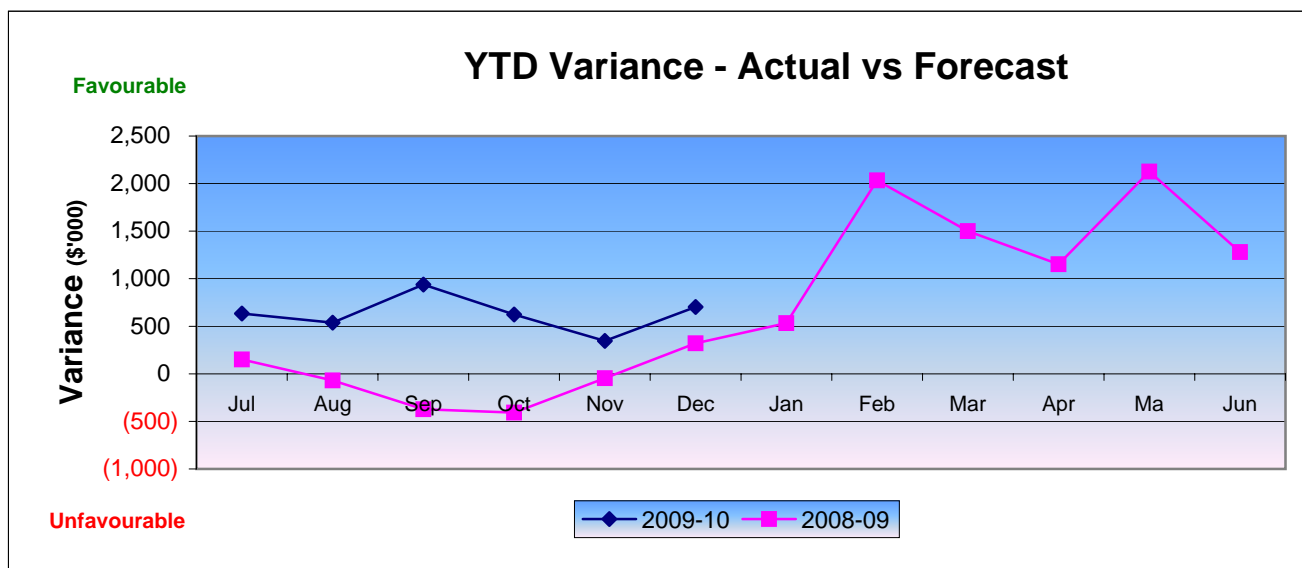
#### Operating Surplus/(Loss)

	YTD Actuals (\$'000)	YTD Forecast (\$'000)	Variance	Full Year Forecast (\$'000)	Full Year Budget (\$'000)
			Favourable Neutral (Unfavourable) (\$'000)		
<b>December</b>	(6,887)	(7,296)	<b>410</b>	(15,374)	(15,390)
<b>September</b>	(3,389)	(3,851)	<b>462</b>	(15,374)	(15,390)

### Summary of Key Variances

Account Structure	Variance Fav/(Unfav) \$'000	Explanation of Variance	Management action to address variance
Government Grants	325	Due to additional funding being received from the Department for Kindergarten Cluster Management (Family, Youth & Children department) and the earlier that anticipated receipt of grant income in the Culture & Leisure department.	Rephase budgets as required.
Other Expenses	319	Due to the incorrect coding of income as an expense (\$71K within the Family, Youth & Children department) and delays in expending the phased budget across various departments.	Allocate income to the correct account to rectify miscoding error.
Wages And Salaries	242	Primarily due to the non operation of the West St Kilda Child Care Centre and the labour savings associated with this.	Merit of budgeting for temporary non-operative centre to be reviewed in appropriate forum.
External Labour	(200)	Increased place numbers for long day care centres (excluding West St Kilda) necessitated the use of external labour, particularly so with the industry shortage of qualified and experienced Early Childhood Service Professionals.	Recruitment process of quality permanent staff currently being undertaken. 2010/11 budget to be altered to a level commensurate with regulatory requirements.
Other Income Total	(511)	Primarily due to the non operation of the West St Kilda Child Care Centre and the reduced income associated with this. Under utilisation of the vacation care program at Port Melbourne is also contributing to this unfavourable variance.	Merit of budgeting for temporary non-operative centre to be reviewed in appropriate forum.

## Environment & Planning



Note - Target for YTD Variance against Forecast is zero.

### Financial Performance - Six Months Ended 31 December 2009

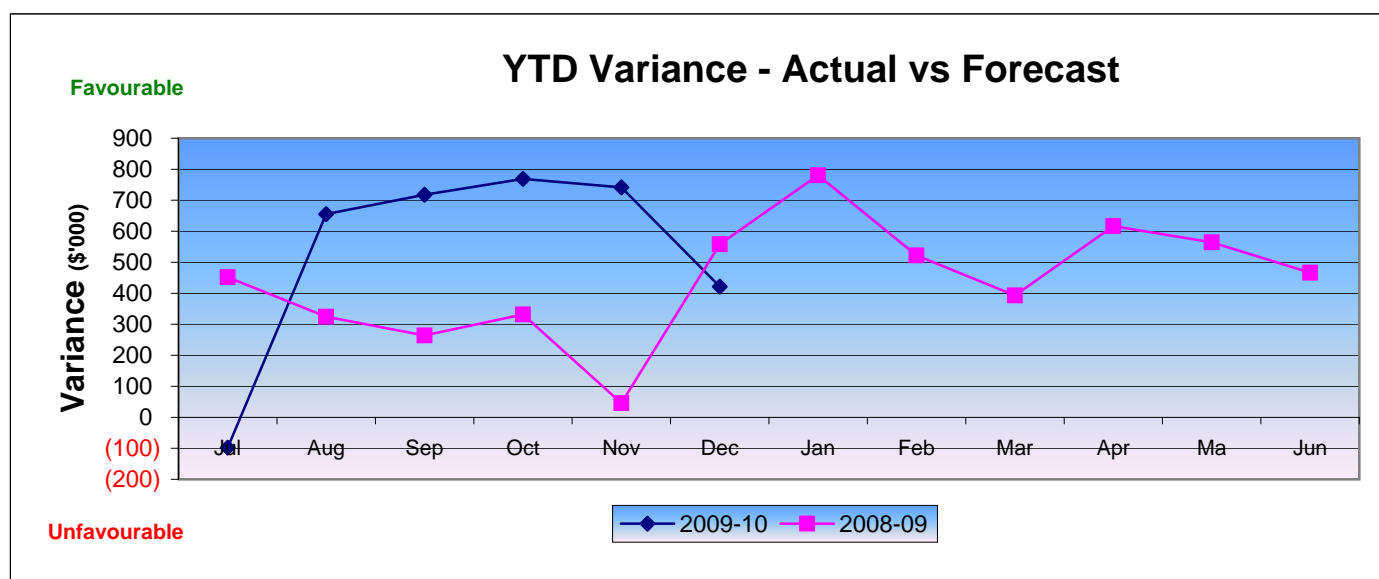
#### Operating Surplus/(Loss)

	YTD Actuals (\$'000)	YTD Forecast (\$'000)	Variance	Full Year Forecast (\$'000)	Full Year Budget (\$'000)
			Favourable Neutral (Unfavourable) (\$'000)		
<b>December</b>	4,287	3,461	<b>826</b>	7,129	7,095
<b>September</b>	2,345	1,363	<b>981</b>	7,129	7,095

### Summary of Key Variances

Account Structure	Variance Fav/(Unfav) \$'000	Explanation of Variance	Management action to address variance
Wages And Salaries	418	Due to unfilled positions across the division, particularly within the following departments: - Compliance & Parking (\$194K) - City Development (\$60K) - City Strategy (\$40K)	The majority of unfilled positions will remain for the rest of the year and provide a favourable variance come year end.
Other Income Total	154	Due to the receipt of greater than anticipated development permit (\$24K) and business support (\$73K) income. Furthermore, Increased applications to the Statutory Planning unit has resulted in a \$62K favourable variance.	None required
Contract Payments	91	Miscoding of Parking Systems contractors invoice (\$46K) and the late receipt of December's pay parking invoice (\$46K). Also, the failure of Tenix to meet it's contract performance bonus has resulted in a favourable variance of \$37K within Parking Systems Admin.	Ensure outstanding invoices are submitted in more timely manner for payment.

## City & Infrastructure Services



Note - Target for YTD Variance against Forecast is zero.

### Financial Performance - Six Months Ended 31 December 2009

	Operating Surplus/(Loss)				
	YTD Actuals (\$'000)	YTD Forecast (\$'000)	Variance	Full Year Forecast (\$'000)	Full Year Budget (\$'000)
			Favourable		
			(Unfavourable)		
(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	
<b>December</b>	(13,501)	(13,970)	<b>469</b>	(28,273)	(28,834)
<b>September</b>	(6,348)	(7,089)	<b>741</b>	(28,273)	(28,834)

### Summary of Key Variances

Account Structure	Variance Fav/(Unfav) \$'000	Explanation of Variance	Management action to address variance
Contract Payments	425	Due to the following: - reduced demand for road reinstatement works (\$135K) - delays in payment of architecture fees for the St Kilda Town Hall project (\$150K) - reduced volumes of bilding maintenance works (\$85K) - lower than expected volumes for recycling contract (\$37K)	Favourable variances should be offset during the next few months as work volumes increase. We will also ensure costs are captured in the correct period.
Wages And Salaries	405	Due to unfilled positions across the division, particularly within the following departments: - Property Services (\$158K) - Parks & Open Space Services (\$96K) - Engineering Services (\$94K)	The majority of unfilled positions will remain for the rest of the year and provide a favourable variance come year end.
External Labour	(132)	Largely due to the engagement of a consultant to undertake special projects and the appointment of an agency employee backfilling a staff member seconded to the Planning & Building department.	Consultant's term has now concluded. Staff backfilling will continue at least until March 2010 but this is partially offset by savings in salaries and wages.

## City & Infrastructure Services

Account Structure	Variance Fav/(Unfav) \$'000	Explanation of Variance	Management action to address variance
Other Income Total	(310)	Primarily due to lower than anticipated road discontinuance / right of way income (\$141K unfavourable) and lower than expected demand for road opening permits (\$150K unfavourable).	Right of way sales will remain uncertain and different budgeting for 10/11 is required. With regards to the unfavourable road opening permits, this will be offset by reduced road reinstatement expenditure.

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