

CEO Report April 2022

Volume 86

What's inside

- Environmental Leaders Program
- Warming Winter Events
- Early Education Grants

Council respectfully acknowledges the Traditional Owners of this land, the people of the Kulin Nations. We pay our respect to their Elders, past and present. We acknowledge and uphold their continuing relationship to this land.



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Message from the CEO



CEO message

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Welcome to the April 2022 issue of the CEO Report. The draft Budget 2022/23 and Year Two of our Council Plan has been released for community consultation with all feedback and submissions to be presented to for Council's consideration in June 2022.

To facilitate access to high quality spaces for our communities, upgrades have been completed with new play equipment installed at Point Ormond and Beacon Hill and an accessible path linking the trail and the road.

As we embrace the dawn of Autumn and the trees drop its foliage, street and beach cleaning services continue to rise. April is one of the busiest periods to maintain leaf cleaning, ensuring overall service levels are reached and performances improved. The Environmental Leaders Program delivered its fifth year of training with 127 people graduating the program since its commencement. Both St Kilda Esplanade Market and South Melbourne Market have seen a flourish of visitors returning with activations taking place at the markets.

In conjunction with Middle Years and Youth Services a range of activities were held over the school holidays. For the duration of term two, they worked with volunteers at Park Towers providing breakfast and educating residents of services available across our City. Council's World War Two Commemoration Committee created a map with the support of the Cultural Heritage Reference Committee to educate people of the impact of war. Visitors to the City can also discover the Port Phillip City Collection along the foreshore from Elwood to Port Melbourne.

Peter Smith
CEO, City of Port Phillip



South Melbourne Market.

Strategic Direction 1

Inclusive Port Phillip

A City that is a place for all members of our community, where people feel supported and comfortable being themselves and expressing their identities.



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Early education grant

Our Early Years Outreach Program promotes, administers and reviews the Early Education Grant. This grant supports families experiencing vulnerability to two days of access a week to childcare and has had positive impacts for families and our community partners that support them. Eligibility criteria include living in Port Phillip, having minimal subsidised childcare hours, have exhausted all other funding and subsidy avenues, and be working with a community support service.

In the past twelve months this grant alone has provided support to four children who may not have been able to access early education. All families accessing the funded places are single parent families, three of them have been affected by family violence. This program has allowed these women to leave their children in a safe environment as they begin to re-build their lives without the financial burden of childcare.

[Find out more about the program](#)

Infant first aid

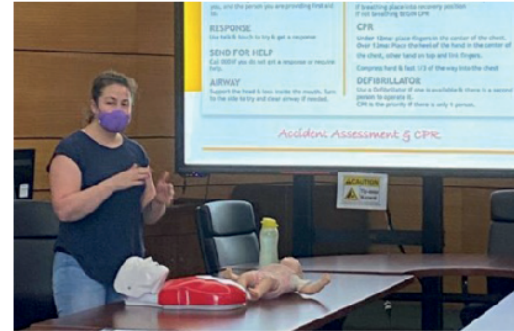
We are providing Port Phillip's new parents a chance to learn the basics of infant first aid. Aimed at the beginner level, this free, two-hour course equips participants with a basic understanding and awareness to recognise and respond to life-threatening emergencies.

The session taught by the paediatric nutritionist included, gagging and choking management, CPR for babies, children, and adults, first aid for fevers, burns, head injury, allergies, rashes and treatment of sprains, strains, stings, and bites.

To accommodate the high demand for these sessions, and to increase COVID-safety, the sessions have been changed to an online model to maximise participation and knowledge-sharing at the cost of the hands-on component.

The sessions are open to any parents living or working in Port Phillip. Families are advised of the sessions through their Maternal and Child Health nurses and Family Services staff, and through the Parenting Information Program mailing list.

[Find out more about the session](#)



Infant first aid training session.

Park Towers Breakfast Club

The first session of our pilot breakfast program, The Family Breakfast Club, was held at Park Towers, South Melbourne. The initiative was developed by our Middle Years and Youth Services in collaboration with residents of Park Towers. The program will be run throughout the second term of the school. South Melbourne Market organised food donations for the Family Breakfast Club.

The program targets young people and their families. We hope this program will give the Park Tower community a better access to healthy and nutritious breakfast. Upon the success of this program, we intend to expand this program to other areas across Port Phillip.



Park Towers Breakfast Club flyer.

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Strategic Direction 2

Liveable Port Phillip

A City that is a great place to live, where our community has access to high quality public spaces, development and growth are well-managed, and it is safer and easy to connect and travel within.



Grand Prix

After a two year absence due to COVID-19 restrictions, the Australian Grand Prix returned to Albert Park. The international event hosted over 400,000 visitors for the four day event. City of Port Phillip and the Australian Grand Prix Corporation worked closely together to try and minimise the impacts of the Grand Prix on local residents and businesses by trialling a new parking and traffic management approach, enforcing parking controls, ensuring streets were clean, inspecting over 100 food vendors at the Grand Prix to make sure all food safety standards were met and handling community queries relating to the event.

An evaluation of the new parking and traffic management approach will be presented to Councillors and the Grand Prix Corporation to help inform traffic, parking and other conditions for future events.

Throughout the duration of the Grand Prix set up, some of the displaced Albert Park sports clubs were accommodated within the municipality. We coordinated with various sports club, Grand Prix Corporation and Parks Victoria to ensure that the sports clubs at Albert Park were able to use alternate sports grounds within our City. We aim to continue our support to local community clubs by being proactive and addressing future pressures on demand for sports grounds to accommodate all existing users.

Point Ormond regional playspace and precinct

Construction of the Point Ormond regional playspace and Beacon Hill upgrade works is now complete and open to the community. The project has delivered an accessible play space, park amenity upgrades and an improved path network and barbecue area for the Beacon Hill lookout.

Key features and new play equipment include, accessible play equipment, inspired by the Point Ormond Beacon, double flying foxes, two embankment slides, three in-ground trampolines, four swings, a water pump and water play sculpture and musical instruments.

Other completed features include, a new picnic shelter and refurbished picnic settings, accessible barbecues, park seats, bins, drinking fountains, and a new accessible path network linking the playground and Beacon Hill to the Bay Trail and Point Ormond Road. A new irrigation system for the play space area was installed and tree and shrubs have been planted.

The project was fully funded by a grant from Phase 2 of the Commonwealth Government's Local Roads Community Infrastructure (LRCI) scheme.

🔗 Find out more about the project



Point Ormond regional playspace.

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Strategic Direction 3

Sustainable Port Phillip

A City that has a sustainable future, where our environmentally aware and active community benefits from living in a bayside city that is greener, cooler, cleaner and climate resilient.



Street and beach services update

The performance of street and beach services is consistent and on par with previous months despite the Easter holidays and ANZAC Day long weekend. Leaf fall is now at optimal level and we are experiencing our busiest period. Our dedicated team works hard to maintain our high performance level during this busiest season.

Environmental Leaders Program

Council's Environmental Leaders program is a ten-week course aimed at supporting Port Phillip community members to develop and lead their own sustainability action projects. The course involves ten weekly evening sessions where Council's sustainability experts work with community members to understand leadership, develop a vision, facilitate change, increase their project management skills, and communicate their ideas. Participants also hear from guest speakers and receive one-on-one coaching.

The most recent course ran from February to April 2022 with 38 community members participating. Now in its fifth year, the program has provided training for a total of 176 people. This larger network continues to meet quarterly to support each other to deliver sustainability action.



Some of the April 2022 graduates on Pitch Night at the St Kilda Town Hall.

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Strategic Direction 4

Vibrant Port Phillip

A City that has a flourishing economy, where our community and local businesses thrive, and we maintain and enhance our reputation as one of Melbourne’s cultural and creative hubs.



St Kilda Esplanade Market

In celebration of Mabo Day, the market was a host to ‘The Sounds and Tastes of the Torres Strait’. Visitors were able to sample some Torres Strait Island cooking while listening to the musical accompaniments of local Indigenous heroes.

For the Mothers on Mothers Day event, visiting mums received, a stall voucher, a market bag and a coffee. In July, there will be live music events with outdoor heating, adding to the visitor’s experience.

Walking in their footsteps map project

The project is an initiative of Council’s World War Two Commemorations Committee and is supported by the Cultural Heritage Reference Committee. It delivers on the Council Plan’s Vibrant Port Phillip direction, where arts and culture are part of everyday life and stories can be found on every corner.

With the map, people can learn of the impact of war on domestic life, local industry and manufacturing, the presence of armed forces, vital contributions to the war effort through coding, communications and succour, and memorials acknowledging service and loss. The map is a snapshot of the many places that connect the city with World War Two. The committee welcome contributions to the map.

[Find out more about the project](#)



Women’s Royal Australian Naval Service personnel decoding at FRUMEL, 17 Queens Road. Image courtesy NAA.

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Port Phillip Art Walks

The Art Walks showcasing artists from the Port Phillip City Collection exhibition is displayed in the Carlisle Street Arts Space at St Kilda Town Hall. The exhibition features a selection of the works that inspired our summer program of self-guided Art Walks through a series of footpath decals of our suburbs Elwood, St Kilda, Albert Park, South Melbourne and Port Melbourne.

[Find out more about Port Phillip Art Walks](#)



Walk 1: Elwood: Elwood at Night.



Walk 3: Foreshore from Port Melbourne to Elwood – Pier to Point.



Walk 2: Port Melbourne and Albert Park: Behind the Façade.



Walk 4: South Melbourne: Parks Circuit.

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South Melbourne Market

Easter at South Melbourne Market is always a special time, drawing local visitors and tourists over the course of the week as they flock to purchase fresh seafood, Easter eggs and hot cross buns.

Celebrations were made extra special this Easter with The Museum of Play and Art (MoPA) taking over the Cecil Street outdoor dining area. Kids were treated to giant Easter Egg painting and Easter craft activities. Playable Streets also popped up on Cecil Street with The Plants installation. The Plants is a site-specific musical installation that invites participants to create their own musical compositions using plants. In addition to these two large-scale activations, the Market also had a visit from the Easter bunny, free face painting and an Easter egg hunt. We recorded over 34,000 visitors on Easter Saturday, the highest numbers this year.

The Market also hosted The Big Sculpture exhibition showcasing the works of four local artists.

School holiday activities

We organised a diverse range of participation activities throughout the April school holidays focused on reengagement and expanding community connection for young people. Holiday events included a Family Movie Night, Cooking Sessions, and an All-Abilities Fishing Program.

The Family Movie Night occurred at Emerald Hill Library, accompanied with plenty of popcorn and Easter eggs. Several families attended the screening and provided positive feedback about the event, with plans to run similar activities in the future

The Cooking Program took place at South Melbourne Market at the beginning of April, with young people having the opportunity to learn how to make a sushi roll with guidance from the officers of Middle Years and Youth Services. Twenty-six young people attended the event and enjoyed connecting with others, while learning new cooking skills. The All-Abilities Fishing Program at Kerferd Road Pier helped to connect young people with others and learn about ocean sustainability with guidance from qualified instructors.



Cooking program at South Melbourne Market.



Families enjoying the movie night at Emerald Hill Library.

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Strategic Direction 5

Well Governed Port Phillip

A City that is a leading local government authority, where our community and our organisation are in a better place as a result of our collective efforts.



Community engagement activities

In late April we released our draft Budget 2022/23 and Year Two of our Council Plan 2021-31 for a four-week community consultation period. We also sought feedback on our draft Rating and Waste Management strategies, and a draft Enterprise Asset Management Plan, as well as some key outcomes we're seeking to achieve through a new Creative and Prosperous City Strategy.

All feedback and submissions received through this consultation will be presented for Council's consideration prior to adoption in June 2022.

The Draft Don't Waste It! Waste Management Strategy 2022-25 was released in late April for community consultation. The Waste futures team have been engaging with the community on the draft strategy and seeking feedback on the introduction of new waste services in 2023.

The proposed new waste services include Kerbside food organics and garden organics (FOGO) bins for residents who have gardens and space for additional bins, a communal FOGO service with collection points in local parks for residents who do not have the space or generate much garden material and a communal Glass recycling service, via drop-off points at different locations across the entire City, for everyone to access. To maximise landfill diversion we are also planning to reduce the frequency of landfill bin waste collection from weekly to fortnightly for properties with a kerbside FOGO bin, six months after the commencement of the FOGO services.



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Well-Governed snapshot

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Well-Governed scorecard

The following are the results for the month of April 2022.

Trend measures ✓ meeting or above target ● not meeting target by 10% or less ✗ Result off track from target

Target 2021/22	August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	Trend
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Variance from operating budget

-1% to +3%	-64%	-43%	8%	8%	8%	8%	0%	0%	89%*	✗
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Material legislative breaches

0	0	0	0	0	0	0	0	0	0	✓
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External grant funding secured from the Australian and Victorian Governments

\$10m to \$15m	\$16.9m	\$15.6m	\$16.1m	\$17.1m	\$17.1m	\$17.1m	\$17.1m	\$16.5m	\$16.9m	✓
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Council decisions made at meetings open to the public

90% to 100%	89%	97%	83%	90%	92%	No Council meeting held	80%**	96%	100%	✓
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* Council's operating surplus is greater than budget due to project deferrals as detailed in Note 1 on pages 13 and 14.

** 3 of the 15 decisions made at Council meetings held in February 2022 were related to confidential matters.

Financial update

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Summarised Income a Converted to Cash

As of 30 April 2022, the full year forecast for 2021/22 is a cumulative cash surplus of \$4.3 million, which is higher than the budget of \$3.0 million. This is due to:

- an improvement in the opening cash balance for 2021/22,
- efficiency savings achieved during the year in addition to already budgeted savings and,
- lower employee expenditure due to staff vacancies. The organisation is facing a higher than the historical average staff vacancy rate, which is placing pressure on existing staff to respond to increased service volumes and backlogs to meet service levels and project delivery. Some roles are hard to recruit.










The above favourable items are offsetting the COVID-19 related impacts on parking income \$4.9 million (PINs \$3.4 million and paid parking \$1.6 million) and funds the \$2.9 million of additional social and economic recovery package approved by Council in August 2021 and February 2022.




	Year to date			Full year			Notes
	Actual (\$,000)	Forecast (\$,000)	Variance (\$,000)	Actual (\$,000)	Forecast (\$,000)	Variance (\$,000)	
Total income	192,519	191,644	875	242,717	243,021	(304)	1
Total expenses	144,092	150,320	6,228	223,321	232,774	9,453	2
Operating surplus / (deficit)	48,427	41,324	7,103	19,396	10,247	9,148	
Capital expenditure	(15,054)	(16,786)	1,732	(25,452)	(36,772)	11,319	3
Non-cash operating items	17,627	20,023	(2,397)	(25,452)	(36,772)	11,319	
Financing items	(8,228)	(8,154)	(74)	(8,259)	(8,389)	129	
Net reserves movement	0	0	0	(26,742)	(661)	(26,081)	4
Current year cash surplus / (deficit)	42,772	36,407	6,365	(2,387)	(1,717)	(670)	
Opening cash surplus balance	6,661	6,661	0	6,661	4,720	1,941	
Accumulated cash surplus	49,433	43,068	6,365	4,274	3,003	1,271	

Notes to the Income Statement

Note 1. Operating income forecast adjustments

Trend  financial improvements  neutral impact  unfavourable financial changes

Variance (\$,000)	Operating income forecast explanatory notes	Trend
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.	
624	The number of properties in the municipality has increased by 430 and an increased take up of the larger 240 litre domestic waste bins than budgeted and preliminarily estimated increase in supplementary rates	
269	Commonwealth Home Support Grant for Meals has had a 50% increase to the unit price per meal delivered.	
150	Greater than anticipated planning application fees received year to date.	
150	Interest Income continues to improve above budget due to increasing cash holdings caused predominately by delays in capital expenditure and organisational savings.	
100	Increased income received due to higher than budget quantity of land information certificate requests	
140	Increase in abandoned and unregistered vehicles sales as motor vehicle auctions have resumed post COVID and the increase in the value of second-hand vehicle market.	
122	Election income received in August for prior year council elections (not budgeted).	
4,174	Additional development contribution for open space expected in St Kilda Hill, Montague and Sandridge neighbourhoods.	

Variance (\$,000)	Operating income forecast explanatory notes	Trend
2,515	Changes to grant funding for operating projects not included in 2021/22 Budget – offset by additional expenditure <ul style="list-style-type: none"> \$1.6m Victorian Government funding for COVID Safe Outdoor Activation Fund 2021. Including \$0.8M for Immediate Outdoor Activations and \$0.7M for Semi-permanent and Permanent Outdoor Precinct Establishment \$1.2m Department of Transport funding for the Inner Melbourne Cycling Investment Program for the establishment of temporary pop-up bike across various locations. Funding to subsidise and expand existing project scopes \$0.1m Department of Jobs, Precinct and Regions for Fishermans Bend Program 2021-22 for Activations and Augmented Reality in Montague (\$0.4m) Reduction in Rail Projects Victoria funding received in 21/22 due to project delays into 22/23 for Domain Precinct Park St Bike Link 	
2,379	Victorian Grants Commission Financial Assistance Grants 75% advanced payment for 2022/23 received in current year and allocated in tied grants for 2022/23	
355	Changes to grant funding for capital projects not included in 2021/22 Budget – offset by additional expenditure <ul style="list-style-type: none"> \$0.56m Department of Transport funded Safety Improvements at Mountain Street, Chapel Street and Pickles St/Bridge St which were not budgeted (\$0.2m) Blackspot Alma Rd and Alexandra Street project contingent on external funding which has not eventuated. Project not going ahead. 	

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Notes to the Income Statement

Note 1. Operating income forecast adjustments (continued)

Trend financial improvements neutral impact unfavourable financial changes

Variance (\$,000)	Operating income forecast explanatory notes	Trend
(1409)	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.	
(1,023)	Net reduction in Grant Income due to timing of receipt in prior year offset against tied grants. Including Wattie Watson Oval Construction, Point Ormond Playground, SMM External Food Hall Upgrade and other projects offset against grants received in advance for EcoCentre Redevelopment.	
(367)	St Kilda Festival income reduced by \$0.37M due the COVID-19 recovery environment leading to a reduction in user fee and sponsorship income. This has been offset by \$0.37M reduction in expenses across the St Kilda Festival and Yalukut Weelam Ngargee.	
(171)	COVID-19 closures of community facilities have resulted in reduced income. This is offset by matching expenditure reduction.	
(4,003)	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). Additional \$600k decrease included in April to allow for shortfall anticipated using current trend data.	
(1,309)	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. This has been offset by better than anticipated summer period and greater compliance and usage of online parking payment options, resulting in a \$0.3m forecast improvement.	

Variance (\$,000)	Operating income forecast explanatory notes	Trend
(2,920)	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 18 August meeting. Additional \$0.6m approved in March for extension of rent waivers to June 22.	
(600)	User fees for Long Day Care have been impacted by lower than budgeted utilisation over December and January period.	
(441)	Child Care Gap fee waiver mandated by Commonwealth Government whilst Victoria is impacted by COVID-19 restrictions.	
(260)	South Melbourne Market parking income reduce for the period July-Oct due to Covid-19 State Government lockdown & Restrictions resulting in reduce attendance	
(200)	Reduction in income for private pool registration due to the State Government extending the grace period for initial registration into 22/23	
(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)	Visitor Permits revenue reduced due to <ul style="list-style-type: none"> Impacts of new parking begin to take hold as new resident are only entitle to 1 Visitor permit reducing eligibility Residents are moving toward in only obtaining resident permits and forging visitor permits Backlogs in permit remain with about 1000 permits outstanding. 	
(76)	SMM rent has stayed at 2019-20 levels, budget was set to have an increase during 2021-22. This didn't happen due to COVID and rent relief and the Commercial Tenancy Relief Scheme.	









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Notes to the Income Statement

Note 2. Operating expenditure forecast adjustments

Trend  financial improvements  neutral impact  unfavourable financial changes

Variance (\$,000)	Operating expenditure forecast explanatory notes	Trend
1,735	Lower employee costs and savings due to enterprise vacancy; with the main contributing factor being unable to secure ideal candidate(s) for budgeted positions. <ul style="list-style-type: none"> COVID-19 has also impacted service delivery including libraries, independent living partially offset by increases Maternal and Child Health Services due to increasing appointment volumes. City Planning and Sustainability due to ongoing 	
696	Lower building and property maintenance requests as a result of temporary services closures (\$370K), and reduction in building maintenance due to lower than budgeted water charges (\$150K), security (\$100K) and graffiti expenditure (\$76K)	
567	Fulton Hogan contract renewal resulted in reduced management fee (\$420K) for first year of new contract and additional savings in signage and line marking	
481	Lower parking doubtful debts expected due to decreased number of parking infringements issued.	
440	Significant savings realised in Organisational Capability's training and development program largely due to the impact of the Covid environment. Extended delays to training plans have meant that training programs have been reschedule for next financial year.	
260	Parking Contract Service underspend across the DCA and File search contracts due to fewer PINS being issued.	
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)	Operating expenditure forecast explanatory notes	Trend
220	Decommission Pathway software CX savings	
200	\$200k Clever Council project underspends due to budgeted consultancy tasks performed by staff (efficiency) and delays	
200	Council has moved to a new WorkCover provider. For the next couple of years, we will be classified as a new employer and allocated industrial rates. Premiums reduced.	
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.	
104	FOGO and COGO expenditure reduced due to delays into the second half of the financial year	
90	Reduction in property rates valuations expenditure due to lower than anticipated valuation objections	
2,414	Reduction in capital write off component for capital projects. Mostly caused by deferrals to 2022/23 and minor savings achieved in 2021/22 (see capital works statement for detailed explanations).	

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Notes to the Income Statement

Note 2. Operating expenditure forecast adjustments (continued)






Trend  financial improvements  neutral impact  unfavourable financial changes

Variance (\$,000)	Operating expenditure forecast explanatory notes	Trend	Variance (\$,000)	Operating expenditure forecast explanatory notes	Trend
1,754	Operating Projects deferred to 22/23 including <ul style="list-style-type: none"> \$0.4m Energy Efficient Street Lighting due to budget phasing error as only prepayment will be made in 2022 \$0.3m Parking Policy E-Permit Implementation due to 12-month project implementation extension. Stage two pushed back to 2022/23. \$0.15m Permeability Assessment deferred to 22/23 \$0.13m South Melbourne Structure Plan delayed due to resourcing constraints \$0.13m Standard Drawings – Clever City delayed due to resourcing and changes to scope definition \$0.1m Housing Strategy delayed due to resourcing constraints \$0.5m other minor deferrals across various projects 		(2,515)	Net movement in grant funded operating project expenditure, not included in 2021/22 Budget: <ul style="list-style-type: none"> (\$1.6m) Victorian Government funding for COVID Safe Outdoor Activation Fund 2021. Including \$0.8M for Immediate Outdoor Activations and \$0.7M for Semi-permanent and Permanent Outdoor Precinct Establishment (\$1.2m) Department of Transport funding for pop-up bike lanes and the Bank Street parking reconfiguration (\$0.1m) Department of Jobs, Precinct and Regions for Fishermans Bend Program 2021-22 for Activations and Augmented Reality in Montague \$0.4m Reduction in Rail Projects Victoria funding received in 21/22 due to project delays into 22/23 for Domain Precinct Park St Bike Link 	
1,476	Forecast property sale to be ringfenced in Strategic Property Reserve.		(1,037)	Forecast increased to reflect approved end of year deferrals from 20/21 to deliver the remaining components of the project.	
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).			<ul style="list-style-type: none"> (\$0.6m) Customer Experience Program (\$0.5m) Reactivation of Public Space 	
367	St Kilda Festival and Yalukut Weelam Ngargee expenses reduced by \$0.37M to offset reduction in user fee and sponsorship income due the COVID recovery environment leading to a reduction.		(115)	Victorian Government funding for a six-month Health Officer to enhance COVID safe for business.	
121	COVID-19 closures of community facilities have resulted in reduced expenditure and matching loss of income.				

Notes to the Income Statement

Note 3. Capital expenditure explanatory notes

Trend  financial improvements  neutral impact  unfavourable financial changes

Variance (\$,000)	Capital expenditure forecast explanatory notes	Trend	Variance (\$,000)	Capital expenditure forecast explanatory notes	Trend
6,045	Buildings - \$6.0m \$6.4m Deferrals including <ul style="list-style-type: none"> \$2.2m South Melbourne Town Hall Renewal Upgrade revised scheduling of works following Council approval of the project approach and full scope of works. \$0.65m Palais Theatre Concrete Spalling due to change in delivery approach \$0.63m Access Control Renewal Council Buildings as selection of suitable access control systems has taken longer than anticipated \$0.5m Childcare Centre Fence Compliance due to design issues and resourcing \$0.4m Building CCTV Program due to resourcing challenges and scope changes \$0.36m Fitzroy Street Public Toilet due to resourcing, design issues and external approval delays \$0.3m Building Safety Corrective Action Response due to resourcing, external approvals, latent conditions, permits, scope change and contractor availability \$0.2m South Melbourne Market Fire Stairs to L1 due to delays in third party approvals and other minor deferrals \$0.19m Sandbar Public Toilets due to resourcing delays \$1.5m minor defers across various projects (\$0.45m) 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 Chil(\$0.4m) Childcare Centre Fence Compliance – additional budget approved for increased construction costs of the remaining sites. Fully funded from Childcare reserve. \$0.3m Cora Graves Accessibility and Asbestos project cancellation savings 		1,353	Plant, Machinery and Equipment - (\$1.4m) <ul style="list-style-type: none"> (\$1.4m) unbudgeted purchase of street sweepers and community buses which were previously leased. Key benefits included lower financing costs, lower carbon emissions and safer fleet. This has resulted in the significant increase in renewal expenditure. 	
			443	Fixtures, Fittings and Furniture - \$0.4m <ul style="list-style-type: none"> \$0.3m deferral of workplace locker & team storage roll out to 22/23 due to supplier delays 	
			238	Computers & Telecommunications - \$0.2m <ul style="list-style-type: none"> \$0.2m below annual budget due to IT equipment received just before 30 June. This was previously expected to be included in 21/22 budget 	
			416	Roads - \$0.4m <ul style="list-style-type: none"> \$0.3m Road resurfacing savings achieved through newly awarded civil panel \$0.2m savings Blackspot Safety Improvement at Alma Rd and Alexandra Street project contingent on external funding which has not eventuated. (\$0.3m) Additional funding received for Safety Improvements at Chapel Street and Pickles St/Bridge St which were not budgeted. 	



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Notes to the Income Statement

Note 3. Capital expenditure explanatory notes (continued)

Trend  financial improvements  neutral impact  unfavourable financial changes





Variance (\$,000)	Capital expenditure forecast explanatory notes	Trend
867	<p>Footpaths and Cycleways – \$0.9m</p> <p>\$0.6m savings in 2021/22 including:</p> <ul style="list-style-type: none"> \$0.26m Garden City Bike Path due to contingency not required Other minor savings across Pram Crossing and Laneway Constructions/Upgrades <p>\$0.5m Deferrals to 2022/23 including:</p> <ul style="list-style-type: none"> \$0.34m Domain Precinct – Park St Bike Link due to change in project scope \$0.16m Inkerman Street Bike Corridor to allow time for community consultation and construction has been re-scheduled for 2024/25. (\$0.2m) Department of Transport funded Safety Improvements at Mountain & Iffla Street and Liardet Street which were not budgeted. 	
774	<p>Drainage – \$0.7m</p> <p>Storm Water Capital Works Program</p> <ul style="list-style-type: none"> \$0.3m deferral to 2022/23 due to supply chain challenges and contractor availability \$0.3m savings due to reduction in scope of works \$0.2m achieved through newly award Civil Panel 	



Variance (\$,000)	Capital expenditure forecast explanatory notes	Trend
3,814	<p>Parks, Open space and Street Scapes – \$3.7m</p> <p>\$3.3m Deferrals including:</p> <ul style="list-style-type: none"> \$0.7m Public Space Lighting – Elwood Foreshore due to delays with external approvals and supply chain delaying construction to 2022/23 \$0.5m Graham St Overpass Skatepark and Carpark due to contractor availability delaying construction to 2022/23 \$0.4m Alma Park Playspace Upgrade due to resourcing challenges \$0.25m Alma Park Public Toilet Reconstruction due to Resourcing, permits and contractor availability \$0.25m Public Space Lighting – Bay Trail due to unsuccessful tender process \$0.25m Catani Gardens Irrigation Upgrade due to external dependency scheduling delays \$0.25m Rotary Park Playspace Development due to procurement resourcing issues \$0.16m Solar PV Lighting across the city due to resourcing and material delays \$0.7m minor deferrals across various projects <p>(\$0.3m) Additional Costs</p> <ul style="list-style-type: none"> \$0.17m Wattie Watson Oval Reconstruction due to soil contamination issues \$0.13m South Melbourne Market Public Safety Improvements due to tender above initial estimates <p>\$0.2m Station Pier Boardwalk & Jetty Renewal – Project cancelled as responsibility of works confirmed to sit with Ports Victoria.</p>	

Notes to the Income Statement

Note 4. Reserve forecast adjustments

Trend  financial improvements  neutral impact  unfavourable financial changes

Variance (\$,000)	Reserve forecast adjustment explanatory notes	Trend
(3,279)	Greater drawdown on Childcare Centre Infrastructure Reserve due to: <ul style="list-style-type: none"> • (\$2.7m) reduction in budgeted reserve due to delayed sale of council owned childcare centre • (\$0.45m) additional drawdown for wall mounted air filtration units in childcare centres to mitigate risk of COVID-19 • (\$0.13m) additional drawdown for Childcare Centre Fence Compliance due to higher construction cost 	
10,528	Net increase to project deferral reserves due to <ul style="list-style-type: none"> • (\$1.3m) Additional drawdown on reserves for projects deferred from 2020/21 including Reactivation of Public Space, Customer Experience Program, and other minor deferrals. • \$11.8m net deferral of projects to 2022/23 • Refer to note 2 for operating project deferrals and Capital Works Statement for capital deferrals 	
7,950	Forecast property sale income to be ringfenced in the Strategic Property Reserve.	
5,484	Net increase to Open Space Reserves includes <ul style="list-style-type: none"> • \$4m additional development contribution for open space expected in St Kilda Hill, Montague and Sandridge neighbourhoods. • \$1.4m lower net drawdown on Open Space Reserves due to significant project deferrals identified in the quarter 3 review 	

Variance (\$,000)	Reserve forecast adjustment explanatory notes	Trend
2,014	Net increase to Asset Renewal Fund including <ul style="list-style-type: none"> • \$0.3m Road Resurfacing program saving through newly awarded civil panel • \$0.2m Stormwater Capital Works program due to project descopeing • \$0.34m Public Toilet Program through installation of modular/prefab units • \$0.15m Station Pier Boardwalk & Jetty cancellation as project to be managed by Ports Victoria • \$0.4m projects partially deferred to 2022/23 including South Melbourne Market Cecil Street essential services and St Kilda Marina • (\$0.4m) additional drawdown for spend required on Council Fleet Replacement Program 21/22 	
1,104	Net increase to tied grants due to <ul style="list-style-type: none"> • (\$3.4m) additional drawdowns on tied grants received from prior financial years included: Victorian Grants Commission funding received in June 2021, Wattie Watson Oval Construction, Point Ormond Playground, SMM External Food Hall Upgrade and other projects • \$2.4m Financial Assistance Grants 2022/23 advanced payment for 2022/23 • \$2.1m for project grants received in 2021/22 received for works to be completed in 2022/23 	



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Notes to the Income Statement

Note 4. Reserve forecast adjustments (continued)

Trend  financial improvements  neutral impact  unfavourable financial changes

Variance (\$,000)	Reserve forecast adjustment explanatory notes	Trend
1,020	Lower net drawdown on Sustainable Transport Reserve due to: <ul style="list-style-type: none"> • \$0.26m Garden City Bike Path through project savings and contingency reduction • \$0.22m reduced drawdown required due to Department of Transport funding for the Inner Melbourne Cycling Investment Program for the establishment of temporary pop-up bike across various locations • \$0.2m Inkerman Street Bike Corridor due to revised project timing and delivery • \$0.26m reduced drawdown required to Department of Transport funding for pop-up bike lanes and the Bank Street and Shimmy Routes 	
737	Lower net drawdown on Palais Theatre Reserve due to <ul style="list-style-type: none"> • \$0.8m project deferrals including Palais Theatre Concrete Palling and Tunnels Rectification Projects • (\$0.08m) reduction due to Council Resolution fee waivers for Palais Theatre 	

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