

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	45,104	45,166	(62)	(0%)	139,661	139,660	0	0%	
Statutory Fees and Fines	5,310	5,450	(139)	(3%)	21,617	21,650	(34)	(0%)	
User Fees	10,254	10,236	19	0%	38,610	38,858	(248)	(1%)	
Grants - Operating	2,627	2,505	122	5%	8,991	8,928	62	1%	
Grants - Capital	72	69	3	4%	4,885	5,700	(815)	(14%)	
Contributions - Monetary	3,662	3,639	23	1%	6,208	6,111	97	2%	
Other Income	3,725	3,558	167	5%	23,577	23,287	290	1%	
Total Income	70,755	70,623	131	0%	243,549	244,196	(647)	(0%)	1
Employee Costs	20,193	20,156	(36)	(0%)	99,317	99,126	(191)	(0%)	
Materials & Services	19,759	20,538	779	4%	96,462	96,391	(71)	(0%)	
Depreciation	4,937	5,672	735	13%	22,502	22,502	0	0%	
Amortisation of Right of Use assets	192	194	1	1%	857	857	0	0%	
Bad & Doubtful Debts	210	190	(21)	(11%)	4,691	4,691	0	0%	
Borrowing Costs	0	0	0	0%	0	0	0	0%	
Interest - Right of Use	9	7	(2)	(26%)	28	28	0	0%	
Other expenses	3,183	3,083	(100)	(3%)	19,223	19,247	25	0%	
Net loss/(proceeds) from asset disposals	(132)	(124)	8	6%	4,983	4,733	(250)	(5%)	
Share of Joint Venture	0	0	0	0%	0	0	0	0%	
Total Expenses	48,350	49,714	1,364	3%	248,062	247,575	(487)	(0%)	2
Operating Surplus / (Deficit)	22,404	20,909	1,495	7%	(4,514)	(3,380)	(1,134)	(34%)	
Income Statement Converted to Cash									
Adjustments for non-cash operating items:									
• Add back depreciation	4,937	5,672	(735)	(13%)	22,502	22,502	0	0%	
• Add back amortisation	192	194	(1)	(1%)	857	857	0	0%	
• Add back written-down value of infrastructure assets disposals	0	35	(35)	(100%)	6,500	5,250	1,250	24%	
• Add back balance sheet work in progress reallocated to operating	0	0	0	0%	1,200	1,200	0	0%	
	5,129	5,900	(771)	(13%)	31,059	29,809	1,250	4%	
Adjustments for investing items:									
• Less Capital Expenditure	(4,094)	(4,356)	262	(6%)	(45,305)	(48,425)	3,120	(6%)	3
Adjustments for financing items:									
• Less Lease Repayments	(194)	(184)	(10)	(5%)	(738)	(738)	0	0%	
	(194)	(184)	(10)	(5%)	(738)	(738)	0	0%	
Adjustments for financing items:									
Net Reserves Drawdown/ (Replenishment)	0	(0)	0	(100%)	15,951	19,008	(3,057)	(16%)	4
Current Year Cash Surplus/ (Deficit)	23,246	22,269	976	4%	(3,546)	(3,726)	179	5%	
Opening balance cash surplus/ (Deficit)	5,236	5,236	0	0%	5,236	5,274	(38)	(1%)	
Accumulated Cash Surplus	28,482	27,505	976	4%	1,690	1,549	141	9%	

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
↑	200	Increasing interest income due to favourable cash holdings and increasing investment yields from recent Reserve Bank increases to the cash rate.
↑	154	South Melbourne Market rooftop paid parking utilisation has increased above budget expectations.
→	97	Minor adjustment to timing of insurance contribution to works on Alma Park Amenities Pavilion based on part deferral from 2021/22
→	62	Project Portfolio operating grant income expected this year due project deferral from 2021/22 for Department of Transport Temporary Bike Lane projects and Fishermans Bend Project (Offset by Project Expenditure)
→	(206)	Reduction in Childcare Centre User Fees as industry wide staff shortages have been an impediment to user utilisation.
→	(218)	Reduced South Melbourne Market Direct E-Commerce full year income as the program ceased operations in 2022. Reduction to income offsets full year expenses forecast reduction.
→	(815)	Portfolio capital grant adjusted for transactions in previous financial year: ▪ (\$0.74m) Grants received in advance in 2021/22 for 2023/23 including (\$0.3m) Palais Theatre and Luna Park Precinct, (\$0.2m) West Beach Boardwalk Accessibility, and (\$0.2m) Laneway Construction Wellington Street (offset by reserves); and ▪ \$0.25m Funding delayed to 2022/23 to match project milestones including South Melbourne Market – The Courtyard and New Dog Park Moran Reserve (offset by delayed expenditure)

Note 2. Operating expenditure forecast adjustments:

↑ → ↓	Variance (\$,000's)	Operating expenditure forecast explanatory notes
↑	364	Lower employee costs and savings due to enterprise vacancy. Staff retention and recruitment remains a challenge as was the case in the 2021/22.
→	1,520	Operating project deferrals to 2023/24 and future years including \$0.9m St Kilda Marina, \$0.4m Fishermans Bend Program, \$0.08m Temporary Park Lansdowne Road and \$0.08m Permeability Assessment (offset by reserves)
→	181	Reduction in Childcare employee costs due to inability to attract staff stemming from sector wide shortages. (Offset by reduction in income)
→	218	South Melbourne Market Direct program reduction in expenditure due to program cancellation (offset by reduction in income)
→	294	Net decrease in capital write off expenditure (non-capital spend) in Capital Portfolio due to deferrals to 2022/23
→	(250)	Net proceeds from forecast property sale. Proceeds to be ringfenced in Strategic Property Reserve.
→	(217)	Southside Live Event completed July 2022 as expected and the Victorian Government funding was received and ringfenced in reserve in 2021/22 to offset this timing of expenditure..
→	(378)	St Kilda triangle feasibility studies to assess the viability of a live music led development and inform Council decision making about investment (funded from reserves)
→	(1,534)	Deferrals post 2022/ 23 budget adoption. Key deferrals include \$0.55m Department of Transport Pop Up Bike Lanes, \$0.35m COVID Safe Outdoor Activation Fund,

  	Variance (\$,000's)	Operating expenditure forecast explanatory notes
		\$0.2m Customer Experience Program, \$0.15m Electrical Line Clearance and \$0.13m Carlisle St Carparks Strategy Execution
	(600)	Net additional enterprise employee costs (including vacancies) required based on in principle enterprise agreement (subject to voting and Fair Work Aust.)

Note 3. Capital expenditure forecast adjustments:

  	Variance (\$,000's)	Capital expenditure forecast explanatory notes
	3,120	\$7.3m capital expenditure deferrals identified during the first quarter review process. (\$3.5m) Capital expenditure has increased by \$3.5m from Budget 2022/23 predominantly due to 2021/22 deferrals post budget adoption. (\$0.7m) other minor movements including additional projects, cost escalations and savings <i>See capital works statement for full breakdown</i>

Note 4. Reserve forecast adjustments:

  	Variance (\$,000's)	Reserve forecast adjustment explanatory notes
	200	Council fully repaid the \$7.5 million loan from 2021/22 cash surplus. Budgeted internal borrowing repayment plan at \$0.2 million per annum over 10-year is no longer required.
	310	Greater net drawdown on Open Space Reserves: \$0.57m deferrals post 2022/ 23 budget adoption including \$0.33m Palais Theatre and Luna Park Precinct and \$0.13m New Dog Park Moran Reserve and \$0.26m minor deferrals to 2022/23 including Palais Theatre and Luna Park and Alma Park East Multi Purpose Courts
	205	Greater net drawdown on tied grants due to: \$1.25m deferrals post 2022/ 23 budget adoption including \$0.37 Department of Transport Pop Up Bike Lanes, \$0.35 COVID Safe Outdoor Activation Fund, \$0.2m West Beach Boardwalk Accessibility, \$0.2m Laneway Construction Wellington St and \$0.13m minor deferrals \$0.13m State Government funding for Southside Live Event (\$1.1m) reduction in drawdown on tied grants for \$0.85m EcoCentre Redevelopment and \$0.22m Moubray Street Community Park due to project delays into 2023/24
	133	Drawdown on waste charge reserve to cover greater than expected rebates for private waste collections than budget
	115	Net decrease to the Childcare Centre Infrastructure Reserve: \$0.27m Childcare Centre Fence Compliance deferral post budget 2022/23 adoption. (\$0.16m) Children's' Centres Improvement Program negative year-end deferral due to 2021/22 overspend

  	Variance (\$,000's)	Reserve forecast adjustment explanatory notes
	(98)	Net decrease to the Asset Renewal Fund ▪ \$0.32m deferrals post 2022/ 23 budget adoption including \$0.25m South Melbourne Town Hall Renewal Upgrade and \$0.07m minor deferrals ▪ \$0.33m additional for HVAC, Air and Energy Improvements Program based on latest cost estimates ▪ (\$0.48m) savings identified during the first quarter review including \$0.16m Kerb & Gutter Construction – Wellington St, \$0.2m Alma/Lansdowne Road Safety Improvements ▪ (\$0.27m) deferral to 2023/24 for Palais Theatre and Luna Park Precinct
	(103)	Net Increase to the Palais Theatre Reserve due to partial deferral to 2022/23 Palais Theatre Concrete Spalling
	(1,887)	Net increase in Project Deferrals ▪ \$3.2m deferrals post 2022/ 23 budget adoption \$0.3m Energy Efficiency & Solar Program, \$0.25m Bubup Nairn Cladding Rectification, \$0.23m Shakespeare Grove Public Toilet, \$0.23m Council Fleet Replacement Program, \$0.23m St Kilda Town Hall Staff Accommodation, \$0.21m Waterfront Place Public Toilet, \$0.2m Customer Experience Program, \$0.2m Childcare Centre Fence Compliance Works, \$0.15m Electrical Line Clearance, \$0.13m Carlisle St Carparks Strategy Execution, \$0.11m EcoCentre Redevelopment, \$0.1m South Melbourne Market Central Stairs and \$0.8m minor project deferrals across various projects. ▪ (\$5.1m) project deferrals to 2023/24 including \$1.6m EcoCentre Redevelopment, \$1.1m Palais Theatre and Luna Park, \$0.9m Access Control Renewal Council Buildings, \$0.48m St Kilda Town Hall Staff Accommodation, \$0.49 Building CCTV Program, \$0.4m Fishermans Bend Program \$0.35 Acland Street Plaza Planting and Hostile Vehicle Management
	(900)	St Kilda Marina contamination works partial deferral to 2022/23 due to tenant delaying construction.
	(1,000)	Forecast property sale income to be ringfenced in the Strategic Property Reserve

3.0 Balance Sheet

	Opening	Year to Date				Full Year				Note
	Balance \$'000	Actual \$'000	Forecast \$'000	Variance \$'000	Forecast \$'000	Budget \$'000	Variance \$'000	Variance %		
ASSETS										
Current assets										
Cash and cash equivalents	12,339	12,898	8,000	4,898	9,500	9,829	(329)	(3%)		
Trade and other receivables	27,337	63,281	62,674	607	20,747	20,227	520	3%		
Other financial assets	118,000	116,971	117,000	(29)	112,837	126,011	(13,174)	(10%)	1	
Non current assets classified as held for sale	1,202	1,202	1,202	0	1,202	11,713	(10,511)	(90%)	2	
Other assets	3,635	878	690	188	3,780	2,487	1,293	52%		
Total current assets	162,514	195,231	189,567	5,664	148,066	170,267	(22,201)	(13%)		
Non-current assets										
Investments in associates and joint ventures	239	239	239	0	239	270	(31)	(12%)		
Trade and other receivables	549	549	549	0	549	0	549	0%		
Other financial assets	17,019	17,019	17,019	0	17,019	537	16,482	3069%	1	
Property, infrastructure, plant and equipment	3,427,490	3,426,765	3,426,139	626	3,507,593	3,381,436	126,157	4%	3	
Right of use assets	786	594	593	1	1,021	1,021	(0)	(0%)		
Total non-current assets	3,446,083	3,445,165	3,444,538	627	3,526,420	3,383,264	143,156	4%		
TOTAL ASSETS	3,608,596	3,640,396	3,634,105	6,291	3,674,487	3,553,531	120,956	3%		
LIABILITIES										
Current liabilities										
Trade and other payables	16,107	7,035	6,349	(687)	20,073	21,762	1,689	8%		
Trust funds and deposits	7,007	26,113	21,147	(4,966)	7,287	7,626	339	4%		
Provisions	17,953	17,406	18,312	905	18,671	19,469	798	4%		
Interest-bearing loans and borrowings	0	0	0	0	0	0	0	0%		
Lease liabilities	592	712	407	(304)	446	658	212	32%		
Total current liabilities	41,658	51,266	46,215	(5,052)	46,476	49,515	3,039	6%		
Non-current liabilities										
Provisions	2,138	2,138	2,181	43	2,224	3,531	1,307	37%		
Interest-bearing loans and borrowings	0	0	0	0	0	0	0	0%		
Lease liabilities	213	0	213	213	713	692	(21)	(3%)		
Total non-current liabilities	2,351	2,138	2,394	256	2,937	4,223	1,286	30%		
TOTAL LIABILITIES	44,009	53,404	48,609	(4,796)	49,413	53,738	4,325	8%	4	
TOTAL ASSETS	3,564,587	3,586,991	3,585,496	1,495	3,625,073	3,499,793	125,280	4%		
EQUITY										
Accumulated surplus	630,793	653,197	651,705	1,492	634,083	649,016	(14,933)	(2%)		
Asset revaluation reserve	2,805,775	2,805,775	2,805,775	0	2,881,775	2,748,050	133,725	5%	3	
Other reserves	128,019	128,019	128,016	3	109,215	102,727	6,488	6%		
TOTAL EQUITY	3,564,587	3,586,991	3,585,496	1,495	3,625,073	3,499,793	125,280	4%		

Balance Sheet explanatory notes

Note	Explanatory notes
1	Financial investments comprised of short (less than 90 days), medium (less than one year) and longer terms (greater than one year) in line with our investment strategy to balance investment risks, operational liquidity, corporate social responsibilities, and to achieve best yields where possible.
2	Reduction in overall non-current assets classified as held for sale due to sale being completed in 2021/22 and not extending in 2022/23.
3	Total asset value increased significantly on Budget 22/23 estimates due to year end 21/22 revaluation adjustments.
4	Total liabilities value decreased slightly on Budget 22/23 estimates due to finalised end 21/22 provision movements.

4.0 Statement of Cash Flows

	Full Year 2021/22 \$'000	Actual \$'000	Year to Date Forecast \$'000	Variance \$'000	Forecast \$'000	Full Year Budget \$'000	Variance \$'000	Variance %	Note
Cash flows from operating activities									
Rates and charges	130,570	45,104	45,166	(62)	146,251	139,660	6,591	5%	1
Statutory fees and fines	14,641	5,100	5,260	(160)	16,926	17,179	(253)	(1%)	
User Fees	33,297	(28,259)	(27,612)	(647)	42,471	42,359	112	0%	
Grants - operating	17,456	2,627	2,505	122	8,991	8,928	63	1%	
Grants - capital	5,448	72	69	3	4,885	5,700	(815)	(14%)	
Contributions- monetary	10,005	3,662	3,639	23	6,208	6,111	97	2%	
Interest received	363	600	451	148	1,205	1,005	200	20%	
Trust funds and deposits taken	21,713	32,607	27,636	4,971	54,253	54,130	123	0%	
Other receipts	11,711	6,248	6,434	(187)	14,612	14,669	(57)	(0%)	
Net GST refund	5,804	5,591	5,678	(87)	9,499	10,243	(744)	(7%)	
Employee costs	(93,465)	(20,739)	(19,754)	(985)	(98,513)	(98,818)	305	(0%)	
Materials and services	(79,665)	(28,494)	(29,858)	1,364	(106,542)	(108,898)	2,356	(2%)	
Short term, low value and variable lease payment	(635)	(59)	(11)	(48)	(66)	0	(66)	0%	
Trust funds and deposits repaid	(22,025)	(13,501)	(13,496)	(5)	(53,973)	(54,003)	30	(0%)	
Other payments	(7,461)	(3,219)	(3,157)	(62)	(11,241)	(11,333)	92	(1%)	
Net cash provided by/(used in) operating activities	47,757	7,339	2,951	4,388	34,965	26,932	8,034	30%	1
Cash flows from investing activities									
Payments for property, infrastructure, plant and equipment	(22,023)	(7,722)	(8,259)	537	(43,719)	(48,425)	4,706	(10%)	
Proceeds from sale of property, infrastructure, plant and equipment	10,329	132	159	(27)	1,517	517	1,001	194%	
Payments for investments	(135,019)	(116,971)	(117,000)	29	(112,837)	(98,000)	(14,837)	(15%)	
Proceeds from sale of investments	106,016	118,000	118,000	0	118,000	118,000	0	0%	
Net cash provided by/(used in) investing activities	(40,697)	(6,561)	(7,099)	538	(37,039)	(27,908)	(9,131)	(33%)	2
Cash flows from financing activities									
Finance costs	(129)	0	0	0	0	0	0	0%	
Repayment of borrowings	(7,500)	0	0	0	0	0	0	0%	
Interest paid - lease liability	(53)	(9)	(7)	(2)	(28)	(28)	(0)	(0%)	
Repayment of lease liabilities	(881)	(194)	(184)	(10)	(738)	(738)	(0)	(0%)	
Net cash provided by/(used in) financing activities	(8,563)	(203)	(191)	(12)	(765)	(765)	(0)	(0%)	
Net (decrease) increase in cash and cash equivalents	(1,503)	575	(4,339)	4,915	(2,839)	(1,742)	(1,098)	(63%)	
Cash and cash equivalents at the beginning of the financial year	13,842	12,339	12,339	0	12,339	11,571	769	7%	
Cash and cash equivalents at the end of the financial year (investment less than 90 days)	12,339	12,914	8,000	4,915	9,500	9,829	(329)	(3%)	
Total cash and investments	147,358	146,888	142,019	4,869	139,356	136,377	2,979	2%	

Cash flows explanatory notes

Note	Explanatory notes
1	\$7.7m net increase in cash provided by due to delays in payments of rates from 2021/22. Expecting 2022/23 payments to be received in more timely manner
2	\$9.3m net increase in cash used in investing activities predominantly due to capital Project deferrals from 21/22 offset by additional income forecast for future property sales.

9.0 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	1,507	1,577	70	4%	17,522	18,729	1,207	6%	1
Total Property	1,507	1,577	70	4%	17,522	18,729	1,207	6%	
Plant and Equipment									
Plant, machinery and equipment	497	554	57	10%	4,005	3,825	(180)	(5%)	2
Fixtures, fittings and furniture	354	400	46	12%	690	846	156	18%	3
Computers and telecommunications	0	0	0	0%	720	970	250	26%	4
Library books	145	131	(14)	(11%)	949	952	3	0%	
Total Plant and Equipment	996	1,085	90	8%	6,363	6,593	229	3%	
Infrastructure									
Roads	68	99	31	31%	2,830	3,047	217	7%	5
Bridges	8	8	0	0%	279	255	(24)	(9%)	6
Footpaths and cycleways	128	77	(50)	(65%)	3,840	3,978	137	3%	7
Drainage	272	5	(267)	(5342%)	2,215	2,261	46	2%	8
Parks, open space and streetscape	1,115	1,505	389	26%	12,255	13,563	1,308	10%	9
Total Plant and Equipment	1,591	1,693	102	6%	21,419	23,104	1,685	7%	
Total Capital Works Expenditure	4,094	4,356	262	6%	45,305	48,425	3,120	6%	
Capital Expenditure Type									
New asset expenditure	395	423	28	7%	4,803	5,179	376	7%	
Asset renewal expenditure	1,734	1,767	33	2%	18,222	19,206	984	5%	
Asset upgrade expenditure	1,557	1,738	181	10%	18,402	20,651	2,249	11%	
Asset expansion expenditure	408	428	20	5%	3,878	3,389	(489)	(14%)	
Total Capital Works Expenditure	4,094	4,356	262	6%	45,305	48,425	3,120	6%	

Capital expenditure explanatory notes

Note	↑ → ↓	Variance (\$,000's)	Explanatory notes
1	→	1,207	Buildings (\$2.12m) Year end 21/22 Deferrals including \$0.32m Childcare Centre Fence Compliance, \$0.25m Bubup Nairn Cladding Rectification Works, \$0.23m Shakespeare Grove Public Toilet, \$0.22m South Melbourne Market – The Courtyard, \$0.22m Waterfront Place Public Toilet, \$0.15m Energy Efficiency & Solar Program, \$0.12m EcoCentre Redevelopment, \$0.1m Operations Centre Fire Escape Upgrades, \$0.1m South Melbourne Central Stairs, and \$0.5m various minor deferrals. \$4.24m Deferrals to FY23/24 and future years including \$2.69m EcoCentre Redevelopment, \$0.89m Access Control Renewal Council Buildings, \$0.49m Building CCTV Project, \$0.17m Palais Theatre Concrete Spalling. (\$0.85m) Additional expenditure: (\$0.33m) HVAC, Air and Energy Improvement Program (ARF funded) (\$0.25m) South Melbourne Town Hall Renewal Upgrade (reserve funded) contract variations (\$0.14m) Childcare Centre Fence Compliance (\$0.07m) St Kilda Townhall Façade Rectification
2	→	(180)	Plant, Machinery and Equipment (\$0.23m) Year end 21/22 Deferral for Fleet Renewal Program \$0.05m Q1 Savings for Mobile CCTV Trailer - lower purchase price

Note	↑ → ↓	Variance (\$,000's)	Explanatory notes
3	→	156	Fixtures, Fittings and Furniture ▪ (\$0.32m) Year end 21/22 Deferrals predominantly for the St Kilda Town Hall Staff Accommodation Program ▪ \$0.48m Deferrals to FY23/24 and future years for St Kilda Town Hall Staff Accommodation
4	→	250	Computers & Telecommunications \$0.25m transfer to Operating Portfolio to part fund Data Centre Modernisation Project (From Core IT Renew & Upgrade Program)
5	→	217	Roads ▪ (\$0.02m) Year end 21/22 Deferral for Chapel Street Safety Improvements ▪ \$0.06m Deferrals to FY23/24 and future years for Kerb & Gutter Construction – Dunstan Pde. ▪ \$0.42m Savings: ○ \$0.20m Alma Rd- Lansdown Rd Safety Improvement lower tender price ○ \$0.16m Kerb & Gutter Construction – Wilton Gr lower tender price ○ \$0.06m Richardson and Nimmo Safety Improvements ▪ (\$0.17m) Additional Expenditure: ○ \$0.12m Heavy Patching 22-23 scope change
7	→	137	Footpaths and Cycleways ▪ (\$0.06m) Year end 21/22 Deferral including \$0.02m West Beach Boardwalk Accessibility, \$0.04m St Kilda Junction Safety Upgrade ▪ \$0.19m Savings: ○ \$0.12m Footpath Renewals 22-23 ○ \$0.07m LATM – Danks Street and Withers Street- scope change
9	→	1,308	Parks, Open space and Street Scapes ▪ (\$0.5m) Year end 21/22 Deferrals including (\$0.2m) New Dog Park Moran Reserve, (\$0.1m) Alma Park Amenities Pavilion and (\$0.2m) various minor project deferrals ▪ \$2.47m Deferrals to FY23/24 and future years including \$1.5m Palais Theatre and Luna Park Precinct, \$0.35m Acland Street Plaza Planting and HVM, \$0.55m Moubray St Community Park, \$0.035 BMX Track, \$0.035m Alma Park East – Multi Purpose Court ▪ (\$0.53m) additional expenditure: ○ (\$0.2m) Public Space Minor Capital Works ○ (\$0.15m) Gasworks Arts Park Reinstatement ○ (\$0.13m) Public Space lighting – Elwood ○ (\$0.03m) Peanut Farm Oval Reconstruction new project ○ (\$0.02m) Alma Park Playspace Upgrade