

# COUNCIL MEETING

## AGENDA



(Open to the public)

**6.30pm, Monday 17 April 2023**

Council Chamber - 8 Inglesby Road, Camberwell

Date of Issue: 6 April 2023

Please note: No audio, video, photographic or any other recording of proceedings at Council or Delegated Committee meetings is permitted without written authority from Council.

### Order of Business

- 1 Adoption and confirmation of the minutes of the Council meeting held on 27 March 2023**
- 2 Declaration of conflict of interest of any councillor or council officer**
- 3 Deputations, presentations, petitions and public submissions**
- 4 Informal Meetings of Councillors**
- 5 Public question time**
- 6 Notices of motion**
- 7 Presentation of officer reports**
  - 7.1 Temporary Occupation of Former Balwyn Leisure Centre
  - 7.2 February 2023 Monthly Financial Report
  - 7.3 Opportunities for Management of Back Creek East and Medlow Reserve
- 8 General business**
- 9 Urgent business**
- 10 Confidential business**
- Close of meeting**

## Table of contents

7	Presentation of officer reports .....	3
	7.1 Temporary Occupation of Former Balwyn Leisure Centre .....	3
	7.2 February 2023 Monthly Financial Report.....	8
	7.3 Opportunities for Management of Back Creek East and Medlow Reserve .....	28

## 7 Presentation of officer reports

### 7.1 Temporary Occupation of Former Balwyn Leisure Centre

#### Executive Summary

##### Purpose

This report seeks Council's approval for temporary occupation of the former Balwyn Leisure Centre by community-based early years services while planned building renewal works occur over the coming years.

##### Background

The Council-owned Balwyn Leisure Centre (BLC) is located at 230 Balwyn Road in Balwyn North, and includes an internal sports court, childcare centre and administrative spaces. The facility was originally intended to be closed and demolished following the completion of works at the Boroondara Sports Complex. Since this time, the site has continued to be utilised by a range of community groups, early years service providers and Council services as a temporary accommodation solution, due to its adaptability to suit a range of needs, accessible location, convenience and cost effectiveness.

The BLC has provided temporary accommodation to Greythorn Early Childhood Centre, Balwyn Library, Through Road Early Learning Centre and Interchange Inner East. The overall project costs to date, are estimated to have saved Council approximately \$1.5M by providing suitable temporary portable accommodation.

The BLC has been maintained as a licenced childcare and kindergarten facility, enabling the use of the site to support community services while Council owned early years infrastructure is renewed. Council's Long Term Financial Plan (LTFP) includes several kindergarten building redevelopment projects in coming years which require temporary accommodation to support continuity of service.

##### Key Issues

At the Council meeting on 23 August 2021, Council resolved to:

1. Endorse the proposal to temporarily accommodate Through Road Early Learning Centre and other community groups that require temporary accommodation during the construction period of the Canterbury Community Precinct.
2. Receive budget bid for the demolition of the Balwyn Leisure Centre and open space conversion as part of the 2022/23 budget process.
3. Undertake community engagement to shape the future open space development of this site in the 2022/23 financial year.

With recent construction cost escalations and associated budget impacts, the use of existing assets for accommodation to reduce overall project costs is recommended.

Council's LTFP includes several kindergarten building renewal projects in coming years which require a temporary accommodation solution and are listed in **Table One** of this report.

Each of these services' existing sites are considered physically constrained and not practical to maintain uninterrupted delivery of kindergarten services at the same time as significant construction works.

Further, setting up temporary accommodation facilities, to the satisfaction of licencing requirements, will be costly and is not considered good value for money. It is estimated that operating the nominated services from BLC during construction would save Council between \$1.5-\$1.8 million over the next five years.

The BLC building remains suitable for temporary accommodation by early year service providers. It is anticipated each site will be delivered in successive calendar years, where possible, to minimise service disruption. The demolition of the BLC and community engagement on new open space will be referred to Councils LTFP for consideration, with demolition of the BLC anticipated in 2029, pending budget approval.

### Next Steps

Council officers continue to work closely with the Committee representatives of JJ McMahon Memorial Kindergarten to finalise the design and documentation of the proposed redevelopment project. The works are planned to be tendered in July-August 2023, with Council to be presented with recommendation to award the contract in late 2023. The kindergarten is supportive of relocating to BLC as temporary accommodation during construction.

Planning, design, and delivery of the remaining kindergarten projects will proceed in accordance with Council's adopted Budget.

### Confidentiality

There is no confidentiality consideration relevant to this proposal.

## **Officers' recommendation**

That Council continue to utilise the Balwyn Leisure Centre to temporarily accommodate community-based early years services during building renewal until early 2029.

---

**Responsible director: Daniel Freer, Director Places and Spaces**

---

## **1. Purpose**

This report seeks Council's approval for temporary occupation of the former Balwyn Leisure Centre (BLC) by several community-based early years services while planned building redevelopment works occur over the coming years.

## **2. Policy implications and relevance to community plan and council plan**

The temporary use of the former Balwyn Leisure Centre to support the renewal of Council's early years buildings is aligned with the following Strategic Objectives, identified within the Boroondara Community Plan:

Strategy 1.4 - Facilities and sports precincts encourage equal access through social planning, delivery, asset maintenance and renewal activities

Strategy 7.2 - Resources are responsibly allocated and used through sound financial and asset planning, procurement and risk management practices

## **3. Background**

The BLC, located at 230 Balwyn Road in Balwyn North, is a Council-owned building which includes an internal sports court, childcare centre and administrative spaces. The facility was originally intended to be closed and demolished following the completion of works at the Boroondara Sports Complex. Since this time, the site has continued to be utilised by a range of community groups, early years service providers and Council services as a temporary accommodation solution, due to its adaptability to suit a range of needs, accessible location, convenience, and cost effectiveness.

The facility has been maintained to enable licenced childcare and kindergarten services to operate at BLC, enabling the use of the site to support community services while Council owned early years infrastructure is renewed. Council's draft foreshadowed budget includes several kindergarten building redevelopment projects in coming years which require an accommodation solution to support continuity of service.

## **4. Outline of key issues/options**

At the Council meeting on 23 August 2021, Council resolved to:

1. Endorse the proposal to temporarily accommodate Through Road Early Learning Centre and other community groups that require temporary accommodation during the construction period of the Canterbury Community Precinct.
2. Receive budget bid for the demolition of the Balwyn Leisure Centre and open space conversion as part of the 2022/23 budget process.
3. Undertake community engagement to shape the future open space development of this site in the 2022/23 financial year.

Despite Council's 2021 resolution, the building remains suitable for temporary accommodation by other community groups. With recent construction cost escalations and associated budget impacts, there are some significant financial management and resource allocation opportunities to use existing assets for temporary accommodation to reduce overall project costs.

Council's Long Term Financial Plan indicatively includes several kindergarten building renewal projects in coming years which require a temporary accommodation solution. These projects are listed in **Table 1** below.

**Table 1: Kindergarten renewal projects**

Kindergarten	Address	Approx distance to BLC	Approx travel time by car to BLC	Indicative planned renewal date
JJ McMahon Memorial Kindergarten	16A Argyle Street, Kew	3.1km	6 min	23/24
Deepdene Pre-School	7 Terry Street, Deepdene	2.3km	5 min	24/25
Glass Street Kindergarten	16 Glass Street, Kew East	3.3km	7 min	25/26
Bellevue Kindergarten	49 Bulleen Road, Balwyn North	2.8km	5 min	26/27 - 27/28

Each of these services' existing sites are considered physically constrained and not practical to maintain uninterrupted delivery of kindergarten services concurrent with significant construction works.

Further, setting up temporary accommodation facilities to the satisfaction of licencing requirements, will be very costly and is not considered good value for money. It is estimated that temporarily operating the nominated services from BLC would save Council between \$1.5 - \$1.8 million.

This estimated savings combined with savings from services accommodated to date, has provided a combined financial savings of approximately \$3M-3.3M.

### Next Steps

Subject to a Council resolution reading use of the BLC, Council officers will continue to work closely with the representatives of the JJ McMahon Memorial Kindergarten Committee to finalise the design and documentation of the proposed redevelopment project. The works are planned to be tendered in mid-2023, with Council to be presented with recommendation to award the contract in late 2023.

Planning, design, and delivery of the remaining kindergarten projects will proceed in accordance with the successive budgets and Council's LTFP. An indicative renewal projects timeframe is outlined in **Table 1** of this report.

Demolition of the BLC and conversion of the site to public open space will be considered as part of Councils LTFP process and anticipated to be undertaken in 2029, subject to funding.

## **5. Consultation/communication**

Officers from a range of Council departments have worked collaboratively on this proposal. The committee of the JJ McMahon Memorial Kindergarten is seeking to inform families of the 2024 temporary accommodation arrangements as early as possible.

No public community consultation is required to inform this decision.

## **6. Financial and resource implications**

The cost to provide temporary accommodation for the nominated early years services at BLC is considered minimal since the facility is already an established and licensed early years facility.

Estimated total savings to Council of between \$1.5 - \$1.8 million are forecast due to the avoided need to procure, fitout, licence and maintain temporary 'portable' accommodation for early years service for the duration of each renewal project.

It is estimated a total saving of approximately \$3M - 3.3M will be achieved through the continued use of BLC since 2016, as a temporary solution to accommodation of community and kindergarten services nearby during construction of respective facilities.

## **7. Governance issues**

No officers involved in the preparation of this report have a general or material conflict of interest requiring disclosure under chapter 5 of the Governance Rules of Boroondara City Council.

The recommendation contained in this report is compatible with the Charter of Human Rights and Responsibilities 2006 as it does not raise any human rights issues.

## **8. Social and environmental issues**

There are no issues relevant to this proposal.

The proposed temporary accommodation solution avoids the need for Council to build portable facilities on open space, which may detract from the open space amenity to accommodate the nominated early years services.

## **9. Conclusion**

The use of the vacant, licenced section of the BLC building to provide temporary accommodation for several nearby early years services while building renewal works are undertaken at their usual sites is an effective use of Council resources.

**Manager:** Christine White, Manager Capital Projects

**Report officer:** Jarrod Filosa, Coordinator Building Projects

## 7.2 February 2023 Monthly Financial Report

### Executive Summary

#### Purpose

The purpose of this report is to provide Council the Monthly Financial Report for February 2023. The Monthly Financial Report is designed to identify and explain major variances at an organisational level and is provided in **Attachment 1**.

#### Background

The year to date annual budget referred to in this report reflects the 2022-23 Amended Budget, approved by Council on 14 November 2022 which includes the carry forward funding for final 2021-22 priority projects and capital works forward commitments.

#### Key Issues

##### **Year to date actuals vs. 2022-23 Amended Budget**

Council's favourable operating result against year to date budget of \$83.40 million is \$9.27 million or 13% above 2022-23 Amended Budget of \$74.13 million primarily due to a number of factors which are outlined in **Section 2** of **Attachment 1 - Financial Overview**.

Capital works actual expenditure is \$32.11 million which is \$281,000 below year to date budget phasing of \$32.39 million. Priority projects expenditure of \$14.44 million is \$3.05 million below year to date budget phasing of \$17.49 million.

Council's Balance Sheet and cash position are sound and depict a satisfactory result. At the end of February Council's cash position stood at \$184.91 million or \$17.55 million above year to date budget.

### Officers' recommendation

That Council resolve to receive and note the Monthly Financial Report for February 2023 (**Attachment 1**).



---

**Responsible director: Phillip Storer, Chief Executive Officer**

---

## **1. Purpose**

The purpose of this report is to provide Council the Monthly Financial Report for February 2023. The Monthly Financial Report is designed to identify and explain major variances at an organisational level and is provided in **Attachment 1**.

## **2. Policy implications and relevance to community plan and council plan**

This report is consistent with the Boroondara Community Plan 2021-31, incorporating the 10-year Community Vision, Council Plan 2021-25 and Municipal Public Health and Wellbeing Plan 2021-25 (MPHWP). In particular, the Council Plan theme of Leadership & Governance and the strategy "Resources are responsibly allocated and used through sound financial and asset planning, procurement and risk management practices".

## **3. Background**

The year to date annual budget referred to in this report reflects the 2022-23 Amended Budget, approved by Council on 14 November 2022 which includes the carry forward funding for final 2021-22 priority projects and capital works forward commitments.

## **4. Outline of key issues/options**

### **Year to date actual vs. year to date 2022-23 Amended Budget**

The favourable operating result against year to date budget of \$83.40 million is \$9.27 million or 13% above the 2022-23 Amended Budget of \$74.13 million primarily due to a number of factors which are outlined in **Section 2 Financial Overview**.

### **Balance Sheet and Cash Flow Statement**

Cash and investment holdings are \$184.91 million as at 28 February 2023, or \$17.55 million higher than year to date budget of \$167.36 million. This represents an increase of \$34.56 million from 30 June 2022.

The Balance Sheet as at 28 February 2023 indicates a satisfactory result with total current assets of \$245.18 million and total current liabilities of \$71.46 million.

Please refer to **page 8 of Attachment 1** for further detail.

### **Capital Works**

Council's year to date performance in gross capital works expenditure is \$32.11 million which is \$281,000 below year to date budget phasing of \$32.39 million. Year to date actual and commitments as at 28 February 2023 equates to \$64.20 million.

**Priority Projects**

Council's year to date performance in gross priority project expenditure is \$14.44 million which is \$3.05 million below year to date budget phasing of \$17.49 million (year to date actual and commitments as at 28 February 2023 equates to \$33.24 million).

Refer to page **3 and 4 of Attachment 1** for graphical representation of capital works and priority projects year to date budget, actual and committed expenditure.

**5. Consultation/communication**

The Executive Leadership Team has reviewed and approved the report.

**6. Financial and resource implications**

Council's current operating and cash flow position is sound. Council continues to monitor and review the financial impacts of COVID-19 on Council's operating budget.

**7. Governance issues**

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

**8. Social and environmental issues**

There are no direct impacts resulting from this report.

**Manager:**                **Amy Montalti, Chief Financial Officer**

**Report officer:**      Sapphire Allan, Coordinator Management Accounting



# Monthly Financial Report

February 2023

# Contents

<b>1. Executive Overview .....</b>	<b>1</b>
1.1 Introduction and overview .....	1
1.2 Key financial highlights and overview.....	1
<b>2. Financial overview .....</b>	<b>5</b>
2.1 Income Statement.....	5
2.2 Balance Sheet and Cash Flow Statement.....	9
2.3 Priority Projects.....	10
2.4 Capital Works .....	10
<b>3. Financial statements .....</b>	<b>12</b>
3.1 Income Statement.....	12
3.2 Balance Sheet .....	13
3.3 Statement of Cash Flows .....	14
3.4 Capital Works expenditure by asset group .....	15

## 1. Executive Overview

### 1.1 Introduction and overview

The Monthly Financial Report for February 2023 has been prepared in accordance with Australian Accounting Standards.

This monthly report is designed to identify major variations against the 2022-23 Amended Budget at an organisational level.

The year to date and annual budget referred to in this report reflects the 2022-23 Amended Budget adopted by Council on 14 November 2022 which includes the carry forward funding for final 2021-22 priority projects and capital works forward commitments.

### 1.2 Key financial highlights and overview

Key financial summary	ANNUAL ORIGINAL BUDGET \$'000	YTD ACTUAL (1) \$'000	YTD BUDGET (2) \$'000	YTD VARIANCE (1) - (2) \$'000	YTD VARIANCE (1) / (2) %	STATUS YTD VARIANCE	2022-23 AMENDED BUDGET (3) \$'000
Surplus/(Deficit) for the year	6,607	83,402	74,132	9,270	13%	✓	2,280
Recurrent income	255,177	236,931	233,834	3,097	1%	✓	249,618
Recurrent expenditure	226,608	142,355	146,191	3,836	3%	✓	226,757
Capital works							
Expenditure *	78,890	32,114	32,395	281	1%	✓	73,702
Priority projects							
Expenditure *	23,148	14,444	17,492	3,048	17%	✓	34,799
Closing cash and investments **	87,121	184,906	167,358	17,548	10%	✓	115,616

\* Please refer to page 10 for further explanation of variances.

\*\* Please refer to page 9 for further details and explanation of closing cash and investments.

#### Status legend:

✓	Above budgeted revenue or under budgeted expenditure.
—	Below budgeted revenue or over budgeted expenditure by <10%.
✗	Below budgeted revenue or over budgeted expenditure by >10%.

The overall financial position at 28 February 2023 is satisfactory with a working capital ratio of 3.43 to 1 (including cash contingency for emergency response works and reserve funds of \$23.47 million).

#### Storm Event - October 2022

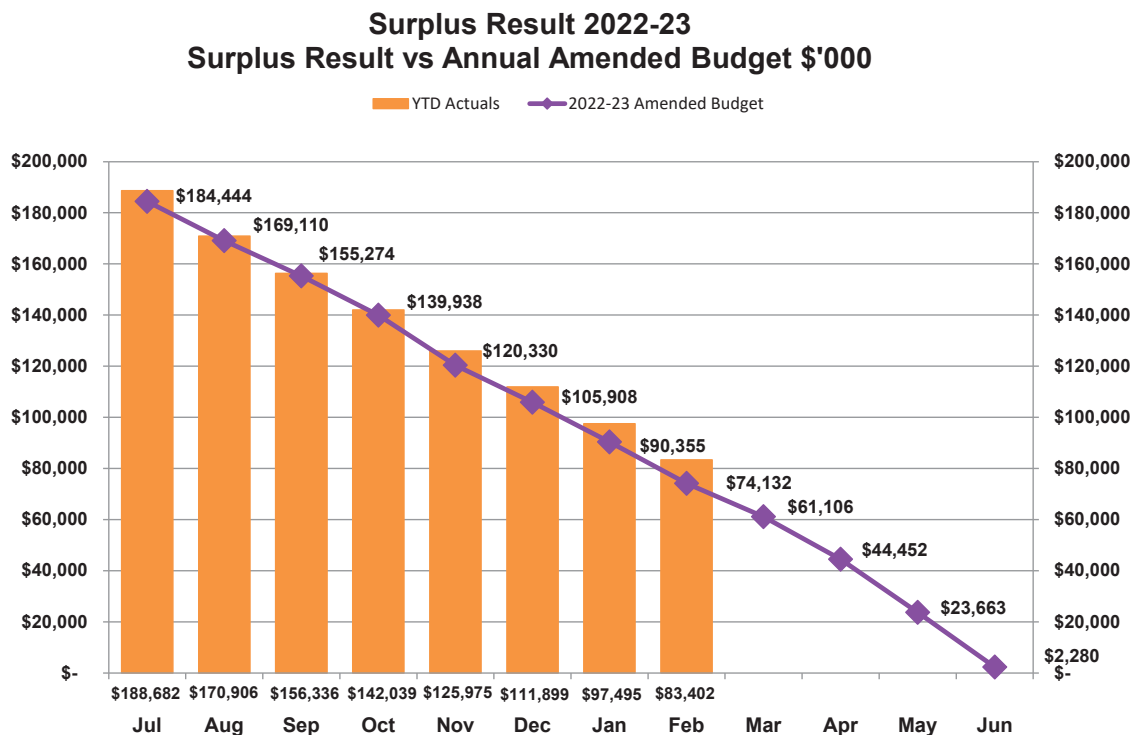
During October 2022 the City encountered significant rainfall on the 7<sup>th</sup> and 13<sup>th</sup> October which lead to some minor flooding in some locations. Council received 590 requests in relation to these storms. Actual expenditure at the end of February was \$225,069 with committed expenditure of \$13,163. Considering these events, the cash contingency will be reduced by this amount. Total forecast expenditure is expected to be around \$250,000.

## Surplus Result

### Year to date actual vs. 2022-23 Amended Budget

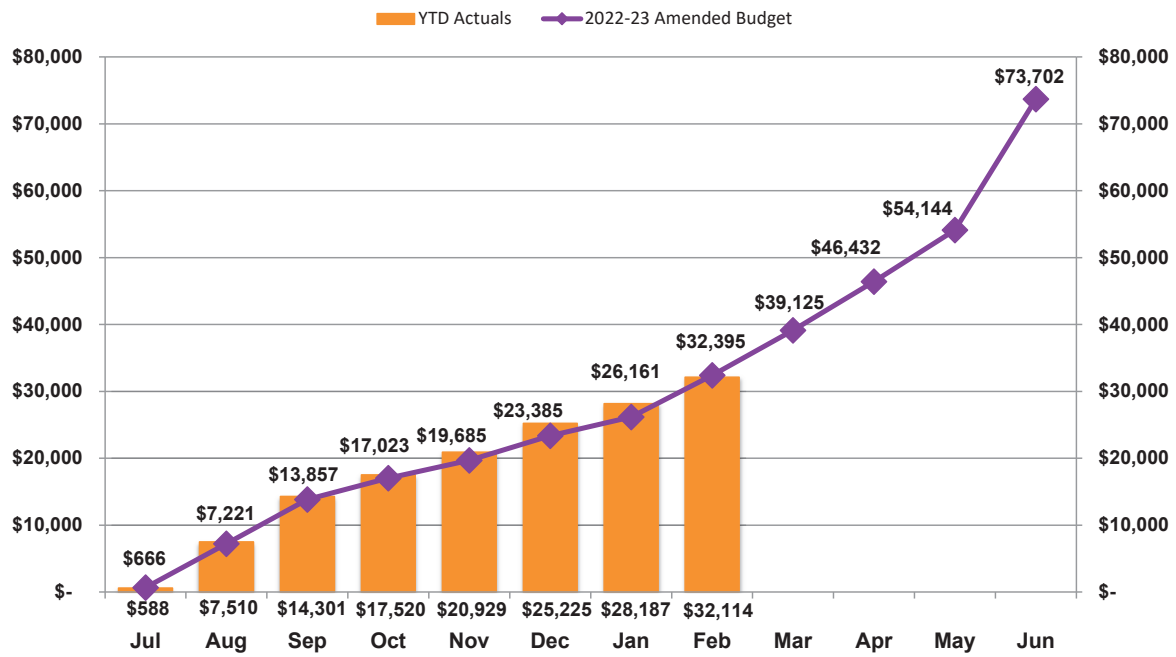
The year to date surplus result of \$83.40 million as per the budget is due to the striking of full year annual rates in August 2022. The surplus result will reduce over the course of the year as Council delivers services to the community. In addition, the favourable result against year to date budget of \$9.27 million or 13% is due to timing differences for income and expenditure across Council. Refer to **Section 2 Financial Overview** for details on Council's financial performance.

Please refer to the graphical representation below of actual year to date surplus result versus the 2022-23 Amended Budget.



## Capital Works

### Capital Works Projects 2022-23 Cumulative Budget vs Actual Expenditure All Projects - \$'000



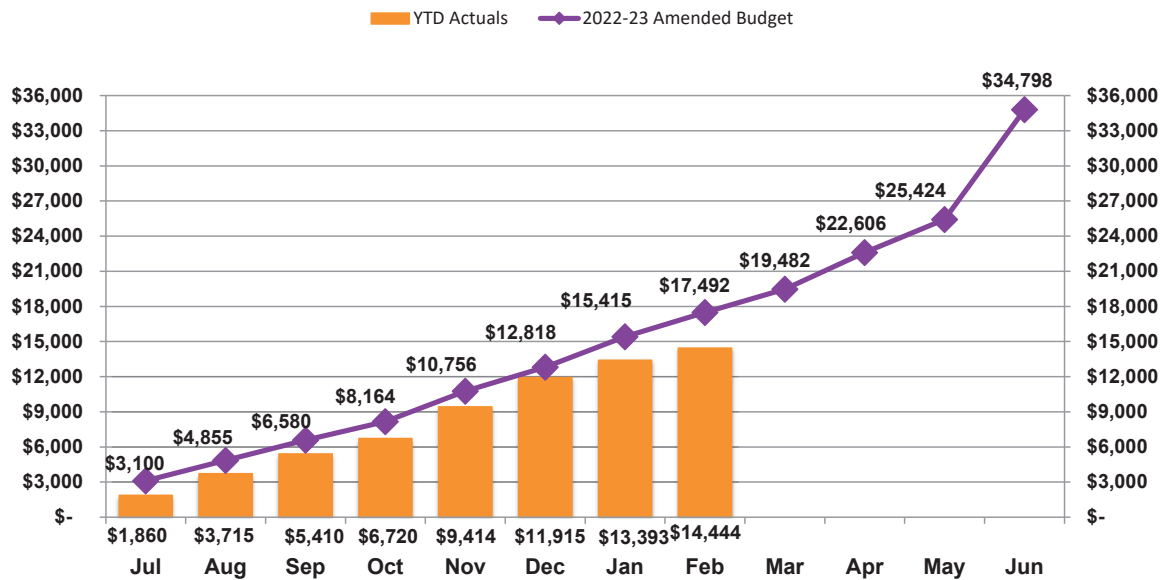
Council's year to date performance in gross capital works expenditure is \$32.11 million which is \$281,000 below year to date budget phasing of \$32.39 million.

Capital works committed expenditure as at 28 February 2023 is \$32.08 million (year to date actual and commitments equates to \$64.19 million).

Please refer to **Section 2.4 Capital Works** for further explanation.

## Priority Projects

### Priority Projects 2022-23 Cumulative Budget vs Actual Expenditure All Projects - \$'000



Council's year to date performance in gross priority project expenditure is \$14.44 million which is \$3.05 million below year to date budget phasing of \$17.49 million.

Priority projects committed expenditure as at 28 February 2023 is \$18.79 million (year to date actual and commitments equates to \$33.23 million).

Please refer to **Section 2.3 Priority Projects** for further explanation.



## 2. Financial overview

### 2.1 Income Statement

The year to date surplus result of \$83.40 million is \$9.27 million above the 2022-23 Amended Budget surplus of \$74.13 million. The favourable result against year to date budget is due to a number of factors which are outlined below.

Year to date total recurrent and non-recurrent income is above budget by \$2.42 million comprising recurrent income of \$3.10 million and non-recurrent income of (\$684,000), while year to date total recurrent and non-recurrent expenditure is \$6.88 million (\$3.83 million + \$3.05 million) below budget.

The following table includes explanations on major income and expenditure line variances over \$75,000 against the year to date budget.

#### Definitions

**Timing (T)** = Year to date expenditure or income level is less/more than anticipated in the budget phasing. Anticipated this variance will correct by end of financial year without management action.

**Permanent (P)** = The dollars outlined as a permanent variance are anticipated to add/reduce the end of year result.

**Forecast** = Where a permanent variance has been determined, an expected full year forecast variance has been noted.

**Phasing** = When anticipated spread of expenditure/income across the financial year is expected to be spent/received.

#### Year to date actual vs. year to date budget variations.

Income		
Income line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
Rates and charges \$209,000	T	<b>Higher than budgeted income:</b> <ul style="list-style-type: none"> <li>\$209,000 - rates and charges income, primarily in rates interest.</li> </ul>
Statutory fees and fines (\$402,000)	T	<b>Lower than budgeted income:</b> <ul style="list-style-type: none"> <li>(\$459,000) - lodgement fee income - primarily in scheme control income.</li> <li>(\$156,000) - parking management income.</li> </ul> <b>Offset by higher than budgeted income:</b> <ul style="list-style-type: none"> <li>\$138,000 - skip bins income.</li> </ul>
	T	
	T	

Income		
Income line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
User fees (\$637,000)	T  T  T	<b>Lower than budgeted income:</b> <ul style="list-style-type: none"> <li>• (\$541,000) - service fees and charges primarily in Asset Protection permit income and Freeway Golf Course.</li> <li>• (\$75,000) - registrations income primarily in health services.</li> </ul> <b>Offset by higher than budgeted income:</b> <ul style="list-style-type: none"> <li>• \$161,000 - infringements court charges.</li> </ul>
Contributions - Cash \$1.09 million	T	<b>Higher than budgeted income:</b> <ul style="list-style-type: none"> <li>• \$1.09 million - developers open space contributions received higher than planned budget phasing.</li> </ul>
Rental Income \$343,000	T  T  T	<b>Higher than budgeted income:</b> <ul style="list-style-type: none"> <li>• \$257,000 - rental/hire income - primarily at Hawthorn Arts Centre from October to December with some venue hirers returning for the first time since 2019 and Formal Gardens higher than planned budget phasing.</li> <li>• \$167,000 - lease income primarily at Hawthorn Arts Centre higher than planned budget phasing.</li> </ul> <b>Offset by lower than budgeted income:</b> <ul style="list-style-type: none"> <li>• (\$127,000) - lease income primarily at Camberwell Fresh Food Market lower than planned budget phasing.</li> </ul>
Other income \$484,000	T	<b>Higher than budgeted income:</b> <ul style="list-style-type: none"> <li>• \$342,000- road and footpath occupation income higher than planned budget phasing.</li> </ul>
Interest \$1.98 million	P	<b>Higher than budgeted income:</b> <ul style="list-style-type: none"> <li>• \$1.98 million - managed interest - due to interest on investments.</li> </ul>

Expenditure		
Expense line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
Employee costs \$1.54 million	T  T  T  T	<b>Lower than budgeted expenditure:</b> <ul style="list-style-type: none"> <li>• \$4.29 million - salaries and associated costs primarily due to staff vacancies across the organisation.</li> <li>• \$149,000 - apprenticeships/traineeships.</li> </ul> <b>Offset by higher than budgeted expenditure:</b> <ul style="list-style-type: none"> <li>• (\$2.64 million) - temporary staff filling vacancies across the organisation.</li> <li>• (\$310,000) - overtime and casuals and relievers filling vacancies across the organisation.</li> </ul>

Expenditure		
Expense line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
Materials and services \$1.43 million	T	<b>Lower than budgeted expenditure:</b>
	T	• \$795,000 - professional services and advice expense.
	T	• \$403,000 - legal fees expense.
	T	• \$311,000 - consultants expense.
	T	• \$300,000 - application support expense.
	T	• \$268,000 - waste/recycling disposal expense.
	T	• \$234,000 - trade services across the organisation
	T	• \$229,000 - water supply expense.
	T	• \$186,000 - telephone/internet/data sim cards expense.
	T	• \$167,000 - mowing contractors expense.
	T	• \$133,000 - on-line subscriptions expense.
	T	• \$132,000 - vandalism and graffiti removal expense.
	T	• \$131,000 - below excess claims, fleet expense.
	T	• \$121,000 - postage expense.
	T	• \$118,000 - other rates and taxes expense.
	T	• \$103,000 - painting services expense.
	T	• \$100,000 - mechanical equipment maintenance expense.
	T	• \$97,000 - cleaning building internal expense.
	T	• \$78,000 - management fee expense primarily in the Freeway Golf Course and Boroondara Skate Park.
	T	• \$78,000 - insurance premiums, decrease to Council's public liability and building insurance expenses influenced by movements in the insurance markets.
	T	<b>Offset by higher than budgeted expenditure:</b>
	T	• (\$872,000) - capital works in progress (items expensed due to not meeting the asset capitalisation criteria - this is a non-cash accounting entry).
	T	• (\$609,000) - concrete expense.
	T	• (\$303,000) - specialist tree work, high voltage works, block, root and park tree pruning in Environmental Sustainability and Open Space.
	T	• (\$203,000) - recruitment costs expense.
	T	• (\$168,000) - licensing/maintenance contracts expense.
	T	• (\$165,000) - plumbing services expense.
	T	• (\$126,000) - tipping fees expense.
	T/P	• (\$124,000) - drainage cleaning and maintenance expense.
	T	• (\$124,000) - distillate expense.
	T/P	• (\$112,000) - equipment purchase expense.
	T	• (\$91,000) - infringements court filing fees expense.
	T/P	• (\$82,000) - website licence/hosting expense.
	T/P	• (\$80,000) - hardware expense.

Expenditure		
Expense line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
Other expenses \$883,000	T  T  T	<p><b>Lower than budgeted expenditure:</b></p> <ul style="list-style-type: none"> <li>• \$688,000 - special rates expenditure behind planned budget phasing.</li> <li>• \$206,000 - conferences seminars training expense across the organisation.</li> </ul> <p><b>Offset by higher than budgeted expenditure:</b></p> <ul style="list-style-type: none"> <li>• (\$189,000) - leased assets across the organisation that are short term (less than 12 months) or low value in nature. In accordance with the requirements of the new accounting standard AASB 16 - Leases short term or low value leases will be expensed to the income statement.</li> </ul>

## **2.2 Balance Sheet and Cash Flow Statement**

Cash and investment holdings are \$184.91 million as at 28 February 2023 which has increased by \$34.56 million from 30 June 2022.

Total cash and investment holdings are \$17.55 million higher than year to date budget primarily due to:

- Lower than budgeted materials and services \$5.47 million due to timing of cash outflows.
- Higher than budgeted interest received of \$1.45 million due to interest on investments.
- Higher than budgeted developer open space contributions of \$1.35 million due to timing.
- Lower than budgeted other payments \$1.13 million due to timing of cash outflows.
- Employee costs are lower than budgeted primarily due to staff vacancies across the organisation.

Partially offset by:

- Property, infrastructure, plant and equipment of (\$2.54 million) due to timing of cash outflows relating to the capital works program.
- Lower than budgeted statutory fees and charges of (\$1.62 million) due to timing.
- Lower receipts for grants operating of (\$1.51 million) due to timing.

The Balance Sheet as at 28 February 2023 indicates a satisfactory result with total current assets of \$245.18 million and total current liabilities of \$71.46 million.

The working capital ratio of 3.43 to 1 (includes a 0.5% or \$848,000 cash contingency for emergency response works and reserve funds of \$23.47 million) reflects the increase in current debtors resulting from the striking of the rates which will reduce by 30 June 2023 as Council funds its operating programs and capital works. The rate debt will be repaid over the remainder of the financial year in accordance with the payment options chosen by ratepayers.

## 2.3 Priority Projects

Council's year to date performance in gross priority project expenditure is \$14.44 million which is \$3.05 million below year to date budget phasing primarily due to expenditure delays, the most significant being:

- **81084. System Development and Implementation - (\$2.33 million)**  
*In October 2022 the Transforming Boroondara Program Board and Transforming Boroondara Steering Committee endorsed the change request for the Program. This was due to the vendor delays in commencing the Core Initiative. The revised phasing of the project delivery expenditure will be captured as part of the full year forecast review in March.*
- **81029. Information Asset Audit - (\$205,000)**  
*The initiatives listed for delivery under the Information Asset Audit are on track for delivery. The eLearning module has been completed and undertaken by all staff and the Digitisation plan and Vital Records Register have been drafted and are under review.*
- **81130. Outdoor Dining - Council Parklet Program - (\$128,000)**  
*Council resolved in November 2022 to continue the parklet program upon the completion of the State Government funded parklet program. Officers are conducting engagement with current parklet operators in preparation for a transition from the State Government funded parklet program to the ongoing Council program. Expenditure for the year will be dependant upon the number of parklet permit applications and the cost of parklet infrastructure to be implemented.*

Priority projects committed expenditure as at 28 February 2023 is \$18.79 million (year to date actual and commitments equates to \$33.24 million).

Refer to **page 4 Executive overview** for graphical representation of priority projects year to date budget, actual and committed expenditure.

## 2.4 Capital Works

Council's year to date performance in gross capital works expenditure is \$32.11 million which is \$281,000 below year to date budget phasing with the most significant being:

- **72934 - Building condition audit works - (\$367,000)**  
*The works delivery program is on schedule, condition and fault audits have identified a reduction in the scope of works required to be undertaken.*
- **72863 - Fordham Avenue kindergarten - (\$341,000)**  
*The works program has been delayed due to latent site conditions which required a re-design of the proposed works and permit amendments. The final works program has been adjusted to occur across the April and July School holidays.*
- **72684 - New public toilets - (\$325,000)**  
*The works schedule has been adjusted with the upgrade of the toilets at the Camberwell Fresh Food Market now scheduled to occur in the last quarter of the financial year.*
- **72693 - Hawthorn rowing ramp - (\$320,000)**  
*Programmed works are behind schedule due to high river levels delaying works being undertaken. The project is now programmed for completion in April 2023.*

Partially offset by:

- **71637 - Full Road reconstruction and kerb replacement - \$1.35 million**  
*Works are progressing ahead of planned budget phasing due to increased contractor availability and more favourable weather conditions.*

Capital works committed expenditure as at 28 February 2023 is \$32.08 million (year to date actual and commitments equates to \$64.20 million).

Refer to **page 3 Executive overview** for graphical representation of capital works year to date budget and actual expenditure.

### 3. Financial Statements

#### 3.1 Income Statement

	ANNUAL ORIGINAL BUDGET	YTD ACTUAL (1)	YTD BUDGET (2)	YTD VARIANCE (1) - (2)	YTD VARIANCE %	2022-23 AMENDED BUDGET (3)
	\$'000s	\$'000s	\$'000s	\$'000s	%	\$'000s
<b>Recurrent income</b>						
Rates and charges	203,580	203,561	203,352	209	0%	203,627
Statutory fees and fines	14,245	9,691	10,093	(402)	-4%	15,514
User fees	16,728	6,633	7,270	(637)	-9%	11,867
Grants - operating	10,257	5,539	5,504	35	1%	7,093
Contributions - cash	5,079	4,487	3,401	1,086	32%	5,079
Rental income	2,430	1,886	1,543	343	22%	2,430
Other income	2,508	2,155	1,671	484	29%	2,508
Interest	350	2,979	1,000	1,979	198%	1,500
<b>Total recurrent income</b>	<b>255,177</b>	<b>236,931</b>	<b>233,834</b>	<b>3,097</b>	<b>1%</b>	<b>249,618</b>
<b>Recurrent expenditure</b>						
Employee costs	97,599	60,066	61,607	1,541	3%	96,119
Materials and services	73,556	45,563	46,989	1,426	3%	73,655
Bad and doubtful debts	1,818	628	614	(14)	-2%	2,140
Depreciation and amortisation <sup>1</sup>	38,454	25,626	25,626	-	0%	38,454
Amortisation - right of use assets	4,331	2,886	2,886	-	0%	4,331
Borrowing costs	2,781	2,662	2,662	-	0%	3,952
Finance costs - leases	322	215	215	-	0%	322
Other expenses	7,747	4,709	5,592	883	16%	7,784
<b>Total recurrent expenditure</b>	<b>226,608</b>	<b>142,355</b>	<b>146,191</b>	<b>3,836</b>	<b>3%</b>	<b>226,757</b>
<b>Net recurrent operating surplus</b>	<b>28,569</b>	<b>94,576</b>	<b>87,643</b>	<b>6,933</b>	<b>8%</b>	<b>22,861</b>
<b>Non-recurrent income</b>						
Priority projects income	1,333	1,201	2,169	(968)	-45%	2,970
Capital works income	2,616	2,096	1,812	284	16%	14,011
<b>Total non-recurrent income</b>	<b>3,949</b>	<b>3,297</b>	<b>3,981</b>	<b>(684)</b>	<b>-17%</b>	<b>16,981</b>
<b>Non-recurrent expenditure</b>						
Priority projects expenditure	23,148	14,444	17,492	3,048	17%	34,799
<b>Total non-recurrent expenditure</b>	<b>23,148</b>	<b>14,444</b>	<b>17,492</b>	<b>3,048</b>	<b>17%</b>	<b>34,799</b>
<b>Net non recurrent operating surplus (deficit)</b>	<b>(19,199)</b>	<b>(11,147)</b>	<b>(13,511)</b>	<b>2,364</b>	<b>-17%</b>	<b>(17,818)</b>
<b>Net gain (loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(2,763)</b>	<b>(27)</b>	<b>-</b>	<b>(27)</b>	<b>100%</b>	<b>(2,763)</b>
<b>Surplus/(Deficit) for the year <sup>2</sup></b>	<b>6,607</b>	<b>83,402</b>	<b>74,132</b>	<b>9,270</b>	<b>13%</b>	<b>2,280</b>

Note: All numbers are rounded to the nearest thousand.

1. Depreciation and amortisation primarily relates to property, plant, equipment and infrastructure assets.
2. The year to date surplus result of \$83.40 million as per the budget is due to the striking of full year annual rates in August 2022. The surplus result will reduce over the course of the year as Council delivers services to the community. In addition, the favourable result against year to date budget of \$9.27 million or 13% is due to timing differences for income and expenditure. Refer to Section 2 Financial Overview for details on Council's financial performance.



### 3.2 Balance Sheet

	28 Feb 2023 \$'000	30 Jun 2022 \$'000	28 Feb 2022 \$'000
<b>Current assets</b>			
Cash and cash equivalents <sup>1</sup>	184,906	71,342	127,911
Other financial assets <sup>1</sup>	-	79,000	-
Trade and other receivables	59,292	26,093	57,198
Prepayments	982	2,373	1,343
<b>Total current assets</b>	<b>245,180</b>	<b>178,808</b>	<b>186,452</b>
<b>Non-current assets</b>			
Financial assets	4	4	4
Property, plant and equipment, infrastructure	4,415,451	4,410,083	4,051,363
Right of use assets	6,815	8,552	8,687
Intangible assets	269	269	584
Investment property	8,759	8,756	8,745
<b>Total non-current assets</b>	<b>4,431,298</b>	<b>4,427,664</b>	<b>4,069,383</b>
<b>Total assets</b>	<b>4,676,478</b>	<b>4,606,472</b>	<b>4,255,835</b>
<b>Current liabilities</b>			
Trade and other payables	12,171	27,671	22,217
Interest-bearing liabilities	3,634	7,579	651
Provisions	18,766	19,749	19,895
Trust funds and deposits	21,941	13,411	11,655
Unearned income	11,741	11,985	10,305
Lease liabilities	3,206	3,206	9,178
<b>Total current liabilities</b>	<b>71,459</b>	<b>83,601</b>	<b>73,901</b>
<b>Non-current liabilities</b>			
Provisions	2,120	2,120	2,024
Interest-bearing liabilities	83,960	83,960	21,539
Provision for investments in joint ventures	6,040	6,040	6,727
Lease liabilities	4,191	5,447	-
<b>Total non-current liabilities</b>	<b>96,311</b>	<b>97,567</b>	<b>30,290</b>
<b>Total liabilities</b>	<b>167,770</b>	<b>181,168</b>	<b>104,191</b>
<b>Net assets</b>	<b>4,508,708</b>	<b>4,425,304</b>	<b>4,151,644</b>
<b>Equity</b>			
Accumulated surplus	1,018,745	935,341	1,003,399
Asset revaluation reserve	3,466,496	3,466,496	3,125,778
Reserves <sup>2</sup>	23,467	23,467	22,467
<b>Total equity</b>	<b>4,508,708</b>	<b>4,425,304</b>	<b>4,151,644</b>
<b>Working capital ratio</b>	<b>3.43</b>		

Note: All numbers are rounded to the nearest thousand.

1. Cash reflects balances in the general ledger not actual bank account balances.
2. Reserve funds comprise of Strategic Acquisition Fund (\$434,000), Open Space Development Fund (\$14.03 million) and Defined Benefits Superannuation future call up reserve (\$9.00 million).

### 3.3 Statement of Cash Flows

	ANNUAL ORIGINAL BUDGET	YEAR TO DATE			2022-23 AMENDED BUDGET
		ACTUAL (1)	YTD ANNUAL AMENDED BUDGET (2)	VARIANCE (unfav) (1) - (2)	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
Rates and waste charges <sup>1</sup>	205,981	168,406	169,011	(605)	201,537
Statutory fees and fines <sup>2</sup>	11,757	7,864	9,480	(1,616)	12,852
User charges and other fines	18,401	8,861	7,997	864	13,056
Grants - operating <sup>3</sup>	12,618	6,837	8,351	(1,514)	4,911
Grants - capital	2,616	1,545	1,812	(267)	13,836
Contributions - monetary <sup>4</sup>	5,079	4,757	3,405	1,352	5,254
Interest received	350	2,446	1,000	1,446	1,500
Other receipts	5,432	4,417	3,536	881	5,432
Net GST refund	14,221	10,750	8,554	2,196	16,203
Trust funds and deposits taken <sup>5</sup>	100	8,530	-	8,530	100
Employee costs <sup>6</sup>	(103,667)	(66,660)	(69,588)	2,928	(105,691)
Materials and services <sup>7</sup>	(101,138)	(68,839)	(74,341)	5,502	(112,405)
Short-term, low value and variable lease payments	(596)	(599)	(398)	(201)	(596)
Other payments	(8,002)	(4,657)	(5,785)	1,128	(8,112)
<b>Net cash provided by/(used in) operating activities</b>	<b>63,152</b>	<b>83,658</b>	<b>63,034</b>	<b>20,624</b>	<b>47,877</b>
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant and equipment <sup>8</sup>	(78,889)	(40,438)	(37,895)	(2,543)	(73,702)
Proceeds from sale of property, plant and equipment	4,720	5	-	5	4,720
Net proceeds / (payments) for investments	-	79,000	79,000	-	79,000
<b>Net cash used in investing activities</b>	<b>(74,169)</b>	<b>38,567</b>	<b>41,105</b>	<b>(2,538)</b>	<b>10,018</b>
<b>Cash flows from financing activities</b>					
Finance costs	(2,859)	(2,082)	(2,082)	-	(4,272)
Proceeds from borrowings	19,700	-	-	-	19,700
Repayment of borrowings	(26,362)	(3,945)	(3,945)	-	(25,907)
Interest paid - lease liability	(323)	(215)	(216)	1	(323)
Repayment of lease liabilities	(3,733)	(2,419)	(1,880)	(539)	(2,819)
<b>Net cash provided by (used in) financing activities</b>	<b>(13,577)</b>	<b>(8,661)</b>	<b>(8,123)</b>	<b>(538)</b>	<b>(13,621)</b>
Net increase (decrease) in cash and cash equivalents	(24,594)	113,564	96,016	17,548	44,274
Cash and cash equivalents at beginning of year	111,715	71,342	71,342	-	71,342
<b>Cash and cash equivalents at end of year</b>	<b>87,121</b>	<b>184,906</b>	<b>167,358</b>	<b>17,548</b>	<b>115,616</b>

Note: All numbers are rounded to the nearest thousand.

1. Rates and waste charges are lower than budget due to timing and a lower collection rate (78.39%) than anticipated (83%).
2. Statutory Fees and Fines are (\$1.62 million) lower than budget primarily due to timing.
3. Grants operating are (\$1.51 million) lower than budget primarily due to timing.
4. Higher than planned developer contributions \$1.35 million due to timing.
5. Trust funds and deposits includes the fire services property levy received which relates to the timing of fire services property levy and levy interest amounts received and subsequently remitted to the State Revenue Office (SRO) which are to be made in four payments in accordance with Section 41(1) of the FSPL Act. An instalment is due and payable to the Commissioner of State Revenue 28 days after the due date of rates instalments. Levy monies are to be remitted to the SRO by the following dates each financial year - 28 October; 28 December; 28 March; and 28 June.
6. Employee Costs are \$2.93 million lower than budgeted primarily due to staff vacancies across the organisation.
7. Materials and Services are lower than budget due to timing of cash outflows \$5.47 million.
8. Payments for property, plant and equipment differs from that presented in the capital works statement due to settlement of the 30 June 2022 creditors and forward commitment expenditure. Works delivered in the 2021-22 financial year have previously been brought to account and accrued against the 2021-22 capital works statement.

### 3.4 Capital Works expenditure by asset group

	ANNUAL ORIGINAL BUDGET	YTD ACTUAL (1)	YTD BUDGET (2)	YTD VARIANCE (1) - (2)	YTD VARIANCE %	COMMIT	2022-23 AMENDED BUDGET (3)
	\$'000s	\$'000s	\$'000s	\$'000s	%	\$'000s	\$'000s
<b>Infrastructure</b>							
Bridges	1,459	1,895	1,940	45	2%	1,638	2,265
Drainage	4,218	1,806	1,812	6	0%	895	5,443
Footpaths and cycleways	2,100	893	929	36	4%	88	2,481
Off street carparks	721	215	264	49	19%	-	671
Parks, open space and streetscapes	4,693	2,852	2,764	(88)	-3%	939	6,509
Recreational, leisure & com facilities	3,639	1,581	2,176	595	27%	1,180	5,878
Roads	12,551	6,404	5,070	(1,334)	-26%	761	13,446
<b>Total Infrastructure</b>	<b>29,381</b>	<b>15,646</b>	<b>14,955</b>	<b>(691)</b>	<b>-5%</b>	<b>5,501</b>	<b>36,693</b>
<b>Plant and Equipment</b>							
Computers and telecommunications	1,062	817	829	12	1%	333	2,123
Fixtures, fittings and furniture	1,655	221	702	481	69%	490	2,208
Library books	995	557	631	74	12%	77	995
Plant machinery and equipment	1,363	820	839	19	2%	196	1,654
<b>Total Plant and Equipment</b>	<b>5,075</b>	<b>2,415</b>	<b>3,001</b>	<b>586</b>	<b>20%</b>	<b>1,096</b>	<b>6,980</b>
<b>Property</b>							
Building	22,740	6,260	6,520	260	4%	10,591	18,706
Building improvements	58	(2)	40	42	105%	20	58
Major Projects	21,636	7,795	7,879	84	1%	14,875	11,265
<b>Total Property</b>	<b>44,434</b>	<b>14,053</b>	<b>14,439</b>	<b>386</b>	<b>3%</b>	<b>25,486</b>	<b>30,029</b>
<b>Total capital works expenditure</b>	<b>78,890</b>	<b>32,114</b>	<b>32,395</b>	<b>281</b>	<b>1%</b>	<b>32,083</b>	<b>73,702</b>
<b>Represented by:</b>							
Asset renewal expenditure	53,595	22,586	21,852	(734)	-3%	21,013	53,849
Asset upgrade expenditure	2,315	2,510	2,839	329	12%	2,263	4,419
New asset expenditure	16,946	5,839	6,479	640	10%	6,509	12,915
Asset expansion expenditure	6,034	1,179	1,225	46	4%	2,298	2,519
<b>Total capital works expenditure</b>	<b>78,890</b>	<b>32,114</b>	<b>32,395</b>	<b>281</b>	<b>1%</b>	<b>32,083</b>	<b>73,702</b>

Note: All numbers are rounded to the nearest thousand.

## 7.3 Opportunities for Management of Back Creek East and Medlow Reserve

### Executive Summary

#### Purpose

This report presents the recommended approach for the ongoing management of Back Creek East / Medlow Reserve from Warrigal Road to Union Road for Council endorsement.

Following endorsement, officers will communicate with residents regarding future site management and implement the recommended management approach.

#### Background

Medlow Reserve is a small Council managed reserve in Surrey Hills. The site is steep and uneven and is currently fenced with no public access. Back Creek East refers to the section of Back Creek between Warrigal Road and Union Road in Surrey Hills (see **Attachment 1** for site location and plan).

The banks of the creek are eroded in some locations and experience lateral movement. The site is the subject of ongoing local community concern. Council is the responsible management authority for Back Creek East and Medlow Reserve.

There is currently no formalised management approach for this site.

#### Key Issues

Back Creek East has highly complex property ownership arrangements and property boundaries. Council is the responsible management authority but documented ownership of the creek bed and banks varies. In several locations, property boundaries are defined by the creek. As the creek moves over time, so to do property boundaries.

Property ownership and boundary issues would need to be resolved if any substantive works were to proceed. Council would need to acquire private land in order to undertake civil works. Resolution of property ownership is expected to be a complex and costly exercise. Additionally, significant civil works would impact the current values and appearance of the creek environment which is currently appreciated by the community.

Council has previously undertaken targeted bank stabilisation works. These rockworks were expected to last several years but are now failing in some areas.

No statutory provisions requiring Council to undertake enhanced site management have been identified.

The recommended management approach is an uplift in level of service through additional revegetation and pest plant and animal management.

The following alternatives have been investigated and are not recommended:

- Changes in property ownership including acquisition of land by Council or divestment of land by Council.
- Substantial Civil Works.
- Opening the Medlow Reserve to Public Recreation.

### Next Steps

Following endorsement, officers will:

- Communicate with residents regarding future site management.
- Implement the preferred management approach.

### Confidentiality

Confidential information is contained in **Attachment 2**, as circulated in the confidential section of the agenda attachments. The information in this attachment is deemed to be confidential in accordance with Section 66(2)(a) and the definition of 'confidential information' in Section 3(1) of the Local Government Act 2020. The information relates to land use planning information, being information that if prematurely released is likely to encourage speculation in land values.

If discussion of the confidential information in the attachments to this report is required for Council to make a decision, Council may resolve to discuss the matter in a confidential session or to defer the matter to the confidential section of the agenda.

Council has obtained specialist public land management advice on matters related to statutory public land and creek management obligations, which has been considered as part of preparing this report. A copy of the advice is included at confidential **Attachment 2**.

## **Officers' recommendation**

That Council:

1. Manage Back Creek East and Medlow Reserve as a biodiversity site with a focus on revegetation and pest management in accordance with section 4.3.1 of the officers' report.
2. Inform the local community of the management approach for Back Creek East and Medlow Reserve.

---

**Responsible director: Daniel Freer, Director Places and Spaces**

---

## 1. Purpose

The purpose of this report is to present the recommended approach for the ongoing management of Back Creek East / Medlow Reserve from Warrigal Road to Union Road for Council endorsement.

Following endorsement, officers will:

- Communicate with residents regarding future site management.
- Implement the preferred management approach.

## 2. Policy implications and relevance to community plan and council plan

The recommendations made in this report are consistent with the policy direction and actions within the following Council strategies:

Boroondara Community Plan (BCP) 2021-2031

### ***Theme 2: Parks and Green Spaces***

*Strategy 2.2 Our sustainable urban forest is preserved and increased through managing and renewing our open space trees and understory growth.*

### ***Theme 3: The Environment***

*Strategy 3.6 Our biodiversity is conserved and maintained through improving the way we manage our diverse plants, animals and natural spaces.*

- Climate Action Plan 2021
- Integrated Water Management Strategy (IWMS) 2014-2024
- Urban Biodiversity Strategy (UBS) 2013-2023
- Boroondara Open Space Strategy 2013.

## 3. Background

### 3.1 Site characteristics and history

Medlow Reserve is a small Council managed reserve adjacent to Warrigal Road, in Surrey Hills. The site is steep and uneven and is currently fenced with no public access. The reserve was previously part of the historic Medlow House property when it was purchased by the National Trust in the early 1980's. In 1988, the National Trust subdivided the grounds and gifted Council the land that now forms Medlow Reserve.

Back Creek East refers to the section of Back Creek between Warrigal Road and Union Road in Surrey Hills (see **Attachment 1** for site location and plan).

Back Creek East has two distinct sections. The upstream section is wider and bordered by private properties including the Medlow House on the north side, and by Medlow Reserve on the south side. The banks of the creek are eroded in some locations and subject to lateral movement. Erosion is more prevalent in this section than the downstream section.

The downstream section is tightly constrained between private properties. There are some eroded areas, but this section is generally straighter and less eroded without impediment to flow.

On site vegetation is a mix of native and introduced species, including well-established mature trees. The area has biodiversity values, though some weeds and evidence of rabbits and foxes are present.

The site is not currently safe or well suited for public use. The creek and reserve are fenced on all sides. **Attachment 1** includes site photographs and a site plan.

The site has a long history of community interest. Previous proposals include a partial restoration of historic features associated with Medlow House, as well as an investigation to divert and pipe the creek beneath Rose Avenue. All were rejected by the community.

Community concern was heightened in 2017 when erosion and flood damage caused the collapse of the Warrigal Road retaining wall. This event closed part of Warrigal Road for many months and damaged the creek and reserve. Since then, the retaining wall has been rebuilt including additional landscaping by VicRoads. Council completed the duplication of the culvert beneath Union Road in 2019, largely mitigating the flood risk to dwellings upstream of Union Road.

In 2020, Council engaged Alluvium, experts in waterway analysis and remediation, to assist in responding to community concern about creek bank erosion. The project objectives included analysing the waterway to identify issues contributing to erosion and developing a concept management plan with options to address erosion and other issues.

### 3.2 Creek and catchment characteristics

Although the creek itself is relatively natural, the urban catchment is not. The upstream catchment is highly developed, resulting in variable and often high flow rates following rainfall events. These characteristics have contributed to areas of erosion and creek movement.

### 3.3 Management responsibility

Upstream of Warrigal Road, the creek is piped and managed by the City of Whitehorse. Downstream of Union Road, it is managed by Melbourne Water as an open waterway. Melbourne Water does not accept management responsibility from Warrigal Road to Union Road and identifies Council as the responsible authority due to the size of the catchment area. This position from Melbourne Water is consistent with its position about waterways of similar catchment size. Melbourne Water has advised if it were the responsible management authority, it would not actively manage the creek as there are no significant risks to public assets or the environment.

No statutory provisions requiring Council to undertake enhanced site management have been identified.

#### **4. Outline of key issues/options**

Matters relevant to the ongoing management of Medlow Reserve and Back Creek East have been investigated. In addition to the physical creek, reserve and catchment characteristics, there are several other complex issues that have been considered in determining the recommended site management option.

##### **4.1 Property ownership and boundaries**

Back Creek East has highly complex property ownership arrangements and property boundaries. Responsibility for creek management primarily rests with Council but documented ownership of the creek bed and banks varies. In the section closest to Warrigal Rd the creek is shown on title as a drainage easement (though over time the creek has moved), the middle section is privately owned and the title for the downstream section identifies original owners from the land subdivision in the 19<sup>th</sup> century.

In several cases, adjacent properties have their boundaries defined on title by the creek. As the creek moves naturally over time, so too do property boundaries.

Though some sections of the creek are on private title, it is not viable to hold private landowners responsible for creek bed or bank management. As long as property owners do not make changes or undertake unauthorised works to the property's legal point of discharge, they are unlikely to be held responsible for the stormwater downstream of this point.

Property ownership and boundary issues would need to be resolved if any substantive works were to proceed. It is anticipated Council would need to acquire private land in order to undertake any significant civil works. Resolution of property ownership is expected to be a complex and costly exercise. The recommended approach does not involve any changes to property ownership.

##### **4.2 Other key considerations**

Council has previously undertaken targeted bank stabilisation works, most recently in 2019. These rockworks were expected to last several years, though these works are now failing in some areas.

Council completed the duplication of the culvert beneath Union Road in 2019, largely mitigating the flood risk to dwellings upstream of Union Road. No further flood management works are recommended.

Council maintains Medlow Reserve primarily through weed management. There is good potential to increase the biodiversity values of the reserve. Medlow Reserve and Back Creek East form part of the Back Creek Biodiversity Corridor.



The Medlow Reserve and Back Creek East contain some remnant heritage structures including a sluice gate and pipework associated with a former small constructed lake. No changes to these structures are proposed. Ongoing management may require removal of concrete pieces from the collapsed lake weir. Although previously considered by Council, reconstruction of the former lake is not recommended due to the expected poor water quality and limited public benefits.

#### 4.3 Available management options and recommended approach

A range of possible management approaches for Back Creek East / Medlow Reserve have been investigated.

With consideration of all advice received, the recommended management approach represents a continuation of the current maintenance approach with an uplift in level of service through revegetation and pest plant and animal management. There is an opportunity to constrain erosion through targeted revegetation.

The recommended approach is outlined below. The non-preferred alternatives are also described.

##### *4.3.1 Recommended Management Approach - Uplift of current maintenance regime*

The recommended approach is an uplift in level of service through additional revegetation and pest plant and animal management. Some small scale erosion management works may be undertaken as required.

##### *Advantages*

- Uplift in biodiversity values, supporting the Back Creek biodiversity corridor, and contributing to strategies within the BCP.
- Opportunity to constrain erosion through targeted revegetation.
- Reduction in pest plants and animals.
- Potential Melbourne Water grant funding for revegetation.
- Cost effective approach, broadly aligning with the most recently received community feedback.
- No requirement to purchase private land.
- Retain important values currently appreciated by the community including biodiversity, amenity and natural aesthetics as identified in the community engagement process held in 2020.

##### *Disadvantages*

- Creek movement will still occur.
- Less effective erosion management compared to more substantive interventions.
- May not be supported by some residents neighbouring eroded areas of creek and reserve.

##### *4.3.2 Alternative approach - Creek bank reprofiling and revegetation*

This option would include bank regrading and some stabilisation with naturalistic rockwork. Indigenous planting would be included.

### *Advantages*

- Reduction of erosion.
- Improved natural aesthetic and amenity.
- Enhanced biodiversity.
- Expected to meet community expectations for management.
- Site improvements may allow public access.

### *Disadvantages*

- Some creek movement may still occur, and ongoing renewal is likely to be required.
- Significant capital cost to implement.
- Implementation challenges related to the definition of property boundaries and required acquisition of private land for construction and maintenance.
- Benefits are mostly observed by a small number of residents directly adjacent to the creek and reserve unless the site is opened to the public.

#### *4.3.3 Alternative Approach - Engineered drainage and creek bank stabilisation*

As an extension of the bank reprofiling option presented above, a broad spectrum of engineered interventions of differing scales are available. These range from small scale localised rockwork through to construction of a formalised rock or concrete channel or pipe diversion.

Engineered solutions such as a channel or pipe diversion would provide a very high level of erosion mitigation and are the most effective way to manage high water flows. The capital cost for these approaches is expected to be very high. Importantly, these options would diminish the biodiversity and amenity values currently appreciated by the community and are extremely disruptive and difficult to implement. This type of approach does not align with feedback most recently received from the community. A pipe diversion proposed circa 2012 was initially supported but ultimately rejected by the community.

These more complex interventions have not been planned or costed in detail.

#### *4.3.4 Alternative Approach - Divestment of land*

Council could sell some or all of the Medlow Reserve land and purchase alternative open space better suited to community access and recreation. Divestment would be limited to the Medlow Reserve land which is currently zoned as Public Park and Recreation.

Due to site constraints, divestment of Medlow Reserve would generate a limited return for Council and the purchase of alternative land better suited to community recreation would require a significant net investment. Given the proximity of existing other open space already well suited to community recreation, divestment of Medlow Reserve and the purchase of alternative land for open space is not considered good value.

*Advantages*

- Opportunity to invest in public open space better suited to community needs.
- Reduced council management responsibilities for the reserve.

*Disadvantages*

- Financial impact due to site constraints and higher costs to purchase land elsewhere to offset open space loss.
- The primary access to the creek is through this reserve. Divestment would limit access for maintenance and any future works.
- Potential loss of biodiversity values.
- Necessity of resolving property boundary issues prior to sale.

*4.4 Opportunity of provision of public access to Medlow Reserve*

The site is not currently suited or safe for public access and recreation. No changes to public access are recommended at this time. If options 4.3.1, 4.3.2 or 4.3.3 were undertaken, these works could incorporate changes to make the reserve suited to public access. This site could provide additional open space for residents and would be a peaceful location to connect with nature. While works required for public access have not been costed, it is anticipated these could be delivered in a cost effective manner as part of a larger project. However, given the steep nature of the reserve which creates safety issues and the proximity of other open space in the area it is not recommended to open the reserve to the public.

*Advantages*

- Provides an additional open space to residents who can access a peaceful location to connect with nature.

*Disadvantages*

- Additional costs for works and site maintenance.
- The site is steep and isolated with a single point of entry. The risk of slips and falls and antisocial behaviour is greater than typical council managed reserves.
- There is no opportunity to provide through access to Union Road.
- There is no real demand for open space at this location due to the nearby South Surrey Park.
- Unlikely to be supported by direct neighbours.
- Community access will reduce biodiversity particularly if dogs are allowed.

**5. Consultation/communication**

In developing the recommended management approach, officers engaged a broad range of internal and external expertise. This included internal Council expertise about capital projects, asset management, statutory planning and drainage engineering. Officers also engaged externally including Melbourne Water, independent valuers and public land management specialists.

A key component of the 2020 project was a targeted community consultation approach. Residents were invited to register their interest in developing a management plan and invited to an online workshop. Residents within approximately 200 metres were informed of Council's intention to develop a plan.

Sixteen households participated in the workshop. The waterway analysis and possible management options were presented. Feedback was sought during the workshop and via a follow up email questionnaire.

Issues identified as important for the community included erosion, biodiversity and weed management and retaining the natural aesthetic and amenity of the creek and reserve. Much of the feedback related to the upstream section.

Heritage values were raised as an additional important concern, including the protection of historical structures.

Direct neighbours have expressed a preference for the site to remain closed to general access and recreation.

## **6. Financial and resource implications**

The recommended option to retain the current format of the site with an uplift in maintenance and biodiversity planting is likely to be the most cost effective. Works can be undertaken from existing budgets.

The sale of Medlow Reserve would deliver a financial return to Council however the reserve does contribute to the reported open space within Boroondara. If this sale was to be offset elsewhere, it is expected that the alternative land would have a substantially higher cost per square metre.

Civil solutions are estimated to range in cost from approximately \$0.5M for rockwork and battering at Medlow Reserve through to potentially 10s of millions of dollars for a piped or culvert solution. Civil works will also require further investigations about property title arrangements and are anticipated to require the purchase of private land. Further work would be required prior to making any estimate of the cost of land acquisition.

## **7. Governance issues**

No officers involved in the preparation of this report have a general or material conflict of interest requiring disclosure under chapter 5 of the Governance Rules of Boroondara City Council.

The recommendation contained in this report is compatible with the Charter of Human Rights and Responsibilities 2006 as it does not raise any human rights issues.

## **8. Social and environmental issues**

The Medlow Reserve and Back Creek East form part of the Back Creek Biodiversity Corridor. The site is not currently intensively managed for biodiversity but is considered to contribute to local biodiversity value.

The recommended management approach will enhance on-site biodiversity and the creek corridor environment.

None of the considered options are likely to have a substantial impact on water quality however any planting and revegetation works will have some benefits.

## **9. Conclusion**

It is recommended Back Creek East Medlow Reserve remains closed to public access and is actively managed for its natural values. With consideration of all advice received, an uplift in the current maintenance regime is recommended as the optimal management approach.

Given the low return for any potential sale of land and likely significant investment required to purchase additional land for open space, divestment is not recommended. Similarly, civil solutions come at a high cost, deliver limited benefit and are not recommended.

Retaining the site to enhance biodiversity management would contribute to strategic objectives within the Boroondara Community Plan and is considered the best-value option, balancing both risk management and investment.

**Manager:**                **David Shepard, Manager Environmental Sustainability & Open Spaces**

**Report officer:**      Mathew Dixon, Coordinator Environmental Sustainability







# Images – Back Creek East - Upstream



*alluvium*



# Images — Back Creek East - Midsection



*alluvium*



# Images — Back Creek East - Downstream



*alluvium*