



Appendix 3a

16.2 2021–22 Quarterly Financial Report as at 31 December 2021

Quarterly Finance Report to 31 December 2021

Ordinary Meeting of Council

Wednesday 23 February 2022 at 7:00pm

Via Videoconference (Zoom)

Quarterly Financial Report 31 December 2021



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Introduction

Section 97 of the *Local Government Act 2020* requires a financial report to be presented to Council after the end of each quarter of the financial year, comparing expenses and revenue against the budget. The financial report needs to contain explanations for any material variations as well.

The adopted budget can become outdated during the financial year, as new information comes to light. As a result, Council focuses on its quarterly review of the projected year-end forecast outcome.

Council has adopted a materiality threshold of 10% or a dollar variance of +/- \$100,000. Explanations have not been provided for variations below the materiality threshold, unless the variance is considered to be material because of its nature.

Gihan Kohobange
Manager, Financial and Corporate Services

Executive summary

This quarterly financial report presents the quarter two (2) forecast year-end results, year-to-date actual results and variance explanations for headline changes between the quarter 1 and quarter 2 year-end forecast.

The **forecast accumulated cash surplus for the financial year 2021-22 is \$234,000**. Which is a \$143,000 increase from the quarter one forecast

Additional grant income received from Better Boating Victoria, net savings in employee cost (net of the additional cost associated with consultants), savings due to the cancellation of events, and savings in cost associated with new operating initiatives, contributed to the increase in the forecasted cash surplus for the year.

A part of the additional cash surplus forecasted for the year has been used to fund the following budget allocations.

Activity	Allocation (\$)
Additional funding allocation for Queenscliffe Cultural Hub	95,000
Additional funding allocation for ICT transformation project	88,154
Town Hall audio visual upgrade	60,000
Building asset renewal work	40,000
Commonwealth road safety program	26,087
Total	309,241

Forecasted year-end result meets all financial sustainability indicators specified in the Council Plan 2021-2025 as summarised below.

Financial sustainability indicators – Council Plan

Policy Statement	Measure	Indicator	Target	Yearend Forecast - Sep 2021	Yearend Forecast - Dec 2021
Sustainable operating result					
Consistent adjusted underlying results	Adjusted underlying revenue - (less) operating expenses (excluding one-off operating income and expenses)	Our adjusted underlying result	> \$0	\$39,000	\$150,000
Working capital					
Ensure Council maintains sufficient working capital to meet its debt obligations as they fall due.	Current assets / current liabilities	Current assets vs current liabilities	> 1.0	2.99	3.25
Council maintains sufficient unrestricted cash to ensure ongoing liquidity as well as to address unforeseen cash imposts if required.	Current liabilities / unrestricted cash reserves (including term deposits with less than 90 days remaining maturity)	Level of unrestricted cash reserve against current liabilities	> 100%	151.3%	166%
Borrowings					
That Council applies loan funding to new capital and maintains total borrowings in line with rate income and growth of the municipality.	Total borrowings / rate revenue	Total borrowings against rate revenue	< 15%	0%	0%
Commitment for asset renewals					
Allocate adequate funds towards renewal capital in order to replace assets and infrastructure as they reach the end of their service life.	Three years rolling average of asset renewal and upgrade expenses / three years rolling average of depreciation expenses	Asset renewal and upgrade expenses against depreciation	> 100%	331.0%	332%
Council generates sufficient revenue from rates plus fees and charges to ensure a consistent funding for new and renewal capital.	Council's contribution to asset renewal and upgrade expenses / own source revenue	Council's contribution to asset renewal and upgrade	> 10%	13%	15%

1. Statement of Income and Expenditure (Cash Results)

The Statement of Income and Expenditure includes conversion of the comprehensive result (included in the Comprehensive Income Statement given under section 2.1) into a cash result (by excluding non-cash items, such as depreciation expense, and including cash items, such as transfers to/from cash reserves and capital expenditure) in order to ascertain unrestricted surplus funds available from the annual rates budget.

The forecasted accumulated cash result at year-end is a surplus of **\$234,000** against the previous quarter forecast of \$91,000.

Statement of Income & Expenditure (Available Cash) Forecast at the quarter ended	Actual 2020- 21 \$'000	Yearend Forecast - Sep 2021 \$'000	Yearend Forecast - Dec 2021 \$'000	Actual YTD \$'000	Variance from Q1 forecast		
					\$'000	%	Notes
Income							
Rates and charges	7,642	7,946	7,952	7,951	6	0.1%	
Statutory fees and fines	157	132	129	116	(3)	(2.3%)	
User fees	1,760	1,977	1,909	1,230	(68)	(3.5%)	1
Grants - operating	1,551	1,269	1,686	1,203	417	32.9%	2
Grants - capital	1,382	8,818	8,548	7,304	(270)	(3.1%)	3
Contributions - monetary - capital	52	35	35	0	0	0.0%	
Other income	191	268	217	142	(51)	(19.2%)	4
Proceeds from asset sales	19	3,527	3,548	34	21	0.6%	
Total cash received	12,754	23,972	24,024	17,981	52	0.2%	
Expenses							
Employee costs	4,445	4,873	4,658	2,554	(215)	(4.4%)	5
Materials and services	5,198	6,140	6,043	2,877	(98)	(1.6%)	6
Bad and doubtful debts	4	3	3	0	0	0.0%	
Other expenses	357	365	363	153	(1)	(0.4%)	
Loan redemption	29	0	0	0	0	0.0%	
Capital expenditure - Asset Renewal	792	2,480	2,464	590	(16)	(0.6%)	7
Capital expenditure - New and Upgrade	2,964	9,468	9,167	3,010	(301)	(3.2%)	7
Total cash paid	13,788	23,330	22,699	9,184	(631)	(2.7%)	
Cash surplus / (deficit) from operations	(1,035)	642	1,325	8,797	682	106.2%	
Transfer from reserves	2,379	2,361	1,854	0	(506)	(21.4%)	8
Transfer to reserves (<i>for future year spending</i>)	(1,146)	(3,563)	(3,596)	0	(33)	0.9%	9
Adjusted cash surplus / (deficit) for the year	199	(560)	(417)	8,797	143	(25.6%)	
Accumulated cash surplus b/fwd from prior year	452	651	651	651	0	0.0%	
Accumulated cash surplus	651	91	234	9,447	143	158.0%	

Notes to the Statement of Income and Expenditure

1.1 Income (receipts)

- User fees: Reduction of \$68,000 is due to the provision of a 50% reduction in environmental health licence fees (\$17,000) as an additional COVID hardship relief and the estimated reduction in income from tourist parks due to COVID restrictions.
- Grants - operating: Increase of \$417,000 is due to;
 - \$200,000, additional grant for outdoor eating and entertainment support from Department of Jobs, Precincts and Regions,
 - \$119,650, additional grant (received in advance for 2022-23) from Better Boating Victoria in lieu of loss of income due to abolition of boat ramp parking fees,
 - \$40,000, natural disaster financial assistance estimated in relation to the recent storm event from Emergency Management Victoria,
 - \$30,000, additional grant for business concierge and hospitality support program from Department of Jobs, Precincts and Regions, and
 - \$15,000, grant for events recovery support from Department of Jobs, Precincts and Regions (received in 30 June 2021 and considered as a grant income for 2021-22 FY).
- Grants - capital: Decrease of \$340,000 is due to the timing of the Point Lonsdale Lighthouse Reserve upgrade project (grants already received to be recognised as an income in 2022-23 in line with the timing of the project).
- Other Income: Reduction of \$51,000 is due to the provision of a 50% reduction (\$16,000) in lease rental as an additional COVID hardship relief and the estimated reduction in interest income due to low-interest rates.

1.2 Expenses (payments)

- Employee costs: Decrease of \$215,000 is mainly due to the savings associated with the following changes;
 - Decision of not recruiting an officer for the newly created position of Municipal Health and Wellbeing officer (MHWB),
 - Newly created caravan parks manager's role is temporarily backfilled with a park supervisor,
 - Delay in recruiting staff for new positions (contract management officer and administration and records management officer) created as a part of the new organisational structure, and
 - Current vacancies (five positions) due to staff resignations.
- Materials and services: Net decrease of \$98,000 is mainly due to;
 - \$341,000, decrease in cost associated with new operating initiatives included in the 2021-22 budget due to the following reasons;

Operating initiative	Q1 YE forecast	Q2 YE forecast	Change	Comment
Development of marine coastal management plan	220,800	10,000	(210,800)	In progress, this initiative has been managed using in-house resources to date. The funding is likely to be used up in 2022-23 for the appointment of an external consultant for the project as a result of recently released

Operating initiative	Q1 YE forecast	Q2 YE forecast	Change	Comment
				<i>guidelines for the development of CMMP by DELWP.</i>
<i>Review of Queenscliffe planning scheme</i>	100,000	50,000	(50,000)	<i>This budget funds the heritage work for Fisherman's Flat. That project is currently in progress as officers seek consultancy responses. The project will span over two financial years</i>
<i>Asset management plan</i>	50,000	-	(50,000)	<i>To be managed using in-house resources. At the initial stage the existing asset management plans will be updated to meet new LG requirements</i>
<i>Development of vegetation management policy</i>	20,000	-	(20,000)	<i>A policy is being developed using in-house resources</i>
<i>Development of a CERP implementation plan</i>	30,000	20,000	(10,000)	<i>In progress, budget is reduced to reflect contribution of in-house resources</i>

- *\$86,000, savings due to the cancelation of the Low Light festival and other economic development activities due to COVID restrictions,*
- *\$36,000, savings in operational cost of Qhub due to the delay in opening of the new building,*
- *\$26,000, savings due to the deferment of the implementation of the corporate IT system until Q2 2022-23 FY,*
- *(\$245,000), increase in cost associated with programs linked to additional operating grant income,*
- *(\$83,000), increase in vegetation management expenses due to the recent storm event. The total cost of the storm event is estimated to be approximately \$150,000 and \$40,000 natural disaster financial assistance is expected to be received against these expenses,*
- *(\$50,000), increase in public convenience cleaning cost as a result of the new contract. The previous contract was terminated due to substandard service standards,*
- *(\$38,000), increase in cost associated with caravan park management and operational review (precise cost of the consultant was not available at the time of finalising the budget for 2021-22), and*
- *(\$28,000), increase in cost associated with services provided by contractors (used as staff backfills).*

7. Capital expenditure: Net decrease of \$387,000 is mainly due to;

Capital project	Q1 YE forecast	Q2 YE forecast	Change	Comment
<i>PL lighthouse reserve development</i>	607,390	61,024	(546,366)	<i>\$340,000 carried over to 2022-23 FY. Budget reduced to acknowledge the completion of works under previous iterations of the grant. Scope for the current grant remains the same and includes protection of Toc H cabins and landscaping. Timing changed in acknowledgement of COVID related delays and the permit</i>

Capital project	Q1 YE forecast	Q2 YE forecast	Change	Comment
				<i>approval process which requires referral to DELWP and Heritage Victoria</i>
<i>Royal park changing rooms design</i>	<i>300,000</i>	<i>150,000</i>	<i>(150,000)</i>	<i>An external project manager ((contractor) has been engaged. A part of the work carried over to 2022-23 due to in-house resource constraints</i>
<i>Hesses street streetscape development</i>	<i>123,910</i>	<i>50,000</i>	<i>(73,910)</i>	<i>Revised scope reflects planned work on Garden Roundabout</i>
<i>Princess park kiosk toilet upgrade</i>	<i>60,000</i>	<i>-</i>	<i>(60,000)</i>	<i>This project will be combined with Weeroona Parade toilet design work. A part of the work carried over to 2022-23 FY due to in-house resource constraints</i>
<i>Drainage infrastructure renewal work</i>	<i>80,000</i>	<i>55,000</i>	<i>(25,000)</i>	<i>Renewal work carried over to future years</i>
<i>Q sports & rec precinct development</i>	<i>1,218,550</i>	<i>1,360,820</i>	<i>142,270</i>	<i>To be completed by June 2022. Additional budget allocation is a contingency allocated to the amenities block construction work as well as a variation due to latent conditions encountered when installing the caravan park underground electrical. Additional cost is funded via money held in specific reserve account for this project</i>
<i>Queenscliffe cultural hub construction</i>	<i>4,367,952</i>	<i>4,462,952</i>	<i>95,000</i>	<i>To be completed by June 2022. Additional cost is to cover a combination of latent condition within the existing library, minor design changes required as a response to availability of materials and changes requested by users, including Council. Additional budget allocation is funded via cash surplus projected for the current FY. The estimated total cost overrun of the project is \$252,000 which is 4.3% of the initial project budget</i>
<i>ICT transformation</i>	<i>156,000</i>	<i>244,154</i>	<i>88,154</i>	<i>Office 365 and EDRM implementation are to be completed by June 2022. Corporate system implementation is deferred until Q2 2022-23 FY. Corporate system implementation will be a collaborative project with another two councils. \$60,000 additional cost due to change in scope of EDRM implementation project. And further \$50,000 additional cost with Office365 implementation due to changes to the scope. Council has applied for Rural Councils Transformation Program (RCTP) grant for EDRM implementation. Officers are of the view that Council will be able to secure grant money to fully cover additional cost anticipated with ICT project.</i>
<i>Townhall audio visual upgrade</i>	<i>-</i>	<i>60,000</i>	<i>60,000</i>	<i>Project is managed by QMF. Total project cost is \$403,000. Council contribution is \$60,000. To be completed by December 2022.</i>

Capital project	Q1 YE forecast	Q2 YE forecast	Change	Comment
<i>Building asset renewal work</i>	90,000	130,000	40,000	<i>Additional cost associated with Monahan Centre AC renewal and renewal work at 29 King Street (QMF) buiding.</i>
<i>Commonwealth road safety program</i>	368,672	394,759	26,087	<i>Project is now complete. Total council contribution is \$26,087 (the rest is grant funding).</i>

1.3 Transfers from / (to) reserves

8. Transfers from reserves: Details of the net movement of \$506,000 are provided below,

Activity / project	Reserve type	Q1 YE forecast	Q2 YE forecast	Change
Marine coastal management plan	CF Op Exp	220,800	10,000	210,800
PL lighthouse reserve development	CF Cap Exp	206,366	-	206,366
Royal park changing rooms design	CF Cap Exp	241,801	91,801	150,000
Princess park kiosk toilet upgrade	CF Cap Exp	60,000	-	60,000
Review of the Queenscliffe planning scheme	CF Op Exp	100,000	50,000	50,000
Public waste reserve	Public Waste	12,597	7,574	5,023
Kerbside waste reserve	Kerbside Waste	64,196	59,801	4,395
Camping and caravan parks improvements	CF Op Exp	31,077	69,077	(38,000)
Q sports & rec precinct development	CF Cap Exp	649,865	792,135	(142,270)
Total		1,586,701	1,080,388	506,314

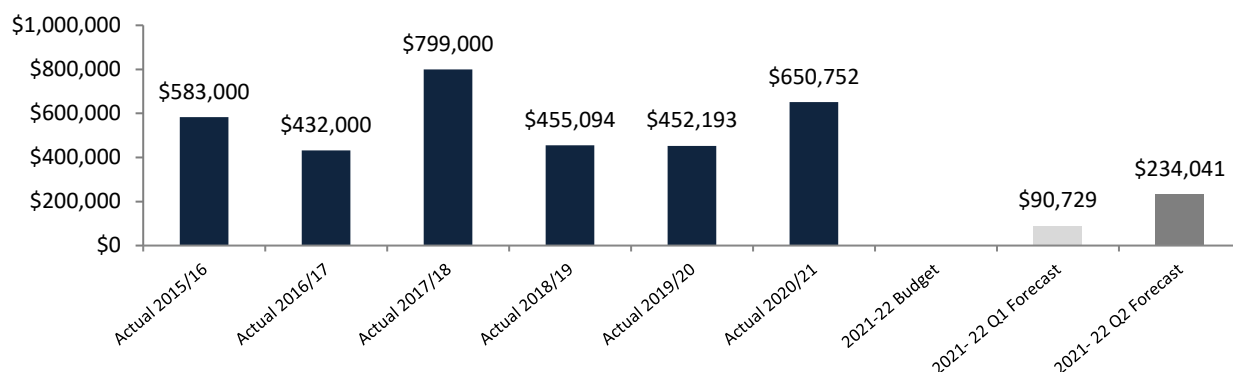
Reasons for above movements are captured in comments provided for variances in operating and capital expenditure items. Movements in waste management reserves represent the forecasted decrease in deficit of waste management operations for the current year.

9. Transfers to reserves: Movement of \$33,000 consists of the following.

Activity / project	Reserve type	Q1 YE forecast	Q2 YE forecast	Change
Drainage infrastrure renewal work	ARR	-	25,000	25,000
Open s pace infrastrure renewal work	ARR	-	7,000	7,000
Green waste reserve	Green waste	43,135	43,801	666
Total		43,135	75,801	32,666

Movement in asset renewal reserve represents asset renewal work carried over to future years. Movement in green waste reserve represents sight increase in the surplus forecasted for the year.

Accumulated Cash Result



Cash result is always immune to any accounting adjustment.

2. Financial statements

This section includes quarterly reporting against the five key financial statements in accordance with both the *Local Government Act 2020* and the Local Government Model Financial Report. Figures reported on the financial statements are impacted with one-off accounting adjustments.

2.1 Comprehensive Income Statement

The forecast operating result (surplus or deficit) for the year is a surplus of \$8,777,000, an increase of \$279,000 compared with the quarter 1 forecast. The net increase is mainly due to the increase in operating income and decrease in operating expenses as detailed in sections 1.1 and 1.2.

Comprehensive Income Statement Forecast at the quarter ended	Actual 2020- 21	Yearend Forecast - Sep 2021	Yearend Forecast - Dec 2021	Actual YTD	Variance from Q1 forecast	
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Income						
Rates and charges	7,642	7,946	7,952	7,951	6	0.1%
Statutory fees and fines	157	132	129	116	(3)	(2.3%)
User fees	1,760	1,977	1,909	1,230	(68)	(3.5%)
Grants - operating	1,551	1,269	1,686	1,203	417	32.9%
Grants - capital	1,382	8,818	8,478	7,304	(340)	(3.9%)
Contributions - monetary - capital	52	35	35	0	0	0.0%
Other income	218	268	217	142	(51)	(19.2%)
Net gain on disposal of PPE and infrastructure	0	808	812	34	4	0.5%
Total income	12,762	21,253	21,217	17,981	(35)	(0.2%)
Expenses						
Employee costs	4,445	4,873	4,658	2,554	(215)	(4.4%)
Materials and services	5,198	6,140	6,043	2,877	(98)	(1.6%)
Depreciation	1,353	1,373	1,373	0	0	0.0%
Bad and doubtful debts	4	3	3	0	0	0.0%
Other expenses	1,266	365	363	153	(1)	(0.4%)
Net loss on disposal of PPE and infrastructure	540				0	0.0%
Share of net losses of associates	75	0	0	0	0	0.0%
Total expenses	12,880	12,754	12,440	5,584	(314)	(2.5%)
Surplus / (deficit) for the year	(118)	8,498	8,777	12,397	279	3.3%
Other comprehensive income						
Net asset revaluation increment / (decrement)	0	0	0	0		
Total comprehensive result	(118)	8,498	8,777	12,397	279	3.3%

Underlying result

An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives, the underlying result is calculated by adjusting the operating surplus/(deficit) for the year by deducting non-recurrent capital funding.

Council **forecasted an underlying surplus of \$264,000 (2%) (LGPRF based)** for the 2021-22 financial year which is driven by the net increase in operating income and decrease in operating expenses as detailed in sections 1.1 and 1.2.

Council uses an adjusted underlying result (excluding one-off operating income and expenses and adjusted for the timing differences of recurrent operating grant) to measure the financial sustainability as defined in the draft Council plan 2021-2025.

The **forecasted adjusted underlying result (Council Plan based) for the year 2021-22 is a surplus of \$150,000 (1.5%)**. The reduction in recurring operating expenses for the year is greater than the reduction in recurring operating income (income from tourist parks, interest income, lease income, and environmental health fees), resulting in an improvement in the adjusted underlying result for the year.

Underlying Result Forecast at the quarter ended	Adopted Budget	Yearend Forecast - Sep 2021	Yearend Forecast - Dec 2021	Actual YTD	Variance from Q1 forecast	
					\$'000	%
Based on the LGPRF measure						
Total income	17,870	21,253	21,217	17,981	(35)	(0.2%)
Total expenses	12,307	12,754	12,440	5,584	(314)	(2.5%)
Surplus / (deficit) for the year	5,563	8,498	8,777	12,397	279	3.3%
Less: Grants - capital (non-recurrent)	(6,495)	(8,818)	(8,478)	(7,304)	340	(3.9%)
Less: Contributions - monetary - capital	(35)	(35)	(35)	0	0	0.0%
Adjusted underlying surplus / (deficit)	(967)	(355)	264	5,092	619	174.4%

Adjusted Underlying Result - %	-9%	-3%	2%	48%		
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Based on the Council Plan measure						
Total income	16,925	19,247	18,788	16,636	(460)	(2.4%)
Total expenses	10,351	10,355	10,125	3,963	(231)	(2.2%)
Surplus / (deficit) for the year	6,574	8,892	8,663	12,673	(229)	(2.6%)
Less: Grants - capital (non-recurrent)	(6,495)	(8,818)	(8,478)	(7,304)	340	(3.9%)
Less: Contributions - monetary - capital	(35)	(35)	(35)	0	0	0.0%
Adjusted underlying surplus / (deficit)	44	39	150	5,369	111	284.1%

Adjusted Underlying Result - %	0.4%	0.4%	1.5%	57.5%		
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2.2 Balance Sheet

The value of the **net assets** of Council is forecasted to be at **\$150 million** as at 30 June 2022. **Cash and investments** (including other financial assets) are forecasted to be at **\$9.2 million**.

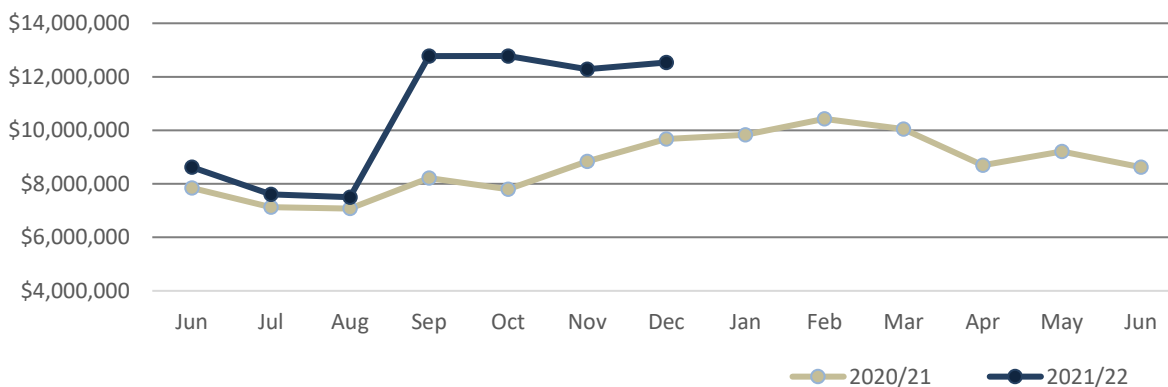
Balance Sheet Forecast at the quarter ended	Yearend Forecast - Sep 2021	Yearend Forecast - Dec 2021	Actual YTD	Variance from Q1 forecast	
	\$'000	\$'000	\$'000	\$'000	%
Assets					
Current assets					
Cash and cash equivalents	7,630	8,264	4,003	634	8.3%
Other financial assets	1,000	1,000	8,323	0	0.0%
Trade and other receivables	255	255	3,246	0	0.0%
Non-current assets classified as held for sale	0	0	2,075	0	0.0%
Inventories	5	5	5	0	0.0%
Other assets	225	225	1	0	0.0%
Total current assets	9,115	9,749	17,654	634	7.0%
Non-current assets					
Investments in associates	165	165	165	0	0.0%
Property, infrastructure, plant and equipment	143,648	143,244	137,320	(404)	(0.3%)
Total non-current assets	143,813	143,409	137,485	(404)	(0.3%)
Total assets	152,928	153,158	155,138	229	0.1%
Liabilities					
Current liabilities					
Trade and other payables	1,845	1,797	121	(49)	(2.6%)
Trust funds and deposits	47	47	48	0	0.0%
Provisions	1,077	1,077	927	0	0.0%
Interest-bearing loans and borrowings	0	0	0	0	0.0%
Unearned income	80	80	285	0	0.0%
Total current liabilities	3,048	3,000	1,381	(49)	(1.6%)
Non-current liabilities					
Provisions	106	106	87	0	0.0%
Interest-bearing loans and borrowings	0	0	0	0	0.0%
Total non-current liabilities	106	106	87	0	0.0%
Total liabilities	3,155	3,106	1,467	(49)	(1.5%)
Net assets	149,773	150,051	153,671	278	0.2%
Equity					
Accumulated surplus	100,410	100,149	105,510	(261)	(0.3%)
Revaluation Reserve	43,498	43,498	43,498	0	0.0%
Other reserves	5,865	6,404	4,663	539	9.2%
Total equity	149,774	150,051	153,671	278	0.2%

Cash & Cash Equivalents and Other Financial Assets

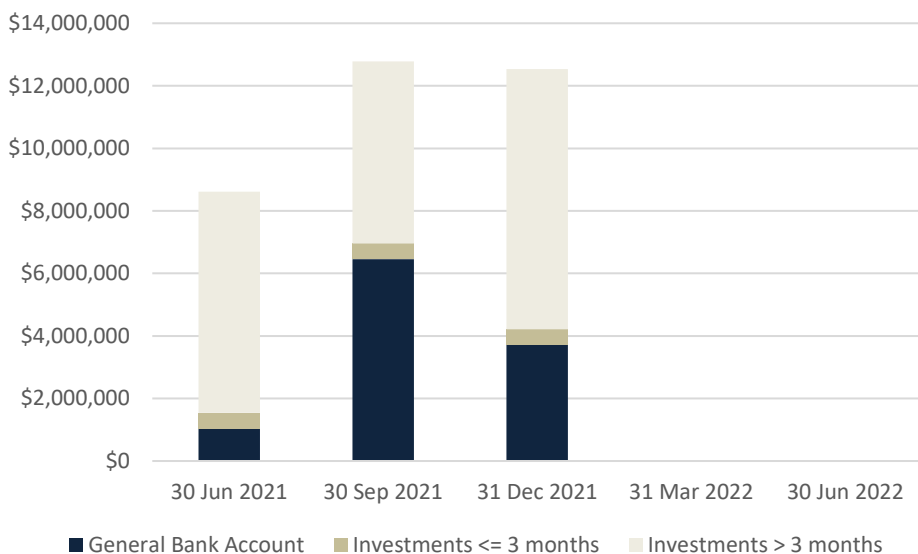
Council's cash and cash equivalents includes short term investments with maturities of less than 90 days, with other financial assets (investments with maturities between 3-12 months).

Total financial assets (including cash and cash equivalents) at **31 December 2021** is **\$12.3 million**. A significant part of the total financial assets represents grants received in advance for the Queenscliffe Boat ramp upgrade and Queenscliffe Cultural Hub projects.

Cash balance - prior year comparison



Cash and investments



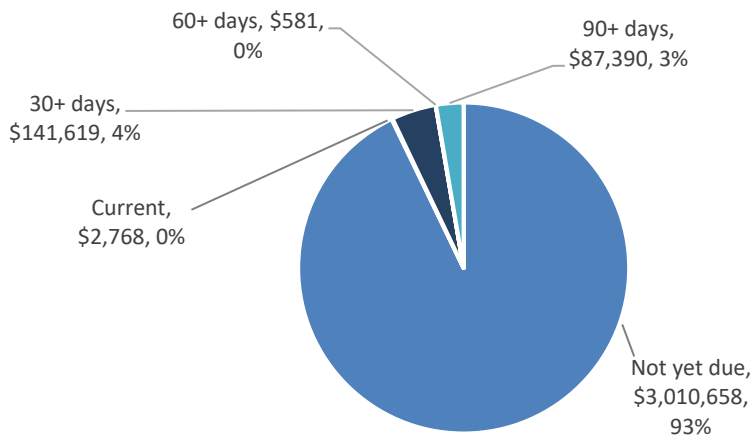
Trade and other receivables

Trade and other receivables stands at **\$3.2 million at 31 December 2021** of which more than 93% is represented by outstanding rates & charges and sundry debtors not yet due.

Rates are required to be paid by instalments in September, November, February and May each year. All rates are deemed collectible, with no provision for doubtful debts.

Sundry debtors, including unpaid infringements, government grants, property leases, aged services and tourist park fees, are followed up by finance in conjunction with the relevant program area.

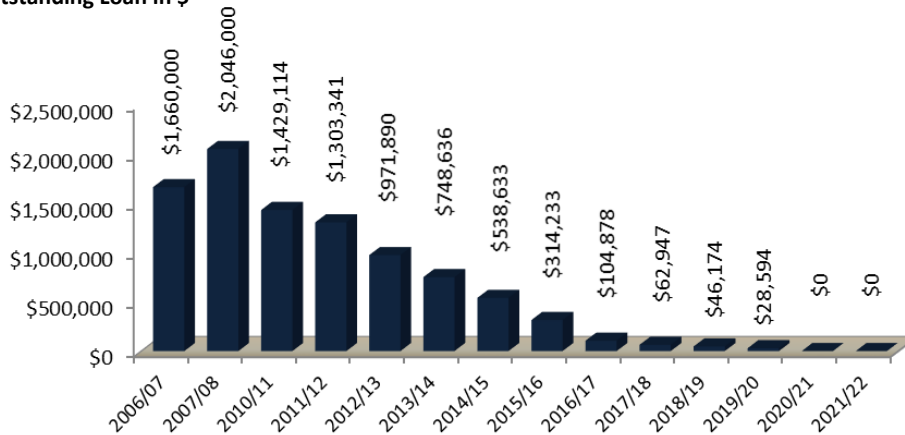
Trade and other receivables ageing analysis



Interest-bearing loans and borrowings

Council has a **debt free balance sheet**. Council had been in a phase of debt reduction since 2008-09, as illustrated in the chart below.

Outstanding Loan in \$



2.3 Statement of Changes in Equity

Other reserves held by Council include annual asset renewal, carry forwards, waste management, defined benefits superannuation fund liability and unallocated cash surpluses from previous years. Funds are generally transferred out of reserves following the completion of carry forward projects and/or by Council resolution to allocate funds to projects.

Statement of Changes in Equity Forecast at the quarter ended	Yearend Forecast - Sep 2021	Yearend Forecast - Dec 2021	Actual YTD	Variance from Q1 forecast	
	\$'000	\$'000	\$'000	\$'000	%
Accumulated Surplus					
Opening Balance 1st July	93,114	93,114	93,114	0	0.0%
Adjustment on change in accounting policy					
Surplus / (deficit) for the year	8,498	8,777	12,397	279	3.3%
Transfer to other reserves	(3,563)	(3,596)	0	(33)	0.9%
Transfer from other reserves	2,361	1,854	0	(506)	(21.4%)
Closing Balance 30th June - Accumulated Surplus	100,409	100,149	105,510	(260)	(0.3%)
Revaluation Reserve					
Opening Balance 1st July	43,498	43,498	43,498	0	0.0%
Net asset revaluation increment/(decrement)	0	0	0	0	0.0%
Closing Balance 30th June - Revaluation Reserve	43,498	43,498	43,498	0	0.0%
Other Reserves					
Opening Balance 1st July	4,663	4,663	4,663	0	0.0%
Transfer to other reserves	3,563	3,596	0	33	0.9%
Transfer from other reserves	(2,361)	(1,854)	0	506	(21.4%)
Closing Balance 30th June - Other Reserves	5,865	6,404	4,663	539	9.2%
Total Equity					
Opening Balance 1st July	141,274	141,274	141,274	0	0.0%
Surplus / (deficit) for the year	8,498	8,777	12,397	279	3.3%
Closing Balance 30th June - Total Equity	149,773	150,051	153,671	279	0.2%

2.4 Statement of Cash Flows

A cash flow statement summarises the amount of cash and cash equivalents entering and leaving the Council.

Statement of Cash Flows Forecast at the quarter ended	Yearend Forecast - Sep 2021 \$'000	Yearend Forecast - Dec 2021 \$'000	Actual YTD \$'000	Variance from Q1 forecast	
				\$'000	%
Cash flows from operating activities					
Receipts					
Rates and charges	7,917	7,923	4,878	6	0.1%
Statutory fees and fines	125	122	112	(3)	(2.4%)
User fees	1,973	1,904	1,227	(68)	(3.5%)
Grants - Operating	1,124	1,541	1,072	417	37.2%
Grants - Capital	6,971	6,631	5,458	(340)	(4.9%)
Contributions - monetary - capital	35	35	0	0	0.0%
Interest received	29	(6)	34	(35)	(120.4%)
Other receipts	405	388	578	(16)	(4.1%)
Total receipts	18,578	18,539	13,359	(39)	(0.2%)
Payments					
Employee costs	(5,024)	(4,809)	(2,756)	215	(4.3%)
Materials and services	(5,812)	(5,730)	(3,005)	82	(1.4%)
Short-term, low value and variable lease payments	(21)	(15)	(20)	6	(28.6%)
Other payments	(328)	(327)	(152)	1	(0.4%)
Total payments	(11,185)	(10,881)	(5,933)	304	(2.7%)
Net cash provided by operating activities	7,393	7,658	7,426	265	3.6%
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(10,907)	(10,559)	(3,754)	348	(3.2%)
Proceeds from sale of property, infrastructure, plant and equipment	3,527	3,548	34	21	0.6%
Proceeds from sale of investments	6,075	6,075	(1,248)	0	0.0%
Net cash provided by / (used in) investing activities	(1,305)	(936)	(4,969)	369	(28.3%)
Cash flows from financing activities					
Net cash provided by / (used in) financing activities	0	0	0	0	0.0%
Net increase / (decrease) in cash and cash equivalents	6,088	6,722	2,458	634	10.4%
Cash and cash equivalents at the beginning of the financial year	1,542	1,542	1,542	0	0.0%
Cash and cash equivalents at the end of the financial year	7,630	8,264	4,000	634	8.3%

Notes to the Statement of Cash Flows

The net movement mainly reflects savings in operating expenses and savings in capital expenditure for the year largely due to changes in the timing of key capital projects.

2.5 Statement of Capital Works

The Statement of Capital Works presents Council's performance against its capital work program. During the last 6 months, **\$3.6 million has been invested** in capital projects against the **forecast of \$11.6 million**.

Statement of Capital Works Forecast at the quarter ended	Yearend Forecast - Sep 2021 \$'000	Yearend Forecast - Dec 2021 \$'000	Actual 2021-22 \$'000	Variance from Q1 forecast	
				\$'000	%
Property					
Land improvements	0	11	11	11	0.0%
Total land	0	11	11	11	0.0%
Buildings	5,657	5,651	1,929	(6)	(0.1%)
Building improvements	0	0	0	0	0.0%
Leasehold improvements	0	0	0	0	0.0%
Heritage buildings	0	0	0	0	0.0%
Total buildings	5,657	5,651	1,929	(6)	(0.1%)
Total property	5,657	5,662	1,940	6	0.1%
Plant and equipment					
Plant, machinery and equipment	119	124	0	5	4.2%
Fixtures, fittings and furniture	5	64	2	59	1180.0%
Computers and telecommunications	201	289	33	88	43.9%
Total plant and equipment	325	477	35	152	46.8%
Infrastructure					
Roads	750	715	454	(36)	(4.7%)
Footpaths and cycleways	198	198	44	0	0.0%
Drainage	194	172	65	(22)	(11.1%)
Recreational, leisure and community facilities	839	909	65	70	8.3%
Parks, open space and streetscapes	910	356	80	(553)	(60.8%)
Off street car parks	425	425	130	0	0.0%
Other infrastructure	2,651	2,647	787	(4)	(0.2%)
Total infrastructure	5,966	5,422	1,625	(544)	(9.1%)
Total capital works expenditure	11,948	11,561	3,600	(387)	(3.2%)
Represented by:					
New asset expenditure	2,770	2,363	498	(407)	(14.7%)
Asset renewal expenditure	2,480	2,464	590	(16)	(0.6%)
Asset upgrade expenditure	6,698	6,734	2,512	36	0.5%
Total capital works expenditure	11,948	11,561	3,600	(387)	(3.2%)

Notes to the Statement of Capital Works

Reasons for \$387,000 decrease are given under 1.2 (7) above.

3. Local Government Performance Reporting Framework (LGPRF)

The Victorian government established the Local Government Performance Reporting Framework (LGPRF) in 2014, to ensure that all councils are measuring and reporting on their performance in a consistent way.

In addition to the performance information required to be disclosed in the performance statement, councils are also required to disclose other performance-related information in the report of operations in the annual report, including:

- a statement that reviews the performance of Council against the Council Plan, including results achieved in relation to the strategic indicators included in the Council Plan;
- a governance and management checklist; and
- other prescribed indicators and measures of service performance, results achieved and an explanation of material variances.

3.1 Performance of Council against the Council Plan

To ensure the Borough remains a safe haven for locals and visitors alike; where history, culture and the natural environment meet in ways that delight and surprise; an involved and caring community, Council's decision-making and priorities focus around five portfolios as set out in the Council Plan for years 2021-2025.

Council delivers services and initiatives under 25 major service categories. Each contributes to the achievement of strategic objectives set out under each portfolio.

This section provides a brief description of the services and initiatives funded in the Budget for the 2021-22 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan under each portfolio.

Portfolio	Strategic Objective	Portfolio Holder
Health and wellbeing	To support community wellbeing and encourage an active lifestyle.	Cr Donnie Grigau
Environment	To protect our environment and address climate change issues.	Cr Fleur Hewitt
Local economy	To support a prosperous and diverse local economy.	Cr Ross Ebbels
Heritage, planning and infrastructure	To protect our distinctive coastal, cultural and built environment, and provide sustainable, suitable infrastructure.	Cr Michael Grout
Governance and finance	To provide a financially viable Council that is accountable, transparent and practices good governance.	Cr Susan Salter

Portfolio 1: Health and wellbeing.

To support community wellbeing and encourage an active lifestyle. The key service objectives for each program area are described below.

Service area	Key service objective/s		Yearend	Yearend	Actual YTD	Variance from Q1 forecast		
			Forecast - Sep 2021	Forecast - Dec 2021		\$'000	%	Note
			\$'000	\$'000	\$'000	\$'000	%	Note
Aged Services	The Aged Services program provides care and assistance to older residents and those requiring respite so that their homes remain their safe haven.	Inc	584	597	392	13	2.1%	
		Exp	(720)	(738)	(392)	(18)	2.5%	
		Surplus/ (deficit)	(136)	(141)	(0)	(5)	3.8%	
Recreation, Arts, Culture and Community	The Recreation, Arts, Culture and Community program promotes community wellbeing by supporting people and communities to be involved, healthy and active.	Inc	13	3	3	(10)	(79.4%)	
		Exp	(149)	(137)	(68)	12	(8.3%)	
		Surplus/ (deficit)	(136)	(134)	(65)	2	(1.7%)	
Community Events	The Community Events program promotes community wellbeing, celebrates the significance of the Borough and stimulates the local economy through conducting events directly or facilitating, supporting and administering a range of recreation, arts and cultural events planned and implemented by community organisations or commercial businesses.	Inc	7	22	16	15	230.8%	
		Exp	(174)	(190)	(75)	(16)	9.2%	
		Surplus/ (deficit)	(167)	(169)	(60)	(1)	0.6%	
Maternal and Child Health (MCH)	The Maternal and Child Health program (MCH) plays a key role in supporting and monitoring the health and wellbeing of local families with children from birth to school age.	Inc	58	58	39	0	0.0%	
		Exp	(75)	(75)	(47)	0	0.0%	
		Surplus/ (deficit)	(17)	(17)	(8)	0	0.0%	
Kindergarten	Kindergarten assists in supporting the wellbeing of pre-school children and providing a safe learning environment to enable children to gain early life skills and knowledge and assist their transition to school.	Inc	0	0	0	0	0.0%	
		Exp	(1)	(5)	(5)	(4)	426.1%	
		Surplus/ (deficit)	(1)	(5)	(5)	(4)	426.1%	
Environmental Health	The Environmental Health program monitors and maintains a safe environment for public health and wellbeing.	Inc	42	23	22	(19)	(46.1%)	
		Exp	(190)	(135)	(60)	55	(29.0%)	1
		Surplus/ (deficit)	(148)	(112)	(37)	36	(24.2%)	
Asset Management and Appearance of Public Places	The Asset Management and Appearance of Public Places program ensures the safety and functionality of public places and infrastructure. This program promotes community wellbeing and encourages people to be active in public settings.	Inc	41	92	34	51	126.4%	2
		Exp	(1,250)	(1,391)	(634)	(140)	11.2%	3
		Surplus/ (deficit)	(1,210)	(1,299)	(600)	(89)	7.4%	
Local Laws, Safety and Amenity	The Local Laws, Safety and Amenity program promotes community wellbeing and safety in various settings and through monitoring public behaviour consistent with Council's Local Laws.	Inc	69	67	48	(2)	(2.9%)	
		Exp	(324)	(332)	(187)	(8)	2.5%	
		Surplus/ (deficit)	(255)	(265)	(139)	(10)	4.0%	
Street Lighting	The Street Lighting program assists in the provision of a safe environment for motorists, pedestrians and cyclists.	Inc	0	0	0	0	0.0%	
		Exp	(32)	(32)	(16)	0	0.0%	
		Surplus/ (deficit)	(32)	(32)	(16)	0	0.0%	
Powerline Safety	The Powerline Safety program assists in the provision of a safe environment and protection of the Borough's significant vegetation from fire by maintaining clear zones around powerlines to standards as set by legislation.	Inc	0	0	0	0	0.0%	
		Exp	(51)	(51)	0	0	0.0%	
		Surplus/ (deficit)	(51)	(51)	0	0	0.0%	
Library	The Library program promotes community wellbeing by encouraging active participation and life-long learning opportunities in a safe, inclusive setting.	Inc	0	0	0	0	0.0%	
		Exp	(248)	(237)	(170)	11	(4.6%)	
		Surplus/ (deficit)	(248)	(237)	(170)	11	(4.6%)	
TOTAL	Income		813	860	553	48	5.9%	
	Expenditure		(3,215)	(3,322)	(1,654)	(107)	3.3%	
	Surplus/ (deficit)		(2,402)	(2,462)	(1,101)	(60)	2.5%	

Notes

1. Reduction in staff cost due to a temporary staff vacancy.
2. Natural disaster financial assistance estimated in relation to the recent storm event.
3. Increase in vegetation management expenses due to the recent storm event.

Portfolio 2: Environment.

To protect our environment and address climate change issues. The key service objectives for each program area are described below.

Service area	Key service objective/s		Yearend	Yearend	Actual YTD	Variance from Q1 forecast		
			Forecast - Sep 2021	Forecast - Dec 2021		\$'000	%	Note
			\$'000	\$'000	\$'000	\$'000	%	Note
Environmental Sustainability	The Environmental Sustainability program sees the Borough playing its part in protecting the natural environment for future generations.	Inc	0	0	0	0	0.0%	
		Exp	(274)	(227)	(93)	47	(17.1%)	1
		Surplus/ (deficit)	(274)	(227)	(93)	47	(17.1%)	
Coastal Protection	The Coastal Protection program seeks to preserve and enhance the Borough's globally significant, highly-valued coast as an iconic environmental asset for current and future generations.	Inc	340	443	425	103	30.3%	2
		Exp	(585)	(468)	(207)	117	(20.0%)	3
		Surplus/ (deficit)	(245)	(25)	218	220	(89.8%)	
Waste Management and Recycling	The Waste Management and Recycling program seeks to promote local action in order to protect the environment for future generations. Note full cost recovery of waste management, including recycling, is achieved via application of waste charges to ratepayers in accordance with Council's Rating Strategy.	Inc	1,237	1,245	1,161	7	0.6%	
		Exp	(1,271)	(1,268)	(577)	3	(0.2%)	
		Surplus/ (deficit)	(34)	(24)	584	10	(30.0%)	
TOTAL	Income		1,577	1,688	1,586	110	7.0%	
	Expenditure		(2,130)	(1,964)	(877)	167	(7.8%)	
	Surplus/ (deficit)		(553)	(276)	709	277	(50.1%)	

Notes

1. Reduction in employee cost due to a temporary staff vacancy.
2. Additional grant (received in advance for 2022-23) from Better Boating Victoria.
3. Reduction in employee cost due to the delay in recruiting staff for a new position.

Portfolio 3: Local economy.

To support a prosperous and diverse local economy. The key service objectives for each program area are described below.

Service area	Key service objective/s		Yearend	Yearend	Actual YTD	Variance from Q1 forecast		
			Forecast - Sep 2021	Forecast - Dec 2021		\$'000	%	Note
			\$'000	\$'000	\$'000	\$'000	%	Note
Tourist Parks	The Tourist Parks and Boat Ramp Services program ensures the Borough remains a special place for visitors while increasing tourism's contribution to the local economy.	Inc	1,724	1,675	1,116	(49)	(2.8%)	1
		Exp	(948)	(955)	(473)	(7)	0.7%	
		Surplus/ (deficit)	776	720	642	(56)	(7.2%)	
Visitor Information Centre	The Visitor Information Centre program promotes the Borough as a special place for visitors, and supports local tourism and related businesses with dissemination of information to build a diverse and vibrant local economy.	Inc	79	79	3	0	0.0%	
		Exp	(334)	(287)	(118)	47	(14.1%)	2
		Surplus/ (deficit)	(255)	(208)	(115)	47	(18.5%)	
Tourism and Economic Development	The Tourism and Economic Development program seeks to build on the Borough's unique heritage, rich culture and significant natural environment to strengthen the diversity and vibrancy of the local economy.	Inc	60	290	260	230	383.3%	3
		Exp	(293)	(485)	(155)	(192)	65.7%	3
		Surplus/ (deficit)	(233)	(195)	105	38	(16.2%)	
TOTAL	Income		1,863	2,044	1,379	181	9.7%	
	Expenditure		(1,575)	(1,727)	(746)	(152)	9.7%	
	Surplus/ (deficit)		288	317	633	29	10.0%	

Notes

1. Estimated reduction in income from tourist parks due to COVID restrictions.
2. Savings in operational cost of Qhub due to the delay in opening of the new building.
3. *Additional non-recurrent operating grant and increase in expenses associated additional grant.*

Portfolio 4: Heritage, planning and infrastructure.

To protect our distinctive coastal, cultural and built environment, and provide sustainable, suitable infrastructure. The key service objectives for each program area are described below.

Service area	Key service objective/s		Yearend	Yearend	Actual YTD	Variance from Q1 forecast		
			Forecast - Sep 2021	Forecast - Dec 2021		\$'000	\$'000	% Note
Design and Project Management	The Design and Project Management program seeks to achieve excellence of design and delivery of projects which enhance the Borough as a special place.	Inc	0	0	0	0	0.0%	
		Exp	(403)	(329)	(254)	75	(18.5%)	1
		Surplus/ (deficit)	(403)	(329)	(254)	75	(18.5%)	
Land Use Planning	The Land Use Planning program ensures that the Borough conserves its unique heritage, that the built environment is enhanced by design excellence, and that local amenity is protected against inappropriate land use and development.	Inc	90	90	78	0	0.0%	
		Exp	(692)	(462)	(177)	231	(33.3%)	2
		Surplus/ (deficit)	(602)	(372)	(99)	231	(38.3%)	
Heritage Conservation Advice	The Heritage Conservation Advice program aims to retain the unique heritage and rich culture captured in the Borough's built form.	Inc	0	0	0	0	0.0%	
		Exp	(35)	(35)	(6)	0	0.0%	
		Surplus/ (deficit)	(35)	(35)	(6)	0	0.0%	
Building Control	The Building Control program ensures that building construction and maintenance is such that the community remains safe.	Inc	24	24	19	0	0.0%	
		Exp	(33)	(33)	(23)	0	0.0%	
		Surplus/ (deficit)	(9)	(9)	(3)	0	0.0%	
TOTAL	Income		114	114	97	0	0.0%	
	Expenditure		(1,164)	(859)	(461)	305	(26.2%)	
	Surplus/ (deficit)		(1,050)	(745)	(363)	305	-29.1%	

Notes

1. Mainly due to the use of in-house resources to update asset management plans to meet new LG requirements. Reduction in employee costs, due to delay in recruiting staff for a new position and a temporary vacancy, has been offset by the cost of service of a consultant as a backfill.
2. Due to the change in the timing of completion of development of marine coastal management plan and the review of Queenscliffe planning scheme (work carried over to 2022-23 FY).

Portfolio 5: Governance and finance.

To provide a financially viable Council that is accountable, transparent and practices good governance. The key service objectives for each program area are described below.

Service area	Description of services provided		Yearend	Yearend	Actual YTD	Variance from Q1 forecast		
			Forecast - Sep 2021	Forecast - Dec 2021		\$'000	\$'000	% Note
Council Governance	The Council Governance program supports the Mayor and Councillors to maintain a cohesive Council and a well-governed Borough.	Inc	0	0	0	0	0.0%	
		Exp	(210)	(208)	(129)	2	-1.0%	
		Surplus/ (deficit)	(210)	(208)	(129)	2	-1.0%	
Organisational Performance and Compliance	The Organisational Performance and Compliance program supports the Chief Executive Officer and Executive Management Team to maintain a cohesive, well-managed and highly performing organisation.	Inc	336	336	175	0	0.0%	
		Exp	(1,261)	(1,237)	(684)	24	-1.9%	
		Surplus/ (deficit)	(925)	(900)	(509)	24	-2.6%	
Community Engagement and Customer Service	The Community Engagement and Customer Service program aims to facilitate community involvement in decision-making, and to deliver high quality customer service.	Inc	0	0	0	0	0.0%	
		Exp	(640)	(577)	(291)	63	-9.9%	1
		Surplus/ (deficit)	(640)	(577)	(291)	63	-9.9%	
Financial and Risk Management	The Financial and Risk Management program seeks to ensure the ongoing independence and financial sustainability of the Borough.	Inc	7,697	7,663	6,886	(34)	-0.4%	
		Exp	(2,559)	(2,548)	(732)	12	-0.5%	
		Surplus/ (deficit)	5,137	5,115	6,154	(23)	-0.4%	
TOTAL	Income		8,033	7,999	7,061	(34)	(0.4%)	
	Expenditure		(4,671)	(4,569)	(1,835)	101	(2.2%)	
	Surplus/ (deficit)		3,362	3,430	5,225	67	2.0%	

Notes

1. Reduction in employee cost due to the delay in recruiting staff for a new position.

3.2 Governance and Management Checklist

The Governance and Management Checklist measures whether a council has strong governance and management frameworks in place covering community engagement, planning, monitoring, reporting and decision making. It includes 24 qualitative measures against which Council is assessed each financial year. An update against the checklist is presented on a half yearly basis (with December and June quarterly financial reports) and included at **(Appendix 3b)**.

3.3 Prescribed indicators, measures and results of service performance

The Performance Statement must include the results achieved in relation to prescribed:

- sustainable capacity;
- service performance; and
- financial performance.

Councils must provide an explanation of any material variations in the results between the current year and other years disclosed, to enable the reader to form an understanding of the reason for the variation. An update against the performance measures will be presented on a half yearly basis (with December and June quarterly financial reports) and included at **(Appendix 3c)**.