



Appendix 4

ADJUNCT TO 5.1 – PUBLIC QUESTIONS STATUS UPDATE

Response to Public Questions taken on notice at the Ordinary Meeting of Council held on 17 September 2020

Ordinary Meeting of Council

Thursday 22 October 2020 at 5:30pm

(Via Videoconference)



22 October 2020

Att. [REDACTED]

Via email: [REDACTED]

Dear [REDACTED]

PUBLIC QUESTION TAKEN ON NOTICE

I am writing in response to the QCA's public question that was taken on notice at the ordinary meeting of Council held on Thursday 17 September 2020. The questions reads as follows:

Public Question 1

A question for Portfolio holder

The various Financial Reports in the Agenda and Audit reports indicate some level of concern re Financial matters particularly with further project cost escalations above budget. Given a number of past projects ran well over budget can Council explain or clarify further the reasons for, and/or remedies undertaken to address or limit just two current issues namely-

1. \$100,000 additional carry forward capital expenditure reserve to cover projected cost escalations in relation to the Hesse Street south project
2. That Council achieved an underlying deficit of \$376,000 for the 2019–20 financial year largely driven by \$870,000 asset write- offs during the year and the reduction in income from tourist parks due to COVID 19 restrictions. \$234,000 was lost from tourist parks net of expense savings (of just \$10,000) due to the pandemic in 2019–20.

Further to the above, I provide the following advice.

1. Additional project costs were incurred in the 2019 -2020 financial year to accommodate late changes to the civil design to accommodate a request by the Department of Defence in response to concerns raised by QCA. This included rerouting of the stormwater drainage network, and resizing of stormwater infrastructure and the relocation of a high voltage electrical cabinet. This meant that a significant proportion of the existing contingency budget for the project was expended in design costs and additional works. The additional \$100,000 replaces that contingency fund for the project.

2. Without the one-off write offs associated with the termination of the Destination Queenscliffe project, the Borough of Queenscliffe would have made an underlying surplus for the year. And while the total write-off value is funded through a capital grant and does not affect Council's cash position, accounting standards do not provide for capital grants to be considered when calculating the underlying deficit.

One of the key objectives in Council's Strategic Resource Plan is to achieve a cumulative (across financial years) breakeven result. Taking this practice into account, on a cumulative basis, the Borough of Queenscliffe has made an underlying surplus of \$2.2 million as at 30 June 2020.

As discussed in the Council agenda item 15.3 (17 September 2020 Council meeting), and confirmed through audit review, the Borough of Queenscliffe remains in a sound financial position based on the VAGO financial sustainability indicators.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M Gill', with a long, sweeping underline that extends to the right.

Martin Gill

CHIEF EXECUTIVE OFFICER