



Appendix 4

16.2 2020-21 Quarterly Financial Report as at 30 June 2021

Quarterly Financial Report 30 June 2021

Ordinary Meeting of Council

Wednesday 22 September 2021 at 7:00pm

Via Videoconference (Zoom)

Quarterly Financial Report 30 June 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The adopted budget can become outdated during the financial year, as new information comes to light.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.

This quarterly financial report presents the quarter 2 and the quarter 3 forecast year-end results, year-to-date actual results and variance explanations for each of the key financial statements.

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 Services

Executive summary

The **actual cash result** is a **surplus of \$192,000** for the year, an increase of \$344,000 on the quarter 3 forecasted cash deficit of \$145,000. This increase is mainly due to savings in material and services after adjusting for capital and operating work carried over to the 2021-22 financial year.

The **actual accumulated cash surplus** for the 2020-21 year is **\$651,000** at June 2021.

Council reported an underlying deficit of \$1,553,000 (-13.71%) for the 2020-21 financial year which is largely driven by accounting adjustments for demolished assets and a reclassification of capital expenditure as operating expenditure for reporting purposes.

Excluding the impact of one-off accounting adjustments, Council has achieved an **underlying deficit of \$149,000 (-1.31%)** mainly driven by the loss of income from tourist parks due to the pandemic.

The final settlement in relation to the **sale of Murray Road land** did not take place before the end of the 2020-21 financial year as forecasted earlier. The sale is now expected to be finalised by October 2021.

Since Council settled the existing loan in full in this financial year, Council has a **debt free balance sheet**.

Council has **\$4,355,000 as unrestricted cash holdings** as at 30 June 2021 which is more than Council's total liabilities as at 30 June 2021.

Headline changes between actual and quarter 3 year-end forecast, are included throughout this report with an explanation provided for all material variances.

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 actual **accumulated cash result** at June is a **surplus of \$651,000** against the surplus of \$307,000 forecasted in quarter 3. Cash result is always immune to any accounting adjustment.

Statement of Income & Expenditure (Available Cash) Actual at the quarter ended	Forecast 2020-21 (Mar 21)	Actual 2020-21	Variance from Q3 forecast to actual		
			\$'000	%	Notes
30 June 2021	\$'000	\$'000	\$'000	%	Notes
Income					
Rates and charges	7,641	7,642	1	0.0%	
Statutory fees and fines	124	157	33	26.3%	
User fees	1,768	1,760	(9)	(0.5%)	
Grants - operating	1,573	1,551	(22)	(1.4%)	
Grants - capital	3,749	1,382	(2,367)	(63.1%)	1
Contributions - monetary - capital	52	52	0	0.0%	
Other income	216	191	(25)	(11.7%)	
Proceeds from asset sales	3,596	19	(3,577)	(99.5%)	2
Total cash received	18,720	12,754	(5,967)	(31.9%)	
Expenses			0	0.0%	
Employee costs	4,457	4,445	(12)	(0.3%)	
Materials and services	5,941	5,198	(742)	(12.5%)	3
Bad and doubtful debts	3	4	1	21.5%	
Other expenses	399	357	(43)	(10.7%)	
Loan redemption	29	29	0	0.0%	
Capital expenditure - Asset Renewal	996	792	(204)	(20.5%)	4
Capital expenditure - New and Upgrade	3,924	2,964	(960)	(24.5%)	4
Total cash paid	15,749	13,788	(1,961)	(12.5%)	
Cash surplus / (deficit) from operations	2,971	(1,035)	(4,006)	(134.8%)	
Transfer from reserves	2,646	2,379	(267)	(10.1%)	5
Transfer to reserves <i>(for future year spending)</i>	(5,763)	(1,146)	4,617	(80.1%)	6
Adjusted cash surplus / (deficit) for the year	(145)	199	344	(237.3%)	
Accumulated cash surplus b/fwd from prior year	452	452	0	0.0%	
Accumulated cash surplus	307	651	344	112.0%	

Notes to the Statement of Income and Expenditure

1.1 Income (receipts)

1. Grants - capital: Reduction of \$2,367,000 is due to;

- \$1,855,000, the timing of the Qhub project (\$1,403,000 grant received transferred to grant received in advance a/c for not meeting funding obligations at yearend and \$482,000 to be received in 2021-22),
- \$400,000, the timing of the Point Lonsdale Reserve upgrade project (grant received transferred to grant received in advance a/c for not meeting funding obligations at yearend),
- \$69,000, the timing of the Commonwealth Road Safety Program 2021 (to be received in 2021-22),
- \$43,000, grant money not utilised needs to be refunded in 2021-22 (Rural Councils ICT Infrastructure Program).

2. Proceeds from asset sales: Reduction of \$3,577,000 is due to;

- \$3,500,000, the shift in the timing of the sale of Murray Road land, and
- \$77,000, change in the timing of the replacement of motor vehicles.

1.2 Expenses (payments)

3. Materials and services: Decrease of \$742,000 is mainly due to;

- \$266,000, shift in the timing of the rates funded operating projects (mainly Avenue of Honour tree replacement, improve record management system, caravan parks improvement work and economic development initiatives),
- \$80,000, the timing of the grant funded operating projects,
- \$77,000, savings achieved due to the cancellation of community events,
- \$30,000, savings in recruitment expenses,
- \$30,000, due to a shift in the timing of the building condition survey,
- \$30,000, savings in waste management expenses,
- \$27,000, savings in utility expense,
- \$21,000, savings in roads, parks, reserve, open space and foreshore maintenance,
- \$21,000, savings in community grant program,
- \$20,000, savings in power line and tree clearance expense,
- \$15,000, savings in Council election related expenses,
- \$15,000, savings in legal expenses,
- \$14,000, savings in sponsorship program,
- \$11,000, savings in advertising expenses, and
- \$11,000, savings in feet management expense.

4. Capital expenditure: Decrease of \$1,164,000 is mainly due to;

- \$645,000, shift in the timing of the Queenscliff Cultural Hub project,
- \$183,000, shift in the timing of the Point Lonsdale Lighthouse Reserve upgrade project,
- \$179,000, change in timing of the asset renewal programs including the replacement of motor vehicles (funds are kept in asset renewal reserves for future use,
- \$69,000, shift in the timing of the Commonwealth Road Safety Program, and
- \$46,000, reduction in the work of scope of the Rural Councils ICT Infrastructure Program.

1.3 Transfers from / (to) reserves

5. *Transfers from reserves: Details of the net movement of \$267,000 mainly due to the timing of the corresponding capital/operating projects, are provided below,*

Activity	Reserve Type	Actual	Q3 Forecast	Varinace
Q sports & rec precinct development*	Trf from Reserve - CF Cap Exp	-	59,865	(59,865)
Climate emergency action program	Trf from Reserve - CF Op Exp	8,679	40,000	(31,321)
Camping and c/parks improvement investment	Trf from Reserve - CF Op Exp	23,923	55,000	(31,077)
Simpson st storm water asset improvement	Trf from Reserve - CF Cap Exp	66,328	96,233	(29,904)
Review of the Queenscliffe planning scheme	Trf from Reserve - CF Op Exp	11,582	38,000	(26,418)
Green waste reserve	Transfer from Green Waste reserve	37,472	61,145	(23,673)
Avenue of honour tree replacment	Trf from Reserve - CF Op Exp	-	20,000	(20,000)
Princess park kiosk toilet upgrade	Trf from Reserve - CF Cap Exp	-	20,000	(20,000)
Renewal of motor vehicles	Trf from Reserve - ARR (Allocated)	-	17,500	(17,500)
Winter arts festival	Trf from Reserve - CF Op Exp	-	15,000	(15,000)
Tourism & economic development strategy	Trf from Reserve - CF Op Exp	-	10,000	(10,000)
Queenscliffe 2040	Trf from Reserve - CF Op Exp	-	10,000	(10,000)
Community events	Trf from Reserve - CF Op Exp	-	9,000	(9,000)
Risk assess & mitigate gun emplacements	Trf from Reserve - CF Op Exp	-	4,555	(4,555)
Tobacco activity program grant	Trf from Reserve - CF Op Inc	-	4,200	(4,200)
PL lighthouse reserve master plan	Trf from Reserve - CF Cap Inc	16,880	17,904	(1,024)
Managing transition of HACC services	Trf from Reserve - CF Op Exp	29,200	20,000	9,200
Q sports & rec precinct development*	Trf from Reserve - CF Cap Inc	87,456	50,135	37,321
				(267,016)

Note: *Priority has been given to carry forward capital income reserve balance in relation to Q sports & rec precinct development project.

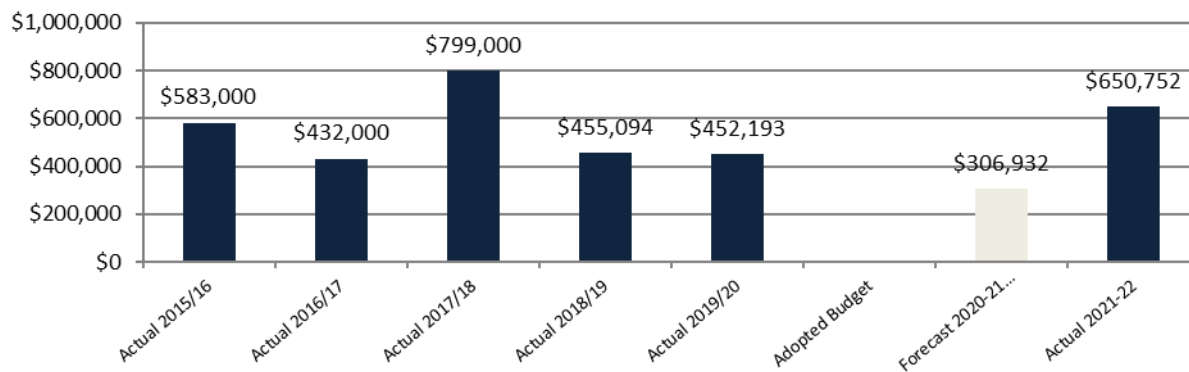
6. *Transfers from reserves: Details of the net movement of \$4,617,000 mainly due to the timing of the corresponding capital/operating projects (except for items marked with*), are provided below.*

Activity	Reserve Type	Actual	Q3 Forecast	Varinace
PL lighthouse reserve master plan	Trf to Reserve - CF Cap Exp	106,366.00	-	106,366
AARP - Other Assets - Motor Vehicles	Trf to Reserve - ARR (Allocated)	84,371.35	-	84,371
AARP - Buildings - Council Buildings*	Trf to Reserve - ARR (Allocated)	71,616.87	-	71,617
New corporate system	Trf to Reserve - CF Cap Exp	45,824.79	-	45,825
AARP - Infrastructure - Drainage	Trf to Reserve - ARR (Allocated)	31,779.50	-	31,780
AARP - Infrastructure - Open Space	Trf to Reserve - ARR (Allocated)	29,910.97	-	29,911
Avenue of honour tree replacement	Trf to Reserve - CF Op Exp	28,000.00	-	28,000
Tourism & economic development strategy	Trf to Reserve - CF Op Exp	26,140.00	-	26,140
Marine coastal management plan	Trf to Reserve - CF Op Exp	220,800.00	196,000.00	24,800
AARP - Infrastructure - Kerb & Channel	Trf to Reserve - ARR (Allocated)	11,545.87	-	11,546
AARP - Buildings - Foreshore Public Conv	Trf to Reserve - ARR (Allocated)	36,998.46	29,000.00	7,998
Kerbside waste reserve	Transfer to Kerbside Waste reserve	43,170.31	36,814.80	6,356
AARP - Other Assets - Wash Mach & Driers	Trf to Reserve - ARR (Allocated)	5,000.00	-	5,000
AARP - Other Assets - Fix & Fittings	Trf to Reserve - ARR (Allocated)	5,000.00	-	5,000
AARP - Other Assets - Minor P&E	Trf to Reserve - ARR (Allocated)	5,000.00	-	5,000
Hesse street streetscape	Trf to Reserve - CF Cap Exp	31,015.00	28,000.00	3,015
AARP - Other Assets - Signage renewal	Trf to Reserve - ARR (Allocated)	3,000.00	-	3,000
Local roads and community infrastructure program	Trf to Reserve - CF Cap Inc	22,149.01	21,916.00	233
Public waste reserve	Transfer to Public Waste reserve	36,034.39	36,647.00	(613)
AARP - Infrastructure - Road Resealing	Trf to Reserve - ARR (Allocated)	24,175.91	28,000.00	(3,824)
AARP - Buildings - Council Buildings*	Trf to Reserve - CF Cap Exp	-	73,500.00	(73,500)
PL lighthouse reserve master plan	Trf to Reserve - CF Cap Inc	-	324,240.00	(324,240)
Queenscliffe cultural hub	Trf to Reserve - CF Cap Inc	-	1,210,473.00	(1,210,473)
Murray road land sale proceeds**	Trf to Reserve - CF Cap Exp	-	3,500,000.00	(3,500,000)
				(4,616,692)

Note: *Error correction between reserve accounts, **due to the delay of the sale of land.

A key principle applied in preparation of Council’s annual budget is the achievement of a break-even cash result (zero). Cash surpluses achieved in one year are typically allocated in the next year’s budget.

Accumulated Cash Result



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 actual operating result (surplus or deficit) for the year is a **deficit of \$118,000**, a reduction of \$3,938,000 compared with the quarter 3 forecast. The deficit for the year has mainly been impacted by the accounting loss associated with the demolition of a building and the reclassification of capital expenditure as operating expenditure of a grant-funded project. Excluding the impact of these accounting adjustments, Council has recorded a **surplus of \$1,286,000** for the year.

Comprehensive Income Statement Actual at the quarter ended	Forecast 2020-21 (Mar 21) \$'000	Actual 2020-21 \$'000	Variance from Q3 forecast to actual		
			\$'000	%	Notes
30 June 2021					
Income					
Rates and charges	7,641	7,642	1	0.0%	
Statutory fees and fines	124	157	33	26.3%	
User fees	1,768	1,760	(9)	(0.5%)	
Grants - operating	1,573	1,551	(22)	(1.4%)	
Grants - capital	3,749	1,382	(2,367)	(63.1%)	
Contributions - monetary - capital	52	52	0	0.0%	
Other income	216	218	2	1.1%	
Net gain on disposal of property, infrastructure, plant and equipment	825		(825)	(100.0%)	1
Total income	15,949	12,762	(3,187)	(20.0%)	

Comprehensive Income Statement Actual at the quarter ended	Forecast 2020-21 (Mar 21) \$'000	Actual 2020-21 \$'000	Variance from Q3 forecast to actual		
			30 June 2021	\$'000	%
Expenses					
Employee costs	4,457	4,445	(12)	(0.3%)	
Materials and services	5,944	5,198	(745)	(12.5%)	
Depreciation	1,326	1,353	27	2.0%	
Bad and doubtful debts	3	4	1	21.5%	
Other expenses	399	1,266	866	216.9%	2
Net loss on disposal of property, infrastructure, plant and equipment		540	540	0.0%	3
Share of net losses of associates	0	75	75	0.0%	4
Total expenses	12,129	12,880	752	6.2%	
Surplus / (deficit) for the year	3,820	(118)	(3,938)	(103.1%)	
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods					
Net asset revaluation increment / (decrement)	0	0			
Total comprehensive result	3,820	(118)	(3,938)	(103.1%)	

Notes to the Comprehensive Income Statement

Explanations for key variances are provided under the Statement of Income and Expenditure except for;

1. Due to the delay in the sale of Murray road land,
2. Due to the reclassification (capital to operating) of expenditure incurred on infrastructure assets (mainly electrical infrastructure assets) owned by third parties in relation to the Hesse Street South upgrade project, in line with the requirements of accounting standards. This was a 71% grant-funded project completed in the 2020-21 financial year. Total grant income for this project had been received in advance in the previous financial years; and
3. \$542,000 accounting loss associated with the demolition of the old Queenscliffe Historical Museum building to make the way for new Queenscliff Cultural Hub.
4. Geelong Regional Library Corporation has generated a deficit of \$2,985,579 for the financial year 2020-21 and \$75,000 represents the BoQ's share of the deficit.

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 reported an underlying deficit of \$1,553,000 (-13.71%) for the 2020-21 financial year which is largely driven by accounting adjustments for demolished assets and a reclassification of capital expenditure as operating expenditure for reporting purposes.

Excluding the impact of one-off accounting adjustments, Council has achieved an **underlying deficit of \$149,000 (-1.31%)** mainly driven by the loss of income from tourist parks due to the pandemic.

Underlying Result Actual at the quarter ended	Forecast 2020-21 (Mar 21)	Actual 2020-21	Actual 2020-21 (before acc. adj)
30 June 2021	\$'000	\$'000	\$'000
Total income	15,949	12,762	12,762
Total expenses	12,129	12,880	11,476
Surplus / (deficit) for the year	3,820	(118)	1,286
Less: Grants - capital (non-recurrent)	(3,749)	(1,382)	(1,382)
Less: Contributions - monetary - capital	(52)	(52)	(52)
Less: Non-monetary asset contributions	0	0	0
Adjusted underlying surplus / (deficit)	19	(1,553)	(149)

Adjusted Underlying Result - %	0.2%	-13.7%	-1.3%
Adjusted Underlying Result % - calculated as:			
Adjusted underlying result (or deficit)/ Adjusted underlying revenue] x 100			

2.2 Balance Sheet

The value of the **net assets** of Council is **\$141.3 million as at 30 June 2021**. **Cash and investments** (including other financial assets) are at **\$8.6 million** of which \$4.2 million is allocated for specific future purposes.

Balance Sheet Actual at the quarter ended	Forecast 2020-21 (Mar 21)	Actual 2020-21	Variance from Q3 forecast to actual		
30 June 2021	\$'000	\$'000	\$'000	%	Notes
Assets					
Current assets					
Cash and cash equivalents	10,045	1,542	(8,503)	(84.6%)	1
Other financial assets	1,000	7,075	6,075	607.5%	1
Trade and other receivables	330	316	(14)	(4.3%)	
Non-current assets classified as held for sale	0	2,075	2,075	0.0%	1
Inventories	4	5	1	20.1%	
Other assets	225	342	117	52.2%	
Total current assets	11,605	11,355	(250)	(2.2%)	
Non-current assets					
Investments in associates	240	165	(75)	(31.3%)	
Property, infrastructure, plant and equipment	135,687	133,720	(1,968)	(1.5%)	2
Total non-current assets	135,927	133,884	(2,043)	(1.5%)	
Total assets	147,532	145,240	(2,292)	(1.6%)	

Balance Sheet Actual at the quarter ended	Forecast	Actual	Variance from Q3 forecast to actual		
	2020-21 (Mar 21)	2020-21			
30 June 2021	\$'000	\$'000	\$'000	%	Notes
Liabilities					
Current liabilities					
Trade and other payables	1,126	648	(479)	(42.5%)	3
Trust funds and deposits	16	47	30	184.8%	
Provisions	952	1,050	98	10.3%	
Interest-bearing loans and borrowings	0	0	0	0.0%	
Other liabilities	80	2,117	2,037	2546.3%	4
Total current liabilities	2,175	3,862	1,687	77.5%	
Non-current liabilities					
Provisions	106	104	(2)	(2.1%)	
Interest-bearing loans and borrowings	0	0	0	0.0%	
Total non-current liabilities	106	104	(2)	(2.1%)	
Total liabilities	2,281	3,965	1,684	73.8%	
Net assets	145,250	141,274	(3,976)	(2.7%)	
Equity					
Accumulated surplus	92,702	93,114	411	0.4%	
Revaluation Reserve	43,498	43,498	0	0.0%	
Other reserves	9,013	4,663	(4,350)	(48.3%)	5
Total equity	145,213	141,274	(3,938)	(2.7%)	

Notes to the Balance Sheet

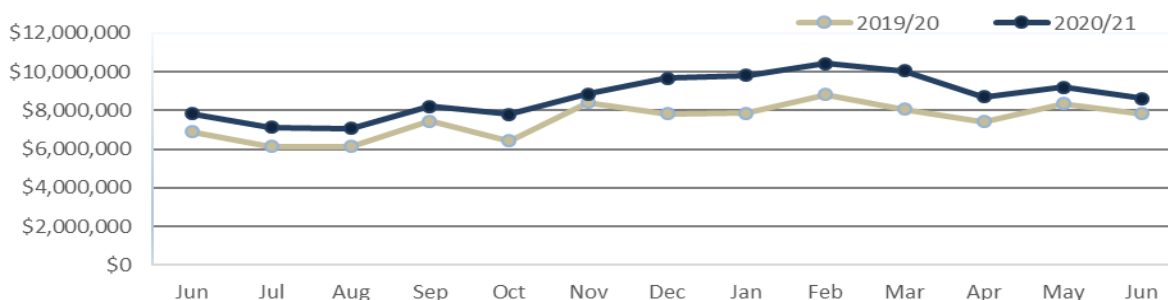
1. Mainly due to the delay of the sale of Murray Road land (a part of the land value is included in Property, infrastructure, plant and equipment),
2. Due to the shift in the timing of capital expenditure projects,
3. Reduction in capital expenditure work resulted in lesser than forecasted unpaid invoices at 30 June 21,
4. Mainly due to grant received transferred to grant received in advance a/c for not meeting funding obligations at yearend,
5. Due to the movement in reverse accounts as explained under 1.3 (5) and 1.3 (6) above.

Cash & Cash Equivalents and Other Financial Assets

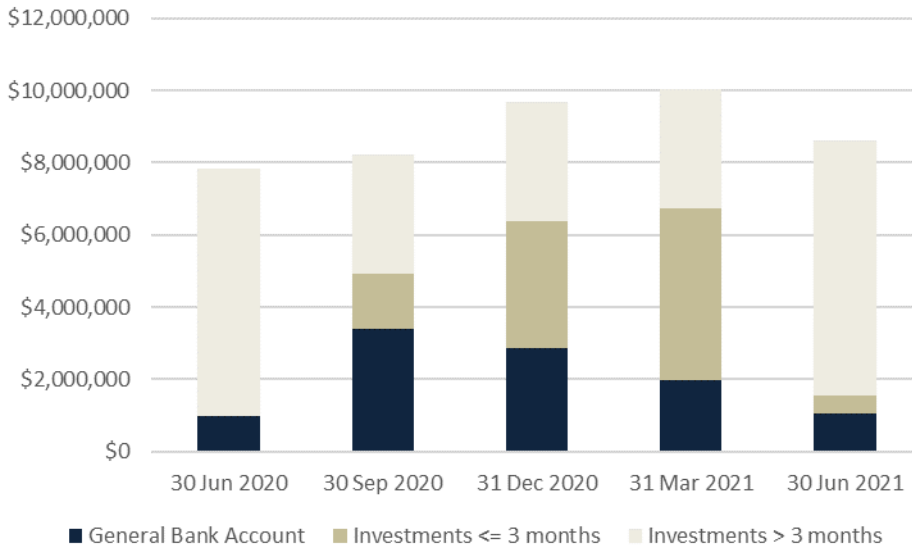
Council's cash and cash equivalents includes short term investments with maturities of less than 90 days, with other financial assets (investments with maturities between 3-12 months).

Total financial assets (including cash and cash equivalents) at 30 June 2021 is \$8.6 million

Cash balance - prior year comparison



Cash and investments



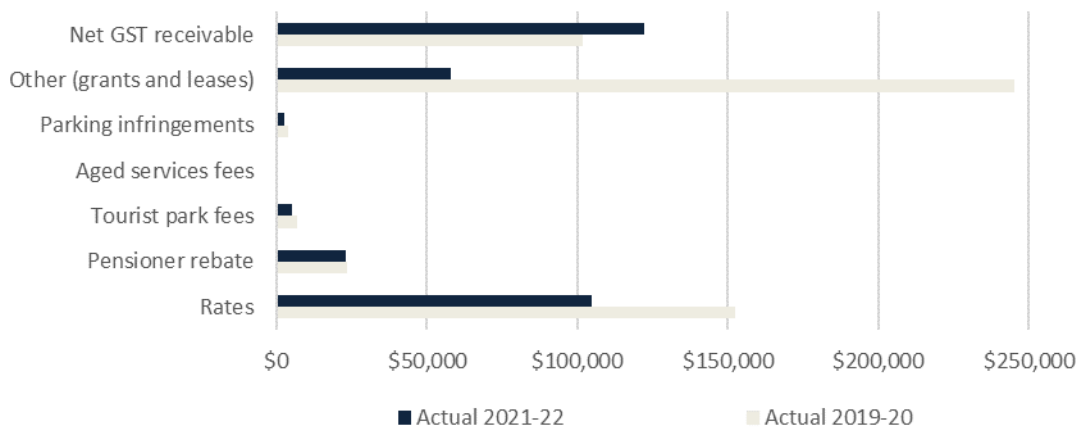
Trade and other receivables

Trade and other receivables stands at **\$315,900 at 30 June 2021** of which 18% is due for more than 90 days.

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.

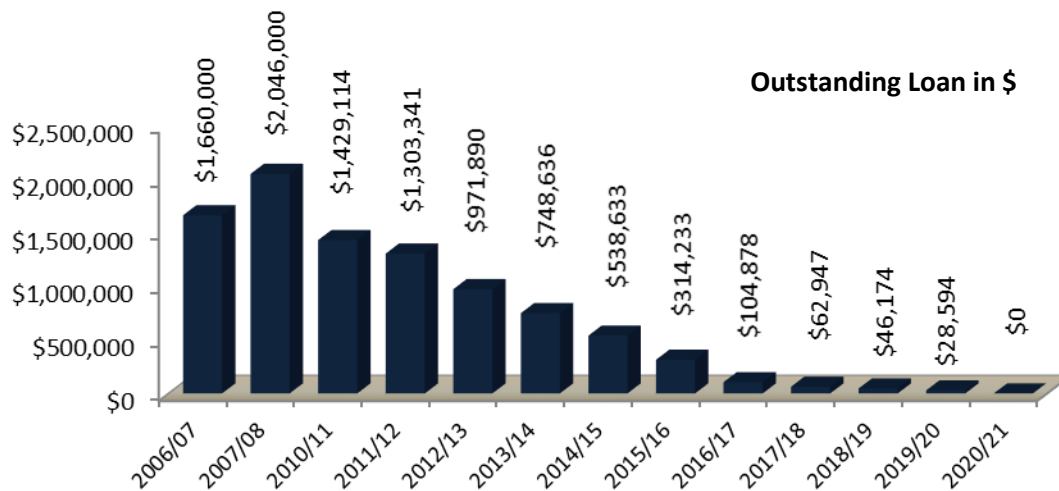
Sundry debtors, including unpaid infringements, government grants, property leases, aged services and tourist park fees, are followed up by finance in conjunction with the relevant program area.

Trade and other receivables



Interest-bearing loans and borrowings

Council settled in full the existing loan and has zero debt on its balance sheet currently. Council has been in a phase of debt reduction since 2008-09, as illustrated in the chart below.



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 for the quarter ended	Forecast 2020-21 (Mar 21)	Actual 2020-21	Variance from Budget to Q2 December Forecast	
			\$'000	%
30 June 2021	\$'000	\$'000	\$'000	%
Accumulated Surplus				
Opening Balance 1st July	91,998	91,998	0	0.0%
Adjustment on change in accounting policy				
Surplus / (deficit) for the year	3,820	(118)	(3,938)	(103.1%)
Transfer to other reserves	(5,763)	(1,146)	4,617	(80.1%)
Transfer from other reserves	2,646	2,379	(267)	(10.1%)
Closing Balance 30th June - Accumulated Surplus	92,702	93,114	411	0.4%
Revaluation Reserve				
Opening Balance 1st July	43,498	43,498	0	0.0%
Net asset revaluation increment/(decrement)	0	0	0	0.0%
Closing Balance 30th June - Revaluation Reserve	43,498	43,498	0	0.0%
Other Reserves				
Opening Balance 1st July	5,897	5,897	0	0.0%
Transfer to other reserves	5,763	1,146	(4,617)	(80.1%)
Transfer from other reserves	(2,646)	(2,379)	267	(10.1%)
Closing Balance 30th June - Other Reserves	9,013	4,663	(4,350)	-48.3%

Statement of Changes in Equity for the quarter ended 30 June 2021	Forecast 2020-21 (Mar 21) \$'000	Actual 2020-21 \$'000	Variance from Budget to Q2 December Forecast	
			\$'000	%
Total Equity				
Opening Balance 1st July	141,393	141,393	0	0.0%
Surplus / (deficit) for the year	3,820	(118)	(3,938)	(103.1%)
Net asset revaluation increment/(decrement)	0	0	0	0.0%
Transfer to other reserves	0	0	0	0.0%
Transfer from other reserves	0	0	0	0.0%
Closing Balance 30th June - Total Equity	145,213	141,274	(3,938)	-2.7%

2.4 Statement of Cash Flows

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

Statement of Cash Flows Actual at the quarter ended 30 June 2021	Forecast 2020-21 (Mar 21) \$'000	Actual 2020-21 \$'000	Variance from Q3 forecast to actual	
			\$'000	%
Cash flows from operating activities				
Receipts				
Rates and charges	7,585	7,711	126	1.7%
Statutory fees and fines	120	160	40	33.0%
User fees	1,765	1,764	(1)	(0.1%)
Grants - Operating	1,453	1,549	96	6.6%
Grants - Capital	3,777	3,009	(768)	(20.3%)
Contributions - monetary - capital	52	52	0	0.0%
Interest received	24	51	26	106.4%
Trust funds and deposits taken		70	70	0.0%
Other receipts	88	146	58	66.0%
Net GST refund / (payment)	0	(21)	(21)	0.0%
Total receipts	14,866	14,491	(375)	(2.5%)
Payments				
Employee costs	(4,580)	(4,294)	286	(6.3%)
Materials and services	(5,679)	(5,209)	470	(8.3%)
Short-term, low value and variable lease payments	(20)	(14)	6	(28.2%)
Trust funds and deposits repaid		(40)	(40)	0.0%
Other payments	(359)	(1,266)	(906)	252.2%
Total payments	(10,639)	(10,823)	(185)	1.7%
Net cash provided by operating activities	4,227	3,668	(560)	(13.2%)
Cash flows from investing activities				
Payments for property, infrastructure, plant and equipment	(4,590)	(2,883)	1,708	(37.2%)
Proceeds from sale of property, infrastructure, plant and equipment	3,596	19	(3,577)	(99.5%)

Statement of Cash Flows Actual at the quarter ended	Forecast 2020-21 (Mar 21)	Actual 2020-21	Variance from Q3 forecast to actual	
			\$'000	%
30 June 2021	\$'000	\$'000	\$'000	%
Payments for investments	0	(213)	(213)	0.0%
Proceeds from sale of investments	5,862	0	(5,862)	(100.0%)
Net cash provided by / (used in) investing activities	4,868	(3,076)	(7,944)	(163.2%)
Cash flows from financing activities				
Repayment of borrowings	(29)	(29)	0	0.0%
Net cash provided by / (used in) financing activities	(29)	(29)	0	0.0%
Net increase / (decrease) in cash and cash equivalents	9,066	563	(8,504)	(93.8%)
Cash and cash equivalents at the beginning of the financial year	979	979	0	0.0%
Cash and cash equivalents at the end of the financial year	10,045	1,542	(8,504)	(84.7%)

Notes to the Statement of Cash Flows

- The reductions mainly reflect the reclassification of term deposits with more than 90 days maturity as other financial assets (cash now held as other financial assets instead of cash and cash equivalents) and the delay of the sale of Murray road land.

2.5 Statement of Capital Works

The Statement of Capital Works presents Council's performance against its capital work program. During the year, \$3.8 million has been invested in capital projects against the forecast of \$4.9 million.

Statement of Capital Works Actual at the quarter ended	Forecast 2020-21 (Mar 21)	Actual 2020-21	Actual 2020-21 (before acc. adj)	Variance from Q3 forecast to actual before acc. Adj	
				\$'000	%
30 June 2021	\$'000	\$'000	\$'000	\$'000	%
Property					
Buildings	2,074	1,407	1,410	(664)	(32.0%)
Total buildings	2,074	1,407	1,410	(664)	(32.0%)
Total property	2,074	1,407	1,410	(664)	(32.0%)
Plant and equipment					
Plant, machinery and equipment	154	42	42	(112)	(72.6%)
Fixtures, fittings and furniture	5	0	0	(5)	(100.0%)
Computers and telecommunications	145	115	115	(30)	(20.4%)
Total plant and equipment	304	157	157	(146)	(48.2%)
Infrastructure					
Roads	1,579	629	1,494	(85)	(5.4%)
Footpaths and cycleways	123	125	125	3	2.1%
Drainage	232	170	170	(62)	(26.9%)
Recreational, leisure and community facilities	130	129	138	7	5.6%
Parks, open space and streetscapes	262	45	48	(214)	(81.7%)
Off street car parks	4	5	5	0	4.1%
Other infrastructure	212	209	210	(2)	(0.9%)

Statement of Capital Works Actual at the quarter ended 30 June 2021	Forecast 2020-21 (Mar 21)	Actual 2020-21	Actual 2020-21 (before acc. adj)	Variance from Q3 forecast to actual before acc. Adj	
	\$'000	\$'000	\$'000	\$'000	%
Total infrastructure	2,542	1,311	2,189	(354)	(13.9%)
Total capital works expenditure	4,920	2,875	3,756	(1,164)	(23.7%)
Represented by:					
New asset expenditure	483	248	255	(229)	(47.3%)
Asset renewal expenditure	996	783	792	(204)	(20.5%)
Asset upgrade expenditure	3,441	1,844	2,710	(731)	(21.3%)
Asset expansion expenditure				0	0.0%
Total capital works expenditure	4,920	2,875	3,756	(1,164)	(23.7%)

Notes to the Statement of Capital Works

- Reasons for \$1,164,000 reduction (difference between "Actual 2021-22 (before acc. adj)" and "Forecast 2020-21 (Mar 21)") in capital expenditure, are given under 1.2 (4) above.
- Difference between values on the "Actual 2021-22" and "Actual 2021-22 (before acc. adj)" represents the below accounting adjustments,
 - \$864,000 due to the reclassification (capital to operating) of expenditure incurred on infrastructure assets (mainly electrical infrastructure assets) owned by third parties in relation to the Hesse Street South upgrade project, in line with the requirements of accounting standards, and
 - \$18,000 various minor capital expenditure items not meeting capital expenditure capitalisation threshold.

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 the historic, cultural and environmental values that make it a special place with high levels of community wellbeing, Council's decision-making and priorities focus on five Strategic Objectives as set out in the Council Plan for years 2017-2021. Council delivers services and initiatives under 25 major service categories. Each contributes to the achievement of one of the five Strategic Objectives.

The table below lists the five Strategic Objectives as described in the Council Plan 2017-2021, the Portfolio to which they relate and the responsible Councillor for each.

Strategic Objective	Portfolio	Councillor
1. Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture.	Community Wellbeing	Cr Donnie Grigau
2. Play our part in protecting the local, national and globally significant values within our natural environment for future generations.	Environmental Sustainability	Cr Fleur Hewitt
3. Foster a diverse and vibrant local economy.	Local Economy	Cr Ross Ebbels
4. Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage.	Planning and Heritage	Cr Michael Grout
5. Maintain a cohesive, well governed, financially sustainable and independent Borough.	Governance and Performance	Cr Susan Salter

This section provides a brief description of the services and initiatives funded in the Budget for the 2020-21 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan.

Strategic Objective 1: Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture.

To achieve our objective of enhancing community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The key service objectives for each program area are described below.

Service area	Key service objective/s		Forecast	Actual	Variance from Q3	
			2020-21 (Mar 21)	2020-21	forecast to actual	
			\$'000	\$'000	\$'000	%
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	643	684	41	6.3%
		Exp	(776)	(851)	(75)	9.6%
		Surplus/ (deficit)	(133)	(167)	(34)	25.8%
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	0	0	0	0.0%
		Exp	(136)	(151)	(15)	10.9%
		Surplus/ (deficit)	(136)	(151)	(15)	10.9%
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	27	15	(12)	(44.0%)
		Exp	(194)	(124)	70	(36.2%)
		Surplus/ (deficit)	(168)	(109)	59	(34.9%)
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	0	0.0%
		Exp	(74)	(73)	0	(0.4%)
		Surplus/ (deficit)	(16)	(16)	0	(1.8%)
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	35	35	0	0.3%
		Exp	(39)	(1)	38	(97.9%)
		Surplus/ (deficit)	(4)	34	38	(956.7%)
Environmental Health	The Environmental Health program monitors and maintains a safe environment for public health and wellbeing.	Inc	25	36	11	44.4%
		Exp	(178)	(141)	37	(20.7%)
		Surplus/ (deficit)	(154)	(106)	48	(31.1%)
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	84	115	32	38.0%
		Exp	(1,175)	(1,272)	(97)	8.3%
		Surplus/ (deficit)	(1,091)	(1,156)	(65)	6.0%
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	57	67	10	17.0%
		Exp	(299)	(299)	1	(0.2%)
		Surplus/ (deficit)	(242)	(232)	10	(4.3%)
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%
		Exp	(31)	(28)	3	(8.8%)
		Surplus/ (deficit)	(31)	(28)	3	(8.8%)
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%
		Exp	(50)	(30)	20	(40.7%)
		Surplus/ (deficit)	(50)	(30)	20	(40.7%)
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%
		Exp	(228)	(300)	(72)	31.6%
		Surplus/ (deficit)	(228)	(300)	(72)	31.6%
TOTAL	Income		928	1,009	81	8.8%
	Expenditure		(3,180)	(3,270)	(90)	2.8%
	Surplus/ (deficit)		(2,252)	(2,260)	(8)	0.4%

Strategic Objective 2: Play our part in protecting the local, national and globally significant values within our natural environment for future generations.

To achieve our objective of playing our part in protecting the local, national and globally significant values within our natural environment for future generations, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The key service objectives for each program area are described below.

Service area	Key service objective/s		Forecast 2020-21 (Mar 21)	Actual 2020-21	Variance from Q3 forecast to actual	
			\$'000	\$'000	\$'000	%
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%
		Exp	(188)	(145)	43	(22.7%)
		Surplus/ (deficit)	(188)	(145)	43	(22.7%)
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	472	376	(95)	(20.2%)
		Exp	(464)	(291)	172	(37.2%)
		Surplus/ (deficit)	8	85	77	1010.3%
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	999	999	(0)	(0.0%)
		Exp	(1,117)	(1,087)	30	(2.6%)
		Surplus/ (deficit)	(118)	(88)	29	(25.0%)
TOTAL	Income		1,471	1,376	(95)	(6.5%)
	Expenditure		(1,769)	(1,524)	245	(13.8%)
	Surplus/ (deficit)		(298)	(149)	149	(50.1%)

Strategic Objective 3: Foster a diverse and vibrant local economy.

To achieve our objective of fostering a diverse and vibrant local economy, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The key service objectives for each program area are described below.

Service area	Key service objective/s		Forecast 2020-21 (Mar 21)	Actual 2020-21	Variance from Q3 forecast to actual	
			\$'000	\$'000	\$'000	%
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	1,549	1,553	4	0.3%
		Exp	(930)	(847)	83	(8.9%)
		Surplus/ (deficit)	619	706	87	14.1%
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	82	30	(51)	(63.0%)
		Exp	(234)	(213)	21	(9.0%)
		Surplus/ (deficit)	(153)	(183)	(30)	19.8%
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	250	251	1	0.3%
		Exp	(508)	(433)	76	(14.9%)
		Surplus/ (deficit)	(258)	(182)	76	(29.6%)
TOTAL	Income		1,880	1,834	(46)	(2.5%)
	Expenditure		(1,672)	(1,493)	180	(10.7%)
	Surplus/ (deficit)		208	341	133	64.1%

Strategic Objective 4: Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage.

To achieve our objective of preserving and enhancing the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The key service objectives for each program area are described below.

Service area	Key service objective/s		Forecast	Actual	Variance from Q3	
			2020-21 (Mar 21)	2020-21	forecast to actual	
			\$'000	\$'000	\$'000	%
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%
		Exp	(372)	(276)	96	(25.9%)
		Surplus/ (deficit)	(372)	(276)	96	(25.9%)
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	124	34	37.5%
		Exp	(353)	(337)	16	(4.6%)
		Surplus/ (deficit)	(263)	(213)	50	(19.0%)
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%
		Exp	0	(3)	(3)	0.0%
		Surplus/ (deficit)	0	(3)	(3)	0.0%
Building Control	The Building Control program ensures that building construction and maintenance is such that the community remains safe.	Inc	26	29	3	10.4%
		Exp	(32)	(32)	0	(0.4%)
		Surplus/ (deficit)	(7)	(4)	3	(43.5%)
TOTAL	Income		116	152	36	31.5%
	Expenditure		(758)	(648)	110	(14.5%)
	Surplus/ (deficit)		(642)	(496)	146	-22.7%

Strategic Objective 5: Maintain a cohesive, well governed, financially sustainable and independent Borough.

To achieve our objective of maintaining a cohesive, well governed, financially sustainable and independent Borough, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The key service objectives for each program area are described below.

Service area	Description of services provided		Forecast	Actual	Variance from Q3 forecast to actual		
			2020-21 (Mar 21)	2020-21	\$'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%	
		Exp	(320)	(267)	53	-16.6%	
		Surplus/ (deficit)	(320)	(267)	53	-16.6%	
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	188	193	5	2.7%	
		Exp	(1,384)	(1,275)	109	-7.9%	
		Surplus/ (deficit)	(1,197)	(1,082)	115	-9.6%	
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%	
		Exp	(631)	(555)	76	-12.0%	
		Surplus/ (deficit)	(631)	(555)	76	-12.0%	
Financial and Risk Management	The Financial and Risk Management program seeks to ensure the ongoing independence and financial sustainability of the Borough.	Inc	7,565	6,204	(1,361)	-18.0%	1
		Exp	(2,415)	(2,410)	5	-0.2%	
		Surplus/ (deficit)	5,150	3,794	(1,356)	-26.3%	
TOTAL	Income		7,752	6,397	(1,356)	(17.5%)	
	Expenditure		(4,750)	(4,507)	243	(5.1%)	
	Surplus/ (deficit)		3,002	1,890	(1,112)	-37.1%	

Note: Reduction mainly represent the accounting profit associated with the forecasted land sale.

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 a half yearly basis (with December and June quarterly financial reports).

An update against the checklist for 2020-21 is included as a separate agenda item.

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 a half yearly basis (with December and June quarterly financial reports).

The performance statement for 2020-21 is included as a separate agenda item.