



Appendix 3

16.2 2021–22 Quarterly Financial Report as at 30 September 2021

Quarterly Financial Report 30 September 2021

Ordinary Meeting of Council

Wednesday 27 October 2021 at 7:00pm

Via Videoconference (Zoom)

Quarterly Financial Report 30 September 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The adopted budget can become outdated during the financial year, as new information comes to light.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 one (1) forecast year-end results, year-to-date actual results and variance explanations for headline changes between the budget and quarter 1 year-end forecast.

There is a \$344,000 increase in the accumulated cash surplus b/fwd from the year 2020-21. However, the forecast **accumulated cash surplus for the 2021-22 year is \$91,000** at June 2022 as the additional cash surplus from the previous year have been used to fund the following budget allocations.

Additional funding allocation for Queenscliffe Cultural Hub, <i>refer to the section 2.5 for more details</i>	\$157,300
Settlement of BoQ share of unclaimed liabilities arising from the cessation of the MAV WorkCare scheme	\$40,300
Building condition survey (c/f from 2020-21, not adjusted through reserve accounts)	\$30,000
Review of Council policies and programs in line with requirements of the new LG Act (c/f from 2020-21, <i>not adjusted through reserve accounts</i>)	\$15,000
Asset renewal - foreshore other (c/f from 2020-21, <i>not adjusted through reserve accounts</i>)	\$5,000
Additional budget provision for legal expense (potential VCAT cases)	\$4,200

The final settlement in relation to the **sale of Murray Road land** is expected to be finalised soon. **\$3,500,000**, proceeds from the sale, has been set aside in a reserve account until a potential project/s is identified in the future in line with Council policy "CP044, Sale, Exchange or Transfer of Council Land".

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

Financial sustainability indicators – Draft Council Plan

Policy Statement	Measure	Indicator	Target	Adopted Budget	Yearend Forecast - Sep 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	\$44	\$39
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	3.02	2.99
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%	135.6%	266%
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%	308.0%	331%
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%	13%

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 \$91,000** against the budget breakeven accumulated cash surplus. Cash result is always immune to any accounting adjustment.

Statement of Income & Expenditure (Available Cash) Forecast at the quarter ended	Actual 2020- 21 \$'000	Adopted Budget \$'000	Yearend Forecast - Sep 2021 \$'000	Actual YTD \$'000	Variance from Budget to Q1 forecast		
					\$'000	%	Notes
Income							
Rates and charges	7,642	7,946	7,946	7,934	0	0.0%	
Statutory fees and fines	157	132	132	51	0	0.0%	
User fees	1,760	1,977	1,977	245	0	0.0%	
Grants - operating	1,551	1,017	1,269	442	252	24.8%	1
Grants - capital	1,382	6,495	8,818	8,248	2,323	35.8%	2
Contributions - monetary - capital	52	35	35	0	0	0.0%	
Other income	191	268	268	60	0	0.0%	
Proceeds from asset sales	19	27	3,527	33	3,500	12844.0%	3
Total cash received	12,754	17,898	23,972	17,013	6,074	33.9%	
Expenses							
Employee costs	4,445	4,872	4,873	968	1	0.0%	
Materials and services	5,198	5,733	6,140	1,015	407	7.1%	4
Bad and doubtful debts	4	3	3	0	0	0.0%	
Other expenses	357	325	365	13	40	12.4%	5
Loan redemption	29	0	0	0	0	0.0%	
Capital expenditure - Asset Renewal	792	2,432	2,480	131	48	2.0%	6
Capital expenditure - New and Upgrade	2,964	8,392	9,468	863	1,076	12.8%	6
Total cash paid	13,788	21,758	23,330	2,990	1,572	7.2%	
Cash surplus / (deficit) from operations	(1,035)	(3,860)	642	14,023	4,503	(116.6%)	
Transfer from reserves	2,379	3,616	2,361	0	(1,256)	(34.7%)	7
Transfer to reserves <i>(for future year spending)</i>	(1,146)	(63)	(3,563)	0	(3,500)	5543.7%	8
Adjusted cash surplus / (deficit) for the year	199	(307)	(560)	14,023	(253)	82.3%	
Accumulated cash surplus b/fwd from prior year	452	307	651	651	344	112.0%	
Accumulated cash surplus	651	(0)	91	14,673	91		

Notes to the Statement of Income and Expenditure

1.1 Income (receipts)

1. Grants - operating: Increase of \$252,000 is due to:

- 192,000, an additional grant of \$114,000 and a transfer of \$78,000 grant received in 2020-21 from the grant received in advance a/c for Point Lonsdale sea wall repair work, and
- Recognition of grant income of \$60,000 (received in 2020-21 and considered as a grant received in advance in 2020-21) for Business Concierge and Hospitality Support Program.

2. Grants - capital: Increase of \$2,323,000 is due to;

- \$1,855,000, the timing of the Qhub project (\$1,403,000 grants received in 2020-21 transferred from the grant received in advance a/c and \$452,000 to be now received in 2021-22 instead of 2020-21 as assumed in the budget),
- \$400,000, the timing of the Point Lonsdale Reserve upgrade project (grants received in 2020-21 transferred from the grant received in advance a/c), and
- \$69,000, the timing of the Commonwealth Road Safety Program 2021 (to be received in 2021-22 instead of 2020-21 as assumed in the budget),

3. Proceeds from asset sales: Increase of \$3,500,000 is due to the shift in the timing of the sale of Murray Road land.

1.2 Expenses (payments)

4. Materials and services: Increase of \$407,000 is mainly due to;

- \$192,000, cost associated with Point Lonsdale sea wall repair work (100% grant funded),
- \$60,000, cost associated with the Business Concierge and Hospitality Support Program (100% grant funded),
- \$106,000, parts of operating projects carried over from 2020-21 through reserve accounts, not impacting cash result for the current year (\$31k - caravan parks improvement work, \$26k - economic development initiatives, \$25k - marine coastal management plan and \$24k - Avenue of Honour tree replacement),
- \$45,000, operating project works rescheduled to 2021-22 from 2020-21, not adjusted through reserve accounts (\$30k - building condition survey and \$15k - review of Council policies and programs in line with requirements of the new LG Act) and
- \$4,200, additional budget provision for legal expense (pending VCAT cases).

5. Other expenses: Increase of \$40,300 is due to a part settlement of BoQ share of unclaimed liabilities arising from the cessation of the MAV WorkCare scheme. The total BoQ share of unclaimed liabilities is \$44,700 and the balance is payable in instalments over the next six years.

6. Capital expenditure: Increase of \$1,124,000 is mainly due to;

- \$802,000, Queenscliff Cultural Hub project work carried over from 2020-21 amounting to \$645,000 and additional budget allocation of \$157,000 (refer to the section 2.5 for more details),
- \$183,000, Point Lonsdale Lighthouse Reserve upgrade project work carried over from 2020-21,
- \$69,000, Commonwealth Road Safety Program work carried over from 2020-21,
- \$22,000, Queenscliff Sports & Recreation Precinct development work carried over from 2020-21,

- \$20,000, Simpson street storm water asset improvement work carried over from 2020-21,
- \$20,000, Princess park kiosk toilet upgrade work carried over from 2020-21, and
- \$5,000, Asset renewal - foreshore other work carried over from 2020-21, not adjusted through reserve accounts.

1.3 Transfers from / (to) reserves

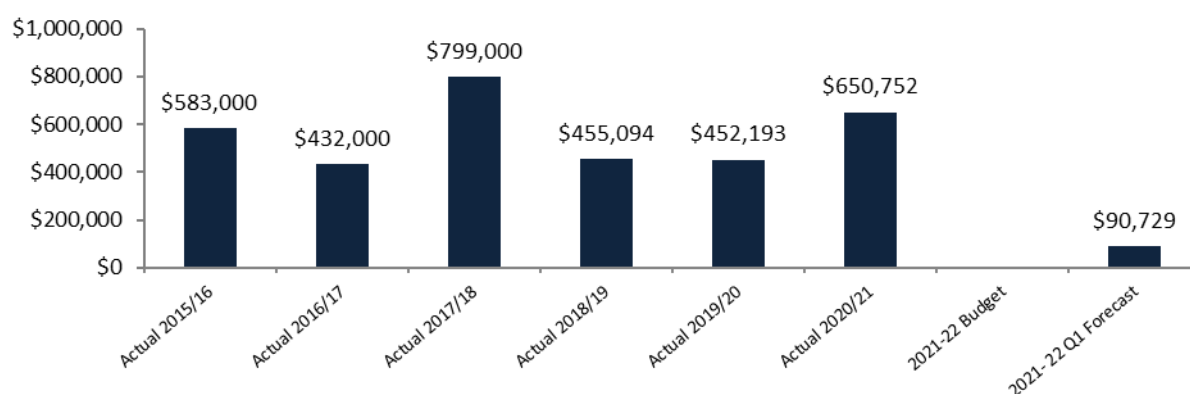
7. Transfers from reserves: Details of the net movement of \$1,256,000, mainly due to the timing of the corresponding capital/operating projects, are provided below,

Activity Description	Reserve Type	21/22 Budget	September Forecast	Varinace
Queenscliffe Cultural Hub*	CF Cap Inc	1,210,473		(1,210,473)
Q Sports & Rec Precinct Development Plan	CF Cap Exp	590,000	649,865	59,865
PL Lighthouse Reserve Master Plan	CF Cap Inc	324,240	1,024	(323,216)
Q Sports & Rec Precinct Development Plan	CF Cap Inc	291,006	253,685	(37,321)
Marine Coastal Management Plan	CF Op Exp	196,000	220,800	24,800
PL Lighthouse Reserve Master Plan	CF Cap Exp	100,000	206,366	106,366
Hesse Street Streetscape	CF Cap Exp	45,895	48,910	3,015
Princess Park Kiosk toilet upgrade	CF Cap Exp	40,000	60,000	20,000
Local Roads and Community Infrastructure program	CF Cap Inc	21,916	22,149	233
Camping & c/parks improvement investment	CF Op Exp		31,077	31,077
Avenue of Honour	CF Op Exp		24,000	24,000
Tourism & Economic Development Strategy	CF Op Exp		26,140	26,140
Simpson St storm water asset improvement	CF Cap Exp		20,000	20,000
				(1,255,514)

*Grant received in advance for the Queenscliffe Cultural Hub projects adjusted through the grant received in advance a/c instead of the reserve account in 2020-21.

8. Transfers to reserves: \$3,500,000 represents the proceeds from the sale of Murray Road land transferred to a specific reserve account.

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 forecast operating result (surplus or deficit) for the year is a surplus of \$8,498,000, an increase of \$2,935,000 compared with the budget. The net increase is mainly due to the increase in capital grant income and estimated accounting profit from the sale of the Murray Road land.

Comprehensive Income Statement Forecast at the quarter ended	Actual 2020-21	Adopted Budget	Yearend Forecast - Sep 2021	Actual YTD	Variance from Budget to Q1 forecast		
	\$'000	\$'000	\$'000	\$'000	\$'000	%	Note
Income							
Rates and charges	7,642	7,946	7,946	7,935	0	0.0%	
Statutory fees and fines	157	132	132	56	0	0.0%	
User fees	1,760	1,977	1,977	245	0	0.0%	
Grants - operating	1,551	1,017	1,269	561	252	24.8%	
Grants - capital	1,382	6,495	8,818	8,248	2,323	35.8%	
Contributions - monetary - capital	52	35	35	0	0	0.0%	
Other income	218	268	268	60	0	0.0%	
Net gain on disposal of property, infrastructure, plant and equipment		0	808	33	808	0.0%	1
Total income	12,762	17,870	21,253	17,138	3,382	18.9%	
Expenses							
Employee costs	4,445	4,873	4,873	969	0	0.0%	
Materials and services	5,198	5,733	6,140	1,197	407	7.1%	
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	325	365	59	40	12.4%	
Net loss on disposal of property, infrastructure, plant and equipment	540				0	0.0%	
Share of net losses of associates	75	0	0	0	0	0.0%	
Total expenses	12,880	12,307	12,754	2,225	447	3.6%	
Surplus / (deficit) for the year	(118)	5,563	8,498	14,913	2,935	52.8%	
Other comprehensive income							
Net asset revaluation increment / (decrement)	0	0	0	0			
Total comprehensive result	(118)	5,563	8,498	14,913	2,935	52.8%	

Notes to the Comprehensive Income Statement

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

1. \$808,000, represents the accounting profits from the sale of Murray Road land.

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 deficit of \$355,000 (LGPRF based)** for the 2021-22 financial year which is driven by non-recurrent operating projects.

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 \$39,000 (0.4%)**.

Underlying Result Forecast at the quarter ended	Adopted Budget	Yearend Forecast - Sep 2021	Actual YTD	Variance from Budget to Q1 forecast	
	\$'000	\$'000	\$'000	\$'000	%
Based on the LGPRF measure					
Total income	17,870	21,253	17,138	3,382	18.9%
Total expenses	12,307	12,754	2,225	447	3.6%
Surplus / (deficit) for the year	5,563	8,498	14,913	2,935	52.8%
Less: Grants - capital (non-recurrent)	(6,495)	(8,818)	(8,248)	(2,323)	35.8%
Less: Contributions - monetary - capital	(35)	(35)	0	0	0.0%
Adjusted underlying surplus / (deficit)	(967)	(355)	6,665	612	(63.3%)

Adjusted Underlying Result - %	-9%	-3%	75%		
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Based on the Council Plan measure					
Total income	16,925	19,247	16,111	2,322	13.7%
Total expenses	10,351	10,355	902	4	0.0%
Surplus / (deficit) for the year	6,574	8,892	15,208	2,318	35.3%
Less: Grants - capital (non-recurrent)	(6,495)	(8,818)	(8,248)	(2,323)	35.8%
Less: Contributions - monetary - capital	(35)	(35)	0	0	0.0%
Adjusted underlying surplus / (deficit)	44	39	6,960	(4)	(10.3%)

Adjusted Underlying Result - %	0.4%	0.4%	88.5%		
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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 **\$8.6 million**.

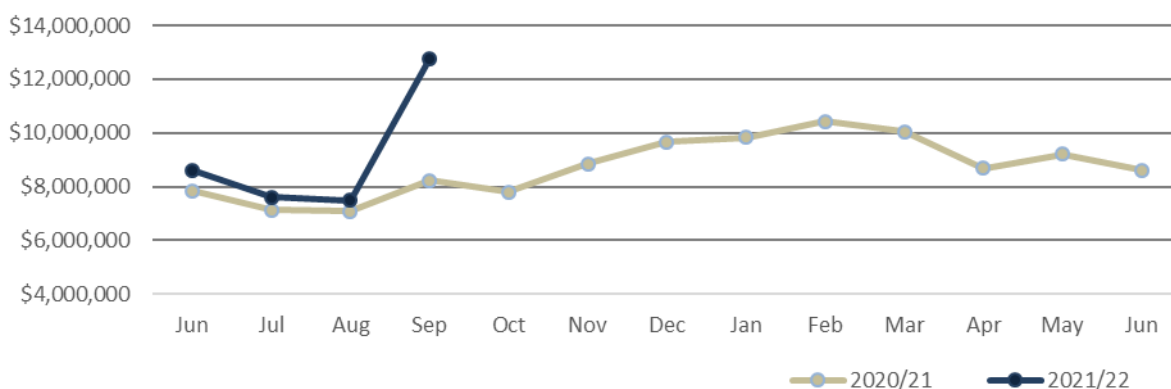
Balance Sheet Forecast at the quarter ended	Adopted Budget	Yearend Forecast - Sep 2021	Actual YTD	Variance from Budget to Q1 forecast	
	\$'000	\$'000	\$'000	\$'000	%
Assets					
Current assets					
Cash and cash equivalents	6,774	7,630	6,954	856	12.6%
Other financial assets	1,000	1,000	5,823	0	0.0%
Trade and other receivables	330	255	7,835	(75)	(22.7%)
Non-current assets classified as held for sale	0	0	2,075	0	0.0%
Inventories	4	5	5	1	20.1%
Other assets	225	225	27	0	0.0%
Total current assets	8,333	9,115	22,718	782	9.4%
Non-current assets					
Investments in associates	240	165	165	(75)	(31.2%)
Property, infrastructure, plant and equipment	145,073	143,648	134,714	(1,424)	(1.0%)
Total non-current assets	145,313	143,813	134,878	(1,499)	(1.0%)
Total assets	153,646	152,928	157,597	(718)	(0.5%)
Liabilities					
Current liabilities					
Trade and other payables	1,688	1,845	67	157	9.3%
Trust funds and deposits	16	47	47	30	184.8%
Provisions	976	1,077	927	100	10.3%
Interest-bearing loans and borrowings	0	0	0	0	0.0%
Unearned income	80	80	163	0	0.0%
Total current liabilities	2,761	3,048	1,204	288	10.4%
Non-current liabilities					
Provisions	109	106	102	(2)	(2.1%)
Interest-bearing loans and borrowings	0	0	0	0	0.0%
Total non-current liabilities	109	106	102	(2)	(2.1%)
Total liabilities	2,870	3,155	1,306	285	9.9%
Net assets	150,776	149,773	156,291	(1,003)	(0.7%)
Equity					
Accumulated surplus	101,819	100,410	108,027	(1,408)	(1.4%)
Revaluation Reserve	43,498	43,498	43,498	0	0.0%
Other reserves	5,459	5,865	4,663	406	7.4%
Total equity	150,776	149,774	156,188	(1,003)	(0.7%)

Cash & Cash Equivalents and Other Financial Assets

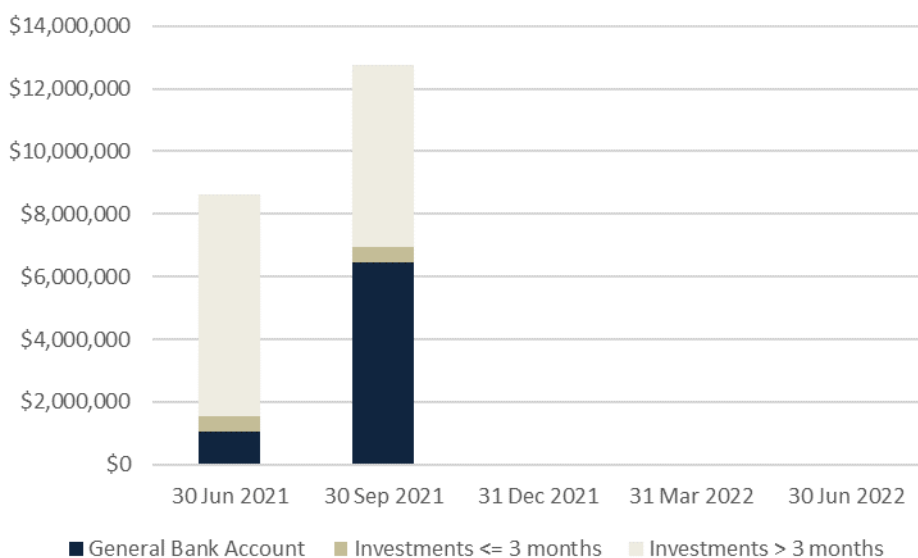
Council's cash and cash equivalents includes short term investments with maturities of less than 90 days, with other financial assets (investments with maturities between 3-12 months).

Total financial assets (including cash and cash equivalents) at **30 September 2021** is **\$12.8 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 **\$7,834,705 at 30 September 2021** of which more than 99% is represented by outstanding rates & charges and sundry debtors not yet due.

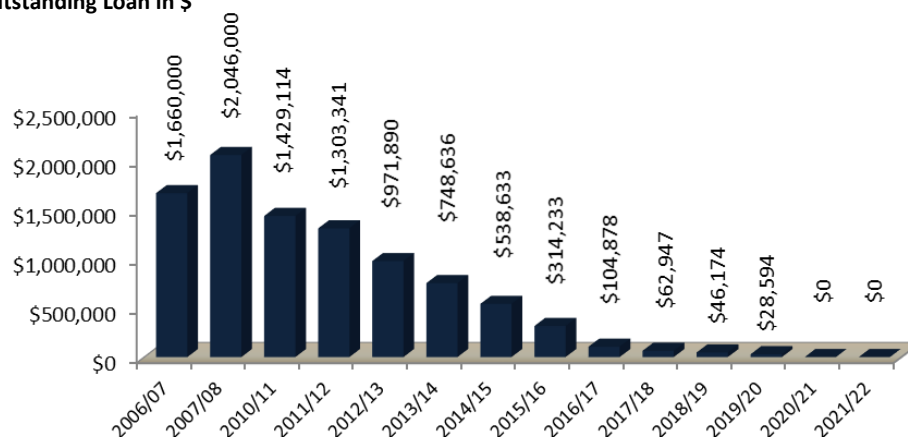
Rates are required to be paid by instalments in September, November, February and May each year. All rates are deemed collectible, with no provision for doubtful debts.

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.

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	Actual 2020-21	Adopted Budget	Yearend Forecast - Sep 2021	Actual YTD	Variance from Budget to Q1 forecast	
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Accumulated Surplus						
Opening Balance 1st July	91,998	92,702	93,114	93,114	411	0.4%
Adjustment on change in accounting policy						
Surplus / (deficit) for the year	(118)	5,563	8,498	14,913	2,935	52.8%
Transfer to other reserves	(1,146)	(63)	(3,563)	0	(3,500)	5543.7%
Transfer from other reserves	2,379	3,616	2,361	0	(1,256)	(34.7%)
Closing Balance 30th June - Accumulated Surplus	93,114	101,819	100,409	108,027	(1,409)	(1.4%)
Revaluation Reserve						
Opening Balance 1st July	43,498	43,498	43,498	43,498	0	0.0%
Net asset revaluation increment/(decrement)	0	0	0	0	0	0.0%
Closing Balance 30th June - Revaluation Reserve	43,498	43,498	43,498	43,498	0	0.0%
Other Reserves						
Opening Balance 1st July	5,897	9,013	4,663	4,663	(4,350)	(48.3%)
Transfer to other reserves	1,146	63	3,563	0	3,500	5543.7%
Transfer from other reserves	(2,379)	(3,616)	(2,361)	0	1,256	(34.7%)
Closing Balance 30th June - Other Reserves	4,663	5,459	5,865	4,663	406	7.4%
Total Equity						
Opening Balance 1st July	141,393	145,213	141,274	141,274	(3,938)	(2.7%)
Surplus / (deficit) for the year	(118)	5,563	8,498	14,913	2,935	52.8%
Net asset revaluation increment/(decrement)	0	0	0	0	0	0.0%
Transfer to other reserves	0	0	0	0	0	0.0%
Transfer from other reserves	0	0	0	0	0	0.0%
Closing Balance 30th June - Total Equity	141,274	150,776	149,773	156,188	(1,004)	(0.7%)

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 Forecast at the quarter ended	Adopted Budget	Yearend Forecast - Sep 2021	Actual YTD	Variance from Budget to Q1 forecast	
	\$'000	\$'000	\$'000	\$'000	%
Cash flows from operating activities					
Receipts					
Rates and charges	7,946	7,917	2,146	(28)	(0.4%)
Statutory fees and fines	132	125	51	(7)	(5.4%)
User fees	1,977	1,973	245	(5)	(0.2%)
Grants - Operating	1,017	1,124	(1,808)	107	10.5%
Grants - Capital	6,495	6,971	6,401	476	7.3%
Contributions - monetary - operating	0	0	0	0	0.0%
Contributions - monetary - capital	35	35	0	0	0.0%
Contributions - non-monetary	0	0	0	0	0.0%
Interest received	50	29	34	(21)	(41.9%)
Trust funds and deposits taken				0	0.0%
Other receipts	218	405	374	186	85.4%
Net GST refund / (payment)	0	0	0	0	0.0%
Total receipts	17,870	18,578	7,444	707	4.0%
Payments					
Employee costs	(4,846)	(5,024)	(1,208)	(177)	3.7%
Materials and services	(5,733)	(5,812)	(932)	(79)	1.4%
Short-term, low value and variable lease payments	(21)	(21)	(20)	0	0.0%
Trust funds and deposits repaid				0	0.0%
Other payments	(332)	(328)	(11)	4	(1.1%)
Total payments	(10,932)	(11,185)	(2,171)	(252)	2.3%
Net cash provided by operating activities	6,938	7,393	5,273	455	6.6%
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(10,234)	(10,907)	(1,148)	(673)	6.6%
Proceeds from sale of property, infrastructure, plant and equipment	27	3,527	33	3,500	12844.0%
Payments for investments	0	0	0	0	0.0%
Proceeds from sale of investments	0	6,075	1,252	6,075	0.0%
Loans and advances made	0	0	0	0	0.0%
Repayment of loans and advances	0	0	0	0	0.0%
Net cash provided by / (used in) investing activities	(10,206)	(1,305)	137	8,901	(87.2%)
Cash flows from financing activities					
Finance costs	0	0	0	0	0.0%
Proceeds from borrowings	0	0	0	0	0.0%
Repayment of borrowings	0	0	0	0	0.0%
Net cash provided by / (used in) financing activities	0	0	0	0	0.0%
Net increase / (decrease) in cash and cash equivalents	(3,268)	6,088	5,410	9,356	(286.3%)
Cash and cash equivalents at the beginning of the financial year	10,042	1,542	1,542	(8,500)	(84.6%)
Cash and cash equivalents at the end of the financial year	6,774	7,630	6,952	856	12.6%

Notes to the Statement of Cash Flows

Net movement mainly reflects the reclassification of term deposits with more than 90 days maturity as other financial assets at the end of the last financial year (cash now held as other financial assets instead of cash and cash equivalents) and the shift in the timing 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 Forecast at the quarter ended	Adopted Budget \$'000	Yearend Forecast - Sep 2021 \$'000	Actual 2021-22 \$'000	Variance from Budget to Q1 forecast	
				\$'000	%
Property					
Land	0	0		0	0.0%
Land improvements	0	0	11	0	0.0%
Total land	0	0	11	0	0.0%
Buildings	4,823	5,657	357	834	17.3%
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	4,823	5,657	357	834	17.3%
Total property	4,823	5,657	367	834	17.3%
Plant and equipment					
Plant, machinery and equipment	119	119	0	0	0.0%
Fixtures, fittings and furniture	5	5	0	0	0.0%
Computers and telecommunications	201	201	8	0	0.0%
Total plant and equipment	325	325	8	0	0.0%
Infrastructure					
Roads	678	750	397	73	10.7%
Footpaths and cycleways	198	198	10	(0)	(0.0%)
Drainage	174	194	13	20	11.5%
Recreational, leisure and community facilities	823	839	16	16	1.9%
Parks, open space and streetscapes	727	910	16	183	25.2%
Off street car parks	425	425	27	(0)	(0.0%)
Other infrastructure	2,652	2,651	141	(1)	(0.0%)
Total infrastructure	5,677	5,966	619	290	5.1%
Total capital works expenditure	10,825	11,948	994	1,123	10.4%
Represented by:					
New asset expenditure	2,579	2,770	106	190	7.4%
Asset renewal expenditure	2,432	2,480	131	48	2.0%
Asset upgrade expenditure	5,813	6,698	758	885	15.2%
Total capital works expenditure	10,825	11,948	994	1,123	10.4%

Notes to the Statement of Capital Works

Reasons for \$1,123,000 increase are given under 1.2 (4) above.

Revised Qhub project cost estimates

The 2021-22 budget has been finalised based on a \$5,815,000 budget for the Qhub project (total end cost of this multi-year project).

This budget included a contingency provision of \$225,800 (4.0% of the original budget). However, the original project contingency has been committed in full against approved variations. The contingency has been significantly affected by latent conditions on site. Details of key such variations (value more than \$10,000) are listed below.

Variation	Value (\$)
Southern library wall	80,000
Contaminated soil removal	64,500
Demolition of the Southern Boundary wall (excluding footings) and associated hoarding works, due to the wall being declared structurally unsound by the Engineer	22,000
Bearers and joists to front of Library	14,500
Various (less than \$10,000)	60,500
Total	241,500

The project managers for the Qhub project, have now indicated that an **additional funding of \$157,300 (an additional 2.8% of the original budget)** which includes a post-occupancy contingency funding allowance of \$23,000, may be required for the project.

Additional cash surplus carried over from the 2020-21 financial year has been used to allocate this additional funding for the Qhub project. However, Council has decided to approve and pay separately any future variation to ensure transparency in using this additional money committed for the Qhub project.

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. This section will be updated to reflect the requirements of the Council Plan 2021-2025 once Council has formally adopted the plan.

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 2021-22 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		Adopted Budget	Yearend Forecast - Sep 2021	Actual YTD	Variance from Budget to Q1 forecast	
			\$'000	\$'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	584	584	143	0	0.0%
		Exp	(720)	(720)	(145)	0	0.0%
		Surplus/ (deficit)	(136)	(136)	(2)	0	0.0%
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	13	3	0	0.0%
		Exp	(149)	(149)	(30)	0	0.0%
		Surplus/ (deficit)	(136)	(136)	(27)	0	0.0%
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	Inc	7	7	16	0	0.0%
		Exp	(174)	(174)	(27)	0	0.0%
		Surplus/ (deficit)	(167)	(167)	(11)	0	0.0%
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	15	0	0.0%
		Exp	(75)	(75)	(22)	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)	(1)	(5)	0	0.0%
		Surplus/ (deficit)	(1)	(1)	(5)	0	0.0%
Environmental Health	The Environmental Health program monitors and maintains a safe environment for public health and wellbeing.	Inc	42	42	1	0	0.0%
		Exp	(190)	(190)	(20)	0	0.0%
		Surplus/ (deficit)	(148)	(148)	(20)	0	0.0%
Asset Management and Appearance of	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	Inc	41	41	11	0	0.0%
		Exp	(1,250)	(1,250)	(238)	0	0.0%
		Surplus/ (deficit)	(1,210)	(1,210)	(226)	0	0.0%
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	69	69	38	0	0.0%
		Exp	(324)	(324)	(71)	0	0.0%
		Surplus/ (deficit)	(255)	(255)	(33)	0	0.0%
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)	(5)	0	0.0%
		Surplus/ (deficit)	(32)	(32)	(5)	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)	(248)	(111)	0	0.0%
		Surplus/ (deficit)	(248)	(248)	(111)	0	0.0%
TOTAL	Income		813	813	226	0	0.0%
	Expenditure		(3,215)	(3,215)	(674)	0	0.0%
	Surplus/ (deficit)		(2,402)	(2,402)	(448)	0	0.0%

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		Adopted Budget	Yearend Forecast - Sep 2021	Actual YTD	Variance from Budget to Q1 forecast		
			\$'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)	(274)	(29)	0	0.0%	
		Surplus/ (deficit)	(274)	(274)	(29)	0	0.0%	
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	148	340	248	192	129.4%	1
		Exp	(369)	(585)	(54)	(216)	58.5%	2
		Surplus/ (deficit)	(221)	(245)	194	(24)	10.9%	
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	Inc	1,237	1,237	1,159	0	0.0%	
		Exp	(1,271)	(1,271)	(156)	0	0.0%	
		Surplus/ (deficit)	(34)	(34)	1,003	0	0.0%	
TOTAL	Income		1,386	1,577	1,407	192	13.8%	
	Expenditure		(1,914)	(2,130)	(239)	(216)	11.3%	
	Surplus/ (deficit)		(529)	(553)	1,168	(24)	4.5%	

Notes

1. \$192,000, grant income associated with Point Lonsdale sea wall repair work.
2. \$192,000, cost associated with Point Lonsdale sea wall repair work and \$24,000 Avenue of Honour tree replacement work carried over from 2020-21.

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		Adopted Budget	Yearend Forecast - Sep 2021	Actual YTD	Variance from Budget to Q1 forecast		
			\$'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	1,724	201	0	0.0%	
		Exp	(917)	(948)	(136)	(31)	3.4%	1
		Surplus/ (deficit)	807	776	65	(31)	(3.9%)	
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	1	0	0.0%	
		Exp	(334)	(334)	(48)	0	0.0%	
		Surplus/ (deficit)	(255)	(255)	(47)	0	0.0%	
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	0	60	60	60	0.0%	2
		Exp	(207)	(293)	(36)	(86)	41.7%	3
		Surplus/ (deficit)	(207)	(233)	25	(26)	12.7%	
TOTAL	Income		1,803	1,863	262	60	3.3%	
	Expenditure		(1,457)	(1,575)	(219)	(117)	8.0%	
	Surplus/ (deficit)		345	288	43	(57)	-16.6%	

Notes

1. \$31,000, caravan parks improvement work carried over from the year 2020-21.
2. \$60,000, grant income for Business Concierge and Hospitality Support Program.

3. \$60,000, cost associated with the Business Concierge and Hospitality Support Program work and \$26,000 economic development initiatives carried over from the previous financial year.

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		Adopted Budget	Yearend Forecast - Sep 2021	Actual YTD	Variance from Budget to Q1 forecast		
			\$'000	\$'000	\$'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	(373)	(403)	(110)	(30)	8.0%	1
		Surplus/ (deficit)	(373)	(403)	(110)	(30)	8.0%	
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	40	0	0.0%	
		Exp	(636)	(692)	(76)	(56)	8.8%	2
		Surplus/ (deficit)	(546)	(602)	(36)	(56)	10.2%	
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)	0	0	0.0%	
		Surplus/ (deficit)	(35)	(35)	0	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	9	0	0.0%	
		Exp	(33)	(33)	(6)	0	0.0%	
		Surplus/ (deficit)	(9)	(9)	3	0	0.0%	
TOTAL	Income		114	114	49	0	0.0%	
	Expenditure		(1,078)	(1,164)	(192)	(86)	8.0%	
	Surplus/ (deficit)		(964)	(1,050)	(143)	(86)	8.9%	

Notes

1. \$30,000 building condition survey rescheduled to 2021-22 from the previous financial year.
2. \$31,000 reallocation of legal expense budget from the "Organisational Performance and Compliance" program to fund potential VCAT cases and \$25,000 work carried over from 2020-21 in relation to marine coastal management plan.

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		Adopted Budget	Yearend Forecast - Sep 2021	Actual YTD	Variance from Budget to Q1 forecast		
			\$'000	\$'000	\$'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)	(210)	(66)	0	0.0%	
		Surplus/ (deficit)	(210)	(210)	(66)	0	0.0%	
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	87	0	0.0%	
		Exp	(1,248)	(1,261)	(289)	(13)	1.1%	1
		Surplus/ (deficit)	(911)	(925)	(202)	(13)	1.5%	
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)	(640)	(122)	0	0.0%	
		Surplus/ (deficit)	(640)	(640)	(122)	0	0.0%	
Financial and Risk Management	The Financial and Risk Management program seeks to ensure the ongoing independence and financial sustainability of the Borough.	Inc	6,889	7,697	6,859	808	11.7%	2
		Exp	(2,544)	(2,559)	(423)	(15)	0.6%	3
		Surplus/ (deficit)	4,345	5,137	6,436	793	18.2%	
TOTAL	Income		7,225	8,033	6,946	808	11.2%	
	Expenditure		(4,642)	(4,671)	(900)	(28)	0.6%	
	Surplus/ (deficit)		2,583	3,362	6,046	779	30.2%	

Notes

1. \$40,000 budget allocation for the part settlement of BoQ share of unclaimed liabilities arising from the cessation of the MAV WorkCare scheme, net of the reallocation \$31,000 legal expense budget to "Land use Planning" program.
2. \$808,000 accounting profit from the sale of Murray Road land.
3. \$15,000 carried over from 2020-21 for review of Council policies and programs in line with requirements of the new LG Act).

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

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).