



Appendix 4

16.2 2021–22 Quarterly Financial Report as at 30 June 2022

*2021–22 Quarterly Financial Report
as at 30 June 2022*

Ordinary Meeting of Council

Wednesday 28 September 2022 at 7:00pm

Queenscliff Town Hall

Quarterly Financial Report 30 June 2022



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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 and tracking expenditure and revenue against the adopted budget. The financial report also needs to include an explanation for any material variations.

An adopted budget can become outdated during the financial year, as new information comes to light and external influences or the receipt grant monies, impact anticipated financial positions. As a result, Council reporting focuses on quarterly reviews of the projected year-end forecast outcome.

It is important to note that 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, Finance and Corporate Services

Executive summary

The actual cash result is a **surplus of \$946,000 for the year, an increase of \$783,000** on the quarter 3 forecasted cash surplus of \$163,000, after adjusting for capital and operating work carried over to the 2022-23 financial year. This increase is mainly due to the additional income from tourist parks, additional planning and building permit application fee income, savings in employee costs and savings in materials and services.

The **actual accumulated cash surplus** for the 2021–22 year is **\$1,596,000** at June 2022.

Based on the Local Government Performance Reporting Framework (LGPRF) definition, Council reported an underlying surplus of \$702,000 (5.6%) for the 2021–22 financial year which is largely driven by the same factors that lead to the increase in the cash surplus for the year. **Based on the Council Plan definition** (excluding one-off transactions and after adjusting for the timing of operating grants where applicable), the reported **underlying surplus is \$565,000 (5.5%)**.

During the financial year, Council **invested \$9.1 million in capital work** projects to enhance its total asset base. This is the highest amount that Council has invested in upgrading its community assets in nearly 15 years.

The final settlement in relation to the **sale of Murray Road land** did not take place before the end of the 2021–22 financial year as forecasted earlier. Settlement is due in February 2023.

Council has cash and cash equivalents and cash investments (maturity dates between 3–12 months) of \$10.3 million at 30 June 2022. Of the total, \$3.3 is subject to intended allocations, leaving \$7.0 million as unrestricted cash holdings. **Council has enough unrestricted cash to settle all its liabilities as at 30 June 2022**. Further, Council has a **debt free balance sheet**.

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

2021–22 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	Target	Yearend Forecast	Actual
Sustainable operating result				
Consistent operating results (in \$'000).	Our adjusted underlying result: The difference between recurrent income and recurrent expenses.	> \$0	-\$177	\$565
Working capital				
Ensure Council maintains sufficient working capital to meet its obligations as they fall due.	Current assets vs current liabilities: The value of our current assets divided by our current liabilities.	> 1.0	3.89	2.5
Council maintains sufficient unrestricted cash to ensure ongoing liquidity as well as to address unforeseen cash imposts if required.	Level of unrestricted cash reserve against current liabilities: Our current liabilities as a percentage of our unrestricted cash reserves (based on the remaining maturity).	> 100%	366%	238%
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 against rate revenue: Our total borrowings as a percentage of our 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.	Asset renewal and upgrade expenses against depreciation: The financial investment in asset renewal and upgrade work divided by the cost of depreciation (based on a three years rolling average).	> 100%	288%	290%
Council generates sufficient revenue from rates plus fees and charges to ensure a consistent funding for renewal capital.	Council's contribution to asset renewal and upgrade: Council's contribution to asset renewal and upgrade expenses as a percentage of Own Source Revenue.	> 10%	21%	14%

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 \$1,596,000** against the surplus of \$813,000 forecasted in quarter 3. Cash result is always immune to any accounting adjustment.

Statement of Income & Expenditure (Available Cash)	Yearend Forecast	Actual	Variance from the forecast		
	\$'000	\$'000	\$'000	%	Notes
Income					
Rates and charges	7,952	7,956	4	0.1%	
Statutory fees and fines	129	204	75	58.6%	1
User fees	1,909	2,020	111	5.8%	2
Grants - operating	2,274	2,137	(137)	(6.0%)	3
Grants - capital	7,195	7,652	457	6.3%	4
Other income	217	193	(23)	(10.8%)	
Proceeds from asset sales	3,529	66	(3,463)	(98.1%)	5
Total cash received	23,205	20,228	(2,977)	(12.8%)	
Expenses					
Employee costs	4,658	4,300	(358)	(7.7%)	6
Materials and services	6,043	5,548	(495)	(8.2%)	7
Bad and doubtful debts	3	0	(3)	(95.0%)	
Other expenses	363	288	(75)	(20.7%)	
Capital expenditure - total	9,489	9,054	(434)	(4.6)	8
Capital expenditure - Asset Renewal	2,236	1,654	(582)	(26.0%)	
Capital expenditure - New and Upgrade	7,253	7,400	148	2.0%	
Total cash paid	20,556	19,191	(1,365)	(6.6%)	
Cash surplus / (deficit) from operations	2,649	1,037	(1,612)	(60.8%)	
Transfer from reserves	1,409	1,288	(120)	(8.5%)	9
Transfer to reserves <i>(for future year spending)</i>	(3,895)	(1,380)	2,515	(64.6%)	10
Adjusted cash surplus / (deficit) for the year	163	946	783	481.9%	
Accumulated cash surplus b/fwd from prior year	651	651	0	0.0%	
Accumulated cash surplus	813	1,596	783	96.3%	

Notes to the Statement of Income and Expenditure

1.1 Income (Cash inflows)

- Statutory fees and fines: Increase of \$75,000 is due to the increase in town planning and building permit application fee income.
- User fees: Increase of \$111,000 is due to the increase in income from the Council's tourist parks.
- Grants - operating: Reduction of \$137,000 is due to;

- \$53,000, timing of grant funding for the kerbside waste services transition project (roll out of FOGO),
 - \$40,000, timing of natural disaster grant funding to cover a part of costs incurred due to the major storm event took place in October 2021, and
 - \$61,000, grant received transferred to grant received in advance a/c for not meeting funding obligations at yearend (\$43,000 Pt Lonsdale seawall repair work, \$18,000 and business concierge and hospitality support program).
4. Grants - capital: The net increase of \$457,000 is due to;
- \$782,000, timing of the Queenscliffe Cultural Hub construction project. Grant funding for the project work completed earlier than forecasted,
 - \$43,000, unspent Rural Councils ICT Infrastructure Program grant money reallocated to ICT transformation project,
 - (\$360,000), grant received transferred to grant received in advance a/c for not meeting funding obligations at year end (\$336,000 Queenscliff boat ramp upgrade project, \$24,000 Point Lonsdale reserve upgrade project).
5. Proceeds from asset sales: The final settlement in relation to the sale of Murray Road land did not take place before the end of the 2021–22 financial year as forecasted earlier. The sale is now expected to be finalised by February 2023.

1.2 Expenses (Cash outflows)

6. Employee costs: Decrease of \$358,000 is mainly due to staff vacancies existed through the year.
7. Materials and services: Net decrease of \$495,000 is mainly due to;
- \$101,000, savings in tourist park operational expenses (caretakers, security etc.),
 - \$79,000, shift in the timing of the kerbside waste services transition project (roll out of FOGO),
 - \$55,000, cost incurred under the employee cost for business concierge and hospitality support program (forecast error),
 - \$42,000, savings in rates funded operating projects,
 - \$50,000, shift in the timing of the review of Queenscliffe planning scheme,
 - \$48,000, savings in powerline clearance expenses,
 - \$43,000, shift in the timing of Pt Lonsdale seawall repair work,
 - \$30,000, additional savings in community events and sponsorship programs,
 - \$31,000, savings in non-recurrent grant-funded operating projects,
 - \$28,000, savings in environmental sustainability initiatives,
 - \$18,000, savings in economic development initiatives due to prioritising of grant-funded initiatives over rates-funded initiatives,
 - \$18,000, shift in the timing of business concierge and hospitality support program, and
 - (\$56,000), additional increase in vegetation/tree management expenses resulting from the major storm event in October 2021.
8. Capital expenditure: Net decrease of \$434,000 is mainly due to;
- \$425,000, change in timing of the asset renewal programs including the replacement of motor vehicles (unused budget allocations are kept in asset renewal reserves for future use),
 - \$366,000, change in the timing of the Queenscliff boat ramp upgrade project,
 - \$145,000, change in the timing of the ICT transformation project,
 - \$65,000, change in the timing of electrical vehicle charging stations installation project,

- \$58,000, change in the timing of the installation of audio visual equipment in the town hall,
- \$50,000, change in the timing of the Queenscliff Sports and Recreation Precinct development project work,
- \$50,000, change in the timing of Hesse Street streetscape improvement work,
- \$20,000, change in the timing of Toch H toilet renewal project,
- \$16,000, change in the timing of new bike track concept design work, and
- (\$747,000), change in the timing of project work of Queenscliffe Cultural Hub construction project.

1.3 Transfers from / (to) reserves

This section explains the movement in reserve transfers from the final forecast for the year to the actuals recorded at the end of the year. A summary of the reserve balances as at 30 June 2022 is provided in Appendix A of this report.

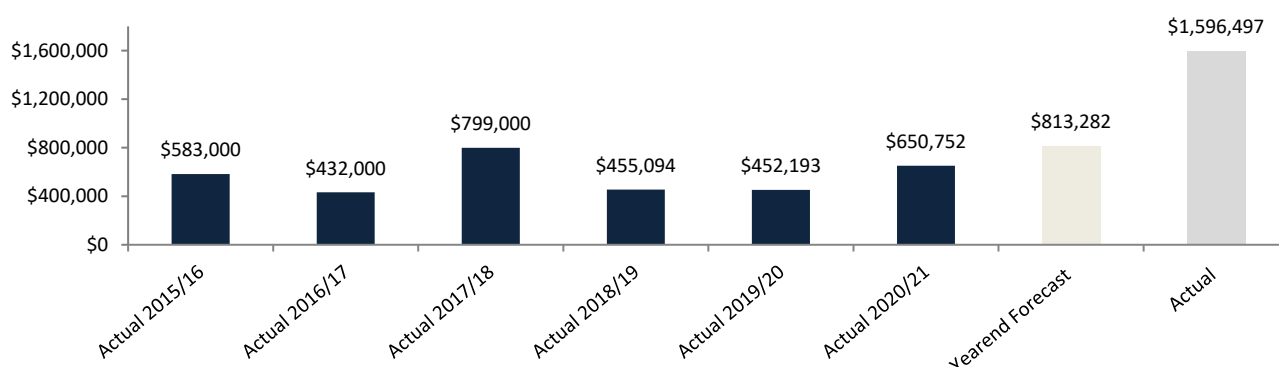
9. Transfers from reserves: Decrease of \$120,000 is due to the timing of the respective project except for reserve movements in relation to waste management reserves. Transfer from waste management reserves represents funds transferred from the reserves to cover the difference between waste charges and the expenses incurred for the year (operating deficit of the waste service).

Description	Actual	Final Forecast	Change
Queenscliff Sports and Recreation Precinct development project	296,297	346,315	(50,018)
Review of Queenscliffe planning scheme	-	50,000	(50,000)
Kerbside waste reserve	47,125	59,801	(12,676)
Public Waste reserve	-	7,574	(7,574)
Total			(120,268)

10. Transfer to reserves: Movement of \$2,515,000 consists of the following due to the change in the timing of the respective projects except for reserve movement in relation to waste management reserves and the forecast error correction*. Transfer to waste management reserves represents the operating surplus of the waste service.

Description	Actual	Final Forecast	Change
Various asset replacement programs	529,957	106,000	423,957
ICT transformation project	188,574	-	188,574
Royal park oval upgrade (forecast error *)	360,000	185,000	175,000
Installation of audio visual equipment in the town hall	57,900	-	57,900
Hesse Street streetscape	50,000	-	50,000
Queenscliffe Cultural Hub	36,354	-	36,354
Public Waste reserve	25,901	-	25,901
Toch H toilet renewal	20,000	-	20,000
New bike track - concept design	16,135	-	16,135
Green Waste reserve	34,952	43,801	(8,849)
Murray Road land sale proceeds	-	3,500,000	(3,500,000)
Total			(2,515,029)

Accumulated Cash Result



Cash result is always immune to any accounting adjustment.

1.1. 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 by one-off accounting adjustments.

2.1 Comprehensive Income Statement

Comprehensive Income Statement	Yearend Forecast	Actual	Variance from the forecast		
	\$'000	\$'000	\$'000	%	Notes
Income					
Rates and charges	7,952	7,956	4	0.1%	
Statutory fees and fines	129	204	75	58.6%	
User fees	1,909	2,020	111	5.8%	
Grants - operating	2,274	2,137	(137)	(6.0%)	
Grants - capital	7,195	7,652	457	6.3%	
Other income	217	251	35	16.0%	
Net gain on disposal of PPE and infrastructure	812	(130)	(942)	(116.0%)	1
Total income	20,487	20,090	(397)	(1.9%)	
Expenses					
Employee costs	4,658	4,300	(358)	(7.7%)	
Materials and services	6,043	5,548	(495)	(8.2%)	
Depreciation	1,373	1,324	(48)	(3.5%)	
Bad and doubtful debts	3	0	(3)	(95.0%)	
Other expenses	363	559	195	53.7%	
Share of net losses of associates	-	5	5	0.0%	
Total expenses	12,440	11,736	(704)	(5.7%)	
Surplus / (deficit) for the year	8,047	8,354	307	3.8%	
Other comprehensive income					
Net asset revaluation increment / (decrement)	0	33,177			2
Total comprehensive result	8,047	41,531	33,484	416.1%	

Notes to the Comprehensive Income Statement

1. Net gain on disposal of PPE and infrastructure: The variance is mainly due to the delay in the sale of Murray Road land. During the year Council sold two motor vehicles (accounting profit recorded \$12,000) resulting from the resignation of officers who had been using those vehicles. Further, Council has recognised an accounting loss of \$142,000 for the demolition of the old toilet block as a part of the Queenscliff Sports and Recreation Precinct development project work.
2. Net asset revaluation increment / (decrement): Land and Building assets of the Council have been revalued as at 30 June 2022 by a qualified independent valuer Opteon Property Group (Victoria), to satisfy the requirements of Australian accounting standards. A significant part of the revaluation surplus can be attributed to the movement in the value of Crown land and land under roads.

Property	Increment in value (\$'000)
Land	
- Freehold land	9,096
- Crown land	15,573
- Land under roads	6,823
Buildings	1,686
Total	33,177

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 **achieved an underlying surplus of \$702,000 (5.6%) (LGPRF based)** for the 2021-22 financial year which is driven by the net increase in operating income (essentially due to the receipt of FAG in advance, additional income from tourist parks and additional planning and building application fees) and decrease in operating expenses (due to temporary staff vacancies and cancelled events due to COVID restrictions).

In most instances, the reported underlying result is impacted by the timing of recurrent operating grants (especially FAG), non-recurrent operating grants and non-recurrent operating expenses included in the budget of a particular year. As a result, the underlying result is more meaningful when it is assessed excluding the impact of non-recurrent operating income and expense items and adjusted for the timing of recurrent operating grants where applicable as defined in the Council Plan of the Borough.

The reported adjusted underlying result (Council Plan based) for the year 2021–22 financial year is a surplus of \$565,000 (5.5%). This increase is mainly due to the additional income from tourist parks, additional planning and building application fee income, savings in employee costs and savings in materials and services.

Underlying Result	Yearend Forecast	Actual	Variance from the forecast		
	\$'000	\$'000	\$'000	%	
Based on the LGPRF measure					
Total income	20,487	20,090	(397)	(1.9%)	
Total expenses	12,440	11,736	(704)	(5.7%)	
Surplus / (deficit) for the year	8,047	8,354	307	3.8%	
Less: Grants - capital (non-recurrent)	(7,195)	(7,652)	(457)	6.3%	
Less: Contributions - monetary - capital	0	0	0		
Adjusted underlying surplus / (deficit)	852	702	(150)	(17.6%)	

Adjusted Underlying Result - %	6.4%	5.6%			
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Based on the Council Plan measure					
Total income	17,231	18,001	771	4.5%	
Total expenses	10,213	9,785	(428)	(4.2%)	
Surplus / (deficit) for the year	7,018	8,216	1,198	17.1%	
Less: Grants - capital (non-recurrent)	(7,195)	(7,652)	(457)	6.3%	
Less: Contributions - monetary - capital	0	0	0		
Adjusted underlying surplus / (deficit)	(177)	565	742	(419.2%)	

Adjusted Underlying Result - %	-1.8%	5.5%			
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2.2 Balance Sheet

The value of the **net assets** of Council is **\$182.8 million** as at 30 June 2022. **Cash and investments** (including other financial assets) are at **\$10. million**.

Balance Sheet	Yearend Forecast	Actual	Variance from the forecast		
	\$'000	\$'000	\$'000	%	
Assets					
Current assets					
Cash and cash equivalents	9,707	3,778	(5,930)	(61.1%)	1
Other financial assets	1,000	6,506	5,506	550.6%	1
Trade and other receivables	255	373	118	46.2%	
Non-current assets classified as held for sale	0	2,576	2,576		
Inventories	5	4	(1)	(21.6%)	
Other assets	225	107	(118)	(52.6%)	
Total current assets	11,193	13,343	2,150	19.2%	
Non-current assets					
Investments in associates	165	160	(5)	(3.0%)	
Property, infrastructure, plant and equipment	141,190	173,713	32,524	23.0%	3
Total non-current assets	141,355	173,873	32,519	23.0%	
Total assets	152,547	187,216	34,669	22.7%	
Liabilities					
Current liabilities					
Trade and other payables	1,589	2,323	734	46.2%	4
Trust funds and deposits	47	50	4	8.2%	
Provisions	1,077	933	(143)	(13.3%)	5
Interest-bearing loans and borrowings	0	0	0		
Unearned income	80	995	915	1143.5%	6
Total current liabilities	2,793	4,302	1,509	54.0%	
Non-current liabilities					
Provisions	106	113	7	6.4%	
Interest-bearing loans and borrowings	0	0	0		
Total non-current liabilities	106	113	7	6.4%	
Total liabilities	2,899	4,415	1,516	52.3%	
Net assets	149,648	182,801	33,153	22.2%	
Equity					
Accumulated surplus	98,674	101,376	2,702	2.7%	
Revaluation Reserve	43,498	76,675	33,177	76.3%	3
Other reserves	7,149	4,754	(2,395)	(33.5%)	
Total equity	149,321	182,805	33,484	22.4%	

Notes to the Balance Sheet

1. Mainly due to the classification of TDs between Cash and cash equivalents and Other financial assets, based on the original maturities of TDs,
2. Due to the reduction in pre-paid expenses compared to the YE forecast,
3. Mainly due to the revaluation of land and building assets,
4. More than forecasted unpaid invoices at 30 June 22 mainly in relation to significant capital projects,
5. Reduction in employee leave provision resulting from reduced leave balances,

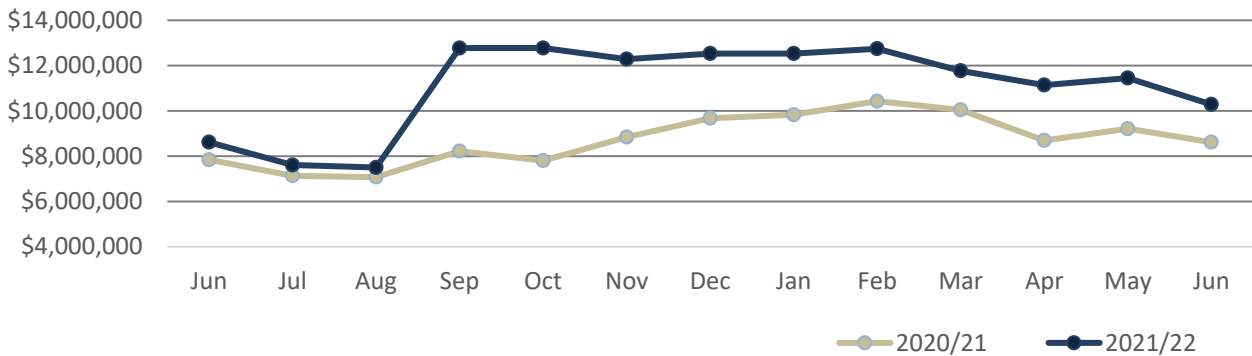
- 6. Due to grant received transferred to grant received in advance a/c for not meeting funding obligations at yearend,
- 7. Mainly due to the timing of the sale of Murray Road land.

Cash & Cash Equivalents and Other Financial Assets

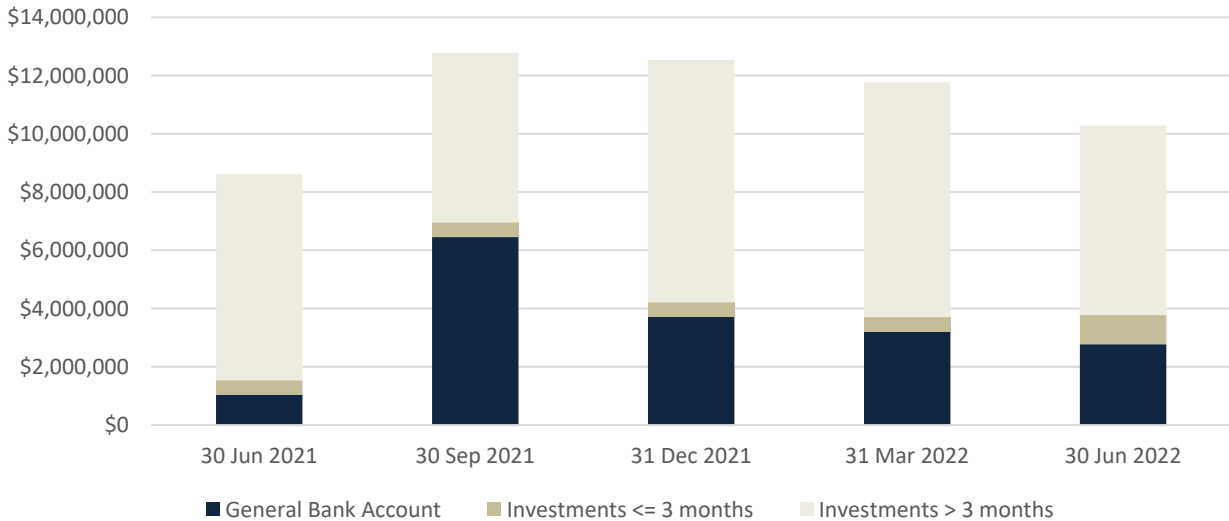
Council’s cash and cash equivalents includes short term investments with maturities of less than 90 days, with other financial assets (investments with maturities between 3-12 months).

Total financial assets (including cash and cash equivalents) at 30 June 2022 is \$10.3 million. A significant part of the total financial assets represents grants received in advance.

Cash balance - prior year comparison



Cash and investments



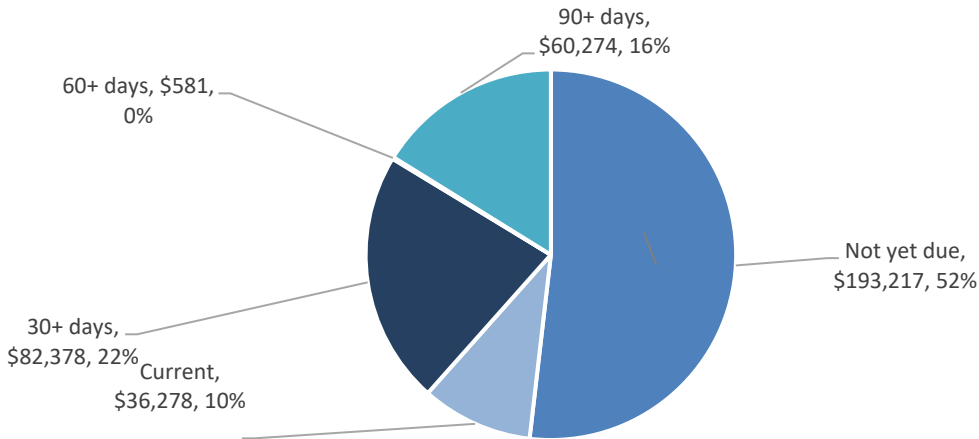
Trade and other receivables

Trade and other receivables stands at **\$0.4 million at 30 June 2022** of which more than 52% 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.

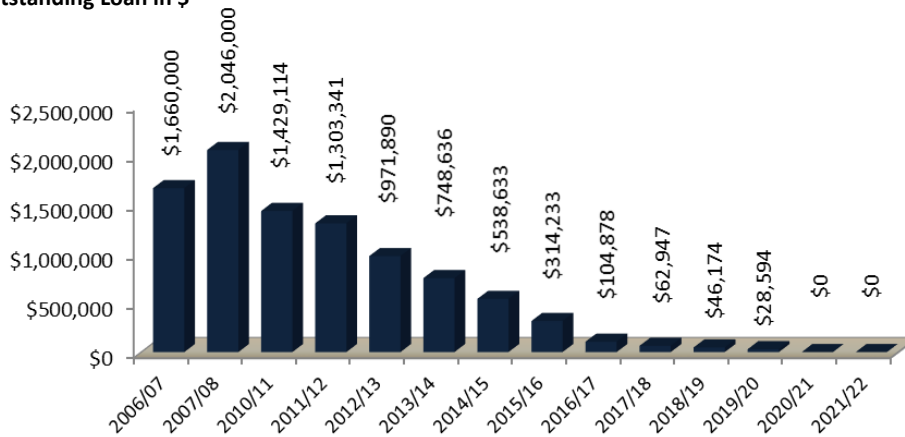
Trade and other receivables ageing analysis



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	Yearend Forecast	Actual	Variance from the forecast	
	\$'000	\$'000	\$'000	%
Accumulated Surplus				
Opening Balance 1st July	93,114	93,114	0	0.0%
Adjustment on change in accounting policy				
Surplus / (deficit) for the year	8,047	8,354	307	3.8%
Transfer to other reserves	(3,895)	(1,380)	2,515	(64.6%)
Transfer from other reserves	1,409	1,288	(120)	(8.5%)
Closing Balance 30th June - Accumulated Surplus	98,674	101,376	2,702	2.7%
Revaluation Reserve				
Opening Balance 1st July	43,498	43,498	0	0.0%
Net asset revaluation increment/(decrement)	0	33,177	33,177	
Closing Balance 30th June - Revaluation Reserve	43,498	76,675	33,177	76.3%
Other Reserves				
Opening Balance 1st July	4,663	4,663	0	0.0%
Transfer to other reserves	3,895	1,380	(2,515)	(64.6%)
Transfer from other reserves	(1,409)	(1,288)	120	(8.5%)
Closing Balance 30th June - Other Reserves	7,149	4,754	(2,395)	(33.5%)
Total Equity				
Opening Balance 1st July	141,274	141,274	0	0.0%
Surplus / (deficit) for the year	8,047	8,354	307	3.8%
Closing Balance 30th June - Total Equity	149,321	182,805	33,484	22.4%

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	Yearend Forecast	Actual	Variance from the forecast	
			\$'000	%
Cash flows from operating activities				
Receipts				
Rates and charges	7,923	7,961	38	0.5%
Statutory fees and fines	122	204	82	67.3%
User fees	1,904	2,017	112	5.9%
Grants - Operating	2,129	2,087	(41)	(1.9%)
Grants - Capital	5,348	6,690	1,342	25.1%
Interest received	(6)	18	24	(401.9%)
Trust funds and deposits taken		5	5	#DIV/0!
Other receipts	388	374	(14)	(3.5%)
Total receipts	17,808	19,357	1,548	8.7%
Payments				
Employee costs	(4,809)	(4,415)	394	(8.2%)
Materials and services	(5,730)	(5,335)	395	(6.9%)
Short-term, low value and variable lease payments	(15)	(12)	3	(19.3%)
Trust funds and deposits repaid		(2)	(2)	#DIV/0!
Other payments	0	(559)	(559)	#DIV/0!
Net GST refund/payment	0	(65)	(65)	#DIV/0!
Total payments	(10,554)	(10,387)	167	(1.6%)
Net cash provided by operating activities	7,255	8,970	1,715	23.6%
Cash flows from investing activities				
Payments for property, infrastructure, plant and equipment	(8,694)	(7,369)	1,325	(15.2%)
Proceeds from sale of property, infrastructure, plant and equipment	3,529	66	(3,463)	(98.1%)
Proceeds from sale of investments	6,075	569	(5,506)	(90.6%)
Net cash provided by / (used in) investing activities	911	(6,734)	(7,644)	(839.5%)
Cash flows from financing activities				
Net cash provided by / (used in) financing activities	0	0	0	
Net increase / (decrease) in cash and cash equivalents	8,165	2,236	(5,929)	(72.6%)
Cash and cash equivalents at the beginning of the financial year	1,542	1,542	0	0.0%
Cash and cash equivalents at the end of the financial year	9,707	3,778	(5,929)	(61.1%)

2.5 Statement of Capital Works

The Statement of Capital Works presents Council's performance against its capital work program. During the year, \$9.1 million has been invested in capital projects against the forecast of \$9.5 million. This is the highest amount that Council has invested in upgrading its community assets in nearly 15 years.

Statement of Capital Works	Yearend Forecast	Actual	Variance from the forecast	
	\$'000	\$'000	\$'000	%
Property				
Land improvements	11	23	11	101.3%
Total land	11	23	11	101.3%
Buildings	4,118	4,699	581	14.1%
Total buildings	4,118	4,699	581	14.1%
Total property	4,129	4,721	592	14.3%
Plant and equipment				
Plant, machinery and equipment	50	4	(46)	(92.0%)
Fixtures, fittings and furniture	64	2	(62)	(96.3%)
Computers and telecommunications	289	138	(151)	(52.3%)
Total plant and equipment	403	144	(259)	(64.2%)
Infrastructure				
Roads	692	552	(139)	(20.1%)
Footpaths and cycleways	148	100	(48)	(32.4%)
Drainage	172	127	(45)	(26.1%)
Recreational, leisure and community facilities	516	458	(58)	(11.3%)
Parks, open space and streetscapes	356	227	(130)	(36.4%)
Off street car parks	425	386	(40)	(9.3%)
Other infrastructure	2,647	2,338	(308)	(11.6%)
Total infrastructure	4,957	4,189	(768)	(15.5%)
Total capital works expenditure	9,489	9,054	(434)	(4.6%)
Represented by:				
New asset expenditure	2,047	1,681	(365)	(17.8%)
Asset renewal expenditure	2,236	1,654	(582)	(26.0%)
Asset upgrade expenditure	5,206	5,719	513	9.9%
Total capital works expenditure	9,489	9,054	(434)	(4.6%)

Notes to the Statement of Capital Works

Reasons for \$2,073,000 decrease are given under section 1.2 (8) of this report.

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 Isabelle Tolhurst

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 Forecast \$'000	Actual \$'000	Variance from the forecast		
					\$'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	597	559	(38)	(6.4%)	
		Exp	(738)	(649)	89	(12.1%)	
		Surplus/ (deficit)	(141)	(90)	51	(36.0%)	
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	3	3	0	15.4%	
		Exp	(137)	(143)	(6)	4.3%	
		Surplus/ (deficit)	(134)	(140)	(6)	4.1%	
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	22	16	(6)	(27.9%)	
		Exp	(190)	(216)	(26)	13.5%	
		Surplus/ (deficit)	(169)	(200)	(32)	18.8%	
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	66	8	14.6%	
		Exp	(75)	(78)	(3)	4.4%	
		Surplus/ (deficit)	(17)	(12)	5	(29.5%)	
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		
		Exp	(5)	(7)	(2)	34.8%	
		Surplus/ (deficit)	(5)	(6)	(2)	32.7%	
Environmental Health	The Environmental Health program monitors and maintains a safe environment for public health and wellbeing.	Inc	23	25	2	8.9%	
		Exp	(135)	(86)	49	(36.0%)	
		Surplus/ (deficit)	(112)	(62)	51	(45.0%)	
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	142	144	2	1.3%	
		Exp	(1,391)	(1,545)	(154)	11.1%	1
		Surplus/ (deficit)	(1,249)	(1,401)	(152)	12.2%	
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	67	82	15	22.3%	
		Exp	(332)	(329)	3	(1.0%)	
		Surplus/ (deficit)	(265)	(247)	18	(6.8%)	
Street Lighting	The Street Lighting program assists in the provision of a safe environment for motorists, pedestrians and cyclists.	Inc	0	0	0		
		Exp	(32)	(28)	4	(12.7%)	
		Surplus/ (deficit)	(32)	(28)	4	(12.7%)	
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	#DIV/0!	
		Exp	(51)	(3)	48	(94.9%)	
		Surplus/ (deficit)	(51)	(3)	48	(94.9%)	
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		
		Exp	(237)	(234)	3	(1.2%)	
		Surplus/ (deficit)	(237)	(234)	3	(1.2%)	
TOTAL	Income		910	894	(17)	(1.8%)	
	Expenditure		(3,322)	(3,317)	5	(0.2%)	
	Surplus/ (deficit)		(2,412)	(2,423)	(11)	0.5%	

Notes

1. Mainly due to the additional cost associated with tree inspections and vegetation/tress clearing costs resulting from the major 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 Forecast	Actual	Variance from the forecast	
			\$'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	4	4	
		Exp	(227)	(193)	34	(15.1%)
		Surplus/ (deficit)	(227)	(189)	38	(16.9%)
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	443	369	(74)	(16.6%)
		Exp	(468)	(393)	75	(16.0%)
		Surplus/ (deficit)	(25)	(24)	1	(3.8%)
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	1,245	1,195	(50)	(4.0%)
		Exp	(1,268)	(1,207)	61	(4.8%)
		Surplus/ (deficit)	(24)	(13)	11	(45.6%)
TOTAL	Income		1,688	1,568	(120)	(7.1%)
	Expenditure		(1,964)	(1,794)	170	(8.6%)
	Surplus/ (deficit)		(276)	(226)	50	(18.2%)

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 Forecast	Actual	Variance from the forecast		
			\$'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	1,675	1,822	147	8.8%	1
		Exp	(955)	(855)	100	(10.5%)	2
		Surplus/ (deficit)	720	967	248	34.4%	
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	65	(14)	(17.5%)	
		Exp	(287)	(279)	8	(2.7%)	
		Surplus/ (deficit)	(208)	(214)	(6)	2.9%	
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	290	273	(17)	(5.8%)	
		Exp	(485)	(341)	144	(29.6%)	3
		Surplus/ (deficit)	(195)	(68)	127	(65.0%)	
TOTAL	Income		2,044	2,160	117	5.7%	
	Expenditure		(1,727)	(1,475)	252	(14.6%)	
	Surplus/ (deficit)		317	685	368	116.2%	

Notes

1. Increase in income from tourist parks due to higher than forecasted visitation numbers.
2. Savings in tourist park operational expenses due to intermittent closures and staff vacancies.
3. Due to the cancellation of events and prioritisation of grant funded-projects over rates-funded projects.

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 Forecast	Actual	Variance from the forecast		
			\$'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		
		Exp	(329)	(282)	47	(14.2%)	
		Surplus/ (deficit)	(329)	(282)	47	(14.2%)	
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	141	51	56.8%	
		Exp	(462)	(317)	144	(31.2%)	1
		Surplus/ (deficit)	(372)	(176)	195	(52.6%)	
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		
		Exp	(35)	(12)	23	(66.9%)	
		Surplus/ (deficit)	(35)	(12)	23	(66.9%)	
Building Control	The Building Control program ensures that building construction and maintenance is such that the community remains safe.	Inc	24	34	10	42.5%	
		Exp	(33)	(33)	(0)	0.1%	
		Surplus/ (deficit)	(9)	1	10	(107.3%)	
TOTAL	Income		114	175	61	53.8%	
	Expenditure		(859)	(644)	214	(24.9%)	
	Surplus/ (deficit)		(745)	(469)	275	-37.0%	

Notes

1. Mainly due to the shift in timing the review of the Queenscliffe Planning Scheme.

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 Forecast	Actual	Variance from the forecast		
			\$'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		
		Exp	(208)	(213)	(5)	2.3%	
		Surplus/ (deficit)	(208)	(213)	(5)	2.3%	
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	874	881	7	0.8%	
		Exp	(1,237)	(1,071)	166	-13.4%	1
		Surplus/ (deficit)	(362)	(190)	173	-47.7%	
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		
		Exp	(577)	(550)	27	-4.7%	
		Surplus/ (deficit)	(577)	(550)	27	-4.7%	
Financial and Risk Management	The Financial and Risk Management program seeks to ensure the ongoing independence and financial sustainability of the Borough.	Inc	7,663	6,760	(902)	-11.8%	2
		Exp	(2,548)	(2,663)	(115)	4.5%	3
		Surplus/ (deficit)	5,115	4,097	(1,018)	-19.9%	
TOTAL	Income		8,537	7,642	(895)	(10.5%)	
	Expenditure		(4,569)	(4,497)	72	(1.6%)	
	Surplus/ (deficit)		3,967	3,145	(823)	-20.7%	

Notes

1. Mainly due to the savings in employee cost due to staff vacancies.
2. Mainly due to the shift in the timing of the sale of Murry Road land (accounting profit from the land sale).
3. Mainly due to the reduction in forecasted depreciation expenses.

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 2021–22 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 2021–22 is included as a separate agenda item.

Appendix A – Reserve balances as at 30 June 2022.

Reserve description	Balance as at 30 June 2022
<u>Carry forward capital expenditure reserve</u>	
Queenscliff Sports and Recreation Precinct	447,083
Royal park oval upgrade	360,000
ICT transformation project	234,399
New bike track/park	195,900
Princess park kiosk toilet upgrade	60,000
Town hall audio visual equipment upgrade project (with QMF)	57,900
Hesse Street streetscape	50,000
Weeroona Parade toilet	40,000
Queenscliffe Cultural Hub	36,354
Toc H Toilet upgrade	20,000
Total - carry forward capital expenditure reserve	1,501,636
<u>Carry forward operating expenditure reserve</u>	
Marine coastal management plan	210,800
Review of planning scheme (Heritage Provisions)	126,418
Total - carry forward operating expenditure reserve	337,218
Asset replacement reserve	1,379,017
Defined Benefits Superannuation Liability	40,000
Standard kerbside waste reserve*	(9,084)
Public waste reserve	37,885
Unallocated cash reserves / general reserve	1,463,047
Total	4,749,718

*to be recovered from future waste management charges.