



Appendix 4

16.2 2022–23 Quarterly Financial Report as at 31 March 2023

*2022–23 Quarterly Financial Report
as at 31 March 2023*

Ordinary Meeting of Council

Wednesday 26 April 2023 at 7:00pm

Queenscliff Town Hall

Quarterly Financial Report 31 March 2023



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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The adopted budget can become outdated during the financial year, as new information comes to light.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.

Actual YTD figures presented include income from rates and charges for the full financial year. The actual YTD figures do not include depreciation expenses as Council accounts for depreciation expenses at the end of the financial year.

Gihan Kohobange
Manager, Financial and Corporate Services

Executive summary

This quarterly financial report presents the quarter three (3) forecast year-end results, year-to-date actual results and variance explanations for headline changes between the quarter 2 and quarter 3 year-end forecast.

The **forecast accumulated cash surplus for the financial year 2022-23 is \$188,000**. There is no movement in forecasted cash surplus between the quarter 2 and quarter 3 year-end forecast.

As detailed in sections 1.1 and 1.2 of this report, selected capital and operating projects have been carried over to the 2023-24 financial year along with the funds allocated in the current year budget via reserve transfers with no impact on the forecasted cash result.

The **forecasted adjusted underlying result based on the Council Plan definition (Council Plan measure) for the year 2022–23 is a deficit of \$40,000 (-0.37%)**. The decrease in operating expenses is a result of the shift in the timing of non-recurrent operating projects, which are excluded in calculating the underlying result based on the Council Plan definition. The decrease in the forecasted underlying deficit compared to the previous forecast is due to the decrease in depreciation expenses.

The projected depreciation expenses for the 2022-23 financial year include the additional depreciation expenses associated with the new Queenscliffe Hub facility and the upgraded boat ramp infrastructure since the commencement of operation of these assets during the current financial year. The decrease in depreciation expenses mainly reflects the reduction in depreciation of the Council's existing building assets resulting from the revaluation of building assets by a professional independent valuer.

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

Financial sustainability indicators – Council Plan

Policy Statement	Measure	Indicator	Target	Yearend Forecast - Dec	Yearend Forecast - Mar
Sustainable operating result					
Consistent operating results.	Our adjusted underlying result: The difference between recurrent income and recurrent expenses.	Our adjusted underlying result	> \$0	-\$123	-\$40
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.	Current assets vs current liabilities	> 1.0	4.35	4.46
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).	Level of unrestricted cash reserve against current liabilities	> 100%	414.5%	425.3%
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.	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.	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).	Asset renewal and upgrade expenses against depreciation	> 100%	317.7%	324.2%
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.	Council's contribution to asset renewal and upgrade	> 10%	24%	24%

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 **\$188,000**.

Statement of Income & Expenditure (Available Cash)	Actual	Yearend	Yearend	Actual	Variance from Q2		
	2021- 22	Forecast - Dec	Forecast - Mar	YTD	Forecast		
	\$'000	\$'000	\$'000	\$'000	\$'000	%	
Income							
Rates and charges	7,956	8,136	8,136	8,136	0	0.0%	1
Statutory fees and fines	204	134	134	163	0	0.0%	
User fees	2,020	2,079	2,079	1,741	0	0.0%	
Grants - operating	2,137	1,004	994	681	(10)	(1.0%)	
Grants - capital	7,652	2,239	2,239	1,809	0	0.0%	
Contributions - monetary - capital	0	0	0	0	0	0.0%	
Other income	193	345	345	346	0	0.0%	
Proceeds from asset sales	66	3,529	3,529	3,504	0	0.0%	
Total cash received	20,228	17,467	17,457	16,378	(10)	(0.1%)	
Expenses							
Employee costs	4,300	4,966	4,966	3,678	0	0.0%	
Materials and services	5,548	6,081	5,947	4,035	(134)	(2.2%)	2
Bad and doubtful debts	0	3	3	0	0	0.0%	
Other expenses	288	375	375	187	0	0.0%	
Loan redemption	0	0	0	0	0	0.0%	
Capital expenditure - Asset Renewal	1,654	1,500	1,500	715	0	0.0%	
Capital expenditure - New and Upgrade	7,400	3,533	3,477	2,150	(56)	(1.6%)	3
Total cash paid	19,191	16,458	16,267	10,767	(190)	(1.2%)	
Cash surplus / (deficit) from operations	1,037	1,009	1,190	5,609	180	17.8%	
Transfer from reserves	1,288	1,442	1,322	0	(120)	(8.3%)	4
Transfer to reserves (<i>for future year spending</i>)	(1,380)	(3,860)	(3,920)	0	(60)	1.6%	5
Adjusted cash surplus / (deficit) for the year	946	(1,409)	(1,409)	5,613	0	0.0%	
Accumulated cash surplus b/fwd from prior year	651	1,596	1,596	1,596	0	0.0%	
Accumulated cash surplus	1,596	188	188	7,209	0	0.0%	

Notes to the Statement of Income and Expenditure

1.1 Expenses (Cash outflows)

1. *Rates and charges: Actual YTD figures presented include income from rates and charges for the full financial year.*
2. *Material and Services: Decrease of \$134,000 is due to the carryover of the following operating projects to the 2023-24 financial year;*
 - *\$104,000 Coastal and Marine Management Plan (CMMP), a part of the project;*
 - *\$20,000, Wadawurrung signage, the full project; and*
 - *\$10,000, Reconciliation action plan, a part of the project (Council does not forecast any grant funding support for this project. The reduction in Grant- operating reflects this adjustment).*
3. *Capital expenditure: Decrease of \$56,0000 is due to the carryover of the following capital projects to the 2023-24 financial year;*
 - *\$40,000, Safety improvement work by DEECA at Narrows Beach, and*
 - *\$16,000, New bike track - concept design.*

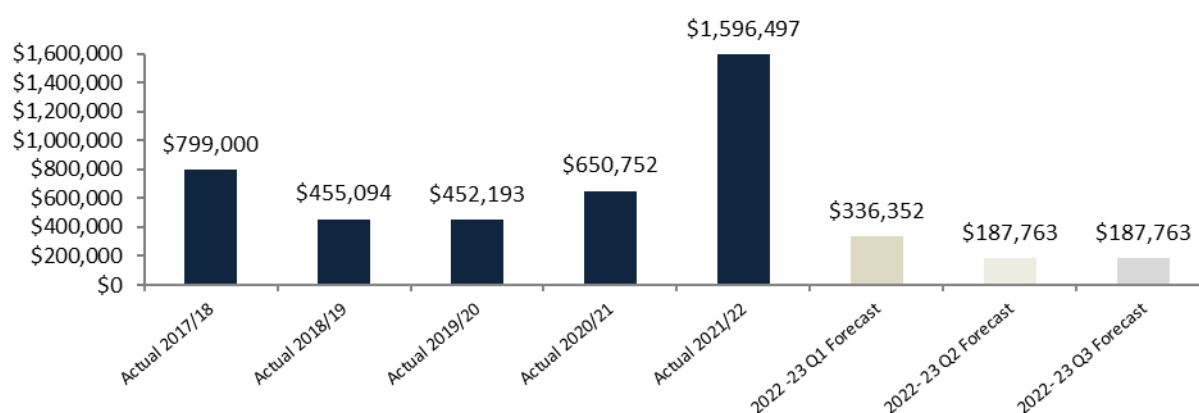
1.2 Transfers from / (to) reserves

This section explains the movement in reserve transfers from the previous forecast. A summary of the reserve balances as at 30 June 2023 is provided in Appendix A of this report.

4. *Transfers from reserves: Decrease of \$120,000 is due to the change in the timing of the CMMP and new bike track concept design projects.*
5. *Transfer to reserves: Movement of \$60,000 due to the creation of two new reserve accounts to carry over the following projects to the 2023-24 financial year.*

Activity / project	Reserve type	Q2 YE forecast	Q3 YE forecast	Change
Safety improvement work by DEECA at Narrows Beach	c/f capital projects	-	40,000	40,000
Wadawurrung signage	c/f operating projects	-	20,000	20,000
Total		-	60,000	60,000

Accumulated Cash Result



Cash result is always immune to any accounting adjustment.

2. Financial statements

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

2.1 Comprehensive Income Statement

The forecast operating result (surplus or deficit) for the year is a surplus of \$1,999,000, an increase of \$207,000 compared with the Q2 forecast. The net increase is mainly due to the decrease in expenses as detailed in section 1.1. and decrease in depreciation expenses.

Comprehensive Income Statement	Adopted Budget	Yearend Forecast - Dec	Yearend Forecast - Mar	Actual YTD	Variance from Q2 Forecast		
	\$'000	\$'000	\$'000	\$'000	\$'000	%	Notes
Income							
Rates and charges	8,134	8,136	8,136	8,136	0	0.0%	
Statutory fees and fines	134	134	134	163	0	0.0%	
User fees	1,910	2,079	2,079	1,741	0	0.0%	
Grants - operating	649	1,004	994	681	(10)	(1.0%)	
Grants - capital	1,583	2,239	2,239	1,809	0	0.0%	
Contributions - monetary - capital	35	0	0	0	0	0.0%	
Other income	261	345	345	346	0	0.0%	
Net gain on disposal of PPE and infrastructure	0	735	735	717	0	0.0%	
Total income	12,705	14,673	14,663	13,592	(10)	(0.1%)	
Expenses					0	0.0%	
Employee costs	4,978	4,966	4,966	3,678	0	0.0%	
Materials and services	5,780	6,081	5,947	4,035	(134)	(2.2%)	
Depreciation*	1,456	1,456	1,373	0	(83)	(5.7%)	1
Bad and doubtful debts	3	3	3	0	0	0.0%	
Other expenses	357	375	375	187	0	0.0%	
Total expenses	12,574	12,880	12,663	7,901	(217)	(1.7%)	
Surplus / (deficit) for the year	132	1,792	1,999	5,691	207	11.6%	
Other comprehensive income							
Net asset revaluation increment / (decrement)	0	0	0	0	0	0.0%	
Total comprehensive result	132	1,792	1,999	5,691	207	11.6%	

Total comprehensive result - before acc adj	132	1,792	1,999	5,691	207	11.6%	
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Notes to the Comprehensive Income Statement

- The projected depreciation expenses for the 2022-23 financial year include the additional depreciation expenses associated with the new Queenscliffe Hub facility and the upgraded boat ramp infrastructure since the commencement of operation of these assets during the current financial year. The decrease in depreciation expenses mainly reflects the reduction in depreciation of the Council's existing building assets resulting from the revaluation of building assets by a professional independent valuer. The actual YTD figures do not include depreciation expenses as Council accounts for depreciation expenses at the end of the financial year.

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.

The Performance Reporting Framework definition (LGPRF measure) based underlying result for the 2022–23 financial year which is mainly driven by the timing of Financial Assistance Grant (FAG) and non-recurrent operating projects. The improvement in the underlying result compared to the previous quarter's forecast is mainly due to the decrease in operating expenses including depreciation.

The LGPRF based 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/forecast 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 forecasted adjusted underlying result based on the Council Plan definition (Council Plan measure) for the year 2022–23 is a deficit of \$40,000 (-0.37%). The decrease in operating expenses is a result of the shift in the timing of non-recurrent operating projects, which are excluded in calculating the underlying result based on the Council Plan definition. The decrease in the forecasted underlying deficit compared to the previous forecast is due to the decrease in depreciation expenses.

Underlying Result	Adopted Budget \$'000	Yearend Forecast - Dec \$'000	Yearend Forecast - Mar \$'000	Actual YTD		Variance from Q2 Forecast %
				\$'000	\$'000	
Based on the LGPRF measure						
Surplus / (deficit) for the year	132	1,792	1,999	5,691	207	162.9%
Less: Grants - capital (non-recurrent)	(1,583)	(2,239)	(2,239)	(1,809)	0	0.0%
Less: Contributions - monetary - capital	(35)	0	0	0	0	0.0%
Adjusted underlying surplus / (deficit)	(1,486)	(447)	(240)	3,882	207	-13.7%
Adjusted Underlying Result - %	-13.4%	-3.60%	-1.93%	32.93%		
Based on the Council Plan measure						
Adjusted underlying surplus / (deficit) - LGPRF	(1,486)	(447)	(240)	3,882	207	-13.7%
Adjusted for;					0	0.0%
Allocating FAG to the year they relate	483	499	499	499	0	0.0%
Annualised Road to Recovery grant (R2R)	40	40	40	40	0	0.0%
Removal of non-recurrent operating grant	(31)	(248)	(238)	(148)	10	(7.4%)
Removal of non-recurrent operating project-related costs	397	703	569	204	(134)	(22.6%)
Removal of waste management cost to be recovered in future years	136	64	64	(346)	0	0.0%
Removal of employee cost of temporary staff	64	0	0	0	0	0.0%
Removal of the impact of the sale of assets	0	(735)	(735)	(717)	0	0.0%
Adjusted underlying surplus / (deficit)	(397)	(123)	(40)	3,414	83	-26.1%
Adjusted Underlying Result - %	-3.8%	-1.15%	-0.37%	33.30%		

2.2 Balance Sheet

The value of the **net assets** of Council is forecasted to be at **\$185 million** as at 30 June 2023. **Cash and investments** (including other financial assets) are forecasted to be at **\$9.4 million**.

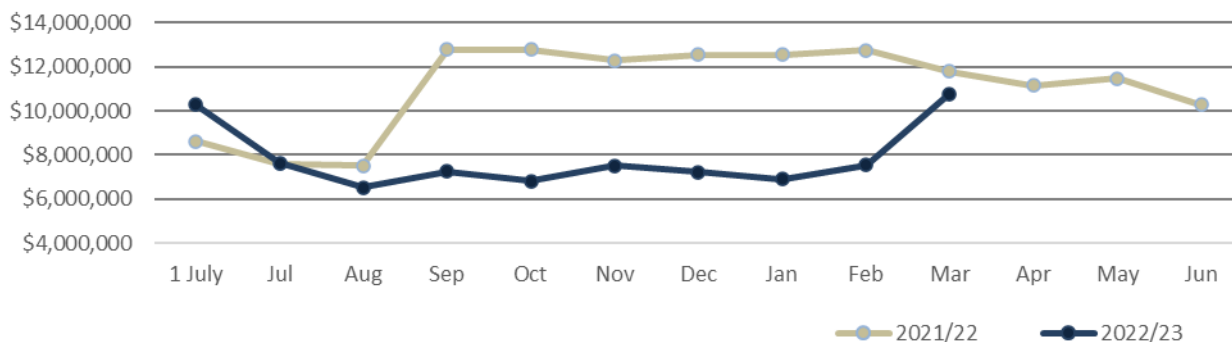
Balance Sheet Forecast at the quarter ended	Adopted Budget	Yearend Forecast - Dec	Yearend Forecast - Mar	Actual YTD	Variance from the Q2 forecast	
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Assets						
Current assets						
Cash and cash equivalents	6,821	8,233	2,894	3,369	(5,339)	(64.9%)
Other financial assets	1,000	1,000	6,500	7,584	5,500	550.0%
Trade and other receivables	255	255	255	2,495	0	0.0%
Non-current assets classified as held for sale	0	0	0	0	0	0.0%
Inventories	5	4	4	4	0	0.0%
Other assets	225	225	225	48	0	0.0%
Total current assets	8,306	9,717	9,878	13,500	161	1.7%
Non-current assets						
Investments in associates	165	160	160	160	0	0.0%
Property, infrastructure, plant and equipment	143,294	177,073	177,100	176,136	27	0.0%
Total non-current assets	143,459	177,233	177,260	176,296	27	0.0%
Total assets	151,765	186,949	187,138	189,796	188	0.1%
Liabilities						
Current liabilities						
Trade and other payables	973	1,149	1,130	144	(19)	(1.7%)
Trust funds and deposits	47	50	50	10	0	0.0%
Provisions	1,104	957	957	871	0	0.0%
Interest-bearing loans and borrowings	0	0	0	0	0	0.0%
Unearned income	80	80	80	184	0	0.0%
Total current liabilities	2,203	2,236	2,217	1,208	(19)	(0.9%)
Non-current liabilities						
Provisions	109	116	116	92	0	0.0%
Interest-bearing loans and borrowings		0	0	0	0	0.0%
Total non-current liabilities	109	116	116	92	0	0.0%
Total liabilities	2,312	2,352	2,333	1,300	(19)	(0.8%)
Net assets	149,453	184,597	184,804	188,496	207	0.1%
Equity						
Accumulated surplus	99,967	100,750	100,777	107,067	27	0.0%
Revaluation Reserve	43,498	76,675	76,675	76,675	0	0.0%
Other reserves	5,988	7,172	7,353	4,754	180	2.5%
Total equity	149,453	184,597	184,805	188,496	207	0.1%

Cash & Cash Equivalents and Other Financial Assets

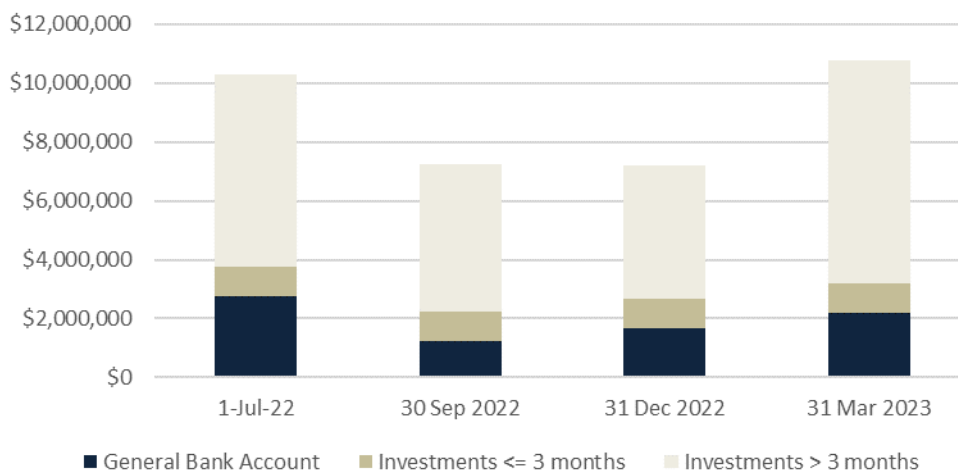
Council's cash and cash equivalents includes short term investments with maturities of less than 90 days, with other financial assets (investments with maturities between 3-12 months).

Total financial assets (including cash and cash equivalents) at 31 March 2023 is \$10.9 million. A \$3.5 million of the total financial assets represents, sales proceeds of the Murray Road land sale.

Cash balance - prior year comparison



Cash and investments



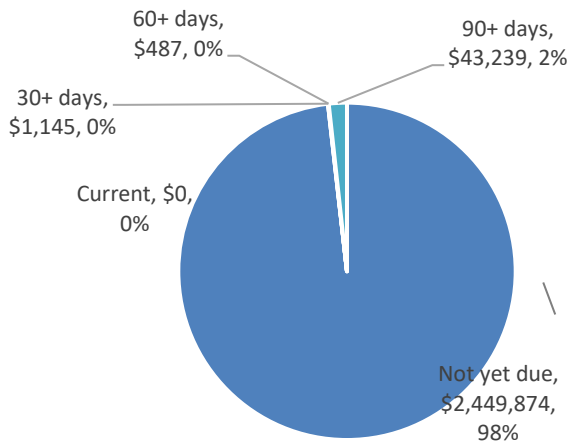
Trade and other receivables

Trade and other receivables stands at **\$2.5 million at 31 March 2023** of which more than 98% 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.

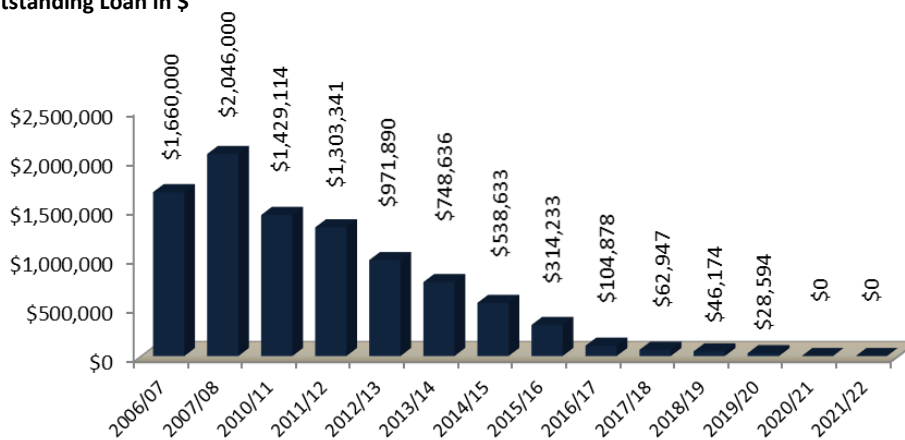
Trade and other receivables ageing analysis



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	Adopted Budget	Yearend Forecast	Yearend Forecast	Actual YTD	Variance from the Q2 forecast	
	\$'000	\$'000	- Mar	\$'000	\$'000	%
Accumulated Surplus						
Opening Balance 1st July	98,674	101,376	101,376	101,376	0	0.0%
Adjustment on change in accounting policy						
Surplus / (deficit) for the year	132	1,792	1,999	5,691	207	11.6%
Transfer to other reserves	(22)	(3,860)	(3,920)	0	(60)	1.6%
Transfer from other reserves	1,184	1,442	1,322	0	(120)	(8.3%)
Closing Balance 30th June - Accumulated Surplus	99,967	100,750	100,777	107,067	27	0.0%
Revaluation Reserve						
Opening Balance 1st July	43,498	76,675	76,675	76,675	0	0.0%
Net asset revaluation increment/(decrement)	0	0	0	0	0	0.0%
Closing Balance 30th June - Revaluation Reserve	43,498	76,675	76,675	76,675	0	0.0%
Other Reserves						
Opening Balance 1st July	7,149	4,754	4,754	4,754	0	0.0%
Transfer to other reserves	22	3,860	3,920	0	60	1.6%
Transfer from other reserves	(1,184)	(1,442)	(1,322)	0	120	(8.3%)
Closing Balance 30th June - Other Reserves	5,988	7,172	7,353	4,754	180	2.5%
Total Equity						
Opening Balance 1st July	149,321	182,805	182,805	182,805	0	0.0%
Surplus / (deficit) for the year	132	1,792	1,999	5,691	207	11.6%
Closing Balance 30th June - Total Equity	149,453	184,597	184,805	188,496	207	0.1%

2.4 Statement of Cash Flows

A cash flow statement summarises the amount of cash and cash equivalents entering and leaving the Council. Due to the timing of the cash payments and cash receipts, the values shown in the cash flow statement may not equate to the value of similar items in other financial statements.

Statement of Cash Flows	Adopted Budget \$'000	Yearend Forecast - Dec \$'000	Yearend Forecast - Mar \$'000	Actual YTD \$'000	Variance from the Q2 forecast	
					\$'000	%
Cash flows from operating activities						
<i>Receipts</i>						
Rates and charges	8,134	8,103	8,103	6,531	0	0.0%
Statutory fees and fines	134	128	128	162	0	0.0%
User fees	1,910	2,078	2,078	1,711	0	0.0%
Grants - Operating	649	908	898	(140)	(10)	(1.1%)
Grants - Capital	1,583	1,601	1,601	1,171	0	0.0%
Contributions - monetary - capital	35	0	0	0	0	0.0%
Interest received	30	90	90	(34)	0	0.0%
Other receipts	231	32	32	361	0	0.0%
Total receipts	12,705	12,939	12,929	9,763	(10)	(0.1%)
<i>Payments</i>						
Employee costs	(4,949)	(5,109)	(5,109)	(3,794)	0	0.0%
Materials and services	(5,788)	(5,865)	(5,745)	(4,067)	121	(2.1%)
Short-term, low value and variable lease payments	(18)	(18)	(18)	0	0	0.0%
Other payments	(357)	(370)	(370)	(240)	0	0.0%
Total payments	(11,112)	(11,363)	(11,242)	(8,101)	121	(1.1%)
Net cash provided by operating activities	1,593	1,577	1,687	1,662	111	7.0%
Cash flows from investing activities						
Payments for property, infrastructure, plant and equipment	(4,182)	(6,157)	(6,106)	(4,492)	51	(0.8%)
Proceeds from sale of property, infrastructure, plant and equipment	29	3,529	3,529	3,501	0	0.0%
Proceeds from sale of investments	0	5,506	6	(1,079)	(5,500)	(99.9%)
Net cash provided by / (used in) investing activities	(4,153)	2,878	(2,571)	(2,070)	(5,449)	(189.4%)
Cash flows from financing activities						
Net cash provided by / (used in) financing activities	0	0	0	0	0	0.0%
Net increase / (decrease) in cash and cash equivalents	(2,560)	4,455	(884)	(408)	(5,339)	(119.9%)
Cash and cash equivalents at the beginning of the financial year	9,380	3,778	3,778	3,778	0	0.0%
Cash and cash equivalents at the end of the financial year	6,821	8,233	2,894	3,370	(5,339)	(64.9%)

2.5 Statement of Capital Works

2.5.1 Capital Project Wise

The forecasted total capital work budget the 2022–23 financial year is \$5.0 million. The forecasted capital expenditure for the year is summarised under each capital project in the below statement.

Statement of Capital Works	Yearend Forecast - Dec \$'000	Yearend Forecast - Mar \$'000	Actual YTD \$'000	Variance from the Q2 forecast		
				\$'000	%	Notes
Priority capital works						
Queenscliff sports and recreation precinct development	881	881	801	0	0.0%	
Boat ramp upgrade project	1,030	1,030	745	0	0.0%	
Queenscliffe cultural hub	597	597	516	0	0.0%	
PL lighthouse reserve upgrade	618	618	513	0	0.0%	
ICT transformation project	446	446	(148)	0	0.0%	
Queenscliffe CBD 24-hour toilet	0	0	0	0	#DIV/0!	
Toch H toilet renewal - design and construct	50	50	0	0	0.0%	
Electronic vehicle charging stations	135	135	7	0	0.0%	
New tree management system	50	50	0	0	0.0%	
Local roads and community infrastructure program - phase 2 and 3	87	87	11	0	0.0%	
Princess park kiosk toilet renewal - design	0	0	0	0	#DIV/0!	
Town Hall AV upgrade project (QMF)	58	58	1	0	0.0%	
Hesse street streetscape	50	50	0	0	0.0%	
Hesse Street link to boat ramp	50	50	3	0	0.0%	
Weeroona parade toilet renewal - design	0	0	0	0	#DIV/0!	
Safety improvement work by DEECA at Narrows Beach	40	0	0	(40)	(100.0%)	1
New bike track - concept design	16	0	0	(16)	(100.0%)	1
Edgewater close drainage upgrade	10	10	2	0	0.0%	
Improvements - Council land	0	0	71	0	#DIV/0!	
Soak pit upgrade and ocean outfall improvements	5	5	5	0	0.0%	
Commonwealth road safety program 2021	6	6	6	0	0.0%	
Total priority capital works	4,128	4,072	2,531	(56)	(1.4%)	
Annual asset renewal program	793	793	334	0	0.0%	
Staff cost capitalised	113	113	0	0	0.0%	
Total capital works expenditure	5,033	4,977	2,866	(56)	(1.1%)	

Notes to the Statement of Capital Works

- Reasons for decreases are given under section 1.1 (2) of this report.

2.5.2 Asset Type Wise

Statement of Capital Works	Yearend Forecast - Dec	Yearend Forecast - Mar	Actual YTD	Variance from the Q2 forecast	
	\$'000	\$'000	\$'000	\$'000	%
Property					
Land improvements	0	0	71	0	0.0%
Total land	0	0	71	0	0.0%
Buildings	1,366	1,366	1,035	0	0.0%
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	1,366	1,366	1,035	0	0.0%
Total property	1,366	1,366	1,106	0	0.0%
Plant and equipment					
Plant, machinery and equipment	190	190	52	0	0.0%
Fixtures, fittings and furniture	63	63	1	0	0.0%
Computers and telecommunications	541	541	(129)	0	0.0%
Total plant and equipment	794	794	(76)	0	0.0%
Infrastructure					
Roads	279	279	71	0	0.0%
Footpaths and cycleways	96	96	44	0	0.0%
Drainage	141	141	82	0	0.0%
Recreational, leisure and community facilities	585	545	406	(40)	(6.8%)
Parks, open space and streetscapes	770	754	606	(16)	(2.1%)
Off street car parks	121	121	88	0	0.0%
Other infrastructure	880	880	539	0	0.0%
Total infrastructure	2,873	2,817	1,835	(56)	(2.0%)
Total capital works expenditure	5,033	4,977	2,866	(56)	(1.1%)
Represented by:					
New asset expenditure	1,903	1,846	1,066	(56)	(3.0%)
Asset renewal expenditure	1,500	1,500	715	0	0.0%
Asset upgrade expenditure	1,630	1,630	1,084	0	0.0%
Total capital works expenditure	5,033	4,977	2,866	(56)	(1.1%)

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 Isabelle Tolhurst
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 Fleur Hewitt

Portfolio 1: Health and wellbeing.

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

Service area	Key service objective/s		Yearend	Yearend	Actual YTD	Variance from the	
			Forecast -	Forecast -		Q2 forecast	
			Dec	Mar		\$'000	%
			\$'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	626	626	358	0	0.0%
		Exp	(823)	(823)	(615)	0	0.0%
		Surplus/ (deficit)	(197)	(197)	(257)	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	(153)	(152)	(135)	1	(0.9%)
		Surplus/ (deficit)	(140)	(139)	(132)	1	(1.0%)
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 of recreation, arts and cultural events planned and implemented by community organisations or commercial businesses.	Inc	7	7	7	0	0.0%
		Exp	(207)	(209)	(178)	(1)	0.6%
		Surplus/ (deficit)	(201)	(202)	(171)	(1)	0.7%
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	59	59	48	0	0.0%
		Exp	(75)	(75)	(61)	0	0.0%
		Surplus/ (deficit)	(16)	(16)	(13)	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	(3)	(3)	(3)	0	0.0%
		Surplus/ (deficit)	(3)	(3)	(3)	0	0.0%
Environmental Health	The Environmental Health program monitors and maintains a safe environment for public health and wellbeing.	Inc	43	43	36	0	0.0%
		Exp	(120)	(120)	(85)	0	0.0%
		Surplus/ (deficit)	(77)	(77)	(49)	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	74	74	76	0	0.0%
		Exp	(329)	(329)	(248)	0	0.0%
		Surplus/ (deficit)	(256)	(256)	(172)	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	(260)	(260)	(240)	0	0.0%
		Surplus/ (deficit)	(260)	(260)	(240)	0	0.0%
TOTAL	Income		820	820	529	0	0.0%
	Expenditure		(1,970)	(1,970)	(1,566)	0	0.0%
	Surplus/ (deficit)		(1,150)	(1,150)	(1,037)	0	0.0%

Portfolio 2: Environment.

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

Service area	Key service objective/s		Yearend	Yearend	Actual YTD	Variance from the	
			Forecast - Dec	Forecast - Mar		Q2 forecast	
			\$'000	\$'000	\$'000	\$'000	%
Environmental Sustainability	The Environmental Sustainability program sees the Borough playing its part in protecting the natural environment for future generations.	Inc	31	21	0	(10)	(32.3%)
		Exp	(312)	(282)	(105)	30	(9.6%)
		Surplus/ (deficit)	(281)	(261)	(105)	20	(7.1%)
Coastal Protection	The Coastal Protection program seeks to preserve and enhance the Borough's globally significant, highly-valued coast as an iconic environmental asset for current and future generations.	Inc	352	352	365	0	0.0%
		Exp	(399)	(399)	(212)	0	0.0%
		Surplus/ (deficit)	(47)	(47)	153	0	0.0%
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	1,224	1,224	1,205	0	0.0%
		Exp	(1,288)	(1,288)	(859)	0	0.0%
		Surplus/ (deficit)	(64)	(64)	346	0	0.0%
TOTAL	Income		1,608	1,598	1,571	(10)	(0.6%)
	Expenditure		(2,000)	(1,970)	(1,176)	30	(1.5%)
	Surplus/ (deficit)		(392)	(372)	395	20	(5.1%)

Portfolio 3: Local economy.

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

Service area	Key service objective/s		Yearend	Yearend	Actual YTD	Variance from the	
			Forecast - Dec	Forecast - Mar		Q2 forecast	
			\$'000	\$'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	1,816	1,816	1,457	0	0.0%
		Exp	(914)	(914)	(574)	0	0.0%
		Surplus/ (deficit)	902	902	883	0	0.0%
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	81	81	9	0	0.0%
		Exp	(301)	(301)	(169)	0	0.0%
		Surplus/ (deficit)	(221)	(221)	(161)	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	48	48	48	0	0.0%
		Exp	(308)	(308)	(170)	0	0.0%
		Surplus/ (deficit)	(261)	(261)	(122)	0	0.0%
TOTAL	Income		1,945	1,945	1,514	0	0.0%
	Expenditure		(1,524)	(1,524)	(913)	0	0.0%
	Surplus/ (deficit)		421	421	600	0	0.0%

Portfolio 4: Heritage, planning and infrastructure.

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

Service area	Key service objective/s		Yearend	Yearend	Actual	Variance from	
			Forecast -	Forecast -	YTD	the Q2 forecast	
			Dec	Mar		\$'000	%
			\$'000	\$'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	0.0%
		Exp	(252)	(252)	(356)	0	0.0%
		Surplus/ (deficit)	(252)	(252)	(356)	0	0.0%
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	92	92	110	0	0.0%
		Exp	(757)	(653)	(397)	104	(13.7%)
		Surplus/ (deficit)	(665)	(561)	(287)	104	(15.6%)
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	0	0.0%
		Exp	(20)	(20)	(5)	0	0.0%
		Surplus/ (deficit)	(20)	(20)	(5)	0	0.0%
Building Control	The Building Control program ensures that building construction and maintenance is such that the community remains safe.	Inc	260	260	4	0	0.0%
		Exp	(272)	(272)	(140)	0	0.0%
		Surplus/ (deficit)	(12)	(12)	(136)	0	0.0%
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	31	31	24	0	0.0%
		Exp	(1,386)	(1,386)	(962)	0	0.0%
		Surplus/ (deficit)	(1,356)	(1,356)	(938)	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	(28)	(28)	(15)	0	0.0%
		Surplus/ (deficit)	(28)	(28)	(15)	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)	(48)	0	0.0%
		Surplus/ (deficit)	(51)	(51)	(48)	0	0.0%
TOTAL	Income		382	382	138	0	0.0%
	Expenditure		(2,766)	(2,662)	(1,923)	104	(3.8%)
	Surplus/ (deficit)		(2,384)	(2,280)	(1,785)	104	-4.4%

Portfolio 5: Governance and finance.

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

Service area	Description of services provided		Yearend	Yearend	Actual	Variance from the	
			Forecast -	Forecast -	YTD	Q2 forecast	
			Dec	Mar		\$'000	%
			\$'000	\$'000	\$'000	\$'000	
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	(267)	(267)	(206)	0	0.0%
		Surplus/ (deficit)	(267)	(267)	(206)	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	14	14	94	0	0.0%
		Exp	(902)	(902)	(829)	0	0.0%
		Surplus/ (deficit)	(888)	(888)	(735)	0	0.0%
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	83	83	0	0	0.0%
		Exp	(776)	(776)	(381)	0	0.0%
		Surplus/ (deficit)	(693)	(693)	(381)	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	7,833	7,833	10,586	0	0.0%
		Exp	(2,915)	(2,832)	(1,023)	83	-2.9%
		Surplus/ (deficit)	4,918	5,001	9,563	83	1.7%
TOTAL	Income		7,930	7,930	10,681	0	0.0%
	Expenditure		(4,860)	(4,777)	(2,439)	83	(1.7%)
	Surplus/ (deficit)		3,070	3,153	8,242	83	2.7%

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).

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).

Appendix A – Forecasted reserve balances as at 30 June 2023.

Reserve description	Actual Balance as at 1 July 2022	Q2 Forecasted Balance as at 30 June 2023	Q3 Forecasted Balance as at 30 June 2023	Change \$ (Q2 vs Q3)
<u>Carry forward capital expenditure reserve</u>				
Queenscliff Sports and Recreation Precinct	447,083	0	0	0
Royal park oval upgrade	360,000	360,000	360,000	0
ICT transformation project	234,399	89,186	89,186	0
New bike track/park	195,900	179,765	195,900	16,135
Princess park kiosk toilet upgrade	60,000	60,000	60,000	0
Town hall audio visual equipment upgrade project (with QMF)	57,900	0	0	0
Hesse Street streetscape	50,000	0	0	0
Weeroona Parade toilet	40,000	40,000	40,000	0
Queenscliffe Cultural Hub	36,354	0	0	0
Toc H Toilet upgrade	20,000	130,000	130,000	0
Queenscliffe CBD 24-hour toilet		250,000	250,000	0
Murray Road land sale proceeds		3,500,000	3,500,000	0
Safety improvement work by DEECA at Narrows Beach	0	0	40,000	40,000
Total - carry forward capital expenditure reserve	1,501,636	4,608,951	4,665,086	56,135
<u>Carry forward operating expenditure reserve</u>				
Marine coastal management plan	210,800	0	104,000	104,000
Review of planning scheme (Heritage Provisions)	126,418	93,418	93,418	0
Wadawurrung signage	0	0	20,000	20,000
Total - carry forward operating expenditure reserve	337,218	93,417	217,418	124,000
Asset replacement reserve	1,379,017	1,342,017	1,342,017	0
Defined Benefits Superannuation Liability	40,000	40,000	40,000	0
Standard kerbside waste reserve*	(9,084)	(51,555)	(51,555)	0
Public waste reserve	37,885	16,344	16,344	0
Unallocated cash reserves / general reserve	1,463,047	1,123,660	1,123,660	0
Total	4,749,718	7,172,835	7,352,970	180,135