

Borough of Queenscliffe

Quarterly Financial Report

31 December 2023



Borough of Queenscliffe
Queenscliff & Point Lonsdale, Victoria, Australia

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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 adopted budget. The financial report has to contain explanations for any material variations from the adopted budget.

The adopted budget represents the financial position and intent at a point in time and can become outdated during the financial year, as new information and new matters come to light.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 for budget items. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

Actual Year to Date (YTD) figures presented in this report include income from rates and charges apportioned for the reporting period. However, in some instances income and expense items for the full-year are included in the actual YTD figures.

Gihan Kohobange
Manager, Financial and Corporate Services

Executive summary

The expected cash surplus by the end of the 2023-24 year is predicted to reach \$217,000, marking a decrease of \$86,000 compared to the previous forecast. This reduction is primarily attributed to the additional \$30,000 allocated for the Hesse Street streetscape project and an uptick in recurring operating expenses.

According to the Local Government Performance Reporting Framework (LGPRF) definition, the underlying result indicates a deficit of \$865,000, exceeding the previous quarter's projected annual deficit by \$38,000.

When considering the underlying result on a recurring basis, there is a projected surplus of \$62,000. However, this projection indicates a decrease of \$77,000 from the previous quarter's projected annual surplus, highlighting a noticeable increase in recurring operating expenses, primarily due to the rise in costs associated with providing Municipal Building Surveyor (MBS) services.

Headline changes between quarter 1 and quarter 2 year-end forecasts, are included throughout this report with an explanation provided for all material variances.

Financial sustainability indicators – Council Plan

2023–24 projected year-end result **meets all financial sustainability indicators specified in the Council Plan 2021–2025**, as summarised below.

Policy Statement	Measure	Indicator	Target	Actual 2022-23	Annual Forecast 2023-24 Q1	Annual Forecast 2023-24 Q2
Sustainable operating result						
Consistent operating results (in \$'000).	Our adjusted underlying result: The difference between recurrent income and recurrent expenses.	Our adjusted underlying result	> \$0	\$402	\$139	\$62
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	4.58	4.97	4.81
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%	426.8%	239.9%	230.8%
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%	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 three years rolling average).	Asset renewal and upgrade expenses against depreciation	> 100%	316.8%	321.2%	321.6%
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%	16%	17%	17%

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.

1.1. Comprehensive Income Statement

The projected year-end comprehensive result is \$648,000 which is \$43,000 lower than the forecasted yearend result at the end of the first quarter of the 2023-24 financial year.

Comprehensive Income Statement	Actual	Forecast	Forecast	Actual	Variance from Q1 Annual Forecast		
	2022-23	2023-24 Q1	2023-24 Q2	YTD 2023-24	\$'000	%	Notes
	\$'000	\$'000	\$'000	\$'000			
Income							
Rates and charges	8,150	8,483	8,496	4,248	13	0.2%	
Statutory fees and fines	201	113	120	74	7	6.6%	
User fees	2,042	2,166	2,080	1,090	(86)	(4.0%)	1
Grants - operating	1,370	1,430	1,807	854	377	26.4%	2
Grants - capital	2,232	1,518	1,513	407	(5)	(0.3%)	
Other income	492	534	638	441	104	19.5%	3
Net gain on disposal of PPE and infrastructure	109	35	35	47	0	0.0%	
Total income	14,596	14,279	14,690	7,160	411	2.9%	
Expenses							
Employee costs	4,916	5,407	5,313	2,428	(94)	(1.7%)	4
Materials and services	5,648	6,137	6,707	2,621	570	9.3%	5
Depreciation	1,244	1,372	1,372	625	0	0.0%	
Bad and doubtful debts	0	3	3	0	0	0.0%	
Other expenses	1,163	669	647	207	(22)	(3.3%)	
Total expenses	12,971	13,588	14,042	5,882	454	3.3%	
Surplus / (deficit) for the year	1,625	692	648	1,278	(43)	(6.2%)	
Other comprehensive income							
Net asset revaluation increment / (decrement)	(2,397)	0	0	0	0	0.0%	
Total comprehensive result	(772)	692	648	1,278	(43)	(6.2%)	

Income

1. User fees: Decrease of \$86,000 is due to the projected decrease in income from tourist parks managed by Council.
2. Grants - operating: Net increase of \$377,000 is mainly due to;
 - \$434,000, additional non-recurring operating grants;
 - i. \$372,000 Wharf asbestos removal works,
 - ii. \$42,000 Kindergarten Infrastructure and Services Plan (KISP) development, and
 - iii. \$20,000 Kerbside waste transition project.
 - \$19,000, additional grants for ANZAC day celebration, recurring grants.
 - (\$70,000), reduction in the following operating grants allocations;
 - i. (\$60,000) Integrated water management plan (non-recurring), and
 - ii. (\$10,000) Walk to School (recurring).

3. Other income: Increase of \$104,000 is due to additional interest income from investments in term deposits.

Expenses

4. Employee costs: Decrease of \$94,000 is mainly due to the savings of \$134,000 from the timing of staff recruitments and existing staff vacancies, net of additional costs associated with Workcover levy of \$30,000.
5. Material and Services: Increase of \$570,000 is due to;
- \$319,000, net increase in non-recurring operating expenses;
 - i. \$372,000 Wharf asbestos removal works (100% grant funded),
 - ii. \$42,000 Kindergarten Infrastructure and Services Plan development (100% grant funded),
 - iii. \$39,000 additional allocation for Marine Coastal Management Plan development work (funded through the reserve account)
 - iv. (\$70,000) reduction in current year expenses on the review of the Queenscliffe Planning Scheme (unspent funds remained in the reserve account to be used in future years), and
 - v. (\$60,000) removal of integrated water management plan development project, (was 100% grant funded).
 - \$185,000, increase in recurring operating expenses;
 - i. \$103,000 increase in costs associated with providing Municipal Building Surveyor (MBS) services via an external contractor, due to the sudden termination of the previous contract by the Surf Coast Shire Council, resulting from the unavailability of qualified staff at the Surf Coast Shire Council to provide MBS services,
 - ii. \$35,000 increase in building maintenance expenses due to the increase in reactive maintenance activities,
 - iii. \$33,000 increase in legal expenses associated with town planning appeals (VCAT),
 - iv. \$24,000 increase in insurance premiums for the 2023-24 renewal year (overall, a 13% increase compared to the previous financial year),
 - v. \$22,000 increase in powerline safety costs due to the high growth of vegetation near power lines, and
 - vi. (\$25,000) savings in general operational expenses (advertising, printing & stationary expenses).
 - \$66,000, increase in waste management expenses mainly due to the increase in collections and processing costs of public waste recycling material (increase of \$38,000) and kerbside FOGO waste (increase of \$17,000).

1.1.1. Underlying result

Measured against the Local Government Performance Reporting Framework (LGPRF) definition, the adjusted underlying result of the Council, after excluding non-recurrent capital grants, cash capital contributions, and non-monetary capital contributions, reveals a projected deficit of \$0.87 million (-6.6%) against the quarter 1 projected annual deficit of \$0.83, mainly due to the projected net increase in recurring operating expenses.

The underlying result based on LGPRF is influenced by various factors, including the timing of recurring operating grants, particularly Financial Assistance Grant (FAG), as well as non-recurring operating grants and non-recurring expenses that occur within a given year. To derive a more

meaningful representation of the underlying result, it is advisable to evaluate it by excluding the effects of non-recurring operating income and expenses. Additionally, adjustments should be made for the timing of recurring operating grants, where applicable, as defined in the Borough's Council Plan.

Even if the Council Plan proposes an alternative approach to the LGPRF to gauge the underlying result, the methodology outlined in the paragraph above aims to establish a consistent method for estimating the recurring basis of the underlying result. This consistency is crucial for facilitating accurate and meaningful comparisons across financial years given the size (size of the budget) of the organisation, allowing for a more reliable assessment of the Borough's financial performance.

A reconciliation between the LGPRF and the recurring basis underlying results (Council Plan measure) is provided below.

Underlying Result	Actual 2022-23	Forecast 2023-24 Q1	Forecast 2023-24 Q2	Actual YTD 2023-24	Variance from Q1 Annual Forecast		
	\$'000	\$'000	\$'000	\$'000	\$'000	%	Notes
Based on the LGPRF measure							
Surplus / (deficit) for the year	1,625	692	648	1,278	(43)	(6.2%)	
Less: Grants - capital (non-recurrent)	(2,248)	(1,518)	(1,513)	(407)	5	(0.3%)	
Less: Contributions - monetary - capital	0	0	0	0	0	0.0%	
Adjusted underlying surplus / (deficit)	(622)	(827)	(865)	871	(38)	4.6%	
Adjusted Underlying Result - %	-5.0%	-6.5%	-6.6%	12.9%			

On recurring basis (based on the Council Plan measure)							
Adjusted underlying surplus / (deficit) - LGPRF	(622)	(827)	(865)	871			
Adjusted for;							
Allocating FAG to the year they relate	68	510	510	510	1	0.1%	1
Annualised Road to Recovery grant (R2R)	38	40	40	40	0	0.0%	
Removal of grant-funded non-recurring operating project related costs net of grants (council contribution)	(15)	18	21	(140)	3	18.4%	2
Removal of non-recurring operating project related costs funded via Council's own funds (reserve and operational cash)	168	329	291	(1)	(38)	(11.6%)	3
Removal of waste management cost to be recovered in future years	86	14	37	(160)	22	153.4%	
Removal of capital expenditure reclassified as operating expenses not meeting capitalisation criteria / threshold	773	0	0	0	0	0.0%	
Removal of employee cost of temporary staff	0	0	0	0	0	0.0%	
Removal of costs associated with parallel running of new and existing systems for planned system changeover	0	90	62	62	(28)	(31.1%)	
Removal of the impact of the sale of assets	(109)	(35)	(35)	(47)	0	0.0%	
Adjusted underlying surplus / (deficit)	387	139	61	1,135	(79)	(56.4%)	
Adjusted Underlying Result - %	3.5%	1.2%	0.5%	17.6%			

1. Allocating FAG to the year they relate

The table below summarises the FAG allocation for each year and the timing of the payment of each year's allocation. Council received a significant part of the 2023-24 FAG in advance in June 2023.

Grant Allocation Year	Grant Payment Year			Total	Change
	2021-22	2022-23	2023-24		
	\$	\$	\$	\$	%
2021-22 Allocation	377,188	0	0	503,658	
2022-23 Allocation	482,780	27,084	27,470	537,334	6.7%
2023-24 Allocation	96,242	441,718	1,026	538,986	0.3%
Total	956,210	468,802	28,496		

Australian accounting standards prohibit Council from classifying the FAG received in advance as deferred income. This is because the grants lack spending obligations, as a result Council has the discretion to allocate/use the funds in the year of receipt, regardless of their intended allocation year. Best practice in Local Government and the practice that Council follows is assigning the grant to the allocation year.

The adjustment included in the above reconciliation is the difference between the total grant allocation for 2023-24 (\$538,986) and the grant amount to be received during the financial year 2023-24 (\$28,496).

2. Removal of grant-funded non-recurring operating project related costs net of grants (Council contribution)

Variance from the quarter 1 annual forecast (\$3,000) reflects the additional Council contribution in relation to the project of digitisation of historical planning and building files.

Some expenses associated with non-recurrent grants funded projects may have been allocated to employee costs. However, it's important to note that employee costs have not been factored into this analysis due to their inherent likelihood of being incurred regardless.

3. Removal of non- recurring operating project related costs funded via Council's own funds (reserve and operational cash)

Project	Forecast 2023-24 Q1	Forecast 2023-24 Q2	Change
	\$	\$	\$
Review of the Queenscliffe Planning Scheme	90,000	20,000	(70,000)
Golightly Development Engagement Plan	50,000	50,000	0
Victoria Park - Development of a Tree Management Plan	24,630	23,000	(1,630)
Marine Coastal Management Plan (MCMP) and Vegetation Study*	21,400	60,000	38,600
Reconciliation Action Plan Project	20,000	20,000	0
Wadawurrung Signage	20,000	20,000	0
Inception Digital Web based Door Locking System	18,000	18,000	0
Energy Efficiency Audit and Education Program	17,600	17,600	0
Cultural Heritage Awareness	15,000	15,000	0

Project	Forecast	Forecast	Change
	2023-24 Q1	2023-24 Q2	
	\$	\$	\$
Review of Council's Toilet Strategy	10,000	10,000	0
Disability Action Plan	10,000	10,000	0
Bull Ring Tree Planting	7,500	7,500	0
Cultural Heritage Awareness Training	6,000	6,000	0
Gender Equality Actions	5,953	1,000	(4,953)
CERP Implementation Plan	5,000	5,000	0
Child/family services and facilities review	5,000	5,000	0
Database of Photos of the Borough	3,000	3,000	0
Total	329,084	291,100	(37,984)

*The forecasted allocation for the Marine Coastal Management Plan, as depicted above, is presented net of the secured grant funding (\$50,000). The grant funding secured relates to the vegetation study which has been identified as a sub project of the MCMP development work.

1.1.2. Cash Results

This section sets out the 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.

Comprehensive Income Statement	Actual	Forecast	Forecast	Actual	Variance from Q1 Annual Forecast		
	2022-23	2023-24 Q1	2023-24 Q2	YTD 2023-24	\$'000	%	Notes
	\$'000	\$'000	\$'000	\$'000			
Surplus / (deficit) for the year	1,625	692	648	1,278	(43)	(6.2%)	
Removal of non cash transactions							
Net gain on disposal of PPE and infrastructure	(109)	(35)	(35)	(47)	0	0.0%	
Depreciation	1,244	1,372	1,372	625	0	0.0%	
Reclassification of previous years' expenses	690	0	0	0	0	0.0%	
Inclusion of other cash transactions							
Proceeds from asset sales	3,504	75	75	48	0	0.0%	
Capital expenditure	(4,006)	(3,446)	(3,475)	(598)	(29)	0.8%	1
Cash surplus / (deficit) from operations	2,948	(1,342)	(1,415)	1,306	(72)	5.4%	
Transfer from reserves	939	944	938	0	(5)	(0.6%)	2
Transfer to reserves (<i>for future year spending</i>)	(4,520)	(261)	(269)	0	(8)	3.1%	2
Adjusted cash surplus / (deficit) for the year	(633)	(660)	(745)	1,306	(86)	13.0%	
Accumulated cash surplus b/fwd from prior year	1,595	962	962	962	0	0.0%	
Accumulated cash surplus	962	302	217	2,268	(86)	(28.4%)	

1. Capital expenditure: Increase of \$29,000 is mainly due;
 - i. \$30,000 additional allocation to for Hesse Street streetscape work (from unallocated cash surplus),
 - ii. \$14,000 additional allocations for the new bike track - concept design work (from the reserve), and
 - iii. (\$10,000) reduction in projected expenditure of Murray Road shared path work.

2. Transfer from reserves and Transfer to reserves,

Project	Reserve Transfer Type	Forecast 2023-24 Q1	Forecast 2023-24 Q2	Change
		\$	\$	\$
Motor Vehicles Renewal	Trf From	88,288	88,288	0
Toch H toilet renewal	Trf From	180,000	180,000	0
New Corporate System	Trf From	78,345	78,345	0
Queenscliffe Cultural Hub	Trf From	60,392	60,392	0
QMF Town Hall AV project	Trf From	57,900	57,900	0
Restoration and Upgrade of P1 Hut at PL Lighthouse	Trf From	54,609	54,609	0
Hesse Street Streetscape	Trf From	50,000	50,000	0
Murray Road land sale proceeds	Trf From	50,000	50,000	0
Tree management System	Trf From	50,000	50,000	0
Safety improvement work by DEECA at Narrows Beach	Trf From	40,000	40,000	0
Bike Track - concept design	Trf From	16,135	30,000	13,865
Hesse Street link to boatramp	Trf From	19,500	19,500	0
Review of Council's Toilet Strategy	Trf From	10,000	10,000	0
Marine Coastal Management Plan	Trf From	21,400	60,000	38,600
Victoria Park - Development of a Tree Management P	Trf From	24,630	22,667	(1,963)
Review of the Queenscliffe Planning Scheme	Trf From	90,000	20,000	(70,000)
Energy Efficiency Audit and Education Program	Trf From	17,600	17,600	0
CERP Implementation Plan	Trf From	5,000	5,000	0
Queenscliffe Neighbourhood House Solar	Trf From	4,659	4,659	0
Database of Photos of the Borough	Trf From	3,000	3,000	0
Gender Equality Actions	Trf From	5,953	1,000	(4,953)
Public Waste Services	Trf From	16,344	35,460	19,116
Sub total		943,755	938,419	(5,336)
Murray Road Shared Path	Trf To	0	(10,000)	(10,000)
Additional Cash Surplus (2023-24 Budget)	Trf To	(259,438)	(259,438)	0
Kerbside Waste Services	Trf To	(1,902)	0	1,902
Sub total		(261,340)	(269,438)	(8,098)
Grand total		682,415	668,981	(13,434)

A summary of all projected reserve balances as at 30 June 2024 is provided in **Appendix A** of this report.

1.2. Balance Sheet

As shown in the table below, the projected value of the net assets of Council is \$182.7 million as of 30 June 2024. Cash and investments (including other financial assets) will be at \$9.5 million.

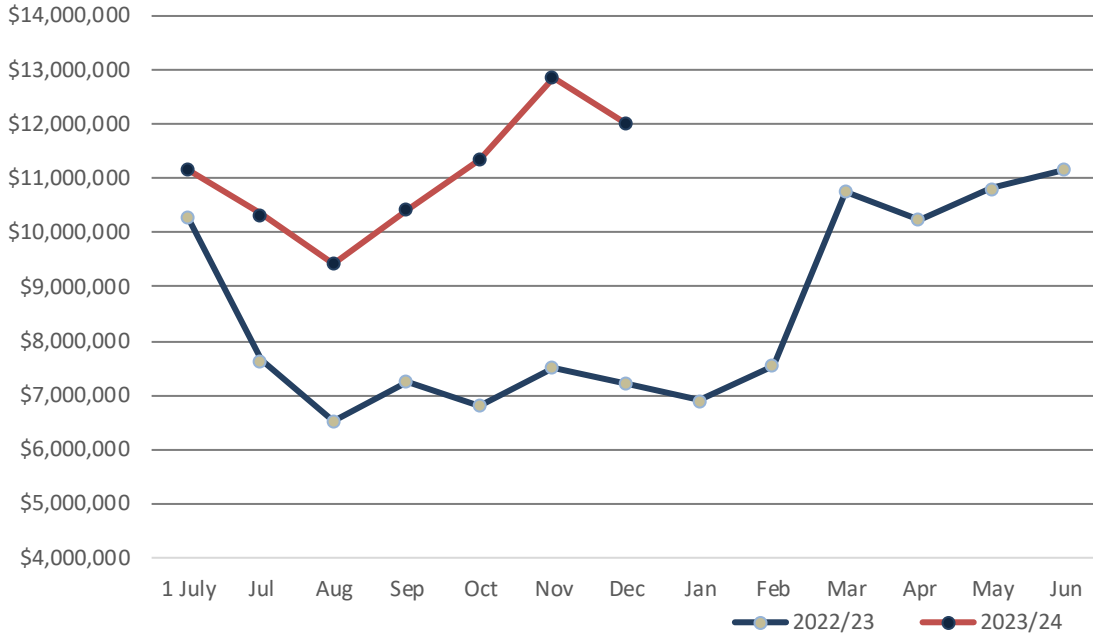
Balance Sheet As at 30 June	Actual 2022-23	Forecast 2023-24 Q1	Forecast 2023-24 Q2	Actual YTD 2023-24	Variance from Q1 Annual Forecast	
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Assets						
Current assets						
Cash and cash equivalents	3,568	7,075	7,054	2,331	(21)	(0.3%)
Other financial assets	7,593	2,500	2,500	9,683	0	0.0%
Trade and other receivables	230	300	300	4,345	0	0.0%
Inventories	4	4	4	4	0	0.0%
Other assets	643	228	243	187	14	6.2%
Total current assets	12,037	10,107	10,100	16,549	(7)	(0.1%)
Non-current assets						
Investments in associates	160	160	160	160	0	0.0%
Property, infrastructure, plant and equipment	172,562	174,593	174,622	172,568	29	0.0%
Total non-current assets	172,722	174,754	174,783	172,728	29	0.0%
Total assets	184,759	184,861	184,883	189,277	22	0.0%
Liabilities						
Current liabilities						
Trade and other payables	829	1,026	1,092	60	65	6.4%
Trust funds and deposits	20	50	50	343	0	0.0%
Provisions	935	959	959	878	0	0.0%
Unearned income	844	0	0	4,576	0	0.0%
Total current liabilities	2,628	2,035	2,101	5,856	65	3.2%
Non-current liabilities						
Provisions	98	100	100	109	0	0.0%
Total non-current liabilities	98	100	100	109	0	0.0%
Total liabilities	2,725	2,135	2,201	5,965	65	3.1%
Net assets	182,034	182,726	182,683	183,312	(43)	(0.0%)
Equity						
Accumulated surplus	99,424	100,798	100,742	100,702	(57)	(0.1%)
Revaluation Reserve	74,278	74,278	74,278	74,278	0	0.0%
Other reserves	8,332	7,649	7,663	8,332	14	0.2%
Total equity	182,034	182,726	182,683	183,312	(43)	(0.0%)

Cash & Cash Equivalents and Other Financial Assets

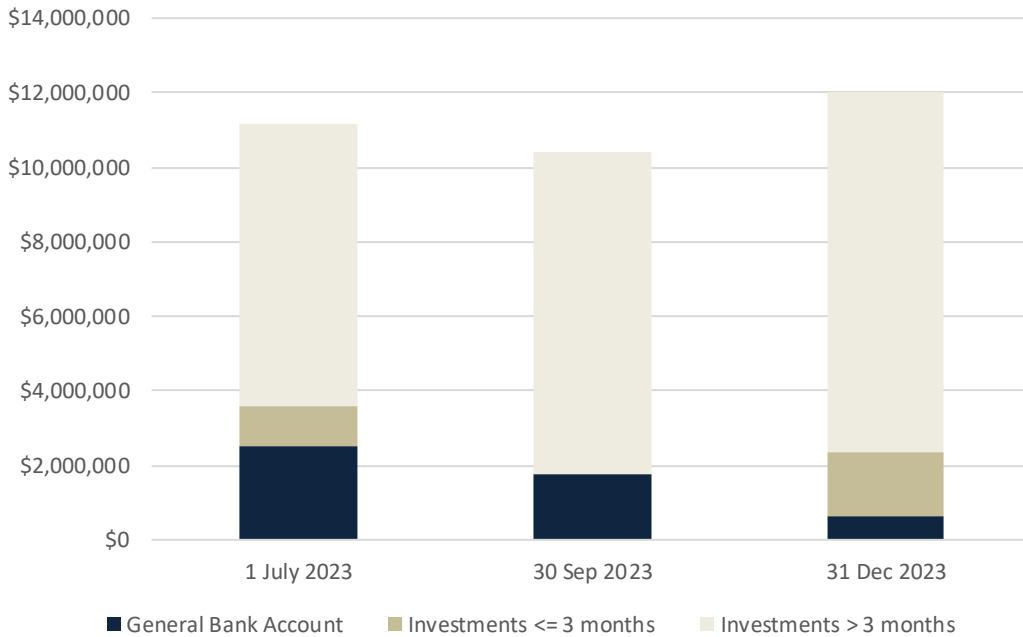
Council’s cash and cash equivalents includes short term investments with maturities of less than 90 days, other financial assets represent investments with maturities more than three months.

Councils total cash and investments as at 31 December 2023 is \$12.0 million.

Cash and investments - prior year comparison



Cash and investments

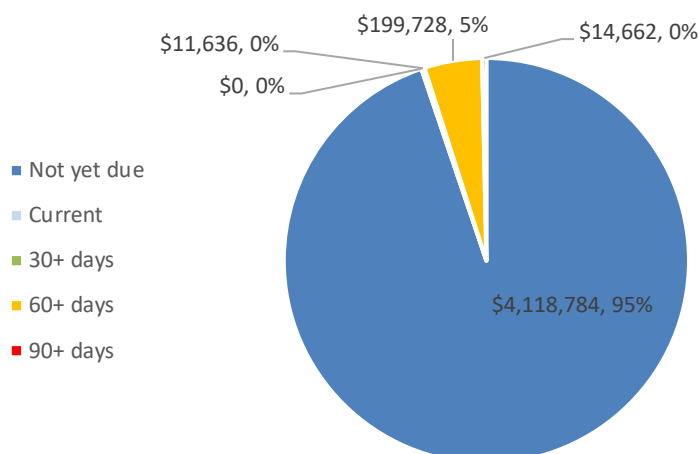


Trade and other receivables

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.

Other 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.



Trade and other receivables stand at **\$4.3 million at 31 December 2023** of which a 95% is represented by outstanding receivables not yet due.

1.3. 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	Actual 2022-23	Forecast 2023-24 Q1	Forecast 2023-24 Q2	Actual YTD 2023-24	Variance from Q1 Annual Forecast	
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Accumulated Surplus						
Opening Balance 1st July	101,380	99,424	99,424	99,424	0	0.0%
Adjustment on change in accounting policy						
Surplus / (deficit) for the year	1,625	692	648	1,278	(43)	(6.2%)
Transfer to other reserves	(4,520)	(261)	(269)	0	(8)	3.1%
Transfer from other reserves	939	944	938	0	(5)	(0.6%)
Closing Balance 30th June - Accumulated Surplus	99,424	100,798	100,742	100,702	(57)	(0.1%)

Statement of Changes in Equity	Actual 2022-23	Forecast 2023-24 Q1	Forecast 2023-24 Q2	Actual YTD 2023-24	Variance from Q1 Annual Forecast	
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Revaluation Reserve						
Opening Balance 1st July	76,675	74,278	74,278	74,278	0	0.0%
Net asset revaluation increment/(decrement)	(2,397)	0	0	0	0	0.0%
Closing Balance 30th June - Revaluation Reserve	74,278	74,278	74,278	74,278	0	0.0%
Other Reserves						
Opening Balance 1st July	4,751	8,332	8,332	8,332	0	0.0%
Transfer to other reserves	4,520	261	269	0	8	3.1%
Transfer from other reserves	(939)	(944)	(938)	0	5	(0.6%)
Closing Balance 30th June - Other Reserves	8,332	7,650	7,663	8,332	14	0.2%
Total Equity						
Opening Balance 1st July	182,806	182,034	182,034	182,034	0	0.0%
Surplus / (deficit) for the year	1,625	692	648	1,278	(43)	(6.2%)
Net asset revaluation increment/(decrement)	(2,397)	0	0	0	0	0.0%
Closing Balance 30th June - Total Equity	182,034	182,726	182,683	183,312	(43)	(0.0%)

1.4. Statement of Cash Flows

A cash flow statement summarises the amount of cash and cash equivalents entering and leaving Council accounts. 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	Actual 2022-23	Forecast 2023-24 Q1	Forecast 2023-24 Q2	Actual YTD 2023-24	Variance from Q1 Annual Forecast	
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Cash flows from operating activities						
<i>Receipts</i>						
Rates and charges	8,203	8,352	8,364	4,271	13	0.2%
Statutory fees and fines	201	106	114	73	7	6.9%
User fees	2,035	2,016	1,930	1,245	(86)	(4.3%)
Grants - Operating	1,457	1,226	1,603	649	377	30.8%
Grants - Capital	1,686	1,121	1,116	9	(5)	(0.4%)
Interest received	132	364	466	133	102	28.0%
Trust funds and deposits taken	12	0	0	0	0	0.0%
Other receipts	263	441	443	498	2	0.5%
Net GST refund / (payment)	109	38	38	45	0	0.0%
Total receipts	14,098	13,664	14,075	6,924	411	3.0%
<i>Payments</i>						
Employee costs	(4,883)	(5,598)	(5,503)	(2,612)	94	(1.7%)
Materials and services	(5,786)	(5,882)	(6,404)	(2,919)	(522)	8.9%
Short-term, low value and variable lease payments	(13)	(1)	(1)	0	0	0.0%
Trust funds and deposits repaid	(43)	0	0	0	0	0.0%
Other payments	(473)	(637)	(615)	116	22	(3.4%)
Total payments	(11,198)	(12,118)	(12,523)	(5,415)	(406)	3.3%
Net cash provided by operating activities	2,900	1,546	1,551	1,509	5	0.3%
Cash flows from investing activities						
Payments for property, infrastructure, plant and equipment	(5,527)	(3,208)	(3,234)	(704)	(26)	0.8%
Proceeds from sale of property, infrastructure, plant and equipment	3,504	75	75	48	0	0.0%
Net proceeds from movement of investments	(1,087)	5,093	5,093	(2,090)	0	0.0%
Net cash provided by / (used in) investing activities	(3,110)	1,960	1,934	(2,745)	(26)	(1.3%)
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	(210)	3,507	3,486	(1,236)	(21)	(0.6%)
Cash and cash equivalents at the beginning of the financial year	3,778	3,568	3,568	3,568	0	0.0%
Cash and cash equivalents at the end of the financial year	3,568	7,075	7,054	2,331	(21)	(0.3%)

1.5. Statement of Capital Works

The Statement of Capital Works presents Council's performance against its capital work program during the reporting period.

1.5.1. Capital Project Wise

Statement of Capital Works	Budget 2023-24	Forecast 2023-24 Q1	Forecast 2023-24 Q2	Actual YTD 2023-24	Variance from Q1 Annual Forecast	
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Priority capital works						
Queenscliffe cultural hub	0	60	63	42	2	3.5%
PL lighthouse reserve upgrade - P1 huts	0	55	55	20	0	0.0%
ICT transformation project	147	225	225	106	0	0.0%
Toch H toilet renewal - design and construct	130	180	180	0	0	0.0%
Electronic vehicle charging stations	0	39	39	40	0	0.0%
New tree management system	0	50	50	(31)	0	0.0%
Local roads and community infrastructure program - phase 2 and 3	0	71	66	66	(5)	(7.0%)
Princess park kiosk toilet renewal - design	0	0	0	0	0	0.0%
Town Hall AV upgrade project (QMF)	0	58	58	0	0	0.0%
Hesse street streetscape	0	50	80	5	30	60.0%
Hesse Street link to boat ramp	0	50	50	1	0	0.0%
Safety improvement work by DEECA at Narrows Beach	150	150	150	0	0	0.0%
New bike track - concept design	16	16	30	0	14	86.3%
Upgrade of Town Hall - heating and cooling	180	180	180	0	0	0.0%
Murray Road Shared Path	50	50	40	4	(10)	(20.0%)
Point Lonsdale Maritime & Defence Precinct	1,000	1,000	1,000	33	0	0.0%
Queenscliffe Rec Reserve - lighting upgrade and cr	160	160	160	0	0	0.0%
Bike Racks (ATS)	10	10	10	0	0	0.0%
Boat ramp upgrade project	0	0	0	4	0	0.0%
Total priority capital works	1,843	2,404	2,435	291	31	1.3%
Annual asset renewal program	829	918	915	304	(3)	(0.3%)
Staff cost capitalised	124	124	125	0	1	0.6%
Total capital works expenditure	2,797	3,446	3,475	595	29	0.8%
Represented by:						
New asset expenditure	304	583	597	69	14	2.4%
Asset renewal expenditure	1,664	1,814	1,812	338	(2)	(0.1%)
Asset upgrade expenditure	829	1,050	1,067	188	17	1.6%
Total capital works expenditure	2,797	3,446	3,475	595	29	0.8%

Reasons for movements are given in note 1 under section 1.1.2. Cash Results of this report.

1.5.2. Asset Type Wise

Statement of Capital Works	Budget 2023-24	Forecast 2023-24 Q1	Forecast 2023-24 Q2	Actual YTD 2023-24	Variance from Q1 Annual Forecast	
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Property						
Land	0	0	0	0	0	0.0%
Land improvements	0	0	0	0	0	0.0%
Total land	0	0	0	0	0	0.0%
Buildings	331	441	473	117	32	7.2%
Building improvements	180	238	238	0	0	0.0%
Leasehold improvements	0	0	0	0	0	0.0%
Heritage buildings	0	0	0	0	0	0.0%
Total buildings	511	679	711	118	32	4.7%
Total property	511	679	711	118	32	4.7%
Plant and equipment						
Plant, machinery and equipment	210	299	299	98	0	0.0%
Fixtures, fittings and furniture	10	10	10	56	0	0.0%
Computers and telecommunications	193	321	321	76	0	0.0%
Heritage plant and equipment	0	0	0	0	0	0.0%
Library books	0	0	0	0	0	0.0%
Total plant and equipment	414	630	630	229	0	0.0%
Infrastructure						
Roads	113	113	139	39	26	22.7%
Footpaths and cycleways	71	242	261	84	20	8.1%
Drainage	103	103	90	27	(13)	(12.5%)
Recreational, leisure and community facilities	341	341	346	26	5	1.4%
Waste management	0	0	0	0	0	0.0%
Parks, open space and streetscapes	1,111	1,165	1,125	35	(41)	(3.5%)
Off street car parks	0	0	0	0	0	0.0%
Other infrastructure	10	49	49	40	0	0.0%
Other Assets	124	124	125	0	1	0.6%
Total infrastructure	1,872	2,137	2,134	251	(3)	(0.1%)
Total capital works expenditure	2,797	3,446	3,475	598	29	0.8%
Represented by:						
New asset expenditure	304	583	597	69	14	2.4%
Asset renewal expenditure	1,664	1,814	1,812	338	(2)	(0.1%)
Asset upgrade expenditure	829	1,050	1,067	188	17	1.6%
Total capital works expenditure	2,797	3,446	3,475	595	29	0.8%

2. 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 across the sector.

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.

2.1. Performance of Council against the Council Plan

Council delivers services and initiatives under 21 major service categories. Each service contributes to the achievement of strategic objectives set out under each portfolio.

This section provides a brief overview of how each area has been funded in the 2023-24 financial year.

Strategic Objective	Forecast 2023-24 Q1	Forecast 2023-24 Q2	Actual YTD 2023-24
	\$'000	\$'000	\$'000
Portfolio 1 Health and wellbeing			
Direct funding	825	868	766
Expenses	(2,083)	(2,089)	(955)
Surplus/ (deficit)	(1,259)	(1,221)	(189)
Portfolio 2 Environment			
Direct funding	1,447	1,489	779
Expenses	(2,078)	(2,252)	(890)
Surplus/ (deficit)	(632)	(763)	(111)
Portfolio 3 Local economy			
Direct funding	1,959	1,862	933
Expenses	(1,528)	(1,395)	(624)
Surplus/ (deficit)	431	468	309
Portfolio 4 Heritage, planning and infrastructure			
Direct funding	674	995	164
Expenses	(3,185)	(3,444)	(1,036)
Surplus/ (deficit)	(2,511)	(2,449)	(873)
Portfolio 5 Governance and finance			
Direct funding	544	647	425
Expenses	(3,341)	(3,493)	(1,757)
Surplus/ (deficit)	(2,796)	(2,847)	(1,332)
Total - surplus/ (deficit)	(6,767)	(6,811)	(2,197)
Expenses/other income added in:			
Depreciation	(1,372)	(1,372)	(625)
Net gain/losses on disposal of property, infrastructure, plant and equipment	35	35	47
Surplus/(deficit) before funding sources	(8,104)	(8,148)	(2,775)

Strategic Objective	Forecast	Forecast	Actual YTD
	2023-24 Q1	2023-24 Q2	2023-24
	\$'000	\$'000	\$'000
Funding sources added in:			
Rates revenue	7,249	7,252	3,626
Financial Assistance Grant - General Purpose	29	29	14
Capital grants	1,518	1,513	407
Total funding sources	8,796	8,794	4,046
Operating surplus/(deficit) for the year	692	648	1,278

Please note that the Surplus/(Deficit) figures for each area below reflect the net direct costs of delivering services, after accounting for any direct finding (**D/funding**) such as specific income, fees, grants, and other financial inflows except for the tourist park operations. The overall deficit is funded by income from rates and financial assistance grant as stated in the previous table.

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		Forecast	Forecast	Actual	Variance from	
			2023-24 Q1	2023-24 Q2	YTD 2023-24	Q1 Annual 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.	D/funding	612	623	580	11	1.8%
		Exp	(786)	(773)	(356)	13	(1.7%)
		Surplus/(deficit)	(174)	(150)	224	24	(13.8%)
Recreation, Arts, Culture and Community	The Recreation, Arts, Culture and Community program promotes community wellbeing by supporting people and communities to be involved, healthy and active.	D/funding	0	0	0	0	0.0%
		Exp	(60)	(61)	(56)	(1)	2.2%
		Surplus/(deficit)	(60)	(61)	(56)	(1)	2.2%
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.	D/funding	18	27	26	9	50.5%
		Exp	(398)	(321)	(111)	77	(19.3%)
		Surplus/(deficit)	(380)	(294)	(84)	86	(22.6%)
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.	D/funding	60	79	35	19	31.7%
		Exp	(77)	(79)	(40)	(2)	3.1%
		Surplus/(deficit)	(17)	0	(4)	17	(100.0%)
Environmental Health	The Environmental Health program monitors and maintains a safe environment for public health and wellbeing.	D/funding	64	69	71	5	7.4%
		Exp	(148)	(201)	(85)	(54)	36.4%
		Surplus/(deficit)	(84)	(133)	(14)	(49)	58.5%
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.	D/funding	70	70	47	(0)	(0.6%)
		Exp	(347)	(392)	(181)	(45)	13.0%
		Surplus/(deficit)	(277)	(323)	(134)	(46)	16.5%

Service area	Key service objective/s		Forecast	Forecast	Actual	Variance from	
			2023-24	2023-24	YTD	Q1 Annual	
			Q1	Q2	2023-24	Forecast	
			\$'000	\$'000	\$'000	\$'000	%
Library	The Library program promotes community wellbeing by encouraging active participation and life-long learning opportunities in a safe, inclusive setting.	D/funding	0	0	6	0	0.0%
		Exp	(268)	(261)	(128)	7	(2.7%)
		Surplus/ (deficit)	(268)	(261)	(122)	7	(2.7%)
TOTAL	Income		825	868	766	44	5.3%
	Expenditure		(2,083)	(2,089)	(955)	(6)	0.3%
	Surplus/ (deficit)		(1,259)	(1,221)	(189)	38	(3.0%)

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		Forecast	Forecast	Actual	Variance from	
			2023-24	2023-24	YTD	Q1 Annual	
			Q1	Q2	2023-24	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.	D/funding	7	19	8	12	171.4%
		Exp	(235)	(277)	(99)	(42)	17.9%
		Surplus/ (deficit)	(228)	(258)	(91)	(30)	13.2%
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.	D/funding	194	194	162	0	0.0%
		Exp	(583)	(662)	(342)	(79)	13.5%
		Surplus/ (deficit)	(389)	(468)	(180)	(79)	20.2%
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.	D/funding	1,246	1,275	608	29	2.3%
		Exp	(1,261)	(1,313)	(449)	(52)	4.1%
		Surplus/ (deficit)	(15)	(38)	159	(23)	161.4%
TOTAL	Income		1,447	1,488	778	41	2.8%
	Expenditure		(2,078)	(2,252)	(890)	(173)	8.3%
	Surplus/ (deficit)		(632)	(764)	(112)	(132)	20.9%

Portfolio 3: Local economy.

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

Key service objective/s		Forecast	Forecast	Actual	Variance from	
		2023-24	2023-24	YTD	Q1 Annual	
		Q1	Q2	2023-24	Forecast	
		\$'000	\$'000	\$'000	\$'000	%
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.	D/funding	1,876	1,778	923	(98)	(5.2%)
	Exp	(1,038)	(971)	(429)	67	(6.5%)
	Surplus/ (deficit)	838	807	494	(31)	(3.7%)

