



Appendix 4a

15.2 Quarterly Financial Report as at 31 December 2020

Quarterly Financial Report 31 December 2019

Ordinary Meeting of Council

Thursday 27 February 2020 at 7:00pm

Queenscliff Town Hall
50 Learmonth Street, Queenscliff

Quarterly Financial Report 31 December 2019

Presented to 27 February 2020
Ordinary Council Meeting



Borough of Queenscliffe
Queenscliff & Point Lonsdale, Victoria, Australia

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Introduction

Section 138 of the *Local Government Act 1989* requires a financial report to be presented to Council at least quarterly, comparing expenses and revenue against budget.

The adopted budget can become outdated during the financial year, as new information comes to light. As a result, Council instead focuses on its quarterly review of the year-end forecast outcome. This is crucial budgetary financial management that underpins longer-term strategic financial planning to ensure the ongoing sustainability of Council.

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

Notes to the financial statements provided on the following pages explaining key variances against the March 2019 Forecast. The Council has adopted a materiality threshold of 10% or a dollar variance of +/- \$100,000. Explanations have not been provided for variations below the materiality threshold, unless the variance is considered to be material because of its nature.

Gihan Kohobange
Manager, Financial Services

Executive summary

The **forecast cash result** is a **deficit of \$165,000 for the year**, an increase of \$20,000 on the September forecast cash deficit of \$145,000. Together with the actual cash surplus realised for the 2018/19 financial year (accumulated cash surplus brought forward from the prior year) the **forecast accumulated cash surplus at June 2020 is \$309,000**.

The forecast accumulated cash surplus is an improvement against the budgeted Nil accumulated surplus. This improvement is mainly due to the additional operating grant the BoQ has been able to secure as a result of continuous submissions and advocacy.

The forecast accumulated cash surplus will be considered in Council's 2020/21 draft budget. Further review of forecast, in the third quarter, will be reported to Council in April.

Headline changes in year-end forecast, from that previously reported in the September quarterly financial report to the recent December quarter-end, are included throughout this report with an explanation provided for all material adjustments to key financial statements.

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 **forecast accumulated cash result** at June is a surplus of **\$309,000** against the September forecast accumulated cash surplus of \$329,000.

Statement of Income & Expenditure (Available Cash) for the quarter ended 31 December 2019	2018/19 Actual	Adopted Budget	Sep 2019 Forecast	Dec 2019 Forecast	YTD Actual	Variance from Q1 Sep to Q2 Dec Forecast		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	Notes
Income								
Rates and charges	7,215	7,406	7,406	7,444	7,440	37	0.5%	
Statutory fees and fines	124	128	128	118	59	(11)	(8.2%)	
User fees	2,075	1,954	1,954	1,945	953	(9)	(0.5%)	
Grants - operating	1,146	896	990	1,213	757	224	22.6%	1
Grants - capital	3,782	6,508	6,146	1,068	507	(5,078)	(82.6%)	2
Contributions - monetary - operating	0	0	0	0	0	0	0.0%	
Contributions - monetary - capital	86	35	20	5	0	(15)	(75.0%)	3
Contributions - Non-monetary	0	0	0	0	0	0	0.0%	
Other income	333	272	237	235	147	(2)	(0.7%)	
Proceeds from asset sales	104	101	101	45	10	(56)	(55.3%)	4
Borrowings	0	903	903	673	0	(230)	(25.5%)	5
Total cash received	14,865	18,204	17,885	12,745	9,873	(5,140)	(28.7%)	
Expenses								
Employee costs	4,124	4,219	4,219	4,226	2,154	7	0.2%	
Materials and services	4,889	5,854	5,859	5,798	2,371	(60)	(1.0%)	6
Bad and doubtful debts	0	3	3	3	0	0	0.0%	
Borrowing costs	2	2	2	2	(0)	0	0.0%	
Other expenses	262	259	259	293	133	35	13.5%	7
Loan redemption	17	18	18	18	0	0	0.0%	
Capital expenditure - Asset Renewal	1,412	3,770	3,791	1,453	326	(2,338)	(61.7%)	8
Capital expenditure - New and Upgrade	2,000	7,422	7,527	2,840	559	(4,687)	(62.3%)	8
Total cash paid	12,707	21,547	21,677	14,634	5,544	(7,043)	(32.5%)	
Cash surplus / (deficit) from operations	2,158	(3,343)	(3,792)	(1,888)	4,329	1,903	(50.2%)	
Transfer from reserves	2,061	4,044	4,680	2,291	4	(2,389)	(51.0%)	9
Transfer to reserves (<i>for future year spending</i>)	(4,563)	(1,033)	(1,033)	(568)	0	465	(45.0%)	10
Adjusted cash surplus / (deficit) for the year	(344)	(332)	(145)	(165)	4,334	(20)	14.1%	
Accumulated cash surplus b/fwd from prior year	799	332	474	474	474	0	0.0%	
Accumulated cash surplus	455	(0)	329	309	4,808	(20)		

Notes to the Statement of Income and Expenditure

1.1 Income / Receipts

1. Grant – Operating: Net increase of \$224,000 is largely due to:

- \$115k new grant from Better Boating Victoria, compensation for the loss of income due to abolish of boat ramp parking fees
- \$61k new grant from the Department of Environment, Land, Water and Planning for the repair and maintenance work of the seawall at Pt Lonsdale
- \$71k additional grant for Aged Care Package Services
- -\$41k refund of 2017/18 and 2018/19 unspent grant on respite care

2. Capital – Grant: Net reduction of \$5,078,000 is mainly due to:
 - \$5.1 million phasing of capital projects to future years
 - -\$50k new grant from the Department of Transport for a shared path connection Lawrence road to Bowen Road
3. Contribution monetary capital: Net reduction of \$15,000 is due to:
 - Removing \$5,000 contribution to the new decking at the Queenscliffe Neighbourhood House
 - Removing of \$10,000 for the outdoor gym equipment from the Rotary Club
4. Proceeds from Asset Sales: Net reduction of \$56,000 is mainly due to shift in timing of replacing tourist park vehicles.
5. Borrowings: Reduction of \$230,000 reflects shift in timing of associated capital projects.

1.2 Expenses / Payments

6. Materials and services: Net reduction of \$60,000 is mainly due to:
 - \$150k shift in timing of operating projects (trf to future years)
 - \$52k savings in fort Queenscliff development plan
 - \$29k net savings in buildings, works, plant and equipment maintenance
 - -\$61k new project, repair and maintenance work of seawall at Pt Lonsdale
 - -50k cost escalation in foreshore and open space maintenance
 - -\$34k cost escalation in waste management and recycling
 - -\$18k cost escalation in information technology software and maintenance agreements
7. Other expenses: Increase of \$35,000 is mainly due to the write-off of \$22k 2014/15 unreconciled balance and budget pressures.
8. Capital expenditure – Net reduction of \$7,025,000 is mainly due to:
 - \$7.06 million shift in timing of capital projects (trf to future years)
 - -\$75k new project, shared path connection Lawrence Road to Bowen Road
 - -\$40k budget pressure, outdoor gym equipment (project depend on extra grant to cover cost escalations)
 - -\$38k budget pressures, redevelopment of freehold land, King Street bus stop and new decking at the Queenscliffe Neighbourhood House

Note: More details are given in notes to the Statement of Capital Works

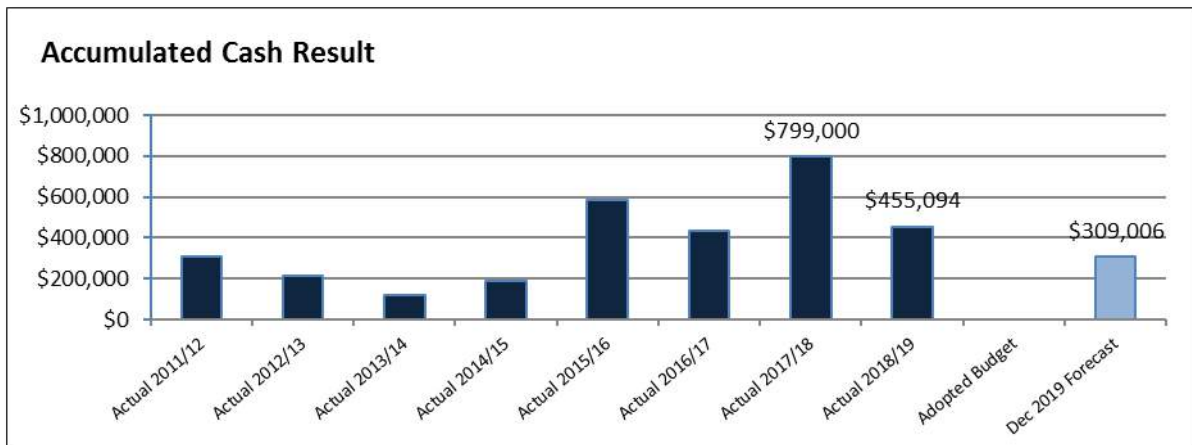
1.3 Transfers to/(from) reserves

9. Transfer from reserves: Net reduction of \$2,389,000 is mainly due to:
 - \$2.08 million shift in timing of capital projects
 - \$152k shift in timing of operating projects
 - \$116k reduction due to savings in associated expense items
 - \$38k reduction to reflect temporally funding of the shortfall in waste management reserve through rates

10. Transfer to reserves: Net reduction of \$465,000 is due to:

- \$495k shift in timing of capital projects (grant funded)
- -\$20k shift in timing of operating projects (rates funded)
- -\$10k increase in transfer to asset replacement reserve (rates funded)

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



2. Financial statements

This section includes quarterly reporting against the five key financial statements in accordance with both the *Local Government Act 1989* and the Local Government Model Financial Report.

2.1 Comprehensive Income Statement

The forecast **operating result** is a **surplus of \$349,000**, a reduction of \$4,708,000 compared with the September forecast largely due to the shifting of timing of capital grants.

Comprehensive Income Statement for the quarter ended 31 December 2019	2018/19	Adopted	Sep 2019	Dec 2019	YTD	Variance from Q1 Sep to Q2 Dec Forecast		
	Actual	Budget	Forecast	Forecast	Actual			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	Notes
Income								
Rates and charges	7,215	7,406	7,406	7,444	7,440	37	0.5%	
Statutory fees and fines	124	128	128	118	59	(11)	(8.2%)	
User fees	2,075	1,954	1,954	1,945	953	(9)	(0.5%)	
Grants - operating	1,146	896	990	1,213	757	224	22.6%	
Grants - capital	3,782	6,508	6,146	1,068	507	(5,078)	(82.6%)	
Contributions - monetary - operating	-	0	0	0	0	0	0.0%	
Contributions - monetary - capital	86	35	20	5	0	(15)	(75.0%)	
Contributions - Non-monetary	-	0	0	0	0	0	0.0%	
Other income	333	272	237	235	147	(2)	(0.7%)	
Net gain on disposal of assets	-	0	0	0	0	0	0.0%	
Total income	14,761	17,200	16,881	12,028	9,863	(4,854)	(28.8%)	
Expenses								
Employee costs	4,124	4,219	4,219	4,226	2,154	7	0.2%	
Materials and services	4,889	5,854	5,859	5,798	2,371	(60)	(1.0%)	
Bad and doubtful debts	-	3	3	3	0	0	0.0%	
Depreciation	1,185	1,311	1,311	1,311	0	0	0.0%	
Borrowing costs	2	2	2	2	(0)	0	0.0%	
Other expenses	839	259	259	293	133	35	13.5%	
Net loss on disposal of assets	30	101	101	45	0	(56)	(55.4%)	
Share of net losses of an associate (library)	-	0	0	0	0	0	0.0%	
Total expenses	11,070	11,748	11,753	11,679	4,659	(74)	(0.6%)	
Surplus / (deficit) for the year	3,691	5,451	5,129	349	5,205	(4,780)	(93.2%)	
Other comprehensive income								
Items that will not be reclassified to surplus or deficit in future periods								
Net asset revaluation increment / (decrement)	0	0	0	0	0	0	0.0%	
Total comprehensive result	3,691	5,451	5,129	349	5,205	(4,780)	(93.2%)	

Underlying result

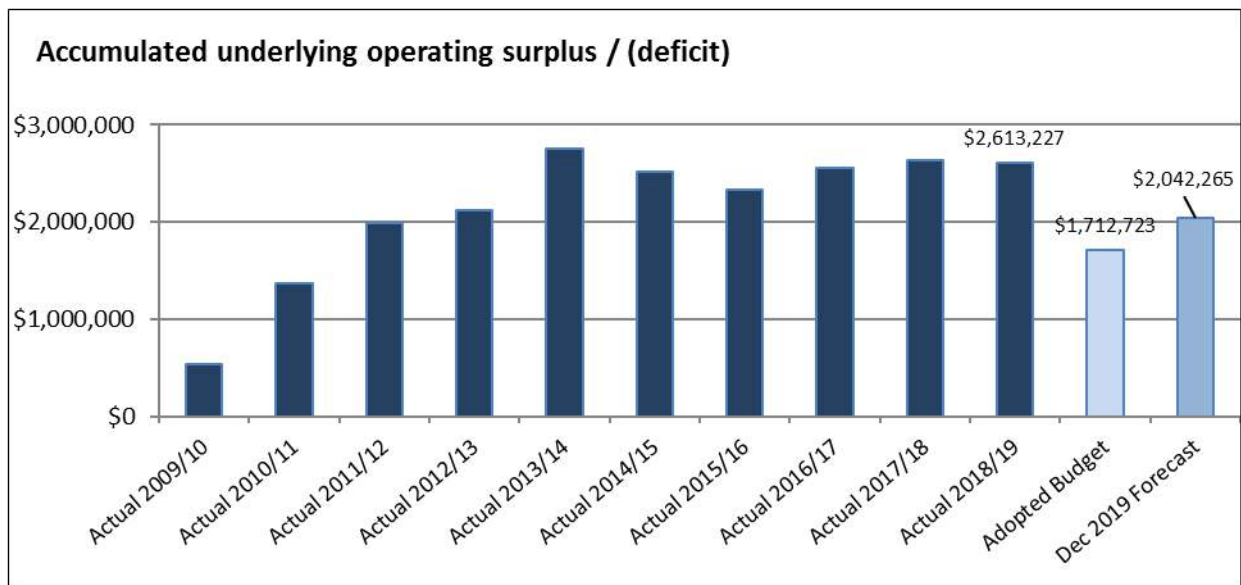
An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives, the underlying result is calculated by adjusting the operating surplus/(deficit) for the year by deducting non-recurrent capital funding. The forecast underlying result for the year is a deficit of \$571,000 an improvement of \$276,000 against the September forecast.

Underlying Result for the quarter ended 31 December 2019	2018/19	Adopted	Sep 2019	Dec 2019	YTD	Variance from Q1 Sep to Q2 Dec Forecast		
	Actual	Budget	Forecast	Forecast	Actual			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	Notes
Total income	14,761	17,200	16,881	12,028	9,863	(4,854)	(28.8%)	
Total expenses	11,070	11,748	11,753	11,679	4,659	(74)	(0.6%)	
Surplus / (deficit) for the year	3,691	5,451	5,129	349	5,205	(4,780)	(93.2%)	
Less: Grants - capital (non-recurrent)	(3,637)	(6,317)	(5,955)	(915)	(411)	5,040	(84.6%)	
Less: Contributions - monetary - capital	(86)	(35)	(20)	(5)	0	15	(75.0%)	
Less: Non-monetary asset contributions	0	0	0	0	0	0	0.0%	
Adjusted underlying surplus / (deficit)	(31)	(901)	(847)	(571)	4,794	276	(32.6%)	1

Notes to the underlying result

1. Improvement in the underlying result largely due to increase in operating grant (\$224k) and overall savings in cost associate with materials and services (\$60k).

One of the key objectives in Council's Strategic Resource Plan is the achievement of a breakeven underlying operating result cumulatively which is expected to be at \$2.1 million at June 2020.



2.2 Balance Sheet

The value of **forecast net assets** of Council stands at **\$140 million as at 30 June 2020**. Unrestricted financial assets (including cash and cash equivalents) are projected to be at \$5.9 million.

Balance Sheet for the quarter ended 31 December 2019	Adopted Budget \$'000	Sep 2019 Forecast \$'000	Dec 2019 Forecast \$'000	YTD Actual \$'000	Variance from Q1 Sep to Q2 Dec Forecast		
					\$'000	%	Notes
Assets							
Current assets							
Cash and cash equivalents	1,176	3,789	4,987	3,998	1,198	31.6%	1
Other financial assets	2,750	1,000	1,000	3,844	0	0.0%	
Trade and other receivables	350	280	280	3,948	0	0.0%	
Non-current assets classified as held for sale	2,075	2,075	2,075	2,075	0	0.0%	
Inventories	4	6	6	6	0	0.0%	
Other assets	200	225	225	35	0	0.0%	
Total current assets	6,555	7,375	8,573	13,906	1,198	16.3%	
Non-current assets							
Non-current Debtor	0	0	0	1	0	0.0%	
Investments in associates	214	207	207	207	0	0.0%	
Property, infrastructure, plant and equipment	142,938	141,508	134,594	132,588	(6,914)	(4.9%)	2
Total non-current assets	143,152	141,715	134,801	132,797	(6,914)	(4.9%)	
Total assets	149,707	149,090	143,374	146,703	(5,716)	(3.8%)	
Liabilities							
Current liabilities							
Trade and other payables	1,731	1,744	1,038	103	(705)	(40.4%)	3
Trust funds and deposits	75	100	100	87	0	0.0%	
Provisions	1,078	1,055	1,055	1,027	0	0.0%	
Interest-bearing loans and borrowings	92	92	92	18	0	0.0%	
Other liabilities	75	80	80	313	0	0.0%	
Total current liabilities	3,051	3,070	2,365	1,548	(705)	(23.0%)	
Non-current liabilities							
Provisions	56	23	23	(106)	0	0.0%	
Interest-bearing loans and borrowings	839	839	609	29	(230)	(27.4%)	4
Total non-current liabilities	895	862	632	(77)	(230)	(26.7%)	
Total liabilities	3,946	3,932	2,997	1,470	(935)	(23.8%)	
Net assets	145,761	145,158	140,377	145,233	(4,781)	(3.3%)	
Equity							
Accumulated surplus	100,439	100,633	93,930	97,067	(6,704)	(6.7%)	
Revaluation Reserve	43,874	42,566	42,566	42,566	0	0.0%	
Reserves	1,448	1,958	3,881	5,600	1,923	98.2%	5
Total equity	145,761	145,158	140,377	145,233	(4,781)	(3.3%)	

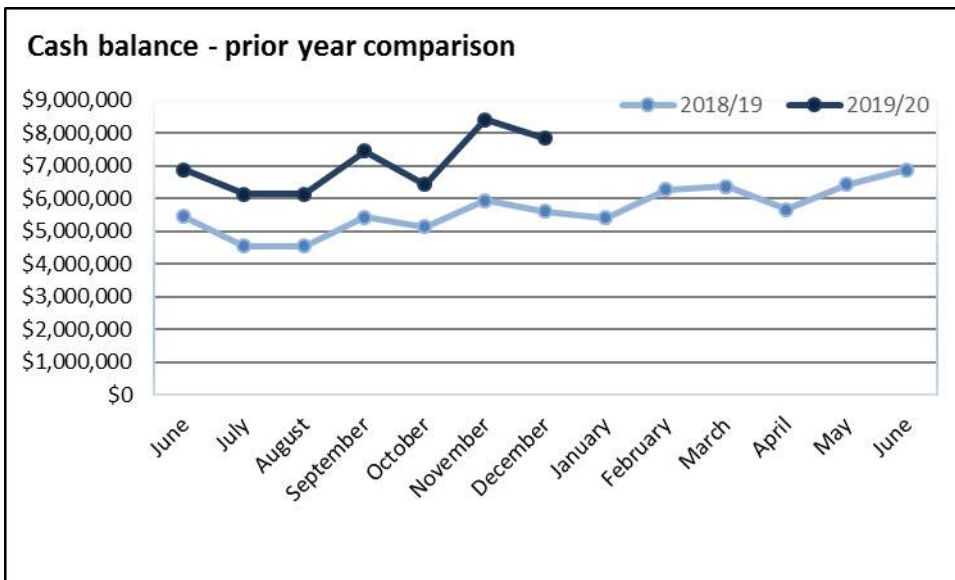
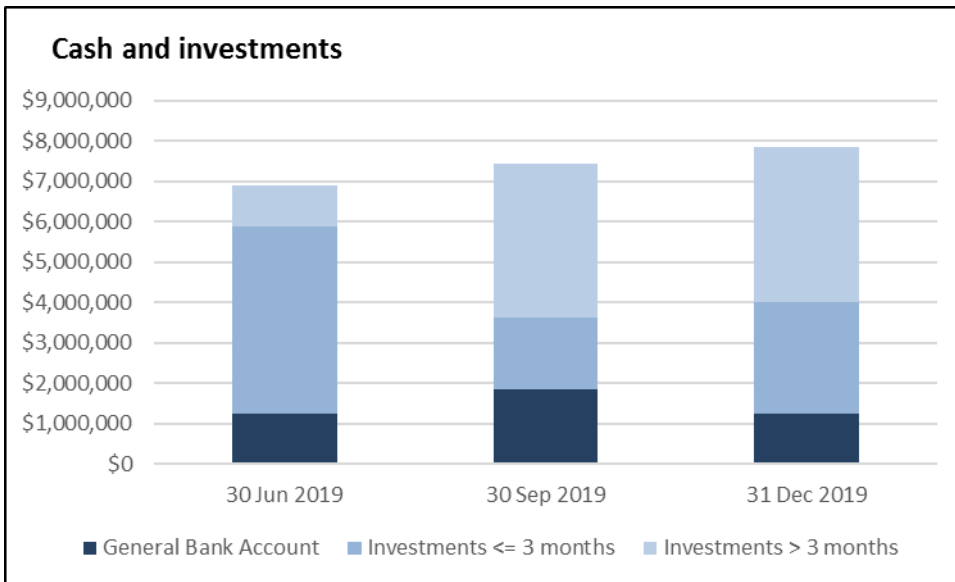
Notes to the Balance Sheet

1 – 5 Variances from Q1 Sep forecast to Q2 Dec forecast are mainly due to shifts in the timing of capital and operating projects .

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).

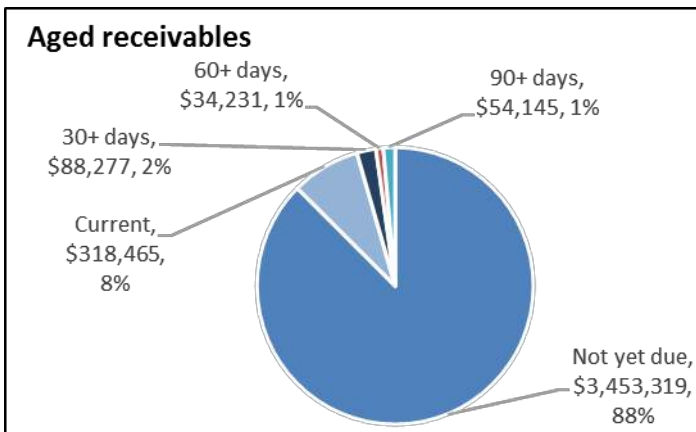
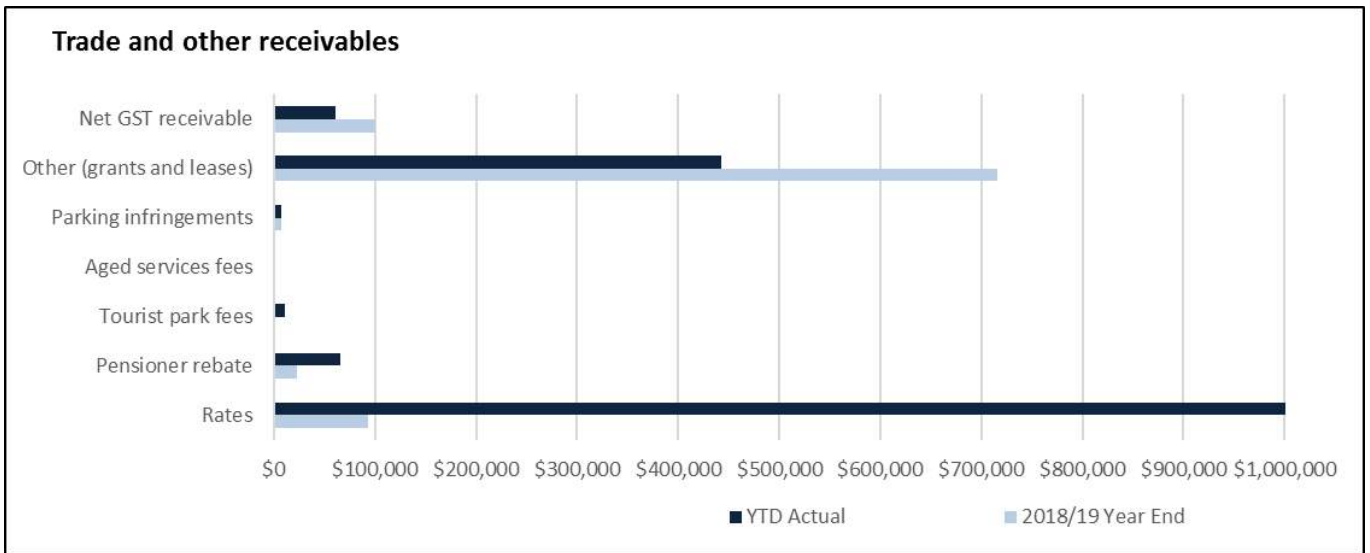
Total unrestricted financial assets (including cash and cash equivalents) as at 31 December 2019 is amounting to \$7.8 million of which \$5.6 million have been allocated for specific future purposes.



Trade and other receivables

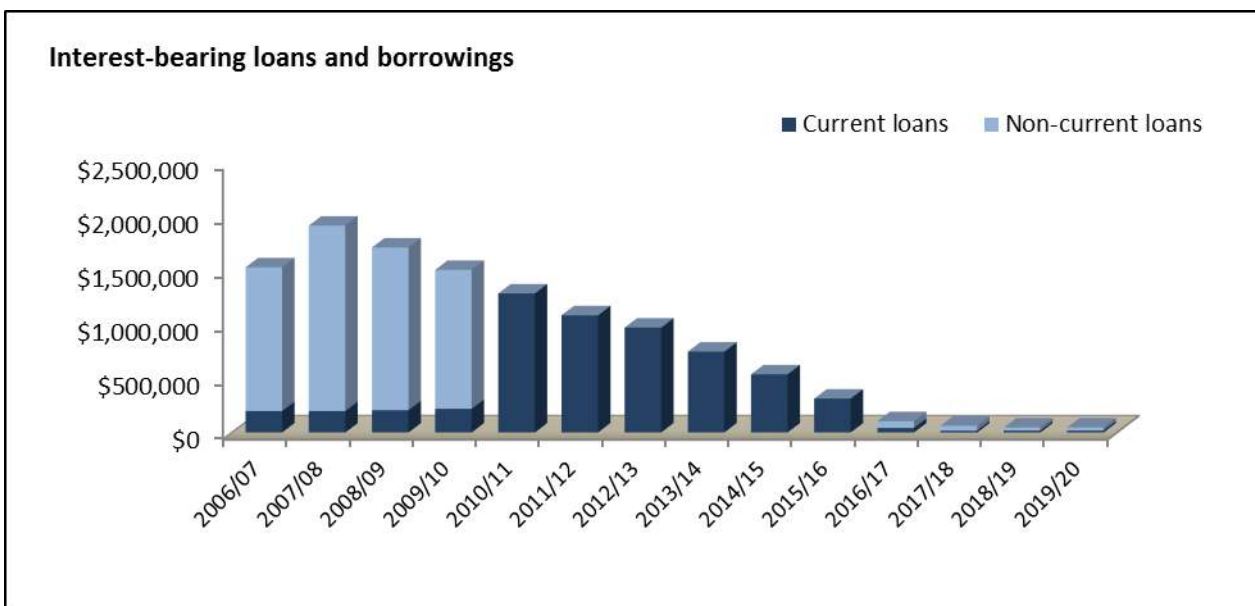
Rates are required to be paid by instalments in September, November, February and May each year. All rates are deemed collectible, with no provision for doubtful debts.

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



Interest-bearing loans and borrowings

Loan payments (principal and interest) are generally processed in two instalments, in September and March of each financial year. Council has been in a phase of debt reduction since 2008/09, as illustrated in the chart below.



Borrowings	2018/19 Actual \$'000	Adopted Budget \$'000	Dec 2019 Forecast \$'000	YTD Actual \$'000
Total amount borrowed as at 30 June of the prior year	63,101	46,020	46,174	46,174
Total amount to be borrowed	0	902,689	672,689	0
Total amount projected to be redeemed	(16,927)	(17,815)	(17,815)	0
Total amount proposed to be borrowed as at 30 June	46,174	930,894	701,047	46,174

2.3 Statement of Changes in Equity

Other reserves held by Council include annual asset renewal, carry forwards, waste management, defined benefits superannuation fund liability and unallocated cash surpluses from previous years. Funds are generally transferred out of reserves following the completion of carry forward projects and/or by Council resolution to allocate funds to projects.

Statement of Changes in Equity for the quarter ended 31 December 2019	Total Equity \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000	Notes
2019/20 Adopted Budget					
Balance at beginning of the financial year	140,310	91,977	43,874	4,458	
Surplus / (deficit) for the year	5,451	5,451	0	0	
Transfer to other reserves	0	(1,033)	0	1,033	
Transfer from other reserves	0	4,044	0	(4,044)	
Balance at end of the financial year	145,761	100,439	43,874	1,448	
September 2019 Forecast					
Balance at beginning of the financial year	140,028	91,858	42,566	5,604	
Surplus / (deficit) for the year	5,130	5,129	0	0	
Transfer to other reserves	0	(1,033)	0	1,033	
Transfer from other reserves	0	4,680	0	(4,680)	
Balance at end of the financial year	145,158	100,633	42,566	1,958	
December 2019 Forecast					
Balance at beginning of the financial year	140,028	91,858	42,566	5,604	
Surplus / (deficit) for the year	349	349	0	0	
Transfer to other reserves	0	(568)	0	568	
Transfer from other reserves	0	2,291	0	(2,291)	
Balance at end of the financial year	140,377	93,930	42,566	3,881	
YTD Actual					
Balance at beginning of the financial year	140,028	91,858	42,566	5,604	
Surplus / (deficit) for the year	5,205	5,205	0	0	
Transfer from other reserves	0	4	0	(4)	
Balance at end of the financial year	145,233	97,067	42,566	5,600	

Notes to the Statement of Changes in Equity

Variances from Q1 Sep forecast to Q2 Dec forecast are mainly due to shift in timing of capital and operating projects.

2.4 Statement of Cash Flows

The value of cash and cash equivalents is expected be at \$4.9 million at June 2020.

Statement of Cash Flows for the quarter ended 31 December 2019	Adopted Budget \$'000	Sep 2019 Forecast \$'000	Dec 2019 Forecast \$'000	YTD Actual \$'000	Variance from Q1 Sep to Q2 Dec Forecast		
					\$'000	%	Notes
Cash flows from operating activities							
<i>Receipts</i>							
Rates and charges	\$7,406	\$7,344	\$7,382	\$4,105	\$37	0.5%	
Statutory fees and fines	\$128	\$129	\$119	\$59	(\$11)	(8.1%)	
User fees	\$1,954	\$1,945	\$1,936	\$943	(\$9)	(0.5%)	
Grants - Operating	\$896	\$990	\$1,213	\$1,029	\$224	22.6%	
Grants - Capital	\$6,508	\$6,831	\$1,752	\$507	(\$5,078)	(74.3%)	1
Contributions - monetary - operating	\$0	\$0	\$0	\$0	\$0	0.0%	
Contributions - monetary - capital	\$35	\$20	\$5	\$0	(\$15)	(75.0%)	
Contributions - non-monetary	\$0	\$0	\$0	\$0	\$0	0.0%	
Interest received	\$125	\$82	\$82	\$43	\$0	0.0%	
Trust funds and deposits taken	\$0				\$0	0.0%	
Other receipts	\$147	\$121	\$120	\$378	(\$2)	(1.4%)	
Net GST refund / (payment)	\$0	\$0	\$0	\$0	\$0	0.0%	
Total receipts	\$17,200	\$17,462	\$12,608	\$7,064	(\$4,854)	(27.8%)	
<i>Payments</i>							
Employee costs	(\$4,197)	(\$4,297)	(\$4,305)	(\$2,287)	(\$7)	0.2%	
Materials and services	(\$5,103)	(\$5,495)	(\$5,440)	(\$2,797)	\$54	(1.0%)	
Trust funds and deposits repaid	\$0				\$0	0.0%	
Other payments	(\$262)	(\$233)	(\$264)	(\$146)	(\$31)	13.5%	
Total payments	(\$9,561)	(\$10,025)	(\$10,009)	(\$5,230)	\$16	(0.2%)	
Net cash provided by operating activities	\$7,639	\$7,438	\$2,599	\$1,834	(\$4,838)	(65.1%)	
Cash flows from investing activities							
Payments for property, infrastructure, plant and equipment	(\$11,192)	(\$10,527)	(\$4,205)	(\$897)	\$6,322	(60.1%)	2
Proceeds from sale of property, infrastructure, plant and equipment	\$101	\$101	\$45	\$10	(\$56)	(55.3%)	
Payments for investments	\$0	\$0	\$0	\$0	\$0	0.0%	
Proceeds from sale of investments	\$2,000	\$26	\$26	(\$2,818)	\$0	0.0%	
Net cash used in investing activities	(\$9,091)	(\$10,400)	(\$4,134)	(\$3,705)	\$6,267	(60.3%)	
Cash flows from financing activities							
Borrowing costs	(\$2)	(\$2)	(\$2)	\$0	\$0	0.0%	
Proceeds from borrowings	\$903	\$903	\$673	\$0	(\$230)	(25.5%)	3
Repayment of borrowings	(\$18)	(\$18)	(\$18)	\$0	\$0	0.0%	
Net cash provided by / (used in) financing activities	\$883	\$883	\$653	\$0	(\$230)	(26.0%)	
Net increase / (decrease) in cash and cash equivalents	(\$569)	(\$2,080)	(\$881)	(\$1,871)	\$1,198	(57.6%)	
Cash and cash equivalents at the beginning of the financial year	\$1,745	\$5,868	\$5,868	\$5,868	\$0	0.0%	
Cash and cash equivalents at the end of the financial year	\$1,176	\$3,789	\$4,987	\$3,998	\$1,198	31.6%	

Notes to the Statement of Cash Flows

1 – 3 Variances from Q1 Sep forecast to Q2 Dec forecast are mainly due to shift in timing of capital and operating projects.

2.5 Statement of Capital Works

As at 31 December, **\$867k** has been spent against the forecast total capital work budget of **\$4.3 million** for the year 2019/20. The December forecast reflects a \$7.03 million reduction in capital work due to phasing of priority capital projects based on the latest project plans.

Statement of Capital Works for the quarter ended 31 December 2019	Adopted Budget \$'000	Sep 2019 Forecast \$'000	Dec 2019 Forecast \$'000	YTD Actual \$'000	Variance from Q1 Sep to Q2 Dec Forecast		
					\$'000	%	Notes
Property							
Land improvements	0	0	25	17	25	0.0%	1
Buildings	1,967	1,937	836	87	(1,101)	(56.8%)	2
Total property	1,967	1,937	861	105	(1,076)	(55.6%)	
Plant and equipment							
Plant, machinery and equipment	160	160	135	42	(25)	(15.6%)	3
Fixtures, fittings and furniture	5	5	20	2	15	300.0%	4
Computers and telecommunications	85	85	85	17	0	0.0%	
Library books	0	0	0	0	0	0.0%	
Total plant and equipment	250	250	240	60	(10)	(4.0%)	
Infrastructure							
Roads	1,531	1,511	1,446	297	(65)	(4.3%)	
Footpaths and cycleways	97	177	266	167	89	50.3%	
Drainage	246	251	231	71	(20)	(8.0%)	
Recreational, leisure and community facilities	1,045	1,113	393	34	(720)	(64.7%)	5
Waste management	0	0	0	0	0	0.0%	
Parks, open space and streetscapes	4,853	4,833	511	64	(4,322)	(89.4%)	6
Off street car parks	33	33	3	2	(31)	(91.9%)	
Other infrastructure	1,169	1,213	342	86	(871)	(71.8%)	7
Total infrastructure	8,975	9,130	3,192	719	(5,939)	(65.0%)	
Total capital works expenditure	11,192	11,318	4,293	884	(7,025)	(62.1%)	
Represented by:							
New asset expenditure	4,188	4,313	890	227	(3,423)	(79.4%)	
Asset renewal expenditure	3,770	3,791	1,453	326	(2,338)	(61.7%)	
Asset upgrade expenditure	3,235	3,214	1,950	331	(1,264)	(39.3%)	
Total capital works expenditure	11,192	11,318	4,293	884	(7,025)	(62.1%)	

Notes to the Statement of Capital Works

- Land improvements: Increase of \$25k, budget pressure on land improvement work at Murray Road.
- Buildings: Reduction of \$1.1 million is mainly due to the phasing of Destination Queenscliffe, Queenscliffe Sports & Recreation Precinct Development and Queenscliffe Cultural Hub projects.
- Plant, machinery and equipment: Reduction of \$25k, shift in timing of replacement of tourist park vehicles net of acquisition of an extra vehicle (not a replacement).
- Fixtures, fittings and furniture: Increase of 15k reflects expected cost associated with planned office layout changes.
- Recreational, leisure and community facilities: Reduction of \$720k reflects shift in timing of Queenscliffe Sports & Recreation Precinct Development project net of expected budget pressure of \$40k in relation to the outdoor gym equipment project.
- Parks, open space and streetscapes: Reduction of \$4.3 million relates to shift in timing of Destination Queenscliffe and Point Lonsdale Lighthouse Reserve Development projects.
- Other infrastructure: Reduction of \$871k is mainly due to a shift in timing of Foreshore improvements and Beach Huts Development projects that depend on the outcome of the Marine Coastal Management Plan being developed.

3. Local Government Performance Reporting Framework (LGPRF)

The Victorian government established the Local Government Performance Reporting Framework (LGPRF) in 2014, to ensure that all councils are measuring and reporting on their performance in a consistent way.

In addition to the performance information required to be disclosed in the performance statement, councils are also required to disclose other performance-related information in the report of operations in the annual report, including:

- a statement that reviews the performance of Council against the Council Plan, including results achieved in relation to the strategic indicators included in the Council Plan;
- a governance and management checklist; and
- other prescribed indicators and measures of service performance, results achieved and an explanation of material variances.

3.1 Performance Of Council Against the Council Plan

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

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

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

This section provides a brief description of the services and initiatives funded in the Budget for the 2019/20 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan.

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

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

Service area	Key service objective/s		Adopted Budget \$'000	Sep 2019 Forecast \$'000	Dec 2019 Forecast \$'000	YTD Actual \$'000	Variance from Q1 Sep to Q2 Dec 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.	Exp	763	763	793	337	30	3.9%	
		Rev	(530)	(530)	(571)	(429)	(41)	7.6%	
			233	233	223	(92)	(11)	(4.5%)	
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.	Exp	252	253	158	67	(95)	(37.6%)	
		Rev	(13)	(13)	(18)	(3)	(5)	39.7%	
			239	241	140	64	(100)	(41.7%)	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.	Exp	113	113	214	35	101	89.3%	
		Rev	(5)	(5)	(7)	(7)	(2)	40.0%	
			108	108	207	28	99	91.5%	1
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.	Exp	72	72	72	30	0	0.0%	
		Rev	(47)	(47)	(47)	(26)	0	0.0%	
			25	25	25	4	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.	Exp	2	2	2	4	0	0.0%	
		Rev	(0)	(0)	(0)	0	0	0.0%	
			2	2	2	4	0	0.0%	
Environmental Health	The Environmental Health program monitors and maintains a safe environment for public health and wellbeing.	Exp	108	108	109	48	1	1.1%	
		Rev	(41)	(41)	(41)	(38)	0	0.0%	
			67	67	68	10	1	1.8%	
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.	Exp	1,060	1,060	1,083	472	23	2.1%	
		Rev	(63)	(34)	(37)	4	(3)	8.8%	
			996	1,026	1,046	477	20	1.9%	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.	Exp	333	333	334	145	2	0.5%	
		Rev	(79)	(79)	(69)	(43)	11	(13.3%)	
			253	253	266	103	12	4.8%	3
Street Lighting	The Street Lighting program assists in the provision of a safe environment for motorists, pedestrians and cyclists.	Exp	36	36	36	14	0	0.0%	
		Rev	0	0	0	0	0	0.0%	
			36	36	36	14	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.	Exp	64	64	64	0	0	0.0%	
		Rev	0	0	0	0	0	0.0%	
			64	64	64	0	0	0.0%	
Library	The Library program promotes community wellbeing by encouraging active participation and life-long learning opportunities in a safe, inclusive setting.	Exp	220	220	222	444	2	0.9%	
		Rev	0	0	0	0	0	0.0%	
			220	220	222	444	2	0.9%	
TOTAL	Expenditure		3,022	3,023	3,087	1,597	63	2.1%	
	(Revenue)		(778)	(749)	(789)	(541)	(40)	5.3%	
	Net Cost / (Income)		2,243	2,274	2,298	1,056	23	1.0%	

Notes to Strategic Objective 1

1. Mainly due to reallocation of \$101k staff cost between Recreation, Arts, Culture & Community and Community Events programs.
2. Largely due to budget pressure of \$33k in the foreshore and open space maintenance net of expected savings of \$14k in buildings, works, plant and equipment maintenance.

3. *Mainly due to estimated boat ramp parking fee refunds amounting to \$8k.*

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

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

Service area	Key service objective/s		Adopted Budget	Sep 2019 Forecast	Dec 2019 Forecast	YTD Actual	Variance from Q1 Sep to Q2 Dec Forecast	
			\$'000	\$'000	\$'000	\$'000	\$'000	% Note
Environmental Sustainability	The Environmental Sustainability program sees the Borough playing its part in protecting the natural environment for future generations.	Exp	152	152	156	54	4	2.8%
		Rev	0	0	0	0	0	0.0%
			152	152	156	54	4	2.8%
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.	Exp	656	656	522	185	(134)	(20.4%) 1
		Rev	(146)	(146)	(306)	(232)	(160)	109.6% 2
			511	511	217	(46)	(294)	(57.5%)
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.	Exp	968	995	1,031	403	36	3.6%
		Rev	0	0	0	0	0	0.0%
			968	995	1,031	403	36	3.6% 3
TOTAL	Expenditure		1,777	1,804	1,710	642	(94)	(5.2%)
	(Revenue)		(146)	(146)	(306)	(232)	(160)	109.6%
	Net Cost / (Income)		1,631	1,658	1,404	410	(253)	(15.3%)

Notes to Strategic Objective 2

1. *\$134k reduction in expenses is due to:*

- *Reallocation of staff costs of \$95k to Design and Project Management program*
- *C/F to 2020/21 \$61k for weed management work on Ocean Road*
- *\$33k expected savings mainly relate to building maintenance work*
- *-\$61k new project, repair and maintenance work of the seawall at Pt Lonsdale*

2. *\$160k Increase in revenue is due to:*

- *New and extra operating grants amounting to \$194k (\$115k from Better Boating Victoria, \$61k for the repair and maintenance work of the seawall at Pt Lonsdale and extra grant of \$9k for beach cleaning (seaweed removal)).*
- *-\$26 loss of revenue due to shift in timing of development of beach huts.*

3. *Increase is due to \$27k budget correction in relation to beach cleaning cost and \$15k budget pressure relating to waste recycling net of expected savings. Overall impact per property is estimated to be \$19.*

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

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

Service area	Key service objective/s		Adopted Budget	Sep 2019 Forecast	Dec 2019 Forecast	YTD Actual	Variance from Q1 Sep to Q2 Dec Forecast		
			\$'000	\$'000	\$'000	\$'000	\$'000	%	Note
Tourist Parks and Boat Ramp Services	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.	Exp	911	911	906	356	(5)	(0.6%)	
		Rev	(1,735)	(1,735)	(1,752)	(817)	(17)	1.0%	
			(824)	(824)	(846)	(460)	(22)	2.6%	1
Visitor Information Centre	The Visitor Information Centre program promotes the Borough as a special place for visitors, and supports local tourism and related businesses with dissemination of information to build a diverse and vibrant local economy.	Exp	201	201	198	112	(3)	(1.5%)	
		Rev	(23)	(23)	(16)	(8)	7	(30.4%)	
			178	178	182	104	4	2.3%	
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.	Exp	269	269	206	90	(63)	(23.4%)	
		Rev	(1)	(1)	0	0	1	(100.0%)	
			268	268	206	90	(62)	(23.2%)	2
TOTAL	Expenditure	0	1,382	1,381	1,310	558	(71)	(5.1%)	
	(Revenue)	0	(1,759)	(1,759)	(1,768)	(825)	(9)	0.5%	
	Net Cost / (Income)	0	(377)	(378)	(458)	(266)	(80)	21.2%	

Notes to Strategic Objective 3

1. Largely due to the extra income (\$28k) estimated from the tourist park based on the actual occupancy rate to date.
2. Mainly due to \$52k savings in fort Queenscliff development plan

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

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

Service area	Key service objective/s		Adopted Budget	Sep 2019 Forecast	Dec 2019 Forecast	YTD Actual	Variance from Q1 Sep to Q2 Dec Forecast		
			\$'000	\$'000	\$'000	\$'000	\$'000	%	Note
Design and Project Management	The Design and Project Management program seeks to achieve excellence of design and delivery of projects which enhance the Borough as a special place.	Exp	211	216	307	225	91	42.2%	
		Rev	0	0	0	0	0	0.0%	
			211	216	307	225	91	42.2%	1
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.	Exp	381	381	381	137	0	0.0%	
		Rev	(90)	(90)	(90)	(45)	0	0.0%	
			291	291	291	92	0	0.0%	
Heritage Conservation Advice	The Heritage Conservation Advice program aims to retain the unique heritage and rich culture captured in the Borough's built form.	Exp	62	62	62	19	0	0.0%	
		Rev	0	0	0	0	0	0.0%	
			62	62	62	19	0	0.0%	
Building Control	The Building Control program ensures that building construction and maintenance is such that the community remains safe.	Exp	32	32	32	13	0	0.0%	
		Rev	(15)	(15)	(33)	(14)	(18)	117.5%	
			17	17	(1)	(0)	(18)	(104.3%)	2
TOTAL	Expenditure	0	686	691	782	394	91	13.2%	
	(Revenue)	0	(105)	(105)	(123)	(59)	(18)	16.8%	
	Net Cost / (Income)	0	581	586	659	335	74	12.5%	

Notes to Strategic Objective 4

1. Due to reallocation of staff costs of \$95k from Coastal Protection program
2. \$9k new fee for registration of pool and spa and \$9k additional building fee income

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

To achieve our objective of maintaining a cohesive, well governed, financially sustainable and independent Borough, we will continue to plan, deliver and improve high quality, cost effective,

accessible and responsive services. The key service objectives for each program area are described below.

Service area	Description of services provided		Adopted Budget	Sep 2019 Forecast	Dec 2019 Forecast	YTD Actual	Variance from Q1 Sep to Q2 Dec Forecast		
			\$'000	\$'000	\$'000	\$'000	\$'000	%	Note
Council Governance	The Council Governance program supports the Mayor and Councillors to maintain a cohesive Council and a well-governed Borough.	Exp	233	232	218	113	(14)	(5.9%)	1
		Rev	0	0	0	0	0	0.0%	
			233	232	218	113	(14)	(5.9%)	
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.	Exp	1,469	1,469	1,484	723	15	1.0%	2
		Rev	(217)	(325)	(326)	(164)	(1)	0.3%	
			1,252	1,145	1,158	559	14	1.2%	
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.	Exp	692	692	648	254	(44)	(6.3%)	3
		Rev	0	0	0	0	0	0.0%	
			692	692	648	254	(44)	(6.3%)	
Financial and Risk Management	The Financial and Risk Management program seeks to ensure the ongoing independence and financial sustainability of the Borough.	Exp	1,075	1,048	1,083	642	35	3.4%	
		Rev	(235)	(200)	(176)	(76)	24	(12.0%)	
			840	848	907	566	59	7.0%	4
TOTAL	Expenditure	0	3,469	3,441	3,433	1,733	(8)	(0.2%)	
	(Revenue)	0	(452)	(525)	(502)	(241)	23	(4.4%)	
	Net Cost / (Income)	0	3,017	2,916	2,931	1,492	15	0.5%	

Notes to Strategic Objective 5

1. Mainly due to the c/f of "Review of Local Law No. 1 & 2" project to 2020/21, \$10k.
2. Due to budget pressure in relation to legal costs, \$14k.
3. Due to c/f of projects to future years, electoral boundary communications -\$10k, social media strategy -\$10k, community engagement priority projects -\$30k.
4. Expenses: Budget pressures, IT services \$18k, insurance \$12k, motor vehicle maintenance \$6k and professional memberships \$2k.
Revenue: Net reduction of \$24k is mainly due to shift in timing of trade in income of motor vehicles net of extra rates income due to supplementary valuation increases.

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 included at **Appendix 4b**.

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) and included at **Appendix 4c**.