



Appendix 1

16.2 2022–23 Quarterly Financial Report as at 30 September 2022

Quarterly Financial Report to 30 September 2022

Ordinary Meeting of Council

Wednesday 26 October 2021 at 7:00pm

Queenscliff Town Hall

Quarterly Financial Report 30 September 2022



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Introduction

Section 97 of the *Local Government Act 2020* requires a financial report to be presented to Council after the end of each quarter of the financial year, comparing and tracking expenditure and revenue against the adopted budget. The financial report also needs to include an explanation for any material variations.

An adopted budget can become outdated during the financial year, as new information comes to light and external influences or the receipt grant monies, impact anticipated financial positions.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

It is important to note that Council has adopted a materiality threshold of 10% or a dollar variance of +/- \$100,000. Explanations have not been provided for variations below the materiality threshold, unless the variance is considered to be material because of its nature.

Gihan Kohobange
Manager, Finance and Corporate Services

Executive summary

The forecasted **accumulated cash result** at year-end is a **surplus of \$336,000** against the budgeted breakeven accumulated cash surplus.

An additional surplus of \$783,000 was carried forward from the 2021–22 financial year. The additional cash surplus and the additional operating grant income recognised in the forecast, have been used to fund the additional budget allocations summarised below.

Description	Value (\$)
Surplus as per the 2022-23 adopted budget	0.00
Add:	
Additional cash surplus c/f from the 2021-22 financial year	783,000
Recurrent operating grant from Better Boating Victoria	120,000
Less: additional income losses due to the closure of sites at Victoria Park	(53,000)
Total funds available for allocations	850,000
Less: new budget allocations included in the quarter 1 forecast	
Additional funding allocation for Queenscliffe Cultural Hub, <i>refer to the section 2.5 for more details</i>	(200,000)
Asset renewal - Public toilet facility at Point Lonsdale Lighthouse Reserve	(160,000)
Provision of financial assistance for community organisations impacted by COVID	(20,000)
Council contribution for Boat ramp asphaltting work	(17,000)
Less: cost of capital and operating projects carried over from the 2021-22 financial year (projects for which c/f reserves were not created in the 2021-22 year year)	(117,000)
Balance funds available for future allocations (accumulated cash surplus)	336,000

The final settlement in relation to the sale of Murray Road land is expected to be finalised by February 2023. Necessary accounting adjustments about the sale of Murray Road land will be considered in the quarter 2 forecast.

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

Forecasted year-end result **meets all financial sustainability indicators specified in the Council Plan 2021–2025 except for the adjusted underlying result.**

Financial sustainability indicators – Council Plan

Policy Statement	Measure	Target	Adopted Budget	Yearend Forecast
Sustainable operating result				
Consistent operating results (in \$'000).	Our adjusted underlying result: The difference between recurrent income and recurrent expenses.	> \$0	-\$382	-\$318
Working capital				
Ensure Council maintains sufficient working capital to meet its obligations as they fall due.	Current assets vs current liabilities: The value of our current assets divided by our current liabilities.	> 1.0	3.80	2.66
Council maintains sufficient unrestricted cash to ensure ongoing liquidity as well as to address unforeseen cash imposts if required.	Level of unrestricted cash reserve against current liabilities: Our current liabilities as a percentage of our unrestricted cash reserves (based on the remaining maturity).	> 100%	357%	249%
Borrowings				
That Council applies loan funding to new capital and maintains total borrowings in line with rate income and growth of the municipality.	Total borrowings against rate revenue: Our total borrowings as a percentage of our rate revenue.	< 15%	0%	0%
Commitment for asset renewals				
Allocate adequate funds towards renewal capital in order to replace assets and infrastructure as they reach the end of their service life.	Asset renewal and upgrade expenses against depreciation: The financial investment in asset renewal and upgrade work divided by the cost of depreciation (based on a three years rolling average).	> 100%	300%	309%
Council generates sufficient revenue from rates plus fees and charges to ensure a consistent funding for renewal capital.	Council's contribution to asset renewal and upgrade: Council's contribution to asset renewal and upgrade expenses as a percentage of Own Source Revenue.	> 10%	19%	28%

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 \$336,000** against the budget breakeven accumulated cash surplus.

Statement of Income & Expenditure (Available Cash)	Actual 2021- 22	Adopted Budget	Yearend Forecast - Sep	Actual YTD	Variance from the Budget		
	\$'000	\$'000	\$'000	\$'000	\$'000	%	Notes
Cash inflows							
Recurrent income							
Rates	6,795	6,935	6,935	6,917	0	0.0%	
Waste management charges	1,161	1,199	1,199	1,189	0	0.0%	
Statutory fees and fines	204	134	134	61	0	0.0%	
User fees	2,020	1,910	1,857	197	(53)	(2.8%)	1
Grants - operating	1,545	605	730	98	126	20.8%	2
Other income	193	261	261	112	0	0.0%	
Total recurrent income	11,919	11,043	11,116	8,575	73	0.7%	
Non recurrent income							
Grants - capital	7,652	1,583	1,592	716	9	0.5%	3
Grants - operating	592	44	163	104	119	268.1%	4
Contributions - monetary - capital	0	35	35	0	0	0.0%	
Proceeds from asset sales	66	29	29	0	0	0.0%	
Total cash received	20,228	12,734	12,935	9,394	200	1.6%	
Cash outflows							
Operating expenses							
Employee costs	4,300	4,978	4,978	1,124	0	0.0%	
Materials and services	5,548	5,780	5,964	1,571	185	3.2%	
- Materials and services - waste management	1,207	1,361	1,361	0	0	0.0%	
- Materials and services - non recurrent	491	412	592	18	180	43.6%	5
- Materials and services - recurrent	3,849	4,007	4,012	1,553	5	0.1%	
Bad and doubtful debts	0	3	3	0	0	0.0%	
Other expenses	288	357	377	45	20	5.6%	6
Total operating expenses	10,137	11,118	11,322	2,740	205	1.8%	
Capital expenditure							
Capital expenditure - Asset Renewal	1,654	1,036	1,516	304	480	46.3%	
Capital expenditure - New and Upgrade	7,400	2,556	2,969	1,012	412	16.1%	
Total Capital expenses	9,054	3,592	4,485	1,316	892	24.8%	7

Statement of Income & Expenditure (Available Cash)	Actual	Adopted	Yearend	Actual	Variance from the Budget		
	2021- 22	Budget	Forecast - Sep	YTD	\$'000	%	Notes
	\$'000	\$'000	\$'000	\$'000	\$'000		
Total cash paid	19,191	14,710	15,807	4,056	1,097	7.5%	
Cash surplus / (deficit) from operations	1,037	(1,976)	(2,872)	5,339	(897)	45.4%	
Transfer from reserves	1,288	1,184	1,634	0	451	38.1%	8
Transfer to reserves (<i>for future year spending</i>)	(1,380)	(22)	(22)	0	0	0.0%	
Adjusted cash surplus / (deficit) for the year	946	(813)	(1,260)	5,339	(447)	54.9%	
Accumulated cash surplus b/fwd from prior year	651	813	1,596	1,596	783	96.3%	
Accumulated cash surplus	1,596	(0)	336	6,935	337	(179048.8%)	

Notes to the Statement of Income and Expenditure

1.1 Income (Cash inflows)

1. User fees: Decrease of \$53,000 is due to the additional income losses due to the permanent closure of additional sites in Victoria Park. The estimated total income loss due to the permanent closure of sites at Victoria Park is \$159,000.
2. Grants – operating (recurrent): Increase of \$126,000 is mainly due to the recognition of a recurrent grant of \$120,000 from Better Boating Victoria (BBV) as compensation for income losses due to the abolition of boat launching and parking fees.
3. Grants - capital: The net increase of \$9,000 is due to;
 - \$336,000, timing of the Queenscliffe boat ramp upgrade project (corresponding grant of project work c/f from 2021–22);
 - \$249,000, new grant for boat ramp asphaltting work;
 - \$76,000, new grant funding under Local Roads and Community Infrastructure program, phase 3;
 - \$65,000, timing of the implementation of the Electronic Vehicle Charging Station (corresponding grant of project work c/f from 2021–22);
 - \$31,000, grant finding confirmed for a shared trail connection to Hesse Street from the upgraded boat ramp (project was on hold in 2021–22 due to unavailability of funding support);
 - \$24,000, timing of the Point Lonsdale reserve upgrade project, grant received in 2021–22 and transferred from the grant received in advance a/c;
 - \$10,000, Local Roads and Community Infrastructure program, phase 2; and
 - (\$782,000), timing of the Queenscliffe Cultural Hub construction project. Grant funding for the project work completed earlier than forecasted in the 2021–22 financial year.
4. Grants – operating (non recurrent): Increase of \$119,000 is due to;
 - \$104,000, grant received in 2021–22 and transferred from the grant received in advance a/c (\$56,000 Pt Lonsdale seawall repair work, \$48,000 and business concierge and hospitality support program); and
 - \$15,000, new grant received to undertake planting in Victoria Park a part of the Queens Jubilee.

1.2 Expenses (Cash outflows)

5. Materials and services (non recurrent): Increase of \$180,000 is mainly due to;

- \$165,000, cost of operating projects c/f from the 2021–22 financial year due to the shift in the timing (\$56,000 Pt Lonsdale seawall repair work, \$48,000 and business concierge and hospitality support program, \$33,000 review of the Queenscliffe planning scheme, \$10,000 active transport strategy, \$10,000 traffic study, \$8,000 building condition assessment); and
 - \$15,000, increase in the budget allocated for planting work at Victoria Park (the budget is increased to \$55,000 from \$40,000).
6. Other expenses: Increase of \$20,000 is due to the provision of financial assistance for community organisations impacted by COVID.
7. Capital expenditure: Net increase of \$892,000 is mainly due to;
- \$888,000 capital work carried over from the 2021–23 financial year;
 - \$751,000 new capital work and additional budget allocations included in the quarter 1 forecast; and
 - (\$747,000) more capital work completed in relation to the QHub project in the 2021–22 financial year than forecasted at the time of finalising the budget for 2022–23.
- More details about the movement in the capital expenditure budget, and capital project wise are given in section 2.5.

1.3 Transfers from / (to) reserves

This section explains the movement in reserve transfers from the budget for the year to the latest yearend forecast. A summary of the reserve balances as at 30 June 2023 is provided in **Appendix A** of this report.

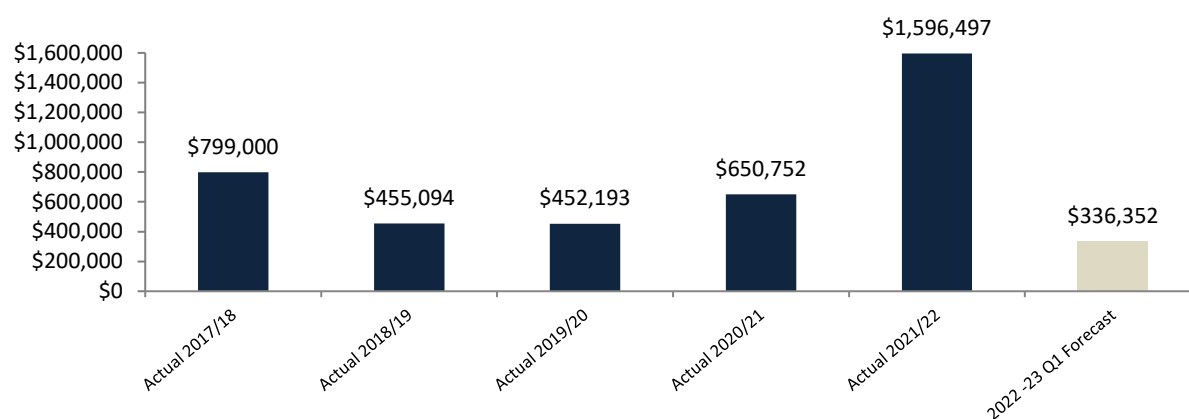
8. Transfers from reserves: Increase of 451,000 is due to the timing of the respective project which reflect the value of capital work carried over from the 2021–22 financial year.

Description	Budget	Yearend Forecast	Change
Bike park - concept design	-	16,135	16,135
Toch H toilet renewal	-	20,000	20,000
Review of the Queenscliffe planning scheme	-	33,000	33,000
Queenscliffe cultural hub*	-	36,354	36,354
Motor vehicles (replacement)	-	42,000	42,000
Hesse street streetscape	-	50,000	50,000
Installation of audio visual equipment in the town hall (QMF)	-	57,900	57,900
ICT transformation project	-	145,212	145,212
Queenscliff sports and recreation precinct development – General Reserve**	-	48,755	47,755
Queenscliff sports and recreation precinct development	445,820	447,083	1,263
Total			450,619

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

** Correction of an incorrect reserve transfer at 2021–22 year end (this amount has been transferred to the general reserve account instead of the carry forward capital expenditure reserve account).

Accumulated Cash Result



2. Financial statements

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

2.1 Comprehensive Income Statement

Comprehensive Income Statement	Actual 2021-22	Adopted Budget	Yearend Forecast - Sep	Actual YTD	Variance from the Budget	
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Income						
Rates and charges	7,956	8,134	8,134	8,106	0	0.0%
Statutory fees and fines	204	134	134	61	0	0.0%
User fees	2,020	1,910	1,857	197	(53)	(2.8%)
Grants - operating	2,137	649	894	202	245	37.7%
Grants - capital	7,652	1,583	1,592	716	9	0.5%
Contributions - monetary - capital	-	35	35	0	0	0.0%
Other income	251	261	261	112	0	0.0%
Total income	20,220	12,705	12,906	9,394	200	1.6%
Expenses						
Employee costs	4,300	4,978	4,978	1,124	0	0.0%
Materials and services	5,548	5,780	5,964	1,571	185	3.2%
Depreciation	1,324	1,456	1,456	0	0	0.0%
Bad and doubtful debts	0	3	3	0	0	0.0%
Other expenses	559	357	377	45	20	5.6%
Net loss on disposal of PPE and infrastructure	130				0	0.0%
Share of net losses of associates	5	0	0	0	0	0.0%
Total expenses	11,866	12,574	12,778	2,740	205	1.6%
Surplus / (deficit) for the year	8,354	132	127	6,655	(5)	(3.5%)
Other comprehensive income						
Total comprehensive result	8,354	132	127	6,655	(5)	(3.5%)

Underlying result

An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives, the underlying result is calculated by adjusting the operating surplus/(deficit) for the year by deducting non-recurrent capital funding.

Council has forecasted an underlying deficit of \$1.5 million based on the Local Government Performance Reporting Framework definition (LGPRF measure) for the 2022–23 financial year which is mainly driven by the timing of Financial Assistance Grant (FAG) and non-recurrent operating projects.

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 \$318,000 (-3.05%). There is a slight improvement in the forecasted underlying result against the budgeted result, mainly due to the recognition of a recurrent grant from Better Boating Victoria and which has outweighed the negative impact on the underlying result due to the forecasted loss of income from tourist parks.

Underlying Result	Adopted Budget	Yearend Forecast - Sep	Variance from the Budget	
	\$'000	\$'000	\$'000	%
Based on the LGPRF measure				
Surplus / (deficit) for the year	132	127	(5)	-3.5%
Less: Grants - capital (non-recurrent)	(1,583)	(1,592)	(9)	0.5%
Less: Contributions - monetary - capital	(35)	(35)	0	0.0%
Adjusted underlying surplus / (deficit)	(1,486)	(1,499)	(13)	0.9%
Adjusted Underlying Result (% of underlying revenue)	-13.4%	-13.3%		
Based on the Council Plan measure				
Adjusted underlying surplus / (deficit) - LGPRF	(1,486)	(1,499)	(13)	0.9%
Adjusted for;				
Allocating FAG to the year they relate	483	499	16	3.3%
Annualised Road to Recovery grant (R2R)	40	40	0	0.0%
Removal of non-recurrent operating grant	(31)	(150)	(119)	384.0%
Removal of non-recurrent operating project-related costs	412	592	180	43.6%
Removal of waste management cost to be recovered in future years	136	136	0	0.0%
Removal of employee cost of temporary staff	64	64	0	0.3%
Removal of the impact of the sale of assets	0	0	0	0.0%
Adjusted underlying surplus / (deficit)	(382)	(318)	64	-16.7%
Adjusted Underlying Result (% of underlying revenue)	-3.7%	-3.05%		

2.2 Balance Sheet

The value of the net assets of Council is forecasted to be at \$184 million as at 30 June 2023. Cash and investments (including other financial assets) are forecasted to be at \$5.3 million.

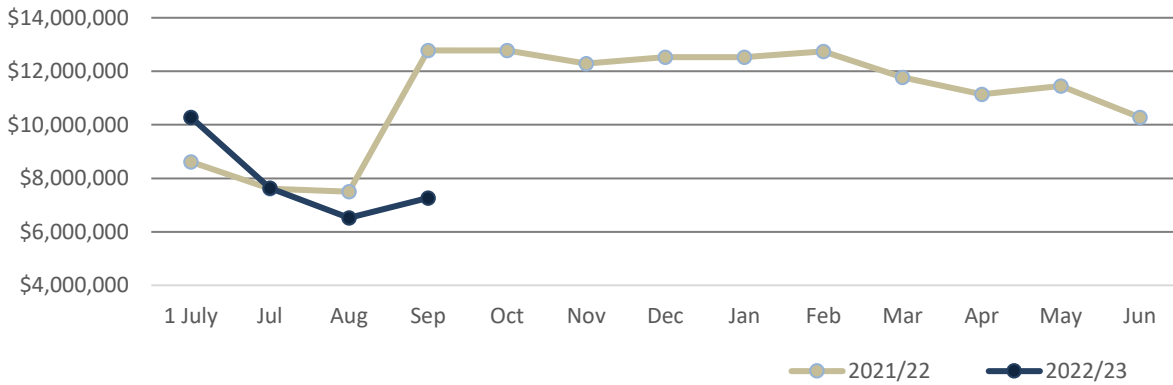
Balance Sheet Forecast at the quarter ended	Adopted Budget	Yearend Forecast - Sep	Actual YTD	Variance from the Budget	
	\$'000	\$'000	\$'000	\$'000	%
Assets					
Current assets					
Cash and cash equivalents	6,821	4,285	1,596	(2,536)	(37.2%)
Other financial assets	1,000	1,000	5,013	0	0.0%
Trade and other receivables	255	255	6,333	0	0.0%
Non-current assets classified as held for sale	0	2,577	2,576	2,577	0.0%
Inventories	5	4	4	(1)	(21.6%)
Other assets	225	225	1	0	0.0%
Total current assets	8,306	8,346	15,523	40	0.5%
Non-current assets					
Investments in associates	165	160	160	(5)	(3.0%)
Property, infrastructure, plant and equipment	143,294	176,714	175,033	33,420	23.3%
Total non-current assets	143,459	176,874	175,193	33,415	23.3%
Total assets	151,765	185,219	190,716	33,454	22.0%
Liabilities					
Current liabilities					
Trade and other payables	973	1,083	84	110	11.3%
Trust funds and deposits	47	50	25	4	8.2%
Provisions	1,104	957	888	(147)	(13.3%)
Interest-bearing loans and borrowings	0	0	0	0	0.0%
Unearned income	80	80	172	0	0.0%
Total current liabilities	2,203	2,170	1,170	(33)	(1.5%)
Non-current liabilities					
Provisions	109	116	86	7	6.4%
Interest-bearing loans and borrowings		0	0	0	0.0%
Total non-current liabilities	109	116	86	7	6.4%
Total liabilities	2,312	2,286	1,256	(26)	(1.1%)
Net assets	149,453	182,933	189,460	33,481	22.4%
Equity					
Accumulated surplus	99,967	103,116	108,030	3,149	3.1%
Revaluation Reserve	43,498	76,675	76,675	33,177	76.3%
Other reserves	5,988	3,142	4,754	(2,845)	(47.5%)
Total equity	149,453	182,933	189,460	33,480	22.4%

Cash & Cash Equivalents and Other Financial Assets

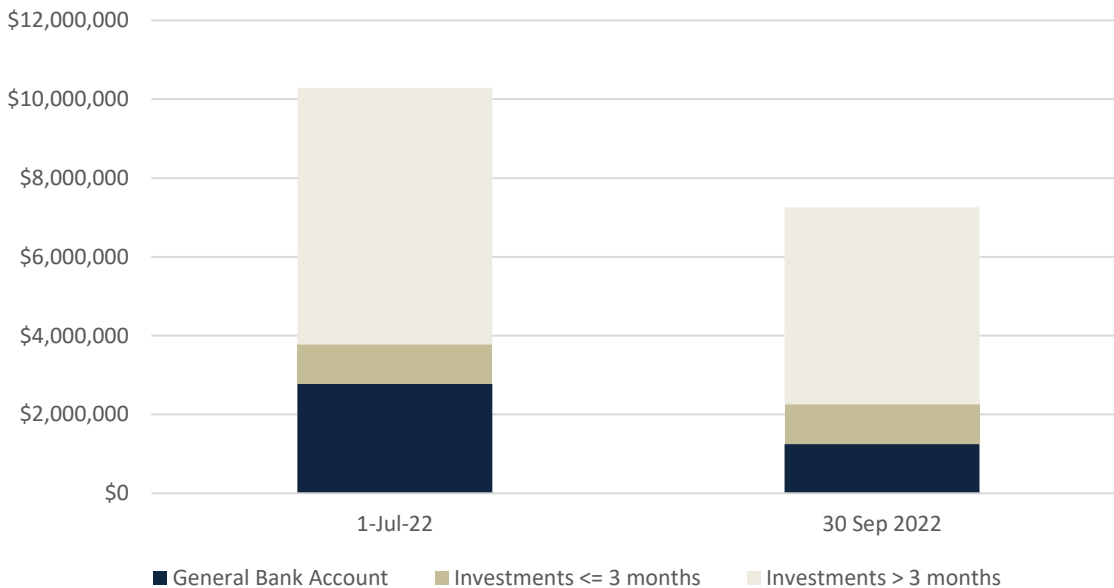
Council's cash and cash equivalents includes short term investments with maturities of less than 90 days, with other financial assets (investments with maturities between 3-12 months).

Total financial assets (including cash and cash equivalents) at 30 September 2022 is \$7.6 million.

Cash balance - prior year comparison



Cash and investments



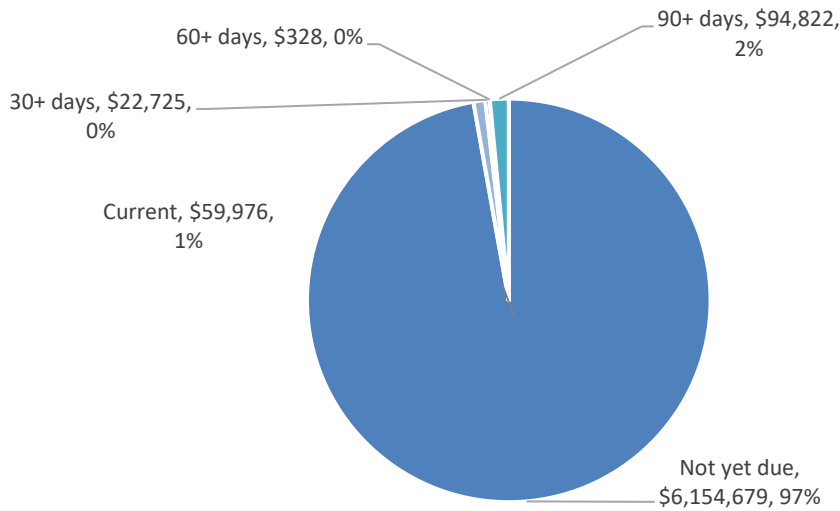
Trade and other receivables

Trade and other receivables stands at **\$6.3 million at 30 September 2022** of which more than 97% 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.

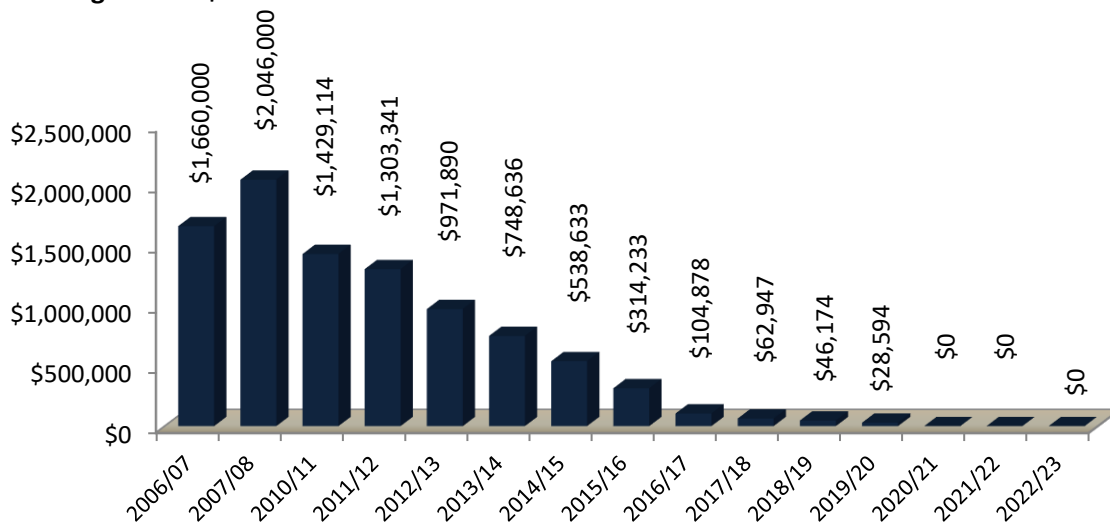
Trade and other receivables ageing analysis



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 - Sep	Actual YTD	Variance from the Budget	
	\$'000	\$'000	\$'000	\$'000	%
Accumulated Surplus					
Opening Balance 1st July	98,674	101,376	101,376	2,702	2.7%
Adjustment on change in accounting policy					
Surplus / (deficit) for the year	132	127	6,655	(5)	(3.5%)
Transfer to other reserves	(22)	(22)	0	0	0.0%
Transfer from other reserves	1,184	1,634	0	451	38.1%
Closing Balance 30th June - Accumulated Surplus	99,967	103,115	108,030	3,148	3.1%
Revaluation Reserve					
Opening Balance 1st July	43,498	76,675	76,675	33,177	76.3%
Net asset revaluation increment/(decrement)	0	0	0	0	0.0%
Closing Balance 30th June - Revaluation Reserve	43,498	76,675	76,675	33,177	76.3%
Other Reserves					
Opening Balance 1st July	7,149	4,754	4,754	(2,395)	(33.5%)
Transfer to other reserves	22	22	0	0	0.0%
Transfer from other reserves	(1,184)	(1,634)	0	(451)	38.1%
Closing Balance 30th June - Other Reserves	5,988	3,142	4,754	(2,845)	(47.5%)
Total Equity					
Opening Balance 1st July	149,321	182,805	182,805	33,484	22.4%
Surplus / (deficit) for the year	132	127	6,655	(5)	(3.5%)
Closing Balance 30th June - Total Equity	149,453	182,932	189,460	33,479	22.4%

2.4 Statement of Cash Flows

A cash flow statement summarises the amount of cash and cash equivalents entering and leaving the Council.

Statement of Cash Flows	Adopted Budget	Yearend Forecast - Sep	Actual YTD	Variance from the Budget	
	\$'000	\$'000	\$'000	\$'000	%
Cash flows from operating activities					
Receipts					
Rates and charges	8,134	8,100	2,154	(33)	(0.4%)
Statutory fees and fines	134	128	60	(6)	(4.8%)
User fees	1,910	1,855	169	(55)	(2.9%)
Grants - Operating	649	798	38	149	22.9%
Grants - Capital	1,583	953	77	(630)	(39.8%)
Contributions - monetary - capital	35	35	0	0	0.0%
Interest received	30	10	5	(20)	(67.1%)
Other receipts	231	28	76	(203)	(87.9%)
Total receipts	12,705	11,907	2,580	(799)	(6.3%)
Payments					
Employee costs	(4,949)	(5,122)	(1,280)	(173)	3.5%
Materials and services	(5,788)	(5,760)	(1,927)	28	(0.5%)
Short-term, low value and variable lease payments	(18)	(18)	0	0	0.0%
Other payments	(357)	(372)	(105)	(14)	4.0%
Total payments	(11,112)	(11,272)	(3,312)	(160)	1.4%
Net cash provided by operating activities	1,593	635	(732)	(959)	(60.2%)
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(4,182)	(5,663)	(2,943)	(1,481)	35.4%
Proceeds from sale of property, infrastructure, plant and equipment	29	29	0	0	0.0%
Proceeds from sale of investments	0	5,506	1,493	5,506	0.0%
Loans and advances made	0	0	0	0	0.0%
Repayment of loans and advances	0	0	0	0	0.0%
Net cash provided by / (used in) investing activities	(4,153)	(128)	(1,450)	4,025	(96.9%)
Cash flows from financing activities					
Net cash provided by / (used in) financing activities	0	0	0	0	0.0%
Net increase / (decrease) in cash and cash equivalents	(2,560)	507	(2,182)	3,066	(119.8%)
Cash and cash equivalents at the beginning of the financial year	9,380	3,778	3,778	(5,602)	(59.7%)
Cash and cash equivalents at the end of the financial year	6,821	4,285	1,596	(2,536)	(37.2%)

2.5 Statement of Capital Works

2.5.1 Capital Project Wise

The forecasted total capital work budget the 2022–23 financial year is \$4.5 million. The forecasted capital expenditure for the year is summarised under each capital project in the below statement.

Statement of Capital Works	Adopted Budget \$'000	Yearend Forecast - Sep \$'000	Actual YTD \$'000	Variance from the Budget		
				\$'000	%	Notes
Priority capital works						
Queenscliff sports and recreation precinct development	761	811	146	50	6.6%	
Boat ramp upgrade project	0	601	285	601	100%	1
Queenscliffe cultural hub	963	416	359	(547)	(56.8%)	2
PL lighthouse reserve upgrade	340	364	23	24	7.1%	
ICT transformation project	159	304	9	145	91.3%	
New toilet in Hobson street	250	250	0	0	0.0%	
Toch H toilet renewal - design and construct	0	180	0	180	100%	3
Electronic vehicle charging stations	0	135	0	135	100%	
New tree management system	120	120	0	0	0.0%	
Local roads and community infrastructure program - phase 2 and 3	0	87	1	87	100%	4
Princess park kiosk toilet renewal - design	60	60	0	0	0.0%	
Town Hall AV upgrade project (QMF)	0	58	0	58	100%	
Hesse street streetscape	0	50	0	50	100%	
Hesse Street link to boat ramp	0	50	0	50	100%	5
Weeroona parade toilet renewal - design	40	40	0	0	0.0%	
New fence at Narrows Beach	40	40	0	0	0.0%	
Bike Track - concept design	0	16	0	16	100%	
Edgewater close drainage upgrade	15	15	0	0	0.0%	
Improvements - Council land	0	0	50	0	0.0%	6
Soak pit upgrade and ocean outfall improvements	0	0	5	0	0.0%	
Total priority capital works	2,748	3,598	879	850	30.9%	
Annual asset renewal program	729	771	127	42	5.8%	
Staff cost capitalised	116	116	0	0	0.0%	
Total capital works expenditure	3,592	4,485	1,006	892	24.8%	

Notes to the Statement of Capital Works

Unless specifically stated below, the movement (variance) in capital expenditure is due to the work carried over from the 2021–22 financial year.

- Boat ramp upgrade project: \$265,000 of the total variance of \$601,000 reflects new capital work involving boat ramp asphaltting work, 94% grant funded;*
- Queenscliffe cultural hub: (\$547,000), movement in capital expenditure of Queenscliffe Cultural Hub construction project is due to;*
 - (\$747,000) change in the timing of project work, more work was completed in the 2021–22 financial year than forecasted at the time of finalising the budget for 2022–23; and*

II. \$200,000, additional budget allocation as detailed below.

Queenscliffe Cultural Hub

The 2022–23 budget was finalized based on a total budget of \$6,086,000 for the Qhub project (the total end cost of this multi-year project).

However, the total end cost of the project is now estimated to be \$6,286,000 with additional \$200,000 contribution from the Council.

After this additional contribution, the total cost overrun of the project is estimated to be \$471,000 (8% of the original budget of the project). The **cost overrun of \$471,000** is made up of the followings,

• Design changes or omission ¹	\$310,000
• Mechanical screen for A/C noise attenuation (estimated)	\$80,000
• Southern boundary fence replacement	\$21,000
• Fire Stair alterations	\$15,600
• Client Changes	\$33,400
• Minor variations (e.g toilet swap, strengthen shelving for QHM)	\$11,000

1. there were a number of design changes that were caused by supply delays and availability of materials, e.g roof structure redesign.

The additional cash surplus carried over from the 2021–22 financial year will be used to allocate additional funding for the QHub project.

3. Toch H toilet renewal - design and construct: \$160,000 of the \$180,000 variance reflects a new capital project to design and construct Toch H toilet (renewal), \$20,000 for design work is c/f from the 2021–22 financial year. Council has decided to bring forward asset renewal work of the public toilet facility at PL lighthouse reserve, considering the dilapidated condition of the current facility.
4. Local roads and community infrastructure program - phase 2 and 3: \$76,000 of the \$87,000 variance reflects a new capital project under Local Roads and Community Infrastructure program, phase 3, 100% grant funded;
5. Hesse Street link to boat ramp: \$50,000, new capital project involving a shared trail connection to Hesse Street from the upgraded boat ramp, 62% grant funded. The project was removed from the 2021-22 budget/forecast due to unavailability of funding; and
6. Improvements - Council land: \$50,000 **actual** expenditure reflects the cost incurred in the current financial year in relation to the Murray Road land. Total cost incurred in selling the land will be offset against the sales proceeds.

2.5.2 Asset Type Wise

The forecasted capital expenditure for the 2022–23 year is summarised under each asset type in the below statement.

Statement of Capital Works	Adopted Budget \$'000	Yearend Forecast - Sep \$'000	Actual YTD \$'000	Variance from the Budget	
				\$'000	%
Property					
Land improvements	0	0	50	0	0.0%
Total land	0	0	50	0	0.0%
Buildings	1,947	1,621	504	(326)	(16.7%)
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	1,947	1,621	504	(326)	(16.7%)
Total property	1,947	1,621	555	(326)	(16.7%)
Plant and equipment					
Plant, machinery and equipment	126	168	0	42	33.3%
Fixtures, fittings and furniture	5	63	0	58	1158.0%
Computers and telecommunications	324	469	18	145	44.8%
Total plant and equipment	455	700	18	245	53.9%
Infrastructure					
Roads	133	271	5	138	104.0%
Footpaths and cycleways	20	85	9	65	325.2%
Drainage	115	131	12	16	13.6%
Recreational, leisure and community facilities	496	540	80	44	8.9%
Parks, open space and streetscapes	417	492	89	75	17.9%
Off street car parks	0	71	34	71	0.0%
Other infrastructure	10	575	204	565	5646.6%
Total infrastructure	1,190	2,164	433	973	81.7%
Total capital works expenditure	3,592	4,485	1,006	892	24.8%
Represented by:					
New asset expenditure	1,116	1,720	197	605	54.2%
Asset renewal expenditure	1,036	1,516	259	480	46.3%
Asset upgrade expenditure	1,440	1,248	550	(192)	(13.3%)
Total capital works expenditure	3,592	4,485	1,006	892	24.8%

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 2022–23 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan under each portfolio.

Portfolio	Strategic Objective	Portfolio Holder
Health and wellbeing	To support community wellbeing and encourage an active lifestyle.	Cr Donnie Grigau
Environment	To protect our environment and address climate change issues.	Cr Fleur Hewitt
Local economy	To support a prosperous and diverse local economy.	Cr Ross Ebbels
Heritage, planning and infrastructure	To protect our distinctive coastal, cultural and built environment, and provide sustainable, suitable infrastructure.	Cr Michael Grout
Governance and finance	To provide a financially viable Council that is accountable, transparent and practices good governance.	Cr Isabelle Tolhurst

Portfolio 1: Health and wellbeing.

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

Service area	Key service objective/s		Adopted Budget	Yearend Forecast - Sep	Actual YTD	Variance from the Budget	
			\$'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	596	596	68	0	0.0%
		Exp	(722)	(722)	(158)	0	0.0%
		Surplus/ (deficit)	(127)	(127)	(91)	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)	(153)	(34)	0	0.0%
		Surplus/ (deficit)	(140)	(140)	(30)	0	0.0%
Community Events	The Community Events program promotes community wellbeing, celebrates the significance of the Borough and stimulates the local economy through conducting events directly or facilitating, supporting and administering a range of recreation, arts and cultural events planned and implemented by community organisations or commercial businesses.	Inc	7	7	0	0	0.0%
		Exp	(191)	(191)	(48)	0	0.0%
		Surplus/ (deficit)	(185)	(185)	(48)	0	0.0%
Maternal and Child Health (MCH)	The Maternal and Child Health program (MCH) plays a key role in supporting and monitoring the health and wellbeing of local families with children from birth to school age.	Inc	59	59	16	0	0.0%
		Exp	(75)	(75)	(13)	0	0.0%
		Surplus/ (deficit)	(16)	(16)	3	0	0.0%
Kindergarten	Kindergarten assists in supporting the wellbeing of pre-school children and providing a safe learning environment to enable children to gain early life skills and knowledge and assist their transition to school.	Inc	0	0	0	0	0.0%
		Exp	(1)	(1)	(0)	0	0.0%
		Surplus/ (deficit)	(1)	(1)	(0)	0	0.0%
Environmental Health	The Environmental Health program monitors and maintains a safe environment for public health and wellbeing.	Inc	43	43	0	0	0.0%
		Exp	(115)	(115)	(47)	0	0.0%
		Surplus/ (deficit)	(73)	(73)	(47)	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	68	74	47	5	7.9%
		Exp	(326)	(326)	(75)	0	0.0%
		Surplus/ (deficit)	(258)	(253)	(29)	5	(2.1%)
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	(238)	(238)	(115)	0	0.0%
		Surplus/ (deficit)	(238)	(238)	(115)	0	0.0%
TOTAL	Income		785	790	134	5	0.7%
	Expenditure		(1,822)	(1,822)	(491)	0	0.0%
	Surplus/ (deficit)		(1,037)	(1,032)	(357)	5	(0.5%)

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		Adopted Budget	Yearend Forecast - Sep	Actual YTD	Variance from the Budget		
			\$'000	\$'000	\$'000	\$'000	%	Note
Environmental Sustainability	The Environmental Sustainability program sees the Borough playing its part in protecting the natural environment for future generations.	Inc	31	31	0	0	0.0%	
		Exp	(307)	(317)	(38)	(10)	3.3%	
		Surplus/ (deficit)	(276)	(286)	(38)	(10)	3.6%	
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	159	350	155	191	120.0%	1
		Exp	(408)	(519)	(5)	(111)	27.3%	2
		Surplus/ (deficit)	(249)	(169)	150	80	(32.0%)	
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	1,189	0	0.0%	
		Exp	(1,361)	(1,361)	(273)	0	0.0%	
		Surplus/ (deficit)	(136)	(136)	916	0	0.0%	
TOTAL	Income		1,414	1,605	1,345	191	13.5%	
	Expenditure		(2,075)	(2,197)	(316)	(121)	5.8%	
	Surplus/ (deficit)		(661)	(591)	1,028	70	(10.5%)	

Notes

1. Recognition of recurrent grant from BBV and grant received in 2021–22 for Pt Lonsdale seawall repair work.
2. Mainly work carried over from the 2021–22 financial year.

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		Adopted Budget	Yearend Forecast - Sep	Actual YTD	Draft Budget	Variance from the Budget	
			\$'000	\$'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	1,652	1,598	160	1,697	(53)	(3.2%)
		Exp	(953)	(913)	(171)	(937)	40	(4.2%)
		Surplus/ (deficit)	699	686	(12)	760	(13)	(1.9%)
Visitor Information Centre	The Visitor Information Centre program promotes the Borough as a special place for visitors, and supports local tourism and related businesses with dissemination of information to build a diverse and vibrant local economy.	Inc	81	81	0	83	0	0.0%
		Exp	(334)	(334)	(56)	(343)	0	0.0%
		Surplus/ (deficit)	(253)	(253)	(56)	(260)	0	0.0%
Tourism and Economic Development	The Tourism and Economic Development program seeks to build on the Borough's unique heritage, rich culture and significant natural environment to strengthen the diversity and vibrancy of the local economy.	Inc	0	48	48	0	48	0.0%
		Exp	(211)	(278)	(84)	(214)	(68)	32.2%
		Surplus/ (deficit)	(211)	(231)	(36)	(214)	(20)	9.5%
TOTAL	Income		1,733	1,727	207	1,780	(6)	(0.3%)
	Expenditure		(1,497)	(1,525)	(311)	(1,494)	(28)	1.9%
	Surplus/ (deficit)		235	202	(103)	286	(33)	-14.2%

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		Adopted Budget	Yearend Forecast - Sep	Actual YTD	Draft Budget	Variance from the Budget	
			\$'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	0.0%
		Exp	(355)	(362)	(99)	(342)	(8)	2.2%
		Surplus/ (deficit)	(355)	(362)	(99)	(342)	(8)	2.2%
Land Use Planning	The Land Use Planning program ensures that the Borough conserves its unique heritage, that the built environment is enhanced by design excellence, and that local amenity is protected against inappropriate land use and development.	Inc	92	92	43	94	0	0.0%
		Exp	(768)	(801)	(120)	(572)	(33)	4.3%
		Surplus/ (deficit)	(677)	(710)	(78)	(478)	(33)	4.9%
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	0.0%
		Exp	(20)	(20)	0	(21)	0	0.0%
		Surplus/ (deficit)	(20)	(20)	0	(21)	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	3	0	0.0%
		Exp	(284)	(284)	(46)	(310)	0	0.0%
		Surplus/ (deficit)	(24)	(24)	(42)	(307)	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	27	27	9	83	0	0.0%
		Exp	(1,265)	(1,275)	(337)	(343)	(10)	0.8%
		Surplus/ (deficit)	(1,238)	(1,248)	(328)	(260)	(10)	0.8%
Street Lighting	The Street Lighting program assists in the provision of a safe environment for motorists, pedestrians and cyclists.	Inc	0	0	0	94	0	0.0%
		Exp	(32)	(32)	(6)	(504)	0	0.0%
		Surplus/ (deficit)	(32)	(32)	(6)	(410)	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	25	0	0.0%
		Exp	(51)	(51)	(28)	(34)	0	0.0%
		Surplus/ (deficit)	(51)	(51)	(28)	(9)	0	0.0%
TOTAL	Income		378	378	55	299	0	0.0%
	Expenditure		(2,775)	(2,826)	(636)	(2,126)	(51)	1.8%
	Surplus/ (deficit)		(2,397)	(2,448)	(581)	(1,827)	(51)	2.1%

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		Adopted Budget	Yearend Forecast - Sep	Actual YTD	Variance from the Budget	
			\$'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	(248)	(248)	(93)	0	0.0%
		Surplus/ (deficit)	(248)	(248)	(93)	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	(1)	(1)	16	0	0.0%
		Exp	(881)	(881)	(306)	0	0.0%
		Surplus/ (deficit)	(883)	(883)	(290)	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	0	0	0	0	0.0%
		Exp	(740)	(745)	(124)	(5)	0.7%
		Surplus/ (deficit)	(740)	(745)	(124)	(5)	0.7%
Financial and Risk Management	The Financial and Risk Management program seeks to ensure the ongoing independence and financial sustainability of the Borough.	Inc	7,015	7,015	6,933	1	0.0%
		Exp	(2,786)	(2,786)	(519)	0	0.0%
		Surplus/ (deficit)	4,229	4,230	6,415	1	0.0%
TOTAL	Income		7,013	7,014	6,949	1	0.0%
	Expenditure		(4,655)	(4,660)	(1,041)	(5)	0.1%
	Surplus/ (deficit)		2,358	2,354	5,909	(4)	-0.2%

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	Forecasted Balance as at 30 June 2023	Change \$**
Carry forward capital expenditure reserve			
Queenscliff Sports and Recreation Precinct	447,083	0	(447,083)
Royal park oval upgrade	360,000	360,000	0
ICT transformation project	234,399	89,186	(145,212)
New bike track/park	195,900	179,765	(16,135)
Princess park kiosk toilet upgrade	60,000	0	(60,000)
Town hall audio visual equipment upgrade project (with QMF)	57,900	0	(57,900)
Hesse Street streetscape	50,000	0	(50,000)
Weeroona Parade toilet	40,000	0	(40,000)
Queenscliffe Cultural Hub	36,354	0	(36,354)
Toc H Toilet upgrade	20,000	0	(20,000)
Total - carry forward capital expenditure reserve	1,501,636	628,951	(872,684)
Carry forward operating expenditure reserve			
Marine coastal management plan	210,800	0	(210,800)
Review of planning scheme (Heritage Provisions)	126,418	93,418	(33,000)
Total - carry forward operating expenditure reserve	337,218	93,417	(243,800)
Asset replacement reserve	1,379,017	1,359,017	(20,000)
Defined Benefits Superannuation Liability	40,000	40,000	0
Standard kerbside waste reserve*	(9,084)	(140,954)	(131,870)
Public waste reserve	37,885	33,475	(4,410)
Unallocated cash reserves / general reserve	1,463,047	1,123,660	(339,387)
Total	4,749,718	3,137,567	(1,612,151)

*to be recovered from future waste management charges.

** This include change in reserve balances included in the 2022–23 budget in addition to the changes included in the quarter 1 forecast which are explained in the note 1.3.