

4.2.1 Q2 Quarterly Performance Report (Cont.)

POLICY AND STRATEGY

Q2 QUARTERLY PERFORMANCE REPORT

ATTACHMENT 2

**FINANCIAL REPORT
1 JULY – 31 DECEMBER 2020**

PAGES 48 (including cover)

If the details of the attachment are unclear please contact Governance on 8571 5235.

4.2.1 Q2 Quarterly Performance Report (Cont.)



4.2.1 Q2 Quarterly Performance Report (Cont.)

Contents

Financial Report

CGD – Operating Result (Income Statement)
Balance Sheet
Cash Flow Statement
Capital Expenditure Statement

Notes to the Financial Statements

Accounting policies
Operating income
Operating expenditure

Reference

A
B1
B2

Balance Sheet

Current assets
Non-current assets
Current liabilities
Non-current liabilities
Net assets and equity

C
C1
C2
C3
C4
C5

Cash Flow Statement

D

Statement of Capital Works

E

Capital Expenditure

Appendix 1

Investment analysis

Appendix 2

Directorate analysis

Appendix 3

Operating initiatives

Appendix 4

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

CGD – Operating Result

For the period 1 July 2020 – 31 December 2020

Note	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
B1					
Rates and charges	77,076	76,904	172	151,750	152,325
Statutory fees and fines	3,193	2,862	331	7,140	8,426
User fees	2,747	3,196	(449)	6,502	8,068
Grants - operating	15,051	13,925	1,126	29,662	29,875
Grants - capital	813	796	17	13,879	3,244
Contributions - monetary	1,297	1,219	78	4,058	2,910
Contributions - non-monetary	298	298	-	15,000	15,000
Net gain (loss) on disposal of property, infrastructure, plant and equipment	203	1,189	(986)	1,377	377
Other income	1,964	1,532	432	6,645	6,000
Total income	102,642	101,921	721	236,013	226,225
Expenses					
B2					
Employee costs	37,644	40,872	3,228	90,541	84,402
Materials and services	29,149	33,938	4,789	77,914	70,493
Prior year capital expenditure unable to be capitalised (non-cash)	593	-	(593)	-	-
Bad and doubtful debts	494	674	180	1,363	1,363
Depreciation	16,148	16,148	-	32,308	31,433
Amortisation - intangible assets	30	30	-	60	-
Amortisation - right of use assets	291	291	-	581	-
Borrowing costs	1,487	1,487	-	2,924	3,051
Finance costs - leases	-	-	-	21	-
Asset write offs	178	-	(178)	-	-
Other expenses	2,661	3,153	492	7,311	5,725
Total expenses	88,675	96,593	7,918	213,023	196,467
Net surplus (deficit)	13,967	5,328	8,639	22,990	29,758

Overview

The surplus at 31 December 2020 is favourable to budget by \$8.64 million due mainly to the following year to date variances:

- **Materials and services (\$4.79 million)** - due to timing of works combined with a delay in receipt of invoices (Engineering Services \$3.44 million) and lower than anticipated expenditure combined with a delay in receipt of invoices (Corporate Services \$463,000, Community Services \$458,000 and City Planning, Design and Amenity \$294,000).
- **Employee costs (\$3.23 million)** – due to delay in recruitment and commencement of grant funded projects mainly in Community Services (\$1.89 million) and City Planning Design and Amenity (\$477,000).
- **Grants – operating (\$1.13 million)** – due to receipt of unbudgeted grants mainly in Family Day Care which is offset by higher payments to educators (Community Services \$914,000) and a Local Government Capacity Building grant (City Planning Design and Amenity \$224,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)Financial Report for the period 1 July 2020 – 31 December 2020

COVID-19 and 2020-21 impacts

Council's 2020-21 finances have been significantly impacted by COVID. In its original 2020-21 Budget, Council allocated \$4.6 million across various areas relating to adverse impacts, with a residual contingency remaining of approximately \$600,000.

A detailed review of additional COVID impacts and assumptions was performed during the Mid-Year Budget Review. This review found COVID stage four restrictions have had a significant adverse impact on Council, estimated at a further \$5.57 million. These COVID items, combined with other known adjustments since adoption of the 2020-21 Annual Budget were reflected in the Mid-Year Budget Review. In order to balance the 2020-21 Budget, capital project deferrals of \$4.40 million were included.

The more significant COVID impacts adjusted in the Mid-Year Budget Review comprise:

- Parking fines, ticket machine income and permits (\$2.13 million)
- Lower interest returns on investments (\$700,000).
- Leisure centres impact (\$591,000).
- Lower rental and venue hire income due to rental waivers and required facility closures (\$477,000).
- Additional allocation to the business grants program (\$290,000)
- Deferral of penalty rate interest payable on outstanding rates (\$225,000).
- Reduction in supplementary rates income due to slowing trend (\$200,000).
- Financial Assistance Grants funding to be received via the Victoria Grants Commission (\$189,000). Outcome lower due to COVID impact on investment returns affecting the available pool fund.
- Continuation of Council's COVID rate waiver package (\$150,000).

The financial impact of COVID will continue to be closely monitored and any permanent variances identified subsequent to the Mid-Year Budget Review will be reflected in the full year forecast. The forecast review is expected to be completed in March 2021.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Balance Sheet
As at 31 December 2020

		2020-21 ACTUAL 31 Dec 2020 \$'000	2019-20 ACTUAL 30 Jun 2020 \$'000	2020-21 MID YEAR BUDGET \$'000	2020-21 ORIGINAL BUDGET \$'000
	Note				
ASSETS					
Current assets					
	C1				
Cash and cash equivalents		165,994	154,563	116,858	108,170
Financial assets		-	2,000	-	-
Trade and other receivables		88,458	24,974	25,876	24,120
Other assets		751	4,537	2,815	2,756
Non-current assets classified as held for sale		-	1,000	-	-
Total current assets		255,203	187,074	145,549	135,046
Non-current assets					
	C2				
Property, infrastructure, plant and equipment		2,199,412	2,190,972	2,256,186	2,244,581
Investment property		11,814	11,814	11,814	12,827
Right-of-use assets		708	998	988	-
Intangible assets		94	124	64	-
Other financial assets		-	-	-	230
Trade and other receivables		305	305	305	325
Total non-current assets		2,212,333	2,204,213	2,269,357	2,257,963
Total assets		2,467,536	2,391,287	2,414,906	2,393,009
LIABILITIES					
Current liabilities					
	C3				
Trade and other payables		2,333	18,800	22,684	20,670
Trust funds and deposits		8,045	8,425	8,425	39,069
Unearned income		44,700	40,340	40,340	-
Provisions		21,169	19,659	19,659	17,418
Interest-bearing liabilities		1,645	3,255	3,372	3,270
Lease liabilities		571	571	571	-
Total current liabilities		153,152	91,050	95,051	80,427
Non-current liabilities					
	C4				
Provisions		1,632	1,110	1,110	1,555
Trust funds and deposits		237	311	311	900
Interest-bearing liabilities		56,636	56,636	53,264	53,495
Lease liabilities		174	442	442	-
Total non-current liabilities		58,679	58,499	55,127	55,950
Total liabilities		211,831	149,549	150,178	136,377
NET ASSETS	C5	2,255,705	2,241,738	2,264,728	2,256,632
EQUITY					
Accumulated surplus		921,653	904,579	940,808	955,453
Asset revaluation reserve		1,269,823	1,269,823	1,269,824	1,241,807
Reserves		64,229	67,336	54,096	59,372
TOTAL EQUITY		2,255,705	2,241,738	2,264,728	2,256,632

For comments regarding movements and new line items above, please refer to explanatory notes located at C1 to C5.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Cash Flow Statement

	2020-21 ACTUAL 31 Dec 2020 Inflows/ (Outflows) \$'000	2020-21 ANNUAL MID YEAR BUDGET Inflows/ (Outflows) \$'000	2020-21 ANNUAL ORIGINAL BUDGET Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges	87,429	151,750	151,986
Statutory fees and fines	2,544	4,875	6,587
User fees	3,183	7,152	8,710
Grants - operating	16,619	32,021	31,642
Grants - capital	3,136	13,879	3,244
Contributions - monetary	2,922	4,058	2,910
Interest received	389	800	1,496
Trust funds and deposits taken	14,903	27,052	35,500
Other receipts	1,628	6,599	5,019
Net GST refund	4,008	13,001	8,900
Employee costs	(37,560)	(90,541)	(83,649)
Materials and services	(40,498)	(88,341)	(86,855)
Trust funds and deposits repaid	(15,022)	(27,052)	(33,500)
Other payments	(2,823)	(8,042)	(6,298)
Net cash provided by operating activities	40,858	47,211	45,692
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	(29,302)	(81,831)	(43,705)
(Payments) proceeds for investments	2,000	2,000	2,000
Proceeds from sale of property, infrastructure, plant and equipment	1,247	1,686	686
Net cash used in investing activities	(26,055)	(78,145)	(41,019)
Cash flows from financing activities			
Finance costs	(1,491)	(2,924)	(3,051)
Repayment of borrowings	(1,610)	(3,255)	(3,126)
Interest paid - lease liability	(2)	(21)	-
Repayment of lease liabilities	(269)	(571)	-
Net cash provided by (used in) financing activities	(3,372)	(6,771)	(6,177)
Net increase (decrease) in cash and cash equivalents	11,431	(37,705)	(1,504)
Cash and cash equivalents at the beginning of the year	154,563	154,563	109,674
Cash and cash equivalents at the end of the period	165,994	116,858	108,170
Represented by:			
Operating cash	41,680	34,262	(9,846)
Restricted cash	124,314	82,596	118,016
Total	165,994	116,858	108,170

- Details regarding Council's cash movements are contained in **Note D - Cash Flow Statement**.
- The dissemination of Council's restricted and operating cash is provided in the graph "Restricted and Unrestricted Cash" in **Appendix 2 Investment Analysis** in this report.
- Cash inflows and outflows are inclusive of GST where applicable.

4.2.1 Q2 Quarterly Performance Report (Cont.)

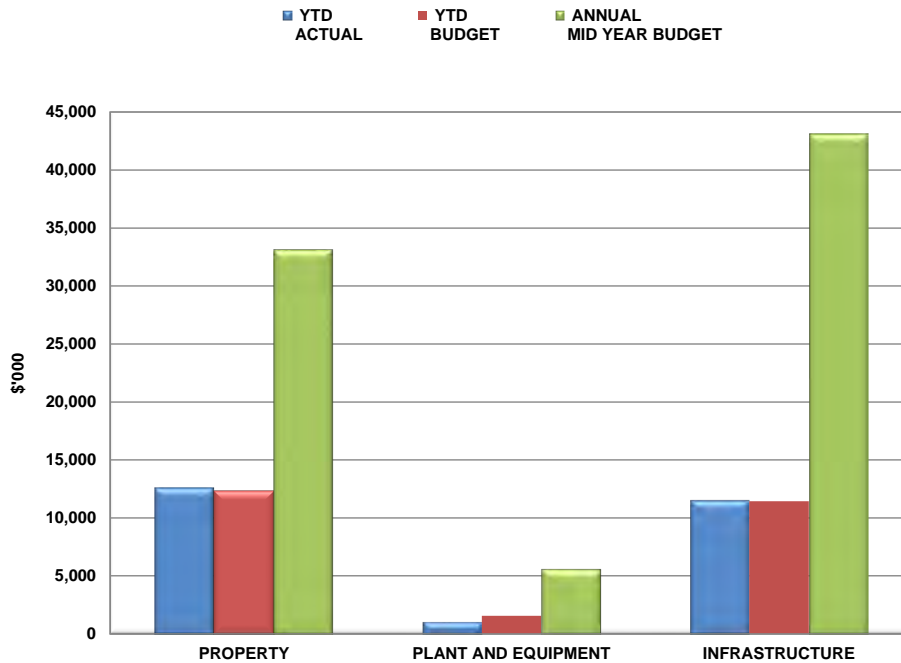


Financial Report for the period 1 July 2020 – 31 December 2020

Capital Expenditure Statement

The detailed program under each of the capital groups is contained in **Appendix 1 – Capital Expenditure**.

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	COMMIT \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
PROPERTY	12,554	12,331	(223)	13,199	33,118	13,713
PLANT AND EQUIPMENT	1,069	1,555	486	1,338	5,639	4,769
INFRASTRUCTURE	11,481	11,437	(44)	8,913	43,074	25,223
TOTAL EXPENDITURE	25,105	25,323	219	23,450	81,831	43,705



4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Notes to the Financial Statements

A. Accounting Policy Notes

The financial report is prepared on the principles of accrual accounting. Accrual accounting recognises income when earned and expenditure when incurred, regardless of whether cash settlement has taken place. The basis of recognition of major income and expenditure in these statements are defined below.

- 1. Rate revenue:** Rate revenue (excluding supplementary rates) is accrued evenly over the year, although cash is received in quarterly instalments or a lump sum, depending on how the ratepayer chooses to pay. Rate revenue in the Income Statement is a monthly accrual of the rates determined for the year in July.
- 2. Grants revenue:** Council receives two types of grants, namely a General Purpose Grant (Financial Assistance Grant funding from the Victoria Grants Commission) which is not tied to any programs and Special Purpose Grants for various programs. In accordance with new Accounting Standards, AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income of Not-For-Profit Entities', grant income is now generally recognised in the Income Statement to the extent of satisfied performance obligations. Alternatively, grant funding which does not have sufficiently specific performance obligations is recognised as income when the cash is received. Any grant income relating to unsatisfied performance obligations is recognised as unearned income in the Balance Sheet at balance date. Grants comprise of operating and capital (recurrent and non-recurrent).
- 3. Fees and charges:** Most fees and charges are recognised when cash is received. Generally, where Council raises a debtor's invoice, income is recognised at the point of the invoice and not when cash is received. Car parking permit income relating to a future period at balance date are recognised as unearned income in the Balance Sheet.
- 4. Contributions - cash:** Cash contributions are essentially from developers towards open space works. These monies are treated as income when received. Council is obligated to spend these monies for the purpose for which they are given by the developers. Council also receives external contributions for other capital projects. Cash contributions received are held in reserves and treated as "restricted cash" until they are spent (see **note 9** below).
- 5. Employee costs:** Salaries expenditure is based on fortnightly salaries paid and accruals for salary on-costs such as leave entitlements, superannuation and workcover.
- 6. Capital expenditure:** The two broad areas of capital are the capital improvement program (CIP) (which includes infrastructure and major projects) and 'other' which includes fleet, computers, plant and furniture. Expenditure is recognised as capital if it is significant in value and results in assets which have a useful life in excess of at least one year.
- 7. Budget information:** The Original Budget information contained in the report is the budget approved by Council on 22 June 2020. The year to date budget in this report reflects the Mid-Year Budget as adopted by Council on 14 December 2020. The Mid-Year Budget represents the adopted budget incorporating net carry forward capital and operating amounts from 2019-20 and any adjustments identified since the 2020-21 Original Budget was approved in June 2020.
In accordance with Section 97(3) of the Local Government Act 2020 the Chief Executive Officer is of the view that a Revised Budget is not required for the financial reporting period 31 December 2020. No variations have been made to the declared rates and charges or loan borrowings other than what has been approved in the 2020-21 Adopted Budget. Council's financial position is sound with a working capital ratio of 1.67 as at 31 December 2020.
- 8. Cash Flow Statement:** Reflects the actual cash movements during the year.
- 9. Restricted cash:** These are monies set aside for specific purposes and are not readily available for day to day operations or general capital works. They include funds set aside towards meeting long service leave commitments (required by government regulations), statutory reserves (eg. open space contributions) and other funds that are committed towards specific purposes.

4.2.1 Q2 Quarterly Performance Report (Cont.)

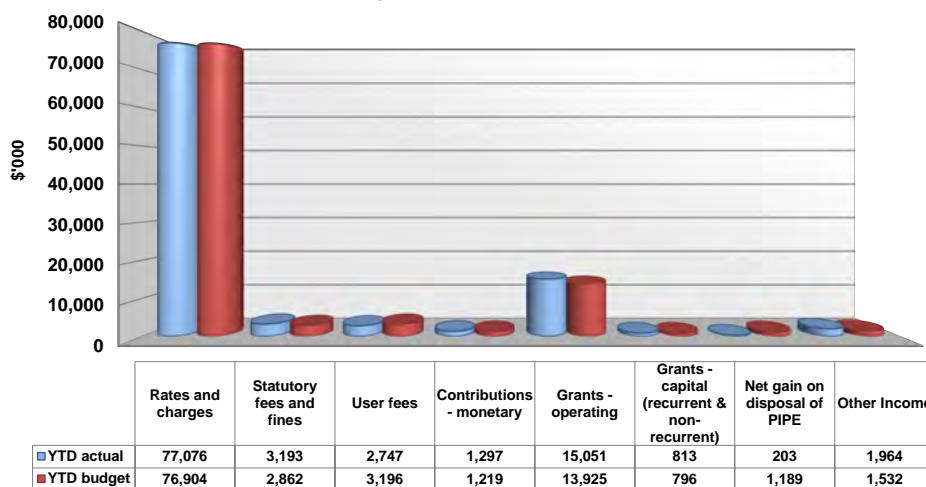


Financial Report for the period 1 July 2020 – 31 December 2020

B1. Operating Income

The chart below shows the categories of operating income against their respective budgets (excluding non-cash accounting entries such as non-monetary contributions or gifted assets).

**Income from operating activities
 for 1 July 2020 - 31 December 2020**



Income for the period ended 31 December 2020 is favourable against budget by \$721,000. This is primarily due to the following:

Grants – operating (\$1.13 million favourable) – Additional funding received for Family Day Care (offset by higher payments to educators, \$914,000) and Child First (\$188,000), combined with an unbudgeted grant from the Department of Environmental, Land, Water and Planning (will be offset by grant expenditure, relates to High Risk Waste Sites Local Government Capacity Building Grant \$224,000).

Other income (\$432,000 favourable) – Unanticipated car parking fringe benefits tax refund (Corporate Accounting \$262,000) and contributions for rectification works (Parks Services \$85,000), combined with higher than anticipated rental income to date (Property Management Administration \$78,000).

Statutory fees and fines (\$331,000 favourable) – Favourable variance due to better than anticipated parking infringement income (Parking Management \$303,000) and sub-divisions and plan checking income to date (Transport and Civil Development \$105,000). Both budgets were reduced in the Mid-Year Budget due to COVID impacts.

The above favourable variances in income are partly offset by an unfavourable variance in:

User fees (\$449,000 unfavourable) – Mainly due to a reduction in the Family Day Care (FDC) administration levy fee income caused by COVID which is offset by higher FDC grant subsidy income (Community Services \$329,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)

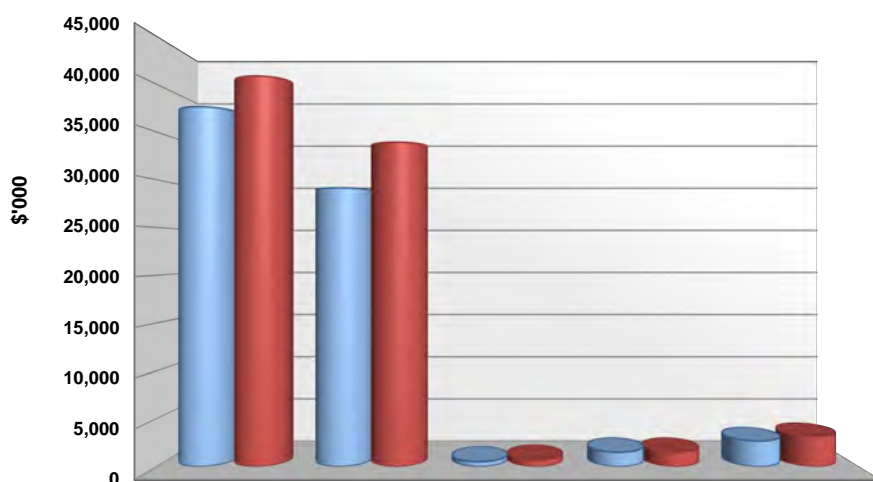


Financial Report for the period 1 July 2020 – 31 December 2020

B2. Operating Expenditure

The chart below shows the categories of operating expenditure against their respective budget (excludes non-cash accounting entries including depreciation, amortisation, asset write offs and prior year capital expenditure unable to be capitalised).

**Expenditure from operating activities
 for 1 July 2020 to 31 December 2020**



	Employee costs	Materials and services	Bad and doubtful debts	Borrowing costs	Other expenses
YTD actual	37,644	29,149	494	1,487	2,661
YTD budget	40,872	33,938	674	1,487	3,153

Actual expenditure at 31 December 2020 against the budget is favourable by \$7.92 million. The major variances are in employee costs and materials and services.

Materials and services (\$4.79 million favourable) – The major items contributing to this favourable variance are:

- Contract services (\$2.35 million) – mainly due to timing of works and delay in receipt of invoices in Roads and Drains and Waste Management, combined with a temporary reduction in services and expenditure in Building Maintenance due to COVID restrictions (Engineering Services \$2.78 million).
- Materials, maintenance and services (\$927,000) – mainly due to delay in commencement of works and receipt of invoices (Community Services \$493,000, Engineering Services \$206,000 and City Planning, Design and Amenity \$154,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)

Financial Report for the period 1 July 2020 – 31 December 2020

- Consultants, professional services (\$629,000) – due to delay in commencement of programs (Community Services \$194,000, Engineering Services \$173,000 and Corporate Services \$173,000).
- Administration costs (\$564,000) – lower than anticipated expenditure across a range of accounts including promotions, community education, postage/courier, printing/stationery, Council publications, fuel, postage, advertising and events (Community Services \$313,000, Engineering Services \$105,000 and Corporate Services \$94,000).
- Utilities (\$243,000) – mainly due to lower than anticipated electricity and water costs to date because of facility closures as per COVID restrictions and a delay in receipt of invoices (Engineering Services \$112,000 and Corporate Services \$100,000).

Employee costs (\$3.23 million favourable) – This favourable variance is mainly due to staff recruitment occurring later than planned combined with a delay in commencement and recruitment of grant funded projects (Community Services \$1.87 million, City Planning, Design and Amenity \$477,000, Working for Victoria Fund \$328,000, Engineering Services \$232,000 and Corporate Services \$209,000).

Of the \$3.23 million favourable variance across all directorates, \$1.73 million relates to grant funded programs which require an acquittal (Community Services \$1.40 million and Working for Victoria Fund \$328,000).

Other expenses (\$492,000 favourable) – Favourable variance due to delay in community grant funding agreements as a result of required COVID-19 clause adjustments (Community Services \$221,000), savings in Council's contribution to the Dandenong Night Market which has been cancelled due to COVID and delay in Council's Melbourne Food and Wine Festival contribution (Corporate Services \$117,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

C. Balance Sheet

Council's net assets are valued at \$2.26 billion at 31 December 2020.

C1. Current assets (cash and other assets that can be readily converted to cash)

Cash and cash equivalents (\$165.99 million) – Represent the amount held by Council in cash or term deposits. Please note that this amount includes \$124.31 million of funds "restricted" for various purposes. These are detailed in the notes to the cash flows that follow in **section D** and a graphical presentation in **Appendix 2**.

Funds are invested in accordance with Council's Investment Policy. The policy requires Council to invest with prudence, consideration of acceptable risks and relevant legislation.

The details of Council's investments are contained in **Appendix 2**. In selecting investment products, Council has paid due consideration to risk by investing in products that have a minimum Standard and Poor's (S&P) rating of 'A'.

Financial assets (\$nil) – Decrease in financial assets from 30 June 2020 reflects the maturity of \$2 million in investments placed in Green Tailored Deposits with a term of greater than three months (matured in August 2020).

Trade and other receivables (\$88.46 million) – This balance includes:

- Rate debtors \$71.55 million. The collection rate is monitored closely with 44.53% of 2020-21 rate income levied still to be collected at 31 December (compared to 43.93% at the same time last year). Rate revenue (excluding supplementary rates) is accrued evenly over the year, although cash is received in quarterly instalments, nine direct debit payments or a lump sum, depending on how the ratepayer chooses to pay. Rate revenue in the Income Statement is a monthly accrual of the rates determined for the year in July.
- Infringement debtors of \$9.05 million (net of provision for doubtful debts).
- General debtors \$7.86 million (net of provision for doubtful debts).

Other assets (\$751,000) – This balance includes:

- Prepayments \$307,000 - expenses prepaid at 31 December 2020.
- Other deposits \$309,000 – represents \$75,000 deposit for Metropolitan Waste and Resource Recovery Group organic waste processing contract and \$234,000 deposit paid to South East Water for provision of water and sewerage assets at 5 Mason Street, Dandenong.
- Accrued income \$135,000 – income earned but cash not yet received at 31 December 2020.

Non-current assets classified as held for sale (\$nil) – The decrease from 30 June 2020 reflects the settlement of the sale of a car park land asset at 2 Mason Street, Dandenong in December 2020.

4.2.1 Q2 Quarterly Performance Report (Cont.)

Financial Report for the period 1 July 2020 – 31 December 2020

C2. Non-current assets

Property, infrastructure, plant and equipment (\$2.20 billion) – Includes Council roads, drains, buildings, plant and other fixed assets. These values are reflected after recognising the depreciation allowed against each asset.

Investment property (\$11.81 million) is separately classified from 'Property, infrastructure, plant and equipment' in accordance with Australian Accounting Standards. Any adjustment to the fair value of these assets is recorded in the Comprehensive Income Statement and these assets are not depreciated.

Right-of-use assets (\$708,000) – Represents leased (right-of-use) assets in accordance with the new Accounting Standard AASB 16 'Leases'. Includes property, fleet, IT and office equipment that have been leased under ordinary lease arrangements. These values are reflected after recognising the amortisation expense.

Intangible assets (\$94,000) – Represents computer software assets that were transferred from 'Property, infrastructure, plant and equipment' to 'Intangible assets' in 2019-20. These values are reflected after recognising the amortisation expense.

Other financial assets (\$nil) – The decrease in this item reflects Council's previous share-holding of \$230,000 in Regional Kitchen Pty Ltd which will not be returned.

Trade and other receivables (\$305,000) - \$232,000 of this balance represents Council's share of funds held in trust by Whitehorse City Council relating to the former Narre Warren landfill site combined with a \$73,000 refundable bond paid to Community Chef (which is expected to be returned to Council).

C3. Current liabilities (debts due to be repaid within 12 months)

Trade and other payables (\$2.33 million) – This balance includes trade creditors arising from operations and capital works.

Trust funds and deposits (\$8.04 million) – Trust funds and deposits includes other refundable monies in respect of:

- Other deposits (\$3.10 million), mostly relating to asset protection bonds (\$2.14 million), drainage work deposits (\$530,000) and contractor deposits (\$221,000).
- Road deposits (\$2.45 million).
- Fire services property levy funds collected by Council on behalf of the State Government, but not yet paid on to the State Revenue Office (\$1.14 million). These monies are remitted to the State Revenue Office in accordance with legislative timeframes (28 days after each quarterly rate instalment date).
- Landscape deposits (\$904,000).
- Open space contributions (\$446,000).

The significant decrease in this line item from the 2020-21 Original Budget to Mid-Year Budget is due to a reclassification of Developer Contribution Plan (DCP) liabilities from 'trust funds and deposits' to 'unearned income' as per the note below relating to 'unearned income'.

4.2.1 Q2 Quarterly Performance Report (Cont.)

Financial Report for the period 1 July 2020 – 31 December 2020

Unearned income (\$44.70 million) – Represents income not yet earned in accordance with the new Accounting Standards AASB 1058 'Income of Not-For-Profit Entities' and AASB 15 'Revenue from Contracts with Customers' based on specific performance obligations that were not complete at 31 December 2020 in respect of:

- Developer Contribution Plan liabilities (DCP) – (\$30.00 million)
- Grants - operating (\$8.31 million)
- Grants - capital (\$6.32 million)
- Other (\$70,000).

Provisions (\$21.17 million) – This balance represents the provision for employee entitlements and landfill restoration works.

- Employee entitlements:
 - Long service leave entitlements - \$11.64 million.
 - Annual leave entitlements - \$8.48 million.
 - Rostered days off (RDO) - \$560,000.
- Landfill provision - \$489,000 - provision for the restoration and aftercare management of the former Spring Valley landfill site (closed). The former closed landfill is owned by the Council and is used as recreational open space. Council's share is 19.88% of the total future estimated costs.

Interest-bearing liabilities (\$1.65 million) – Represents the remaining repayments of long-term borrowings to occur during 2020-21.

Lease liabilities (\$571,000) - Represents the lease repayments in respect of right-of-use assets that are payable during 2020-21 and mainly comprise of property and information technology related lease obligations.

C4. Non-current liabilities (debts due to be repaid in future years)

Provisions (\$1.63 million) – Represents the provisions estimated to be paid beyond the 2020-21 financial year and comprises long service leave entitlements for employees (\$1.11 million) and landfill provision for restoration of Spring Valley landfill site (\$515,000) (Council's share is 19.88% of the total future estimated costs).

Trust funds and deposits (\$237,000) – Represents deposits that are payable beyond the 2020-21 financial year and comprises landscape deposits of \$212,000 and contractor deposits of \$25,000.

Interest-bearing liabilities (\$56.64 million) – Comprises the amount of outstanding borrowings to be repaid beyond the next 12 months.

Lease liabilities (\$174,000) – represents the amount of lease payments in respect of the right-of-use assets to be repaid beyond the next 12 months and mainly comprise of property and information technology related lease obligations.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

C5. Net assets and equity

Net assets - Represents the difference between total assets and total liabilities. It is the Council's net worth to the City's ratepayers.

Reserves – Includes both statutory reserves (S) and discretionary reserves (D). The statutory reserves apply where funds are gained from the application of legislative requirements to contribute – and where expenditure of the funds is not entirely discretionary (i.e. the funds need to be used for certain expenditure only). The reserves listed below are explained in the notes to the cash flows that follow.

The discretionary reserves are:

- Major projects reserve
- Insurance fund reserve
- Council funded – Development Contribution Plans reserve
- Spring Valley landfill rehabilitation reserve
- Springvale Activity Precinct – Parking and Development reserve
- Dandenong Activity Precinct – Parking and Development reserve
- Native re-vegetation reserves
- Keysborough South Maintenance Levy reserve
- General reserve (Aged Care)
- Future maintenance reserve

The statutory reserves are:

- Open space – planning, development and improvements
- Open space – land acquisitions

D. Cash Flow Statement

Cash and investment holdings total \$165.99 million at 31 December 2020, an increase of \$11.43 million since 30 June 2020. Total cash and investment holdings are made up of operating cash (\$41.68 million) and restricted cash (\$124.31 million).

Please refer to the next page for a detailed listing of Restricted Cash items, which are set aside for specific purposes.

Cash flows from operating activities – net inflow of \$40.86 million.

The major inflows are rates \$87.43 million, grants \$19.76 million, trust funds and deposits taken \$14.90 million, user fees \$3.18 million, monetary contributions \$2.92 million and statutory fees and fines \$2.54 million.

The major outflows are materials and services \$40.50 million, employee costs \$37.56 million and trust funds and deposits repaid \$15.02 million.

Trust funds and deposits taken and repaid mainly relate to fire services property levies (FSPL). The remittance of the FSPL and FSPL levy interest amounts are made to the State Revenue Office (SRO) in four payments in accordance with Section 41(1) of the FSPL Act. An instalment is due and payable to the Commissioner of State Revenue 28 days after the due date of rates instalments. Council collects FSPL on behalf of the State Government.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Cash flows from investing activities – net outflow of \$26.05 million, including:

- \$29.30 million for capital works expenditure. The detailed capital works schedule is included in this report as Appendix 1. Please note the difference between the two capital expenditure amounts is due to the movement in capital trade creditors at the start and end of the reporting period. Appendix 1 is on an accrual basis.
- \$2.00 million of proceeds from funds held at 30 June 2020 in tailored deposits with a maturity of greater than three months.
- \$1.25 million proceeds on asset sales represents \$1.00 million from sale of car park land asset at 2 Mason Street Dandenong as part of a three-way land swap with Development Victoria and \$246,000 from the fleet replacement program.

Cash flows from financing activities – outflow of \$3.37 million. Council incurred \$1.49 million in finance costs on its borrowings and repaid \$1.61 million of existing loans. In accordance with the new Accounting Standard AASB 16 'Leases', Council incurred \$2,000 in finance costs on leases and repaid \$269,000 of its leased liabilities as at 31 December 2020.

Restricted cash - Restricted cash represents funds that are set aside for specific purposes, as detailed in the following tables.

Type	31 Dec 2020	Notes
Reserve funds	\$'000	
Council funded Development Contribution Plans (DCP) reserve	20,108	Reserved for specific expenditure in accordance with the published DCP.
Open space – planning, development and improvements	9,938	Reserved for enhancing the City's open space by planning, development and improvements.
Open space – acquisitions	1,035	To fund acquisitions of new open space land.
Major projects reserve	25,946	Holds funds realised from the sale of Council's property assets or surplus Council funds that will be utilised for investing in other properties or funding future major projects.
Keysborough South Maintenance Levy	2,809	Reserved for specific maintenance expenditure relating to this area.
Spring Valley landfill rehabilitation	760	This reserve is for the rehabilitation of the Spring Valley landfill site.
Re-vegetation reserves	384	These funds are to meet native re-vegetation requirements on Council's reserves.
Insurance fund reserve	955	This fund has been created to meet large and unexpected policy excesses on multiple insurance claims.
Springvale Activity Precinct Parking and Development reserve	236	This reserve is to fund development in the Springvale Activity Centre.
Dandenong Activity Precinct Parking and Development reserve	1,518	This reserve is to fund development in the Dandenong Activity Centre.
General reserve (Aged Care)	334	Funds set aside for the aged care reforms.
Future maintenance reserve	206	Contribution funds for future works to address level crossing removal authority defects.
Total reserve funds	64,229	

Page 14

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Type	31 Dec 2020	Notes
Employee provisions	\$'000	
Long service leave	12,757	Funds set aside to meet long service leave commitments.
Annual leave and other	9,039	Funds set aside to meet annual leave and rostered days off (RDO) commitments.
Employee provisions	21,796	
Trust funds and deposits	\$'000	
Fire services property levy (FSPL) collected and due	1,137	Payable to State Revenue Office – legislative requirement.
Open space contributions	446	Pending completion of works.
Landscape deposits	1,116	Pending completion of works.
Road deposits	2,453	Pending completion of works.
Other trust funds and deposits	3,130	Refundable upon finalisation of programs.
Total trust funds and deposits	8,282	
Other restricted funds	\$'000	
DCP unearned income	30,007	Pending completion of works by developers.
Other restricted funds	30,007	
Total restricted cash	124,314	

4.2.1 Q2 Quarterly Performance Report (Cont.)Financial Report for the period 1 July 2020 – 31 December 2020

Statement of Capital Works

Total capital expenditure at 31 December 2020 was \$25.11 million. A further \$23.45 million was committed at the end of December. The following **CIP Expenditure Report** contains the expenditure status of each of the approved capital projects.

The timing of cash outflows and project completion can differ for capital projects. Commentary on the status of each project with major year to date variances is provided below (i.e. variances greater than \$300,000). Please note that the variances detailed below are the total of all asset classes by capital project whereas the Capital Expenditure report details the variances separately by asset class and capital project.

Plant and equipment

- 1445 **Fleet Purchases (\$424,000 favourable)** – Lower than anticipated fleet purchases to date.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Appendix 1

Capital Expenditure

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

CIP Expenditure Report

	YTD ACTUAL \$	YTD BUDGET \$	YTD VARIANCE \$	COMMIT \$	ANNUAL MID YEAR BUDGET \$	ANNUAL ORIGINAL BUDGET \$
PROPERTY						
Buildings						
3043. Springvale Community Precinct	2,046,473	2,047,060	587	106,832	2,221,060	500,000
3219. Thomas Carroll Pavilion	14,600	15,572	972	114,431	2,450,475	-
3362. Springvale City Hall	-	-	-	-	25,000	25,000
3547. George Andrews Reserve-Bld Modific.	1,565	-	(1,565)	-	330,000	330,000
3548. Keysborough South Community Hub Dev	163,403	164,568	1,165	367,513	3,612,121	2,575,108
3792. Dandenong Mkt Back of House-Coolrm	619,114	640,876	21,762	15,553	720,876	580,000
3793. Dandenong Market Utility Srv Infra	-	-	-	-	100,000	100,000
3802. Building Energy Efficiency Program	90,891	-	(90,891)	-	-	-
3805. Municipal Early Years Infrast. Plan	-	-	-	-	60,164	-
3813. Shalimar Kindergarten MCH	2,825	-	(2,825)	-	-	-
3814. D'hong Nth Senior Citizen Ctr Latha	-	1,500	1,500	1,500	1,500	-
3873. Building Renewal Prg- DDA	-	9,000	9,000	-	45,000	45,000
3874. Building Renewal Prg- HVAC	119,461	117,600	(1,861)	5,628	310,000	310,000
3876. Building Renewal Prg- Bathroom	103,422	103,000	(422)	500	115,000	115,000
3877. Building Renewal Prg- Flooring	129,782	122,000	(7,782)	2,417	122,000	122,000
3878. Building Renewal Prg- Lift Refurb.	41,910	28,375	(13,535)	-	28,375	-
3879. Building Renewal Prg- Minor Works	81,521	45,000	(36,521)	23,894	45,000	45,000
3880. Building Renewal Prg- Roof	59,410	59,000	(410)	14	125,000	275,000
3883. Building Renewal Prg- Kitchen & Eq	125,320	126,860	1,540	112,152	224,300	224,300
3902. Ross Reserve Pavilion	388,294	387,000	(1,294)	8,007,461	1,992,500	2,000,000
3904. Building Renewal Prg - Theatre	323,864	322,600	(1,264)	41,959	576,000	576,000
3906. Greater D'hong Gallery of Art	1,217,777	1,220,000	2,223	3,764,903	6,437,493	1,500,000
3908. Oasis/NPAC Design Devt	177,781	178,067	286	-	178,067	-
3945. CCTV Renewal Program	30,880	19,500	(11,380)	15,376	30,000	30,000
3946. Building Renewal Prg - Aquatic & Lei	317,338	316,800	(538)	94,868	558,000	558,000
3947. Building Renewal Prg - Project	-	30,000	30,000	-	150,000	150,000
3948. D'hong Mkt (Fruit & Veg) Floor&Roof	8,575	5,000	(3,575)	9,133	130,000	130,000
3949. NPAC Redevelopment	247,060	250,000	2,940	121,890	3,000,000	-
3950. Robert Booth Baseball Design&Constr	-	-	-	-	20,000	20,000
3951. Ross Res P/gmd-Change Plc Toilet	2,030	-	(2,030)	214,710	300,000	300,000
3952. S/Vale Library/Civic-Storage&Equip	-	-	-	-	100,000	100,000
3953. Balmoral Ave Car Park	36,195	38,000	1,805	24,262	57,207	400,000
3972. Local Roads Community Infrast. Prog.	-	-	-	-	-	500,000
3974. D'hong Aquatic & Wellbeing Ctr	91,314	75,000	(16,314)	87,713	1,970,000	2,000,000
Leasehold Improvements						
3941. Police Paddocks Res. Grandstand	-	-	-	-	434,860	-
3954. Police Paddocks Changerooms	15,850	6,000	(9,850)	65,941	102,385	202,385
Land						
3396. 2A Frank St Noble Park	1,404,457	1,404,457	0	-	1,404,457	-
3444. 3-Way Land Swap-Dev't Vic	1,128,303	1,027,000	(101,303)	-	1,125,000	-
3975. 86-88 Clow St Dandenong	2,666,654	2,669,526	2,872	-	2,669,526	-
3976. 218 Railway Parade Noble Park	892,807	895,000	2,193	-	950,000	-
3989. DCP - 875 Taylors Road (LRO6b)	5,466	6,932	1,466	-	396,932	-
Total property	12,554,340	12,331,293	(223,047)	13,198,649	33,118,298	13,712,793
PLANT AND EQUIPMENT						
Plant, machinery and equipment						
1445. Fleet Purchases	108,613	532,484	423,871	710,990	2,746,410	2,662,410
1447. Fleet New Program	-	-	-	-	160,000	244,000
Library books						
3104. Library Resources	300,008	357,624	57,616	535,749	849,560	859,560

Note: Buildings – 3902 Ross Reserve Pavilion – the commitments amount of \$8.01 million in the report above includes commitments relating to future years (multi-year project).

ORDINARY COUNCIL MEETING - MINUTES

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

CIP Expenditure Report

	YTD ACTUAL \$	YTD BUDGET \$	YTD VARIANCE \$	COMMIT \$	ANNUAL MID YEAR BUDGET \$	ANNUAL ORIGINAL BUDGET \$
Computers and telecommunications						
3827. Increase Wi-Fi Cover-Variou Locatn	-	-	-	-	20,000	20,000
3902. Ross Reserve Pavilion	-	-	-	-	45,000	-
3911. Dandenong Stadium Wi-Fi	1,143	-	(1,143)	-	10,000	10,000
3913. People Counters Installation	3,045	-	(3,045)	-	-	-
3914. Asset Management System	334,494	347,286	12,792	38,523	915,258	216,612
3918. Drum Theatre Ticketing System	137,161	137,161	-	-	137,161	-
3919. Digital Infrastructure (Website)	7,442	-	(7,442)	-	100,000	100,000
3956. 39A Clow-Security Eq,Software&Radio	14,845	15,000	155	155	15,000	15,000
3957. Audio Visual Equipment Renewal	20,138	20,000	(138)	3,496	25,000	25,000
3958. D'ong Civic Ctr-Security Eq&S'ware	99,302	100,000	698	10,698	110,000	110,000
3959. Emergency Relief Centres-Equipment	9,147	5,000	(4,147)	565	60,000	60,000
3960. Menzies Ave CCTV	-	-	-	7,370	20,000	20,000
Fixtures, fittings and furniture						
3314. Public hall equipment	33,553	40,000	6,447	24,020	400,000	400,000
3952. S/Vale Library/Civic-Storage&Equip	-	-	-	-	10,000	10,000
3955. MCH Blinds-Chandler & Darren Reserv	-	-	-	6,695	16,000	16,000
Total plant and equipment	1,068,891	1,554,555	485,664	1,338,261	5,639,389	4,768,582
INFRASTRUCTURE						
Parks, open space and streetscapes						
1629. 275 Lonsdale St D'ong-Vanity Lane	-	-	-	117,390	1,175,000	1,175,000
1747. Barry Powell Reserve Master Plan	3,105	5,000	1,895	-	99,049	-
1748. Spring Valley Reserve Master Plan	26,475	38,724	12,249	62,888	38,724	-
1761. 6-8 Fifth Ave - Reserve Development	4,920	-	(4,920)	22,342	100,000	100,000
1762. 90 Gove St - Reserve Development	-	-	-	-	56,883	100,000
1796. Wal Turner Reserve Master Plan	181,030	184,153	3,123	111,802	383,591	-
2117. 89 Douglas Street Noble Park	697	2,500	1,803	3,506	80,000	80,000
3065. Public Place Recycling Bin Instal.	-	-	-	34,760	39,192	-
3141. Thomas St Precinct Enhance(Afghan)	-	-	-	-	17,511	-
3192. Douglas St. s/scape improv.proj.	9,338	4,000	(5,338)	-	4,000	-
3248. DCP Keysb. Sth Industrial Buffer	91,951	109,229	17,278	6,630	109,229	-
3272. Indigenous Public Art SCP	18,701	21,000	2,299	3,337	61,000	-
3438. Hemmings St N'hood Act Ctr	-	-	-	2,100	60,000	-
3439. LRCI-Ross Reserve Stage 2	-	-	-	35,041	500,000	-
3440. LRCI-Warner Reserve	-	-	-	-	200,000	-
3454. Dogs off leash program	113,252	115,000	1,748	39,927	150,000	150,000
3490. Springvale Road Boulevard	6,848	11,246	4,398	122,066	4,069,601	-
3631. Dandenong Park Master Plan	1,414,951	1,417,915	2,964	108,711	2,200,915	1,000,000
3714. Tirhatuan Park Dog Off Leash	6,770	10,000	3,230	31,710	153,500	-
3747. Streetscapes - Activity Centres	-	-	-	-	50,000	50,000
3848. LRCI Hemmings SC Streetscape	287,239	305,000	17,762	22,861	417,807	100,000
3849. Frederick Wachter Res. Master Plan	247,842	252,126	4,284	289,014	1,310,626	510,000
3853. Parkfield Res. Master Plan Impl.	69,636	74,901	5,265	372,652	894,901	1,050,000
3854. Burden Park Res. Master Plan Imp.	711,718	715,104	3,386	38,233	787,104	20,000
3900. Ross Reserve Plaza/Play/Oval/Path	370,961	364,000	(6,961)	34,217	535,755	-
3929. Act Ctr Strat Plan Imp - D'ong	6,525	8,393	1,868	64,330	443,393	-
3930. Act Ctr Strat Plan Imp - NPark	12,915	15,000	2,085	2,636	50,000	-
3931. Guardrail Upgrade Program	8,670	8,670	0	-	8,670	-
3932. Open Space Infra Renewal Prg	78,920	70,000	(8,920)	22,900	160,000	160,000
3933. Sports Lighting Plan Imp.	7,368	-	(7,368)	152,184	400,000	-
3934. Parking Sensor Implementation	-	-	-	462,427	344,508	-
3940. Ross Reserve Comm Ctr Car Park	100,409	100,000	(409)	368,585	499,452	-
3943. Keysb Sth Comm Hub Dog Off Leash	3,945	7,938	3,993	3,653	62,938	-
3967. D'ong Act Ctr- Streetscape	-	-	-	-	25,000	25,000
3968. Norman Luth Reserve Lighting	18,572	22,500	3,928	359,811	376,365	376,365
3969. Thomas Carrol-Cricket/Play/Light	12,200	15,000	2,800	5,800	15,000	15,000
3970. Alan Corrigan Exercise Equipment	21,532	20,000	(1,532)	32,298	60,000	60,000
3971. D'ong/D'ong Nth-Sensory Nature Tr	-	-	-	-	-	100,000
3973. Signage Renewal Program	22,320	22,000	(320)	53,000	110,000	110,000

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

CIP Expenditure Report

	YTD ACTUAL \$	YTD BUDGET \$	YTD VARIANCE \$	COMMIT \$	ANNUAL MID YEAR BUDGET \$	ANNUAL ORIGINAL BUDGET \$
Recreational, leisure and community facilities						
3209. Active Reserves Program	28,410	30,000	1,590	185,950	335,000	335,000
3442. Noble Park Revitalisation	-	20,000	20,000	-	190,000	-
3518. Harmony Square Entrance Protection	-	-	-	-	30,000	-
3794. Tatterson Park Masterplan	219,069	219,000	(69)	125,697	435,671	-
3837. Greaves Res.Tennis Court Resurf.	5,252	4,276	(976)	13,223	95,276	-
3900. Ross Reserve Plaza/Play/Oval/Path	170,106	168,000	(2,106)	1,890,133	1,998,252	-
3926. Sports Facilities Plan Imp.	(96)	-	96	-	-	-
3963. Ian Tatterson Leisure Park Cricket	33,500	30,000	(3,500)	9,915	30,000	60,000
3964. Warner Reserve Recreation Space	1,320	-	(1,320)	1,018	175,450	350,900
3965. Red Gum Rest - Shade	415	-	(415)	93,760	120,000	120,000
3966. Tirhatuan Park - Basketball Court	4,700	-	(4,700)	-	4,700	175,000
3969. Thomas Carroll-Cricket/Play/Light	-	-	-	174,663	180,000	430,000
Roads						
1629. 275 Lonsdale St Dnong-Variety Lane	55,308	60,000	4,692	29,356	90,000	-
3080. Abbots Road DCP item L102	-	-	-	-	4,806,087	4,806,087
3231. Local Road Upgrade & Reconstruction	50,718	55,133	4,415	60,546	165,133	-
3373. Municipal wide, Kerb and Channel	142,471	139,800	(2,671)	114,574	350,000	500,000
3418. Municipal Wide.LATM post audit	431,933	435,200	3,267	67,845	450,000	450,000
3752. Local Road Rehab.Prg-Implement R2R	-	-	-	-	507,817	507,817
3753. Local Road Surf./Rehabit. Prg.	1,058,725	1,060,000	1,275	1,258,406	4,000,000	5,250,000
3828. Activity Centre Proj. Mason St	54,952	58,779	3,827	30,698	488,779	-
3923. Cheltenham Rd/Chandler Rd	235,245	241,666	6,421	3,200	241,666	-
3934. Parking Sensor Implementation	-	-	-	-	200,000	200,000
3938. Kerb & Channel Resurfacing Program	2,057,234	2,058,200	966	991,332	3,000,000	1,750,000
3942. Black Spot Works Program	235,676	244,524	8,848	46,590	2,681,676	-
3944. Keysb Sth Comm Hub Access Road	14,980	15,000	20	20,333	1,977,002	2,000,000
3961. Road Reconst Program - Geotechnical	-	-	-	-	50,000	50,000
3962. Bakers Road Service Road	-	-	-	-	-	180,000
3972. Local Roads Community Infras. Prog.	-	-	-	-	-	517,807
3990. DCP - Chapel Rd Upg & Traffic Light	291,434	156,237	(135,197)	9,000	156,237	-
Bridges						
3185. Municipal Wide - Bridges	-	-	-	-	-	100,000
Footpath and cycleways						
3174. Active Transport Infra.Priority Pat	3,000	10,000	7,000	4,440	200,000	200,000
3355. Municipal Wide-Footpath Renewal	544,433	565,000	20,567	132,840	1,000,000	1,400,000
Off street car parks						
3794. Tatterson Park Masterplan	1,077,725	1,078,918	1,193	496,416	1,648,918	-
3901. Ross Reserve Access Road	54,220	54,717	497	19,780	174,717	-
3937. Car Park Renewal Program	18,461	58,448	39,987	691	153,645	-
Drainage						
3019. Major Drainage Renewal Prg.	200,636	203,000	2,364	26	410,000	410,000
3129. Drainage program	299,862	301,956	2,094	72,883	384,770	-
3939. Drainage Reactive Renewal Program	327,502	250,000	(77,502)	15,988	250,000	250,000
Total infrastructure	11,481,275	11,437,253	(44,022)	8,912,996	43,073,627	25,223,976
GRAND TOTAL	25,104,506	25,323,101	218,595	23,449,906	81,831,314	43,705,351

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Appendix 2

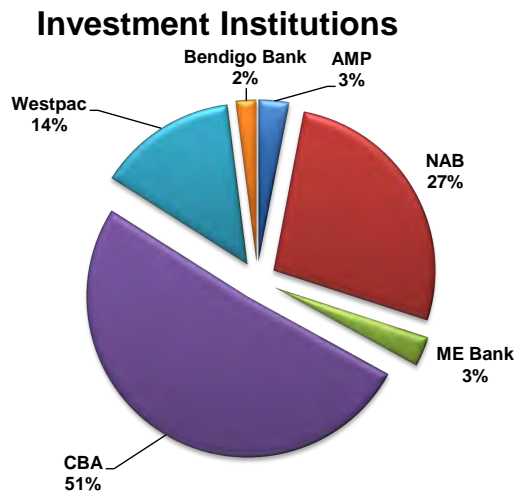
Investment Analysis

4.2.1 Q2 Quarterly Performance Report (Cont.)



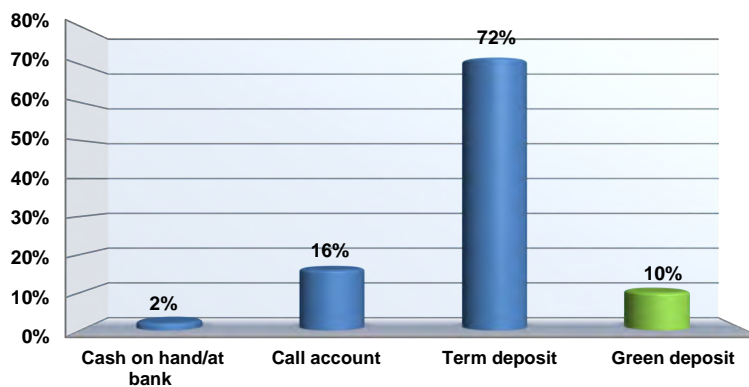
Financial Report for the period 1 July 2020 – 31 December 2020

Cash and Investments



Policy limit - no single institution shall comprise more than 25% of the total investment portfolio, unless the investment is with Council's banker (CBA).

Portfolio Products



Note: Green deposit: 10% (or \$17.16 million) was invested at 31 December 2020 in investments that are certified against Climate Bonds Initiative – Climate Bonds Standard, the same certification as green bonds.

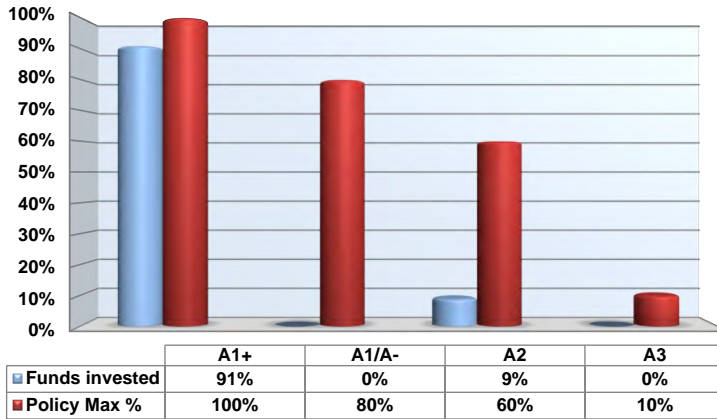
4.2.1 Q2 Quarterly Performance Report (Cont.)



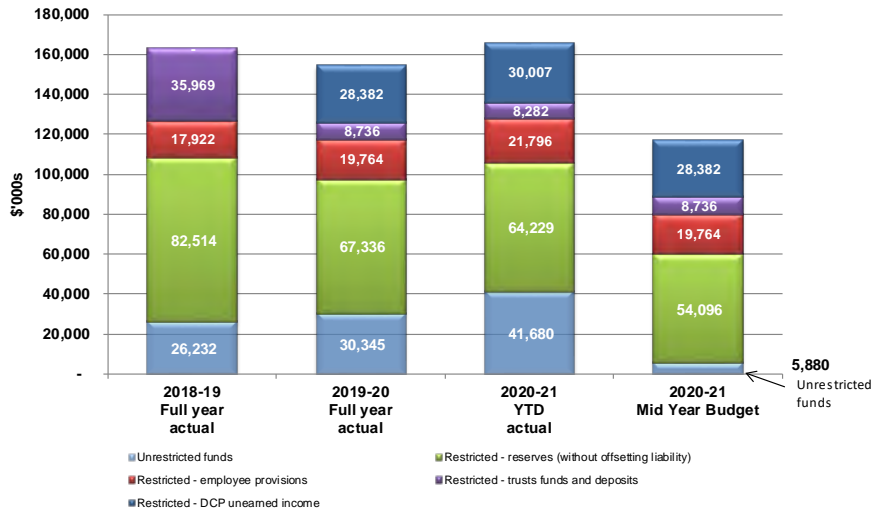
Financial Report for the period 1 July 2020 – 31 December 2020

Cash and Investments

Investment Credit Rating



Restricted and unrestricted cash balances



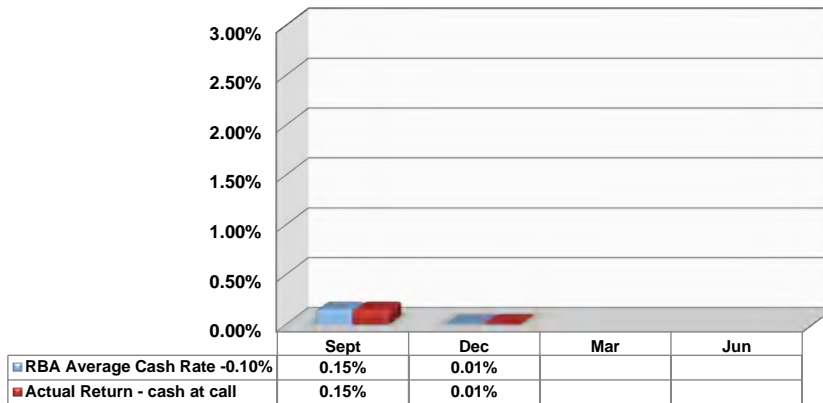
Note - DCP unearned income was previously classified in trust funds and deposits (2018-19 and prior).

4.2.1 Q2 Quarterly Performance Report (Cont.)

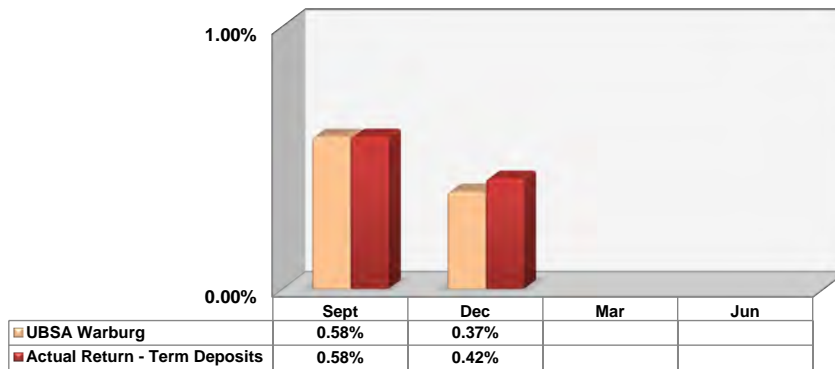


Financial Report for the period 1 July 2020 – 31 December 2020

Benchmark Indicator - Cash at Call



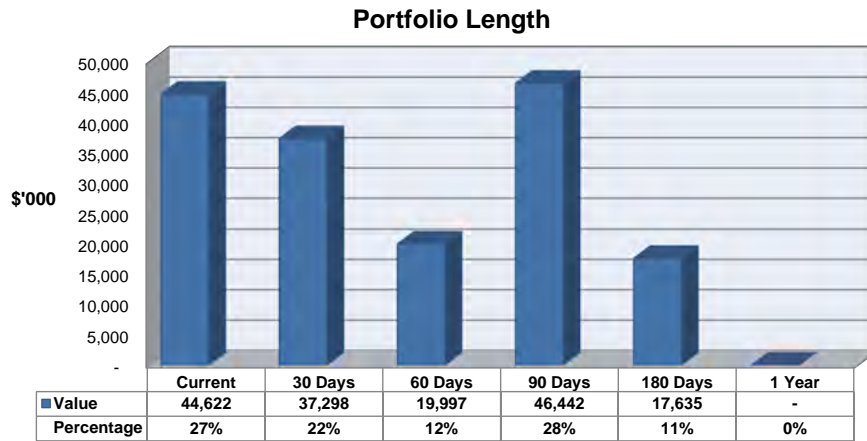
Benchmark Indicator - Term/Green Deposits



4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020



4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Appendix 3

Directorate Analysis

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Total Operating Results

CGD BY DIRECTORATE					
	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Chief Executive Office	-	-	-	-	-
Greater Dandenong Business	717	722	(5)	795	196
Corporate Services	860	743	117	2,131	2,691
Engineering Services	12,606	12,397	209	27,246	24,776
City Planning Design and Amenity	5,413	5,027	386	10,734	13,218
Community Services	8,834	8,406	428	20,338	20,602
Non-Directorate ^(a)	74,430	73,984	446	159,141	160,898
Capital Works Program	827	796	31	15,937	4,154
Total income	103,687	102,075	1,612	236,322	226,535
Expenses					
Chief Executive Office	288	294	6	788	788
Greater Dandenong Business	1,932	2,109	177	5,209	4,299
Corporate Services	10,954	11,777	823	22,858	23,280
Engineering Services	25,953	29,758	3,805	69,150	64,637
City Planning Design and Amenity	7,490	8,455	965	18,498	18,256
Community Services	21,164	23,759	2,595	52,162	47,828
Non-Directorate ^(a)	21,939	20,595	(1,344)	44,667	37,689
Capital Works Program	-	-	-	-	-
Total expenses	89,720	96,747	7,027	213,332	196,777
Net surplus (deficit)	13,967	5,328	8,639	22,990	29,758

^(a) Non Directorate includes non-attributable items such as rates income, developer's contributions, interest income, non-monetary assets, finance costs and depreciation.

Note. Total income and total expenditure may differ to the operating result on the previous page due to the treatment of proceeds from asset sales and associated written down value.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

CEO DIRECTORATE

OPERATING RESULT

Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Other income	-	-	-	-	-
Total income	-	-	-	-	-
Expenses					
Employee costs	286	275	(11)	586	586
Materials and services	2	16	14	96	96
Other expenses	-	3	3	106	106
Total expenses	288	294	6	788	788
Net surplus (deficit)	(288)	(294)	6	(788)	(788)

BUSINESS UNITS

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
CEO	-	-	-	-	-
Total income	-	-	-	-	-
Expenses					
CEO	288	294	6	788	788
Total expenses	288	294	6	788	788
Net surplus (deficit)	(288)	(294)	6	(788)	(788)

Notes:

No comments required for this directorate.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

GREATER DANDENONG BUSINESS GROUP

OPERATING RESULT

	Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income						
User fees		-	-	-	6	6
Grants - operating		680	680	-	680	-
Other income		37	42	(5)	109	190
Total income		717	722	(5)	795	196
Expenses						
Employee costs	1	1,228	1,339	111	2,789	2,806
Materials and services	2	698	754	56	1,977	1,365
Other expenses		6	16	10	443	128
Total expenses		1,932	2,109	177	5,209	4,299
Net surplus (deficit)		(1,215)	(1,387)	172	(4,414)	(4,103)

BUSINESS UNITS

		YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income						
Greater Dandenong Business Executive		-	-	-	-	(1)
Business Networks		180	180	-	204	50
Activity Centres Revitalisation		500	500	-	506	6
Major Projects		37	39	(2)	79	135
Economic Development		-	3	(3)	6	6
Total income		717	722	(5)	795	196
Expenses						
Greater Dandenong Business Executive		186	199	13	420	424
Business Networks		446	456	10	1,014	747
Activity Centres Revitalisation		481	510	29	1,871	1,102
Major Projects		238	225	(13)	494	550
Economic Development		581	719	138	1,410	1,476
Total expenses		1,932	2,109	177	5,209	4,299
Net surplus (deficit)		(1,215)	(1,387)	172	(4,414)	(4,103)

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Greater Dandenong Business Group

Expenditure

Note 1 Employee costs (\$111,000 favourable) – The favourable variance is primarily due to vacant positions (Economic Development \$101,000). Any permanent savings will be reflected in the 2020-21 full year forecast.

Note 2 Materials and services (\$56,000 favourable) – The majority of this favourable variance is due to delay in receipt of external contractor invoices (Economic Development \$28,000 and Activity Centres Revitalisation \$15,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

CORPORATE SERVICES DIRECTORATE

OPERATING RESULT

Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Statutory fees and fines	38	56	(18)	111	111
User fees	-	11	(11)	21	21
Grants - operating	24	-	24	40	1
Other income	3	798	676	1,959	2,558
Total income	860	743	117	2,131	2,691
Expenses					
Employee costs	4	6,334	6,542	208	14,063
Materials and services	5	4,187	4,650	463	7,479
Other expenses	6	433	585	152	1,277
Total expenses	10,954	11,777	823	22,858	23,280
Net surplus (deficit)	(10,094)	(11,034)	940	(20,727)	(20,589)

BUSINESS UNITS

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Corporate Services Executive	-	-	-	-	-
Communications and Customer Service	6	-	6	197	559
Governance	737	638	99	1,511	1,748
Information Technology	-	-	-	-	-
Financial Services	75	95	(20)	363	363
People and Procurement Services	42	10	32	60	21
Total income	860	743	117	2,131	2,691
Expenses					
Corporate Services Executive	237	232	(5)	598	609
Communications and Customer Service	2,232	2,572	340	5,715	6,188
Governance	1,301	1,612	311	3,175	3,248
Information Technology	3,012	2,987	(25)	5,092	5,186
Financial Services	1,269	1,269	-	2,878	2,889
People and Procurement Services	2,903	3,105	202	5,400	5,160
Total expenses	10,954	11,777	823	22,858	23,280
Net surplus (deficit)	(10,094)	(11,034)	940	(20,727)	(20,589)

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Corporate Services Directorate

Income

Note 3 Other income (\$122,000 favourable) – Higher than anticipated rental and recovery income to date (Property Management Administration \$78,000 and Emergency Management \$38,000).

Expenditure

Note 4 Employee costs (\$208,000 favourable) – The favourable variance is primarily due to vacant positions and a reduction in the use of casual staff and overtime (Civic Facilities \$90,000, Call and Service Centres \$68,000 and Records Management \$23,000), reduced hours for staff (Governance \$17,000), a delay in corporate training (Organisational Development Executive \$48,000) and the delivery of programs (Occupational, Health and Safety \$16,000).

This favourable variance is partly offset by the retirement of a staff member (Property Revenue \$25,000) and staff yet to take leave (Information Technology Executive \$30,000, Financial Services \$15,000 and Corporate Services Executive \$10,000).

Note 5 Materials and services (\$463,000 favourable) – Favourable variance due to delay in receipt of invoices, commencement of projects and lower than anticipated printing and stationery, postage and storage and professional services costs to date (Organisational Development Executive \$104,000, Communications and Customer Service Executive \$89,000, Property Management Administration \$52,000, Risk Management \$49,000, Property Revenue \$36,000, Technical Services \$36,000, Civic Facilities \$34,000, Records Management \$32,000, Occupational Health and Safety \$28,000, Members of Council \$19,000 and Southern Screen \$18,000).

This favourable variance is partly offset by invoices that were paid earlier than anticipated (Contracts \$30,000 and Governance \$14,000), which will correct in January 2021, combined with higher than anticipated emergency relief and recovery costs, which are mostly recoverable (Emergency Management \$24,000).

Note 6 Other expenses (\$152,000 favourable) – Favourable variance mainly due to a saving in Council's contribution to the Dandenong Night Market which will not occur due to the COVID-19 pandemic and a delay in the Melbourne Food and Wine Festival contribution (Dandenong Market \$127,000). Any permanent savings will be reflected in the 2020-21 full year forecast.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

ENGINEERING SERVICES DIRECTORATE

OPERATING RESULT

Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Rates and charges	11,254	11,215	39	22,438	22,438
Statutory fees and fines	7 204	100	104	215	413
User fees	279	287	(8)	607	607
Grants - operating	8 277	215	62	290	15
Contributions - monetary	1	-	1	-	-
Asset sales	9 246	343	(97)	686	686
Other income	10 345	237	108	3,010	617
Total income	12,606	12,397	209	27,246	24,776
Expenses					
Employee costs	11 8,621	8,853	232	18,621	18,082
Materials and services	12 17,034	20,478	3,444	49,810	46,131
Carrying amount of assets sold	13 44	154	110	309	309
Other expenses	254	273	19	410	115
Total expenses	25,953	29,758	3,805	69,150	64,637
Net surplus (deficit)	(13,347)	(17,361)	4,014	(41,904)	(39,861)

BUSINESS UNITS

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Engineering Services Executive	-	-	-	-	-
Infrastructure Services	11,907	11,809	98	26,037	23,510
City Projects and Asset Improvement	7	2	5	19	19
Infrastructure Planning	692	586	106	1,190	1,247
Total income	12,606	12,397	209	27,246	24,776
Expenses					
Engineering Services Executive	-	-	-	-	-
Infrastructure Services	20,766	23,779	3,013	55,663	51,698
City Projects and Asset Improvement	4,220	4,902	682	11,371	10,940
Infrastructure Planning	967	1,077	110	2,116	1,999
Total expenses	25,953	29,758	3,805	69,150	64,637
Net surplus (deficit)	(13,347)	(17,361)	4,014	(41,904)	(39,861)

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Engineering Services Directorate

Income

Note 7 Statutory fees and fines (\$104,000 favourable) – Favourable variance due to better than anticipated fee income from sub-divisions, plan checking and property and storm water information requests (Civil Development and Design \$104,000).

Note 8 Grants - operating (\$62,000 favourable) – Favourable variance due to receipt of unbudgeted grants for Corridors of Green and Dandenong Creek Arts Trail grant received earlier than anticipated (Park Services \$55,000).

Note 9 Asset sales (\$97,000 unfavourable) – Lower fleet sales proceeds due to minor delays in sending a number of retired service vehicles to auction for disposal (Fleet Management \$97,000).

Note 10 Other income (\$108,000 favourable) – Contributions from developers in Keysborough South for rectification works (Parks Services \$85,000) combined with unbudgeted recovery income (Cleansing \$20,000 and Transport \$18,060).

Expenditure

Note 11 Employee costs (\$232,000 favourable) – Favourable variances caused by a delay in recruitment and lower temporary agency staff costs (Roads and Drains \$115,000, Parks Services \$67,000, Asset Management System implementation \$62,000 and Asset Protection \$10,000), combined with secondment of staff (Transport \$36,000).

This favourable variance is partly offset by higher than anticipated temporary/agency costs and job share arrangement resulting in unbudgeted EFT (City Improvement Executive \$79,000).

Note 12 Materials and services (\$3.44 million favourable) - Favourable variance due to:

- Timing of works and delay in receipt of invoices from contractors particularly in the areas of major road patching, fire hydrants and bridge maintenance (Roads and Drains \$1.11 million), garden waste, hard waste, tipping fees and recycling (Waste Management \$799,000), cleaning and maintenance of buildings (Building Maintenance \$724,000), park maintenance and utilities (Parks Services \$206,000) and dumped rubbish (Cleansing \$76,000).
- Lower than anticipated professional services for asset audits and asbestos rectification works (Asset Management \$157,000).
- Lower than anticipated fuel and fleet related costs to date (proactive maintenance, consumables, electrical) (Fleet Management \$149,000).
- Lower than anticipated building maintenance and operational costs for the Springvale Community Hub due to COVID-19 restrictions on opening (\$100,000).

These variances will be monitored and any permanent favourable variances will be reflected in the full year forecast.

Note 13 Carrying amount of assets sold (\$110,000 favourable) – Lower than anticipated carrying amount of assets sold to date, consistent with lower asset sale proceeds. This is a non-cash accounting entry (Fleet Management \$110,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

CITY PLANNING, DESIGN & AMENITY

OPERATING RESULT

	Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income						
Statutory fees and fines	14	2,942	2,706	236	6,614	7,701
User fees		1,784	1,810	(26)	3,539	4,961
Grants - operating	15	680	468	212	493	468
Other income		7	43	(36)	88	88
Total income		5,413	5,027	386	10,734	13,218
Expenses						
Employee costs	16	5,763	6,240	477	13,450	13,670
Materials and services	17	1,227	1,522	295	3,648	3,141
Bad and doubtful debts	18	494	674	180	1,353	1,353
Other expenses		6	19	13	47	92
Total expenses		7,490	8,455	965	18,498	18,256
Net surplus (deficit)		(2,077)	(3,428)	1,351	(7,764)	(5,038)

BUSINESS UNITS

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
City Planning, Design and Amenity Exec.	-	-	-	-	-
Building Services	1,497	1,349	148	2,009	2,236
Planning and Design	810	797	13	1,743	1,733
Regulatory Services	3,106	2,881	225	6,982	9,249
Total income	5,413	5,027	386	10,734	13,218
Expenses					
City Planning, Design and Amenity Exec.	227	223	(4)	481	481
Building Services	1,625	1,784	159	3,719	3,511
Planning and Design	2,387	2,504	117	5,760	5,571
Regulatory Services	3,251	3,944	693	8,538	8,693
Total expenses	7,490	8,455	965	18,498	18,256
Net surplus (deficit)	(2,077)	(3,428)	1,351	(7,764)	(5,038)

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

City Planning, Design and Amenity Directorate

Income

Note 14 Statutory fees and fines (\$236,000 favourable) – Favourable variance due higher than anticipated income from parking infringements (Parking Management \$203,000) and planning applications to date (Statutory Planning \$47,000).

This favourable variance is partly offset by lower than anticipated animal infringements (Animal Management \$50,000), planning compliance infringements (Planning Compliance \$25,000) and lodgement permit, property information and fine income (Building \$18,000).

Note 15 Grants – operating (\$212,000 favourable) – Favourable variance due to receipt of unbudgeted grant from the Department of Environmental, Land, Water and Planning (Local Government (LG) Capacity Building Grant \$224,000). This will be offset by associated project expenditure and reflected in the full year forecast.

Expenditure

Note 16 Employee costs (\$477,000 favourable) – Favourable variance due to a delay in recruitment of vacant positions, lower overtime and use of temporary staff to date (Statutory Planning \$79,000, Animal Management \$66,000, Public Safety and Security \$65,000, Building \$53,000, Strategic Design and Sustainability Planning \$49,000, Parking Management \$47,000, General Law Enforcement \$33,000, Planning Compliance \$30,000 and Regulatory Services Administration \$20,000) combined with lower salary costs for school crossings due to closure of schools under COVID-19 stage four restrictions (School Crossing Supervisors \$26,000).

Note 17 Materials and services (\$295,000 favourable) – Favourable variance due to delay in receipt of invoices and commencement of projects combined with lower professional services expenditure (Strategic Design and Sustainability Planning \$157,000, Animal Management \$100,000, Parking Management \$83,000, Public Safety and Security \$38,000, Health \$36,000, Regulatory Services Administration \$29,000 and Planning Compliance \$19,000).

This favourable variance is partly offset by earlier than anticipated legal expenditure (Statutory Planning \$171,000).

Note 18 Bad and doubtful debts (\$180,000 favourable) – Favourable variance due to lower than anticipated provision for doubtful debts expense to date (Parking Management \$146,000, General Law Enforcement \$19,000 and Health \$9,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

COMMUNITY SERVICES DIRECTORATE

OPERATING RESULT

Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000	
Income						
User fees	19	684	1,088	(404)	2,329	2,473
Grants - operating	20	8,124	7,297	827	17,439	17,191
Other income		26	21	5	570	938
Total income		8,834	8,406	428	20,338	20,602
Expenses						
Employee costs	21	15,016	16,903	1,887	37,072	34,076
Materials and services	22	5,233	5,691	458	12,496	11,095
Bad and doubtful debts		-	-	-	9	9
Other expenses	23	915	1,165	250	2,585	2,648
Total expenses		21,164	23,759	2,595	52,162	47,828
Net surplus (deficit)		(12,330)	(15,353)	3,023	(31,824)	(27,226)

BUSINESS UNITS

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Community Services Executive	-	-	-	-	-
Community Wellbeing	5,257	4,486	771	9,739	8,873
Community Care	3,379	3,766	(387)	8,655	9,655
Community Arts, Culture and Libraries	117	95	22	1,511	1,613
Community Development, Sports and Recreation	81	59	22	433	461
Total income	8,834	8,406	428	20,338	20,602
Expenses					
Community Services Executive	279	343	64	744	445
Community Wellbeing	7,477	8,726	1,249	19,046	14,791
Community Care	5,464	5,901	437	13,113	13,894
Community Arts, Culture and Libraries	4,453	4,951	498	10,077	10,331
Community Development, Sports and Recreation	3,491	3,838	347	9,182	8,367
Total expenses	21,164	23,759	2,595	52,162	47,828
Net surplus (deficit)	(12,330)	(15,353)	3,023	(31,824)	(27,226)

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Community Services Directorate

Income

Note 19 User fees (\$404,000 unfavourable) - Unfavourable variance mainly due to the Family Day Care (FDC) administration levy not being charged due to COVID-19 mostly offset by higher FDC grant subsidy income (FDC \$329,000) combined with lower than anticipated service provision fee income (Home and Community Care \$110,000).

Note 20 Grants – operating (\$827,000 favourable) - Favourable variance due to:

Additional or grant funding received earlier than anticipated:

- Family Day Care \$914,000
- Child First \$188,000
- Enhanced MCH Program \$70,000
- Festivals and Events (Australia Day) \$21,000
- Community Development (Community Activation Social Isolation) \$25,000
- Senior Citizens Centres \$17,000

New (unbudgeted) grant funding received (to be reflected in the full year forecast):

- Community Development (Safety, Security and Space Activation) \$23,000

These favourable variances are partly offset by:

Lower than anticipated grant funding based on target achievement for:

- Food Services \$57,000
- Planned Activity Group \$43,000
- Home and Community Care \$36,000

Delay in receipt of anticipated grant funding:

- HACC – Assessments & Team Leaders \$193,000
- Refugee Immunisation Project \$85,000
- Sports Planning (Walk to School) \$10,000
- Childrens Support Services \$10,000

4.2.1 Q2 Quarterly Performance Report (Cont.)Financial Report for the period 1 July 2020 – 31 December 2020

Expenses

Note 21 Employee costs (\$1.89 million favourable) - Favourable variance due to delay in recruitment (Enhanced MCH Program \$432,000, Child First \$341,000, Library and Information Services \$200,000, Sleep and Settling Initiative \$153,000, New Directions - Mother and Babies \$143,000, Home and Community Care \$128,000, Playgroups Initiative \$118,000, Pre-School Field Officer \$84,000, Right@Home \$84,000, Planned Activity Group \$71,000, Childrens Support Services \$59,000, Maternal and Child Health \$58,000, Community Development \$47,000, Cultural Development \$42,000, Drug Strategy \$40,000, Food Services \$34,000 and Youth Leadership \$17,000).

Of the \$1.89 million favourable variance in Community Services, \$1.42 million relates to grant funded programs which require an acquittal. Any unspent grant funds relating to these programs will be carried forward to the 2021-22 financial year.

This favourable variance is partly offset by higher than anticipated temporary agency staff costs (HACC Co-ordination \$22,000) and higher hours than anticipated due to COVID-19 requirements (Immunisation \$74,000).

Note 22 Material and services (\$458,000 favourable) – Favourable variance due to delay in receipt of invoices and commencement of projects (Library and Information Services \$167,000, Home and Community Care \$112,000, New Directions – Mothers and Babies \$90,000, Market Street Occasional Child Care Centre \$85,000, Food Services \$81,000, Cultural Development \$73,000, Drug Strategy \$56,000, Community Precinct Operations \$53,000, Enhanced MCH Program \$52,000, Sports Planning \$47,000, Festivals and Events \$27,000, Community Funding \$26,000, Leisure Centres \$25,000, Drum Theatre \$24,000 and HACC Co-ordination \$24,000).

This favourable variance is partly offset by higher payments to educators relating to additional service delivery requirements which is mostly offset by higher grant income (Family Day Care \$668,000).

Note 23 Other expenses (\$250,000 favourable) – Favourable variance mainly due to delay in finalisation of community grant funding agreements due to adjustments for COVID-19 clauses to be added (Community Funding \$194,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

NON-DIRECTORATE

OPERATING RESULT

	Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income						
Rates and charges	24	65,823	65,689	134	129,312	129,887
Statutory fees and fines		9	-	9	200	200
Grants - operating		5,266	5,266	-	10,720	12,201
Contributions - monetary	25	1,282	1,219	63	2,000	2,000
Contributions - non-monetary		298	298	-	15,000	15,000
Asset sales		1,001	1,000	1	1,000	-
Other income	26	751	512	239	909	1,610
Total income		74,430	73,984	446	159,141	160,898
Expenses						
Employee costs	27	395	721	326	3,959	1,050
Materials and services	28	768	826	58	2,369	1,188
Prior year capital expenditure unable to be capitalised (non-cash)	29	593	-	(593)	-	-
Depreciation		16,148	16,148	-	32,308	31,433
Amortisation - intangible assets		30	30	-	60	-
Amortisation - right of use assets		291	291	-	581	-
Borrowing costs		1,487	1,487	-	2,924	3,051
Finance costs - leases		-	-	-	21	-
Carrying amount of assets sold	30	1,000	-	(1,000)	-	-
Asset write offs	31	178	-	(178)	-	-
Other expenses		1,049	1,092	43	2,445	967
Total expenses		21,939	20,595	(1,344)	44,667	37,689
Net surplus (deficit)		52,491	53,389	(898)	114,474	123,209

BUSINESS UNITS

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Governance	1,001	1,000	1	1,000	-
Corporate Accounting	72,147	71,765	382	156,141	158,898
Planning and Design	1,282	1,219	63	2,000	2,000
Total income	74,430	73,984	446	159,141	160,898
Expenses					
Governance	1,005	15	(990)	30	30
Corporate Accounting	20,912	20,562	(350)	44,619	37,641
Planning and Design	22	18	(4)	18	18
Total expenses	21,939	20,595	(1,344)	44,667	37,689
Net surplus (deficit)	52,491	53,389	(898)	114,474	123,209

Non-Directorate includes non-attributable items such as rates income, fire services levy payable on Council properties, developer's contributions, interest income, gifted assets, carrying amount of assets disposed/written off and finance costs. Non attributable COVID-19 pandemic costs are included here.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Non-Directorate

Income

Note 24 Rates and charges (\$134,000 favourable) – Favourable variance due to higher than anticipated income from general, supplementary rates and maintenance levy for Keysborough South Development (the maintenance levy is transferred to reserves).

Note 25 Contributions – monetary (\$63,000 favourable) – Better than anticipated income from public open space contributions to date. The nature of these receipts makes timing difficult to predict. These funds are transferred to reserves.

Note 26 Other income (\$239,000 favourable) – Favourable variance due to unanticipated car parking fringe benefits tax refund. The majority of this permanent variance will be reflected in the full year forecast.

Expenditure

Note 27 Employee costs (\$326,000 favourable) – Favourable variance due to delay in recruitment (Working for Victoria Fund \$328,000).

Note 28 Materials and services (\$58,000 favourable) – Favourable variance due to delay in receipt of invoices for postage, professional services and materials (Working for Victoria Fund \$43,000 and Corporate Accounting \$23,000).

Note 29 Prior year capital expenditure unable to be capitalised (non-cash) (\$593,000 unfavourable) – This unfavourable variance is due to works in progress (prior year capital expenditure) that is not able to be capitalised to the asset register because it is not capital in nature, does not meet the capitalisation threshold or relates to non-Council owned assets (Corporate Accounting \$593,000). This is a non-cash entry that does not impact on Council's cash position. Examples of non-capital expenditure include asset relocation, asset removal/demolition, operating services, projects cancelled, repairs and maintenance expenditure, studies/surveys and concept planning.

Note 30 Carrying amount of assets sold (\$1 million unfavourable) – Unfavourable variance due to written down value of land sold as part of three-way land swap with Development Victoria that settled in December. This is a non-cash accounting entry and it will be reflected in the full year forecast.

Note 31 Asset write offs (\$178,000 unfavourable) – Unfavourable variance due to assets written off mostly due to asset renewal and replacement. This is a non-cash accounting entry.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

CAPITAL WORKS PROGRAM

OPERATING RESULT

Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Grants - capital	813	796	17	13,879	3,244
Contributions - monetary	14	-	14	2,058	910
Total income	827	796	31	15,937	4,154
Expenses					
Employee costs	-	-	-	-	-
Materials and services	-	-	-	-	-
Bad and doubtful debts	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	-	-	-	-	-
Net surplus (deficit)	827	796	31	15,937	4,154

Notes:

No comments required for this directorate.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Appendix 4

Operating Initiatives

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Operating Initiatives

Operating initiative project	2020-21 YTD Actuals \$	2020-21 YTD Budget \$	YTD Variance (Unfav) Fav \$	2020-21 Original Budget \$	Project update - 31 December
Community Services					
Membership fee for Refugee Welcome Zone (RWZ) Leadership Council	5,000	5,000	0	5,000	Initiative completed for 2020-21.
Dandenong Community Hub - Business Case and Concept Plan	0	0	0	80,000	Project has not yet commenced.
Community Gardens Strategy Development	0	0	0	20,000	Project has commenced.
Chandler Reserve Community Gardens Contribution	0	0	0	20,000	Discussions continue with the Maralinga Community Garden Inc. Plans have been provided to Council and a lease is being drafted. On site meeting 23 December 2020. Community consultation currently occurring, closing end of January 2021. Group has secured other external funding.
	5,000	5,000	0	125,000	
City Planning, Design and Amenity					
Climate Change Strategy Implementation	0	20,000	20,000	80,000	Consultant has been engaged - The South East Councils Climate Change Alliance (SECCCA) additional asset vulnerability assessments for community services and open space.
	0	20,000	20,000	80,000	

Table continued on next page

Notes re Operating Initiative reporting:

The reporting on operating initiatives excludes the following:

- Salary related initiatives
- Operating initiatives that add to an existing budget
- Ongoing initiatives
- Carry overs of prior year operating initiatives

ORDINARY COUNCIL MEETING - MINUTES

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2020 – 31 December 2020

Operating initiative project	2020-21 YTD Actuals \$	2020-21 YTD Budget \$	YTD Variance (Unfav) Fav \$	2020-21 Original Budget \$	Project update - 31 December
Business, Engineering and Major Projects					
Stage 2 Social Enterprise Program	0	0	0	40,000	Project has not yet commenced. This funding is to be redirected to the COVID Business Grants Support Program (reflected in full year forecast).
Business Case for Dandenong Sports and Events Centre	0	0	0	50,000	Project has not yet commenced. Waiting for matching funding contribution from key stakeholders.
Street Trees - Springvale South	17,402	20,000	2,598	20,000	Project completed (minor savings).
Biodiversity Action Plan	0	0	0	50,000	Initial community consultation has been completed. Consultant has commenced fauna and flora surveys in the field all of which will inform the Plan.
Electric Vehicle Fleet Transition Plan	0	10,000	10,000	20,000	A specialist consultant is still to be appointed to prepare the Electric Vehicle Plan which is anticipated for completion during the first half of 2021.
Landscaping - Robinson Street and Princes Highway Intersection	3,000	0	(3,000)	200,000	Detailed design completed. Currently awaiting quotes prior to going to tender as the project will more than likely have to be staged. Expect to go out to tender in February and commence works in April.
Building demolition - Ross Reserve Junior Soccer Pavilion	0	0	0	80,000	Pavilion demolished in September 2020. Costs incorrectly allocated to a capital project account. Will be resolved in January.
Building demolition - Ross Reserve O'Donahue Pavilion (Football)	0	0	0	100,000	Pavilion demolished in September 2020. Costs incorrectly allocated to a capital project account. Will be resolved in January.
	20,402	30,000	9,598	560,000	
TOTAL	25,402	55,000	29,598	765,000	