

**4.2.1 Q2 Quarterly Performance Report (Cont.)**

**POLICY AND STRATEGY**

**Q2 QUARTERLY PERFORMANCE REPORT**

**ATTACHMENT 2**

**FINANCIAL REPORT  
1 JULY 2019 – 31 DECEMBER 2019**

**PAGES 47 (including cover)**

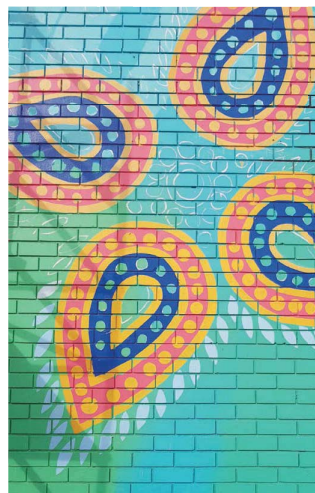
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4.2.1 Q2 Quarterly Performance Report (Cont.)



# Financial Report

## 1 July 2019 - 31 December 2019



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#### 4.2.1 Q2 Quarterly Performance Report (Cont.)

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Financial Report for the period 1 July 2019 – 31 December 2019

**CGD – Operating Result**

For the period 1 July 2019 - 31 December 2019

Note	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>					
<b>B1</b>					
Rates and charges	74,349	74,236	113	145,942	145,942
Statutory fees and fines	4,536	4,583	(47)	9,163	9,333
User fees	4,150	4,285	(135)	8,546	8,435
Grants - operating	13,541	12,913	628	24,598	29,453
Grants - capital	1,981	1,914	67	3,843	2,794
Contributions - monetary	1,981	1,642	339	4,113	2,829
Contributions - non-monetary	2,861	2,865	(4)	15,000	15,000
Net gain (loss) on disposal of property, infrastructure, plant and equipment	218	188	30	317	317
Other income	5,009	4,325	684	10,706	10,623
<b>Total income</b>	<b>108,626</b>	<b>106,951</b>	<b>1,675</b>	<b>222,228</b>	<b>224,726</b>
<b>Expenses</b>					
<b>B2</b>					
Employee costs	36,956	39,402	2,446	83,346	80,417
Materials and services	29,619	32,936	3,317	71,755	67,851
Prior year capital expenditure unable to be capitalised (non-cash)	1,003	-	(1,003)	-	-
Bad and doubtful debts	11	7	(4)	1,299	1,299
Depreciation and amortisation	15,045	15,045	-	30,816	29,816
Borrowing costs	1,590	1,590	-	3,058	3,414
Fair value adjustments expense	-	-	-	-	-
Asset write offs	26	-	(26)	-	-
Other expenses	2,367	2,713	346	5,238	5,009
<b>Total expenses</b>	<b>86,617</b>	<b>91,693</b>	<b>5,076</b>	<b>195,512</b>	<b>187,806</b>
<b>Net surplus (deficit)</b>	<b>22,009</b>	<b>15,258</b>	<b>6,751</b>	<b>26,716</b>	<b>36,920</b>

**Overview**

The surplus at 31 December 2019 is favourable to budget by \$6.75 million. This is largely due to lower expenditure to date across the organisation in:

- Materials and services (Engineering Services \$2.43 million).
- Employee costs (Community Services \$1.57 million, City Planning, Design and Amenity \$511,000 and Engineering Services \$235,000).

Favourable other income (\$684,000), operating grants (\$628,000) and contributions – monetary (\$339,000) also contribute to the favourable result.

Partly offsetting these favourable variances is the non-cash item – prior year capital expenditure unable to be capitalised of \$1.00 million which is difficult to predict and not budgeted.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

**Balance Sheet**

As at 31 December 2019

		2019-20 ACTUAL 31 Dec 2019 \$'000	2018-19 ACTUAL 30 Jun 2019 \$'000	2019-20 MID YEAR BUDGET \$'000
	Note			
<b>ASSETS</b>				
<b>Current assets</b>				
	C1			
Cash and cash equivalents		163,344	162,637	112,330
Financial assets <sup>1</sup>		2,000	-	2,000
Trade and other receivables <sup>2</sup>		83,007	22,791	23,161
Other assets		781	4,444	2,702
<b>Total current assets</b>		<b>249,132</b>	<b>189,872</b>	<b>140,193</b>
<b>Non-current assets</b>				
	C2			
Property, infrastructure, plant and equipment		2,147,278	2,136,615	2,214,322
Investment property		12,827	12,827	12,827
Other financial assets		230	230	230
Trade and other receivables		325	325	325
<b>Total non-current assets</b>		<b>2,160,660</b>	<b>2,149,997</b>	<b>2,227,704</b>
<b>Total assets</b>		<b>2,409,792</b>	<b>2,339,869</b>	<b>2,367,897</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
	C3			
Trade and other payables		7,752	26,299	24,837
Prepaid rates <sup>2</sup>		71,511	-	-
Trust funds and deposits <sup>3</sup>		36,433	35,069	37,069
Provisions		17,559	17,296	16,725
Interest-bearing loans and borrowings		1,908	8,634	3,126
<b>Total current liabilities</b>		<b>135,163</b>	<b>87,298</b>	<b>81,757</b>
<b>Non-current liabilities</b>				
	C4			
Provisions		1,617	1,537	1,516
Trust funds and deposits		869	900	900
Interest-bearing loans and borrowings		49,891	49,891	56,765
<b>Total non-current liabilities</b>		<b>52,377</b>	<b>52,328</b>	<b>59,181</b>
<b>Total liabilities</b>		<b>187,540</b>	<b>139,626</b>	<b>140,938</b>
<b>NET ASSETS</b>	C5	<b>2,222,252</b>	<b>2,200,243</b>	<b>2,226,959</b>
<b>EQUITY</b>				
Accumulated surplus		910,701	875,922	924,792
Asset revaluation reserve		1,241,807	1,241,807	1,241,807
Reserves		69,744	82,514	60,360
<b>TOTAL EQUITY</b>		<b>2,222,252</b>	<b>2,200,243</b>	<b>2,226,959</b>

- Financial assets represent investments with a maturity term of greater than three months and classified as financial assets in accordance with Australian Accounting Standards.
- Trust funds and deposits include fire services property levies collected by Council on behalf of the State Government. These monies are remitted to the State Revenue Office 28 days after each quarterly rate instalment date. The majority of the trust funds and deposits balance relates to Development Contribution Plan levies totalling \$28.50 million at 31 December 2019.
- 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.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

**Cash Flow Statement**

	2019-20 ACTUAL 31 Dec 2019 Inflows/ (Outflows) \$'000	2019-20 ANNUAL MID YEAR BUDGET Inflows/ (Outflows) \$'000	2019-20 ANNUAL ORIGINAL BUDGET Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges	84,511	145,942	145,643
Statutory fees and fines	3,359	7,494	7,731
User fees	4,106	9,401	9,129
Grants - operating	16,884	26,487	31,195
Grants - capital	2,489	3,843	2,794
Contributions	2,247	4,113	2,829
Interest	1,093	2,220	2,001
Trust funds and deposits taken	19,882	35,000	34,500
Other receipts	4,030	9,397	9,541
Net GST refund	4,297	13,427	10,705
Employee costs	(37,963)	(83,346)	(79,714)
Materials and services	(43,264)	(88,625)	(78,307)
Trust funds and deposits repaid	(17,419)	(33,000)	(32,500)
Other payments	(2,511)	(5,762)	(5,510)
<b>Net cash provided by operating activities</b>	<b>41,741</b>	<b>46,591</b>	<b>60,037</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	(31,051)	(93,823)	(69,289)
Proceeds (payments) for other financial assets	(2,000)	(2,000)	-
Proceeds from sale of property, plant and equipment	376	617	617
<b>Net cash used in investing activities</b>	<b>(32,675)</b>	<b>(95,206)</b>	<b>(68,672)</b>
<b>Cash flows from financing activities</b>			
Finance costs	(1,633)	(3,058)	(3,414)
Proceeds from interest-bearing loans	-	10,000	10,000
Repayment of interest-bearing loans	(6,726)	(8,634)	(8,496)
<b>Net cash provided by (used in) financing activities</b>	<b>(8,359)</b>	<b>(1,692)</b>	<b>(1,910)</b>
Net increase (decrease) in cash	707	(50,307)	(10,545)
Cash and cash equivalents at the beginning of the year	162,637	162,637	129,894
<b>Cash and cash equivalents at the end of the period</b>	<b>163,344</b>	<b>112,330</b>	<b>119,349</b>
<b>Represented by:</b>			
Operating cash	38,033	(3,921)	2,374
Restricted cash	125,311	116,251	116,975
<b>Total</b>	<b>163,344</b>	<b>112,330</b>	<b>119,349</b>

- 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.)**

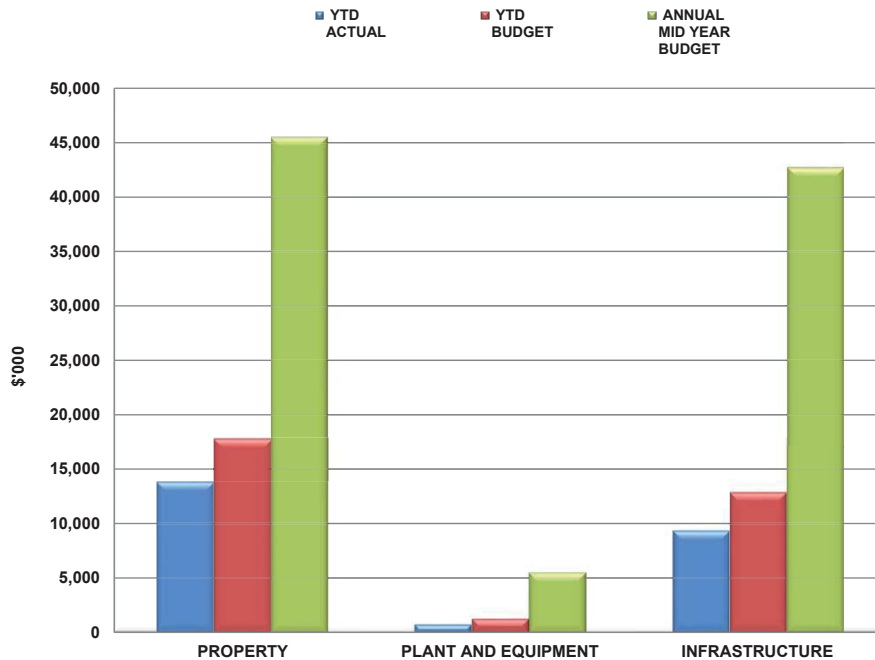


Financial Report for the period 1 July 2019 – 31 December 2019

**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	13,839	17,845	4,006	9,446	45,522	33,950
PLANT AND EQUIPMENT	824	1,351	528	1,762	5,557	5,195
INFRASTRUCTURE	9,370	12,901	3,531	8,057	42,745	30,144
<b>TOTAL EXPENDITURE</b>	<b>24,033</b>	<b>32,097</b>	<b>8,065</b>	<b>19,265</b>	<b>93,823</b>	<b>69,289</b>



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## 4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

### 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 (from the Victoria Grants Commission) which is not tied to any programs and Special Purpose Grants for various programs. All grants are recognised as income when cash is received. Grants comprise of operating and capital (recurrent and non-recurrent in nature).
- 3. Fees and charges:** Most fees and charges are recognised when cash is received. Where Council raises a debtor's invoice, income is recognised at the point of the invoice and not when cash is received.
- 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 11 June 2019. The year to date budget in this report reflects the Mid Year Budget as adopted by Council on 9 December 2019. The Mid Year Budget represents the adopted budget incorporating net carry forward capital and operating amounts from 2018-19 and any adjustments identified since the 2019-20 Original Budget was approved in June 2019. The Mid Year Budget represents the latest financial position for Council.
- 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.)

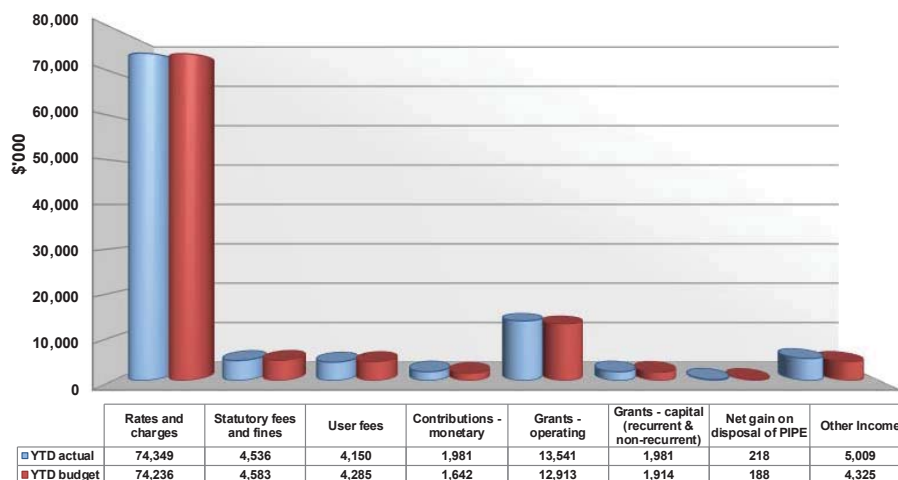


Financial Report for the period 1 July 2019 – 31 December 2019

**B1. Operating Income**

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

**Income from operating activities  
 for 1 July 2019 - 31 December 2019**



Income for the period ended 31 December 2019 is favourable against budget. This is primarily due to the following:

**Other income (\$684,000 favourable)** – Favourable variance due to better than anticipated interest return on investments, Civic Facilities rental income, insurance recoveries and asset protection reinstatement income (Corporate Services \$485,000 and Engineering Services \$206,000).

**Grants – operating (\$628,000 favourable)** – Favourable variance mainly due to additional funding received for Family Day Care (\$520,000), which will be offset by higher service delivery costs.

**Contributions – monetary (\$339,000 favourable)** – Favourable variance due to unbudgeted income received from developers in lieu of future maintenance responsibilities at Logis and Somerfield Offset Reserves (Engineering Services \$314,000). This income will be transferred to reserves to fund future maintenance responsibilities.

**Rates and waste charges (\$113,000 favourable)** – The favourable variance is due to supplementary rates and maintenance levy (transferred to reserves) (Corporate Accounting \$113,000).

These favourable variances are partly offset by an unfavourable variance in:

**User fees (\$135,000 unfavourable)** – Mainly due to lower than expected income from food registration renewals and on-street parking ticket machines/meters, building permits and asset protection permit fees (City Planning, Design and Amenity \$117,000 and Engineering Services \$65,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)

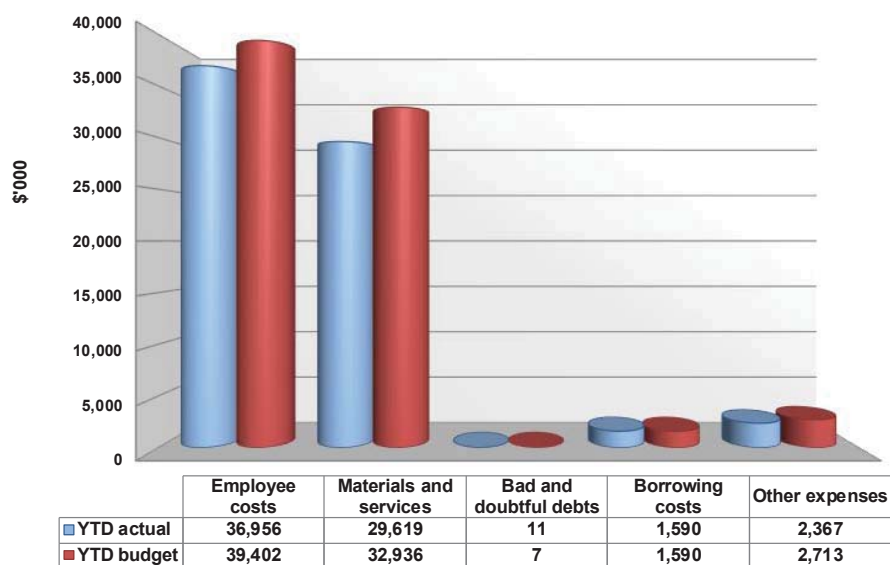


Financial Report for the period 1 July 2019 – 31 December 2019

**B2. Operating Expenditure**

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

**Expenditure from operating activities  
 for 1 July 2019 to 31 December 2019**



The actual expenditure at 31 December 2019 against the year to date budget is favourable by \$5.08 million. The major variances are in materials and services and employee costs.

**Materials and services (\$3.32 million favourable)** – The major items contributing to this variance are:

- Contract services (\$1.51 million) – timing of works and invoicing (Engineering Services \$1.78 million).
- Consultants, professional services (\$683,000) – timing of commencement of projects (Community Services \$482,000 and Corporate Services \$220,000).
- Utilities (\$615,000) – mainly due to delay in commencement of street lighting replacement program and the timing of invoices for street lighting and traffic signals (Engineering Services \$531,000).
- Administration costs (\$284,000) – timing of expenditure (Community Services \$162,000 and Corporate Service \$86,000).
- Materials, maintenance and services (242,000) – timing of works, most of which are reactive (Engineering Services \$147,000).

**4.2.1 Q2 Quarterly Performance Report (Cont.)**Financial Report for the period 1 July 2019 – 31 December 2019

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**Employee costs (\$2.45 million favourable)** – This favourable variance is mainly because of staff recruitment occurring later than planned (Community Services \$1.57 million, City Planning, Design and Amenity \$511,000, Engineering Services \$235,000 and Corporate Services \$96,000).

**Other expenses (\$346,000 favourable)** – The majority of this favourable variance is due to delay in processing grant funding (Community Services \$131,000) and delay in receipt of invoices (Corporate Services \$96,000, Non-Directorate \$68,000 and Engineering Services \$59,000).

These favourable variances are partly offset by:

**Prior year capital expenditure unable to be capitalised (non-cash) (\$1.00 million 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 \$1.00 million). This is a non-cash entry that does not impact on Council's cash position.

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## 4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

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### C. Balance Sheet

Council's net assets are valued at \$2.22 billion at the end of December 2019.

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

**Cash and cash equivalents (\$163.34 million)** – This represents the amount held by Council in cash or term deposits. Please note that this amount includes \$125.31 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 (\$2.00 million)** – represents the investments placed in Green Tailored Deposits with maturity term greater than three months.

**Trade and other receivables (\$83.01 million)** – This balance includes:

- Rate debtors of \$67.84 million at the end of December. 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 \$8.92 million (net of provision for doubtful debts).
- General debtors \$6.25 million (net of provision for doubtful debts).

**Other assets (\$781,000)** – This balance includes:

- Accrued income \$503,000 – income earned but cash not yet received at 31 December 2019.
- Other deposits \$255,000 – represents \$75,000 deposit for Metropolitan Resource Recovery organic waste processing contract and \$180,000 deposit paid for acquisition of property at 12-14 Stuart Street, Dandenong.
- Prepayments \$23,000 - expenses prepaid at 31 December 2019.

#### C2. Non-current assets

**Non-current assets (\$2.16 billion)** – Includes \$2.15 billion of Council roads, drains, buildings, plant and other fixed assets. These values are reflected after recognising the depreciation allowed against each asset.

Investment property (\$12.83 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.

Other non-current debtors include:

- Trade and other receivables - \$252,000 for Council's share of funds held in trust by Whitehorse City Council relating to the former Narre Warren landfill site and \$73,000 refundable deposit paid to Community Chef for the supply of meals to Council's Meals on Wheels operation.
- Other financial assets - \$230,000 shares relating to Regional Kitchen Pty Ltd.

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#### 4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

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

**Trade and other payables (\$7.75 million)** - Comprises trade creditors arising from operations and capital works.

**Trust funds and deposits (\$36.43 million)** – Trust funds and deposits includes other refundable monies in respect of:

- Development Contribution Plans (DCP) (\$28.50 million).
- Other deposits (\$2.58 million).
- Road deposits (\$2.54 million).
- Fire services property levy funds collected but not yet paid on to the State Revenue Office (\$1.59 million). These amounts are due to be remitted to the State Revenue Office in accordance with legislative timeframes.
- Open space contributions (\$743,000).
- Landscape deposits (\$486,000).

**Provisions (\$17.56 million)** – This balance represents the provision for employee entitlements and landfill restoration works.

- Employee entitlements:
  - Long service leave entitlements - \$10.23 million.
  - Annual leave entitlements - \$6.26 million.
  - Rostered days off (RDO) - \$473,000.
- Landfill provision - \$592,000 - 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 loans and borrowings (\$1.91 million)** – Represents the remaining repayment of long term borrowings during 2019-20.

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

**Provisions (\$1.62 million)** – Represents the provisions estimated to be paid beyond the 2019-20 financial year and comprises long service leave entitlements for employees (\$1.30 million) and landfill provision for restoration of Spring Valley landfill site (\$319,000) (Council's share is 19.88% of the total future estimated costs).

**Trust funds and deposits (\$869,000)** – Represents deposits that are payable beyond the 2019-20 financial year and comprises landscape deposits of \$765,000 and contractor deposits of \$104,000.

**Interest-bearing loans and borrowings (\$49.89 million)** – Comprises the amount of outstanding borrowings to be repaid beyond the next 12 months.

#### 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.

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**4.2.1 Q2 Quarterly Performance Report (Cont.)**

Financial Report for the period 1 July 2019 – 31 December 2019

**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)
- Grants in Advance reserve

The statutory reserves are:

- Open space – planning, development and improvements
- Open space – land acquisitions
- Keysborough South Community Infrastructure Levies

## D. Cash Flow Statement

Cash and investment holdings total \$163.34 million as at 31 December 2019 which has increased by \$707,000 since 30 June 2019. Total cash and investment holdings are made up of operating cash (\$38.03 million) and restricted cash (\$125.31 million).

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

**Cash flows from operating activities** – net inflow of \$41.74 million. The major inflows are rates \$84.51 million, trust funds and deposits taken \$19.88 million, grants \$19.37 million, user fees \$4.11 million and statutory fees and fines \$3.36 million. The major outflows are employee costs \$37.96 million, materials and services \$43.26 million and trust funds and deposits repaid \$17.42 million. Trust funds and deposits taken and repaid mainly relate to developer contribution funds and fire services property levies. The remittance of the fire services property levy (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.

**Cash flows from investing activities** – are a net outflow of \$32.68 million and include:

- \$31.05 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 funds invested on Green Tailored Deposits with maturity greater than three months.
- \$376,000 proceeds on asset sales mainly relating to the fleet replacement program.

**Cash flows from financing activities** – is an outflow of \$8.36 million. Council incurred \$1.63 million in finance costs on its borrowings and repaid \$6.73 million of existing loans (\$4.90 million relates to repayment of the Local Government Funding Vehicle (LGFV) in November 2019).

**4.2.1 Q2 Quarterly Performance Report (Cont.)**



Financial Report for the period 1 July 2019 – 31 December 2019

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

Type	31 Dec 2019 \$'000	Notes
<b>Reserve funds</b>		
Council funded Development Contribution Plans (DCP) reserve	16,435	Reserved for specific expenditure in accordance with the published DCP.
Open space – planning, development and improvements	10,575	Reserved for enhancing the City's open space by planning, development and improvements.
Open space – acquisitions	4,304	To fund acquisitions of new open space land.
Major projects reserve	29,095	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	2,581	Reserved for specific maintenance expenditure relating to this area.
Keysborough South Community Infrastructure Levies	1,540	This reserve fund relates to Community Infrastructure Levies received in relation to the Keysborough South Development Contributions Plan.
Spring Valley landfill rehabilitation	906	This reserve is for the rehabilitation of the Spring Valley landfill site.
Re-vegetation reserves	443	These funds are to meet native re-vegetation requirements on Council's reserves.
Insurance fund reserve	958	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	748	This reserve is to fund development in the Dandenong Activity Centre.
General reserve (Aged Care)	703	Funds set aside for the aged care reforms.
Grants in Advance reserve	1,220	Funds set aside for capital grants received in advance of the financial year to which the project works will occur.
<b>Total reserve funds</b>	<b>69,744</b>	

**4.2.1 Q2 Quarterly Performance Report (Cont.)**



Financial Report for the period 1 July 2019 – 31 December 2019

Type	31 Dec 2019 \$'000	Notes
<b>Employee provisions</b>		
Long service leave	11,532	Funds set aside to meet long service leave commitments.
Annual leave and other	6,733	Funds set aside to meet annual leave and rostered days off (RDO) commitments.
<b>Employee provisions</b>	<b>18,265</b>	
<b>Trust funds and deposits</b>		
Development Contribution Plans	28,495	Pending completion of works.
Fire services property levy collected and due	1,585	Payable to State Revenue Office – legislative requirement.
Open space contributions	743	Pending completion of works.
Landscape deposits	1,250	Pending completion of works.
Road deposits	2,541	Pending completion of works.
Other trust funds and deposits	2,688	Refundable upon finalisation of programs.
<b>Total trust funds and deposits</b>	<b>37,302</b>	
<b>Total restricted cash</b>	<b>125,311</b>	

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#### 4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

#### Statement of Capital Works

Total capital expenditure at 31 December 2019 was \$24.03 million. A further \$19.27 million was committed at the end of December. The above **CIP Expenditure Report** (commencing on page 16) 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.

#### Property

- **3043 Springvale Community Precinct (\$3.13 million favourable)** – The Springvale Community Hub remains under construction, with completion of the northern glulams (laminated timbers) installed, and ongoing installation of the underfloor air distribution system. Internal fit out has commenced, with painting, tiling, and installation of panels. The main structure for the urban screen is now installed. Benching in the landscape has been completed, with the main mound now formed, and most of the paving complete.

#### Infrastructure

- **3631 Dandenong Park Master Plan (\$342,000 favourable)** – Concept design has been completed. The tender documentation for the Northern precinct is underway including the tan track, Foster Street interface and other general park and landscape improvements. This is expected to go to tender in January.
- **3933 Sports Lighting Plan Implementation (\$324,000 favourable)** – Pre-installation of the conduits and electrical pits has been completed. The light poles are in fabrication.

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**4.2.1 Q2 Quarterly Performance Report (Cont.)**



Financial Report for the period 1 July 2019 – 31 December 2019

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# Appendix 1

# Capital Expenditure

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

CIP Expenditure Report

	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	COMMIT	ANNUAL MID YEAR BUDGET	ANNUAL ORIGINAL BUDGET
	\$	\$	\$	\$	\$	\$
<b>PROPERTY</b>						
<b>Buildings</b>						
3015. Robert Booth Reserve Pavilion	-	-	-	1,110	-	-
3043. Springvale Community Precinct	10,456,600	13,564,492	3,107,892	6,667,875	27,092,646	22,105,652
3177. Dandenong Civic Ctr-HVAC Gas Boiler	13,989	-	(13,989)	-	-	-
3219. Thomas Carroll Pavilion	83,056	114,000	30,944	-	2,543,572	-
3255. Yarraman Oaks Primary NEYLF	4,649	-	(4,649)	3,734	-	-
3548. Keysborough South Community Hub Dev	6,740	7,800	1,060	4,132	1,000,000	1,000,000
3740. Drum Theatre Improvements	-	-	-	-	75,000	-
3792. Dandenong Mkt Back of House-Coolrm	304,248	485,765	181,517	1,272,114	1,558,798	1,200,000
3802. Building Energy Efficiency Program	32,191	147,020	114,830	56,923	281,347	235,218
3803. Building Capital Program Minor Work	3,655	58,261	54,606	20,570	160,000	160,000
3804. CCTV/Security Capital Program	74,864	90,844	15,980	40,819	106,000	106,000
3805. Municipal Early Years Infrast. Plan	736	22,609	21,873	7,100	65,000	65,000
3806. Drum Theatre - Motorise Light Bars	846	70,000	69,154	-	176,000	-
3807. Drum Theatre - Auditorium Chairs	262,729	349,424	86,695	29,192	349,424	150,000
3811. Walker St Multi-deck Car Pk Roof	111,885	100,000	(11,885)	2,000	150,000	-
3813. Shalimar Kindergarten MCH	10,775	20,000	9,225	28,195	30,000	-
3814. D'ngong Nth Senior Citizen Ctr Latha	1,610	43,478	41,868	17,480	500,000	500,000
3817. Civic Archive Extension of Building	10,805	30,100	19,295	1,818	30,100	-
3818. Rowley Allan Res Football Pavilion	19,111	19,200	89	122,203	38,390	-
3873. Building Renewal Prg.- DDA	-	6,957	6,957	1,616	20,000	20,000
3874. Building Renewal Prg.- HVAC	35,442	63,478	28,036	1,549	130,000	130,000
3876. Building Renewal Prg.- Bathroom	219,789	146,783	(73,006)	107,461	422,000	422,000
3877. Building Renewal Prg.- Flooring	15,437	65,391	49,955	3,182	188,000	188,000
3878. Building Renewal Prg.- Lift Refurb.	160,230	215,652	55,422	471,075	620,000	620,000
3879. Building Renewal Prg.- Minor Works	179,766	173,757	(6,009)	82,722	460,176	460,176
3880. Building Renewal Prg.- Roof	20,185	40,000	19,815	80,854	115,000	115,000
3883. Building Renewal Prg.- Kitchen & Eq	117,029	115,652	(1,377)	96,400	313,000	313,000
3902. Ross Reserve Pavilion	-	-	-	-	300,000	-
3903. D'ngong Mkt - 10 Yr Plan Imp	11,180	24,348	13,168	-	70,000	70,000
3904. Building Renewal Prg. - Theatre	20,082	111,913	91,830	7,584	312,000	312,000
3905. Building Renewal Prg. - Window	29,441	61,913	32,472	123,540	178,000	178,000
3906. Greater D'ngong Gallery of Art	9,450	45,565	36,115	-	5,000,000	5,000,000
3907. Warner Reserve Toilet (North)	3,834	34,783	30,949	131,750	200,000	200,000
3908. Oasis/NPAC Design Dev't	22,540	32,330	9,790	63,125	300,000	300,000
<b>Leasehold Improvements</b>						
3819. Police Paddocks Res. Concept Plan	22,560	20,000	(2,560)	-	100,000	-
3941. Police Paddocks Res. Grandstand	27,000	28,696	1,696	-	400,000	100,000
<b>Land</b>						
2116. 77 Herbert Street Dandenong	865,482	865,694	212	-	865,694	-
2117. 89 Douglas Street Noble Park	658,615	646,925	(11,690)	-	646,925	-
3548. Keysborough South Community Hub Dev	22,182	22,000	(182)	-	129,077	-
3988. DCP - 845 Taylors Road (LRO6b)	-	-	-	-	194,670	-
3989. DCP - 875 Taylors Road (LRO6b)	-	-	-	-	400,867	-
<b>Total property</b>	<b>13,838,731</b>	<b>17,844,829</b>	<b>4,006,098</b>	<b>9,446,121</b>	<b>45,521,686</b>	<b>33,950,045</b>

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

CIP Expenditure Report

	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	COMMIT	ANNUAL MID YEAR BUDGET	ANNUAL ORIGINAL BUDGET
	\$	\$	\$	\$	\$	\$
<b>PLANT AND EQUIPMENT</b>						
<b>Plant, machinery and equipment</b>						
1445. Fleet Purchases	136,579	423,957	287,378	1,148,169	2,302,000	2,262,000
3517. Community Transport Bus	-	-	-	-	210,000	-
3909. Drum Theatre Manlifters	-	2,087	2,087	-	12,000	12,000
<b>Library books</b>						
3104. Library Resources	502,577	509,723	7,146	385,761	973,828	973,828
<b>Computers and telecommunications</b>						
3516. Officer Safety Radio Network Upgrad	-	-	-	-	73,500	-
3910. Security Software (Priority 1&2)	-	52,174	52,174	-	200,000	200,000
3911. Dandenong Stadium Wi-Fi	-	2,609	2,609	-	10,000	10,000
3912. Noble Park Civic Optic Wi-Fi	-	57,391	57,391	-	220,000	220,000
3913. People Counters Installation	-	12,000	12,000	-	46,000	46,000
3914. Asset Management System	1,054	-	(1,054)	-	701,818	820,735
3915. MCH (ADSL to Radio)	-	7,304	7,304	-	28,000	28,000
3916. Multi-Media/Broadcast Prg	59,931	77,250	17,319	119,478	196,458	196,458
3917. Procurement (IT) System	-	10,435	10,435	-	40,000	40,000
3918. Drum Theatre Ticketing System	-	7,826	7,826	-	137,161	30,000
3919. Digital Infrastructure (Website)	76,950	98,783	21,833	75,250	256,000	256,000
<b>Fixtures, fittings and furniture</b>						
3314. Public hall equipment	46,678	54,609	7,931	4,934	100,000	100,000
3825. Living Treasures Tribute	-	35,130	35,130	28,640	50,130	-
<b>Total plant and equipment</b>	<b>823,768</b>	<b>1,351,277</b>	<b>527,508</b>	<b>1,762,232</b>	<b>5,556,895</b>	<b>5,195,021</b>
<b>INFRASTRUCTURE</b>						
<b>Parks, open space and streetscapes</b>						
1747. Barry Powell Reserve Master Plan	951	34,783	33,831	-	100,000	100,000
1748. Spring Valley Reserve Master Plan	-	8,696	8,696	-	50,000	50,000
1796. Wal Turner Reserve Master Plan	5,409	138,913	133,504	2,500	1,005,000	500,000
3043. Springvale Community Precinct	-	20,000	20,000	-	100,000	-
3065. Public Place Recycling Bin Instal.	-	40,696	40,696	-	117,000	117,000
3141. Thomas St Precinct Enhance(Afghan)	320,129	359,805	39,676	74,365	359,805	-
3192. Douglas st. s/scape improv.proj.	-	-	-	-	886,212	-
3248. DCP Keysb. Sth Industrial Buffer	-	87,758	87,758	-	295,758	-
3258. Robert Booth Reserve Baseball Light	193,672	177,162	(16,510)	10,252	177,162	-
3406. Fotheringham Reserve	-	-	-	-	3,500	-
3454. Dogs off leash program	-	-	-	-	41,000	-
3490. Springvale Road Boulevard	63,385	201,000	137,615	115,151	4,177,196	1,000,000
3498. Walker St D'ong-Streetscape	15,377	50,000	34,623	91,550	100,000	-
3631. Dandenong Park Master Plan	377,226	719,691	342,465	165,033	2,017,457	1,500,000
3835. Park Signage Renewal Program	-	62,609	62,609	75,310	180,000	180,000
3848. Hemmings SC Streetscape	17,717	105,913	88,196	10,145	342,440	300,000
3849. Frederick Watcher Res. Master Plan	37,028	267,826	230,799	70,558	1,089,094	1,000,000
3852. Warner Res. Master Plan Impl.	11,000	79,373	68,373	52,750	79,373	-
3853. Parkfield Res. Master Plan Impl.	90,951	321,261	230,310	45,444	572,369	200,000
3854. Burden Park Res. Master Plan Imp.	19,503	136,522	117,019	31,284	924,789	450,000
3867. Keysborough Bowls Club Floodlight	2,340	-	(2,340)	-	-	-
3892. LXRA CCTV Works	-	-	-	-	60,000	-
3896. Fotheringham Resv. Addition Interpr	980	-	(980)	-	-	-
3900. Ross Reserve Plaza/Play/Oval/Path	8,430	189,257	180,827	517,667	1,050,000	930,000
3929. Act Crt Strat Plan Imp - D'ong	12,500	95,435	82,935	36,820	500,000	500,000
3930. Act Crt Strat Plan Imp - NPark	-	62,609	62,609	-	360,000	360,000
3931. Guardrail Upgrade Program	16,365	69,565	53,200	-	200,000	200,000
3932. Open Space Infra Renewal Prg	147,299	109,109	(38,190)	30,110	292,500	292,500
3933. Sports Lighting Plan Imp.	63,738	376,144	312,405	1,558,123	2,150,000	2,150,000
3934. Parking Sensor Implementation	-	60,000	60,000	-	345,000	345,000
3936. Glendale Reserve Landscaping	-	26,087	26,087	-	150,000	150,000
3940. Ross Reserve Comm Ctr Car Park	-	86,957	86,957	-	500,000	500,000

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

CIP Expenditure Report

	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	COMMIT	ANNUAL MID YEAR BUDGET	ANNUAL ORIGINAL BUDGET
	\$	\$	\$	\$	\$	\$
<b>Recreational, leisure and community facilities</b>						
3029. Playground Improvements	-	125,217	125,217	-	360,000	360,000
3399. Springvale Reserve Cricket Net Repl	159,909	160,000	91	13,781	230,000	230,000
3420. Lois Twohig Res. Tennis Club BkaCrt	7,887	8,231	344	1,199	8,231	-
3421. Springvale Nth Tennis Club BkaCrt	2,369	2,719	350	-	2,719	-
3430. Springvale South Tennis Bka Crt	8,652	10,000	1,348	11,635	20,000	-
3433. Burden Park Tennis Bka Crt	9,749	10,000	251	10,533	20,000	-
3518. Harmony Square Entrance Protection	-	-	-	-	30,000	-
3651. Springvale Activity Centre-Laneways	13,255	10,000	(3,255)	1,980	195,889	-
3794. Tatterson Park Masterplan	3,808	74,783	70,975	349,458	810,000	810,000
3837. Greaves Res. Tennis Court Resurf.	113,957	114,297	340	28,763	230,297	-
3841. All Abilities Playground Concept	32,747	69,652	36,905	32,075	69,652	-
3843. Police Paddocks S'ball Dug Out Shel	-	-	-	-	20,000	-
3844. Tatterson Park Stage 1A Impl.P'grd	120,810	150,955	30,145	30,144	150,955	-
3846. George Andrews Res. TRY Build Contai	151,119	212,905	61,786	135,043	312,905	-
3856. Warner Res. Tennis Club Replace Fen	17,377	26,087	8,710	10,572	100,000	100,000
3900. Ross Reserve Plaza/Play/Oval/Path	1,200	3,913	2,713	-	2,000,000	2,000,000
3924. Alex Nelson Reserve Fencing	25,000	20,652	(4,348)	-	25,000	25,000
3925. Active Fencing Program	98,971	89,565	(9,406)	30,933	200,000	200,000
3926. Sports Facilities Plan Imp.	193,346	248,000	54,654	87,863	1,185,000	1,058,000
3927. Chandler Rd Reserve Exercise Eq.	33,699	33,696	(3)	26,801	50,000	50,000
3928. Rowley Allan Reserve Netball Crts	-	-	-	-	50,000	50,000
<b>Roads</b>						
1627. Springvale Road Traffic Signals	-	-	-	-	750,000	-
1629. 275 Lonsdale St Dnong-Pedestrian La	-	35,000	35,000	-	90,000	-
3231. Local Road Upgrade & Reconstruction	150,693	174,652	23,959	103,669	383,306	-
3373. Municipal wide, Kerb and Channel	163,057	147,065	(15,991)	249,394	500,000	500,000
3418. Municipal Wide,LATM post audit	210,532	352,957	142,425	34,735	960,448	750,000
3753. Local Road Surf./Rehabit. Prg.	1,044,809	1,058,435	13,625	958,949	3,325,000	4,425,000
3828. Activity Centre Proj, Mason St	9,255	12,602	3,347	22,701	521,420	300,000
3831. Bakers Rd, D'nong Nth Alter.Cross	-	-	-	-	26,200	-
3920. Homeleigh Rd Reconstruction	719,006	714,444	(4,562)	126,051	794,838	844,838
3921. Glasscocks Rd Rehab/Sealing	-	-	-	-	30,000	30,000
3922. Disabled Parking Infra Prg	-	-	-	-	40,000	40,000
3923. Cheltenham Rd/Chandler Rd	-	-	-	11,850	250,000	250,000
3938. Kerb & Channel Resurfacing Program	940,284	950,000	9,716	524,238	1,400,000	300,000
3942. Black Spot Works Program	63,603	72,800	9,198	33,561	303,996	-
3990. DCP - Chapel Rd Upg & Traffic Lght	771,998	775,555	3,558	359,705	1,220,597	1,220,597
3991. DCP-Chapel Rd Btw Villiers &Donnici	133,966	151,592	17,626	29,431	151,592	-
3992. DCP - Perry Road South Upgrade	118,292	104,600	(13,692)	95,903	244,399	-
<b>Bridges</b>						
3185. Municipal Wide - Bridges	-	5,217	5,217	-	20,000	20,000
3832. Bridge Rectification Works Survey	68,915	69,050	135	6,682	69,050	-
3993. DCP - Lyndhurst B1 Bridge	-	-	-	-	397,535	-
<b>Footpath and cycleways</b>						
3174. Active Transport Infra.Priority Pat	293,534	284,486	(9,048)	17,433	535,456	350,000
3355. Municipal Wide-Footpath Renewal	1,322,049	1,320,087	(1,962)	591,454	1,400,000	1,400,000
<b>Off street car parks</b>						
3662. Metro 3175	24,794	-	(24,794)	-	-	-
3794. Tatterson Park Masterplan	576	2,921	2,346	-	1,943,677	1,836,094
3901. Ross Reserve Access Road	18,803	19,155	352	86,074	205,155	-
3937. Car Park Renewal Program	-	64,348	64,348	9,065	185,000	185,000

**4.2.1 Q2 Quarterly Performance Report (Cont.)**



Financial Report for the period 1 July 2019 – 31 December 2019

**CIP Expenditure Report**

	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	COMMIT	ANNUAL MID YEAR BUDGET	ANNUAL ORIGINAL BUDGET
	\$	\$	\$	\$	\$	\$
<b>Drainage</b>						
3019. Major Drainage Renewal Prg.	96,694	345,103	248,408	390,322	587,059	200,000
3129. Drainage program	648,265	861,654	213,388	674,296	1,763,828	1,435,000
3558. Pit Cover Replacement Program	34,914	34,783	(131)	33,204	100,000	100,000
3939. Drainage Reactive Renewal Program	138,442	86,957	(51,485)	40,583	250,000	250,000
<b>Total infrastructure</b>	<b>9,370,334</b>	<b>12,901,302</b>	<b>3,530,968</b>	<b>8,057,143</b>	<b>42,744,859</b>	<b>30,144,029</b>
<b>GRAND TOTAL</b>	<b>24,032,833</b>	<b>32,097,408</b>	<b>8,064,574</b>	<b>19,265,496</b>	<b>93,823,440</b>	<b>69,289,094</b>

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**4.2.1 Q2 Quarterly Performance Report (Cont.)**



Financial Report for the period 1 July 2019 – 31 December 2019

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# Appendix 2

# Investment Analysis

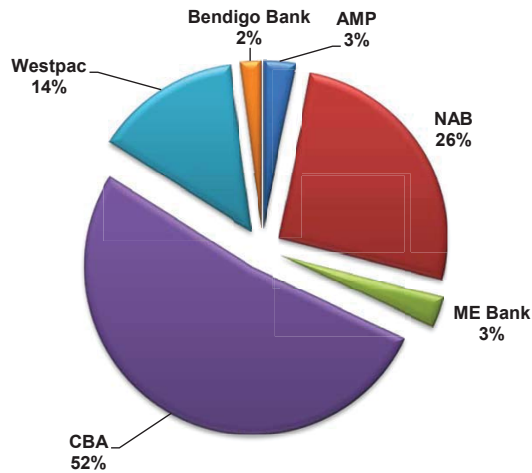
4.2.1 Q2 Quarterly Performance Report (Cont.)



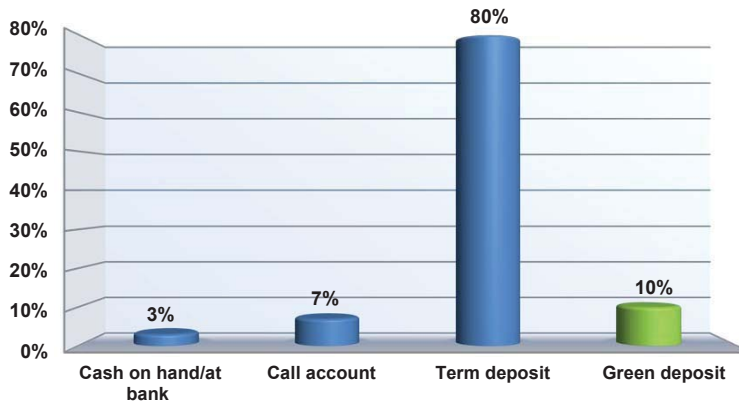
Financial Report for the period 1 July 2019 – 31 December 2019

Cash and Investments

Investment Institutions



Portfolio Products



**Note: Green deposit:** 10% (or \$16.6 million) was invested at 31 December 2019. These investments are certified against Climate Bonds Initiative – Climate Bonds Standard, the same certification as green bonds.

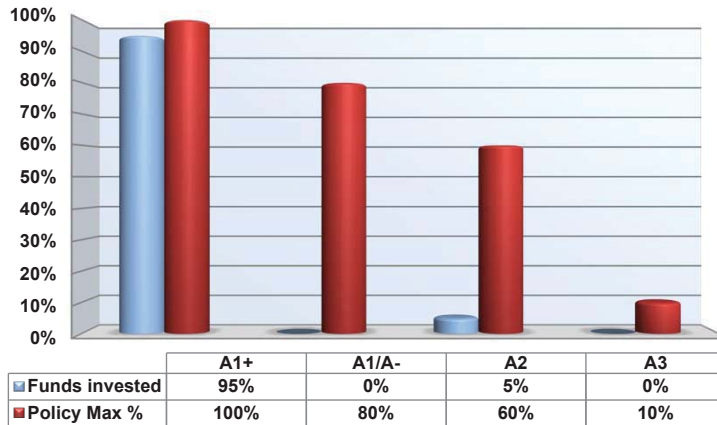
4.2.1 Q2 Quarterly Performance Report (Cont.)



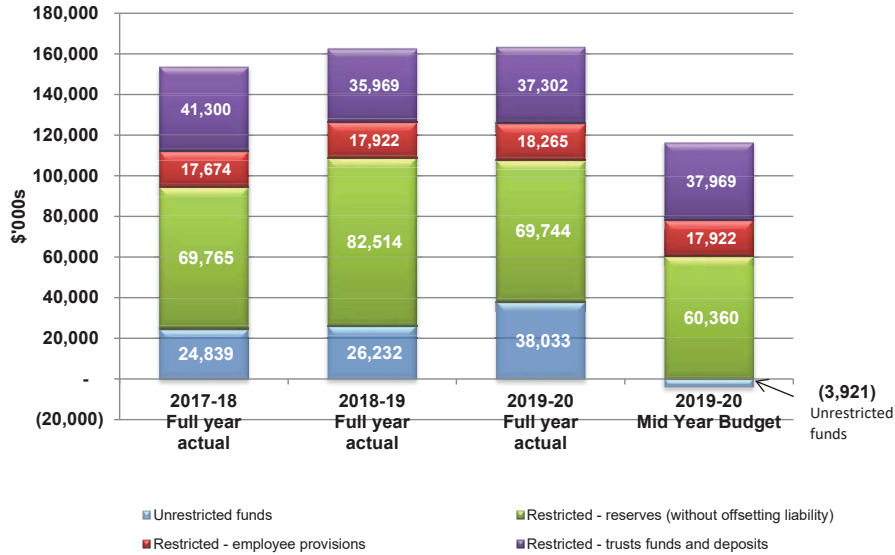
Financial Report for the period 1 July 2019 – 31 December 2019

Cash and Investments

Investment Credit Rating



Restricted and unrestricted cash balances

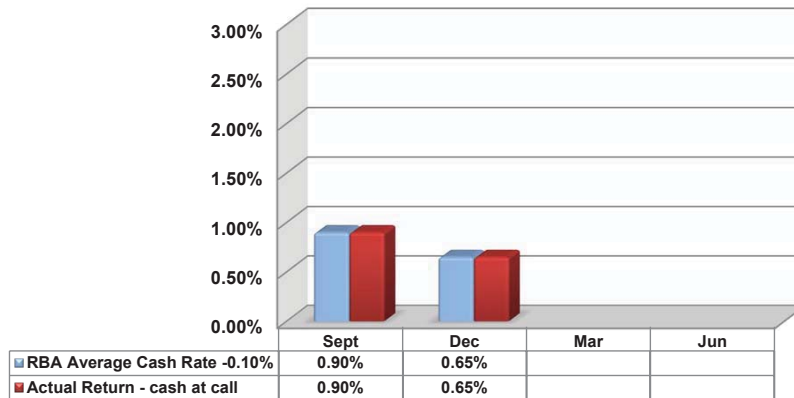


4.2.1 Q2 Quarterly Performance Report (Cont.)

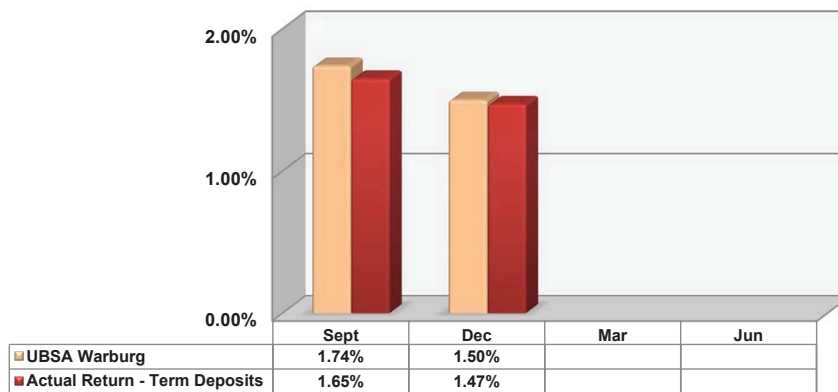


Financial Report for the period 1 July 2019 – 31 December 2019

**Benchmark Indicator - Cash at Call**



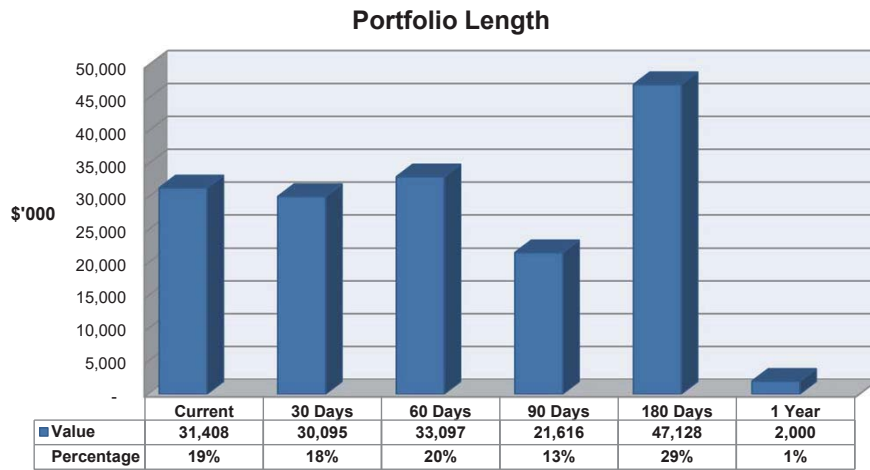
**Benchmark Indicator - Term/Green Deposits**



**4.2.1 Q2 Quarterly Performance Report (Cont.)**



Financial Report for the period 1 July 2019 – 31 December 2019



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**4.2.1 Q2 Quarterly Performance Report (Cont.)**



Financial Report for the period 1 July 2019 – 31 December 2019

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# Appendix 3

# Directorate Analysis

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

**Total Operating Results**

<b>CGD BY DIRECTORATE</b>					
	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>					
Chief Executive Office	-	-	-	-	-
Greater Dandenong Business	218	178	40	358	128
Corporate Services	2,568	2,072	496	4,161	4,253
Engineering Services	11,574	11,257	317	24,764	24,744
City Planning Design and Amenity	7,537	7,557	(20)	14,360	14,363
Community Services	11,915	11,234	681	22,002	20,867
Non-Directorate <sup>(a)</sup>	72,971	72,861	110	150,928	157,049
Capital Works Program	2,002	1,914	88	5,955	3,622
<b>Total income</b>	<b>108,785</b>	<b>107,073</b>	<b>1,712</b>	<b>222,528</b>	<b>225,026</b>
<b>Expenses</b>					
Chief Executive Office	330	342	12	708	668
Greater Dandenong Business	1,888	2,053	165	4,559	3,588
Corporate Services	11,384	11,818	434	22,480	22,290
Engineering Services	25,100	27,789	2,689	64,069	63,786
City Planning Design and Amenity	7,223	7,845	622	17,765	17,228
Community Services	22,684	24,791	2,107	50,941	45,673
Non-Directorate <sup>(a)</sup>	18,167	17,177	(990)	35,290	34,873
Capital Works Program	-	-	-	-	-
<b>Total expenses</b>	<b>86,776</b>	<b>91,815</b>	<b>5,039</b>	<b>195,812</b>	<b>188,106</b>
<b>Net surplus (deficit)</b>	<b>22,009</b>	<b>15,258</b>	<b>6,751</b>	<b>26,716</b>	<b>36,920</b>

<sup>(a)</sup> 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 2019 – 31 December 2019

**CEO DIRECTORATE**

**OPERATING RESULT**

	YTD ACTUAL Notes \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>					
Other income	-	-	-	-	-
<b>Total income</b>	-	-	-	-	-
<b>Expenses</b>					
Employee costs	258	271	13	568	568
Materials and services	70	68	(2)	94	94
Other expenses	2	3	1	46	6
<b>Total expenses</b>	<b>330</b>	<b>342</b>	<b>12</b>	<b>708</b>	<b>668</b>
<b>Net surplus (deficit)</b>	<b>(330)</b>	<b>(342)</b>	<b>12</b>	<b>(708)</b>	<b>(668)</b>

**BUSINESS UNITS**

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>					
CEO	-	-	-	-	-
<b>Total income</b>	-	-	-	-	-
<b>Expenses</b>					
CEO	330	342	12	708	668
<b>Total expenses</b>	<b>330</b>	<b>342</b>	<b>12</b>	<b>708</b>	<b>668</b>
<b>Net surplus (deficit)</b>	<b>(330)</b>	<b>(342)</b>	<b>12</b>	<b>(708)</b>	<b>(668)</b>

**Notes:**

No comments required for this directorate.

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

**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
<b>Income</b>						
User fees		-	3	(3)	6	6
Grants - operating		160	120	40	240	10
Other income		58	55	3	112	112
<b>Total income</b>		<b>218</b>	<b>178</b>	<b>40</b>	<b>358</b>	<b>128</b>
<b>Expenses</b>						
Employee costs		1,160	1,186	26	2,574	2,178
Materials and services	1	678	803	125	1,805	1,265
Other expenses		50	64	14	180	145
<b>Total expenses</b>		<b>1,888</b>	<b>2,053</b>	<b>165</b>	<b>4,559</b>	<b>3,588</b>
<b>Net surplus (deficit)</b>		<b>(1,670)</b>	<b>(1,875)</b>	<b>205</b>	<b>(4,201)</b>	<b>(3,460)</b>

**BUSINESS UNITS**

		YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>						
Greater Dandenong Business Executive		-	-	-	-	-
Business Networks		187	145	42	290	60
Activity Centres Revitalisation		-	3	(3)	6	6
Major Projects		28	27	1	56	56
Economic Development		3	3	-	6	6
<b>Total income</b>		<b>218</b>	<b>178</b>	<b>40</b>	<b>358</b>	<b>128</b>
<b>Expenses</b>						
Greater Dandenong Business Executive		195	166	(29)	345	345
Business Networks		626	641	15	1,210	740
Activity Centres Revitalisation		457	581	124	1,403	963
Major Projects		75	62	(13)	175	114
Economic Development		535	603	68	1,426	1,426
<b>Total expenses</b>		<b>1,888</b>	<b>2,053</b>	<b>165</b>	<b>4,559</b>	<b>3,588</b>
<b>Net surplus (deficit)</b>		<b>(1,670)</b>	<b>(1,875)</b>	<b>205</b>	<b>(4,201)</b>	<b>(3,460)</b>

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**4.2.1 Q2 Quarterly Performance Report (Cont.)**



Financial Report for the period 1 July 2019 – 31 December 2019

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**Notes:**

**Expenditure**

**Note 1 Materials and services (\$125,000 favourable)** – Favourable variance due to delay in receipt of invoices (Activity Centres Revitalisation \$62,000 and Economic Development \$29,000) and program put on hold as requested by Multicultural Affairs and Social Cohesion (Indian Cultural Precinct \$75,000).

This favourable variance is offset by higher than anticipated consultancy costs caused by a variation in the scope of works relating to Dandenong A-League/W-League stadium (Greater Dandenong Business Executive \$30,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

**CORPORATE SERVICES DIRECTORATE**

**OPERATING RESULT**

	Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>						
Statutory fees and fines		54	55	(1)	109	109
User fees		16	6	10	12	12
Grants - operating		42	40	2	40	41
Other income	2	2,456	1,971	485	4,000	4,091
<b>Total income</b>		<b>2,568</b>	<b>2,072</b>	<b>496</b>	<b>4,161</b>	<b>4,253</b>
<b>Expenses</b>						
Employee costs	3	6,401	6,497	96	13,570	13,552
Materials and services	4	4,196	4,439	243	7,162	6,988
Other expenses	5	787	882	95	1,748	1,750
<b>Total expenses</b>		<b>11,384</b>	<b>11,818</b>	<b>434</b>	<b>22,480</b>	<b>22,290</b>
<b>Net surplus (deficit)</b>		<b>(8,816)</b>	<b>(9,746)</b>	<b>930</b>	<b>(18,319)</b>	<b>(18,037)</b>

**BUSINESS UNITS**

	Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>						
Corporate Services Executive		-	-	-	-	-
Communications and Customer Service		469	352	117	707	727
Governance		1,599	1,550	49	3,101	3,173
Information Technology		6	-	6	-	-
Financial Services		87	124	(37)	301	301
People and Procurement Services		407	46	361	52	52
<b>Total income</b>		<b>2,568</b>	<b>2,072</b>	<b>496</b>	<b>4,161</b>	<b>4,253</b>
<b>Expenses</b>						
Corporate Services Executive		247	293	46	597	597
Communications and Customer Service		2,608	2,794	186	5,861	5,855
Governance		1,423	1,551	128	3,173	3,173
Information Technology		2,830	2,933	103	4,974	4,973
Financial Services		1,322	1,372	50	2,807	2,807
People and Procurement Services		2,954	2,875	(79)	5,068	4,885
<b>Total expenses</b>		<b>11,384</b>	<b>11,818</b>	<b>434</b>	<b>22,480</b>	<b>22,290</b>
<b>Net surplus (deficit)</b>		<b>(8,816)</b>	<b>(9,746)</b>	<b>930</b>	<b>(18,319)</b>	<b>(18,037)</b>

## ORDINARY COUNCIL MEETING - MINUTES

**4.2.1 Q2 Quarterly Performance Report (Cont.)**

Financial Report for the period 1 July 2019 – 31 December 2019

**Notes:****Income**

**Note 2 Other income (\$485,000 favourable)** – The favourable variance is due to an insurance recovery in relation to fire damage at 280 Lonsdale Street, Dandenong\* (Risk Management \$345,000), higher than anticipated property management recoveries (Property Management \$50,000) and rental income to date (Civic Facilities \$40,000, Senior Citizen Facilities \$31,000, Jan Wilson Community Centre \$23,000, The Castle \$11,000 and Paddy O'Donoghue Centre \$11,000).

This unfavourable variance is partly offset by lower than anticipated recovery of costs to follow up outstanding rates debtors (Property Revenue \$36,000).

\* - The insurance recovery will be mostly offset by the \$100,000 insurance excess and \$100,000 for demolition of the fire damaged building. The net balance remaining will be transferred to the Self Insurance Reserve.

**Expenditure**

**Note 3 Employee costs (\$96,000 favourable)** – The favourable variance is primarily due to vacant positions and a reduction in the use of casuals (Call and Service Centres \$53,000 and Southern Screen \$17,000), timing of delivery of programs (Occupational, Health and Safety \$40,000), reduced hours for staff (Governance \$15,000) and lower than anticipated training to date (Members of Council \$18,000).

This favourable variance is partly offset by higher than anticipated temporary staff costs (Organisational Development Executive \$67,000 and Records Management \$15,000).

**Note 4 Materials and services (\$243,000 favourable)** – The main items contributing to the favourable variance include:

- Consultants, professional services (\$220,000) – delay in receipt of invoices and timing of projects (Organisational Development Executive \$72,000, Risk Management \$41,000, Property Revenue \$24,000, Emergency Management \$13,000, Governance \$12,000, Financial Services \$11,000, Communications and Customer Services Executive \$10,000, Southern Screen \$9,000, Property Management \$7,000 and Call and Service Centres \$7,000).
- Administration costs (\$86,000) – lower than anticipated costs for Council publications, postage, community education, subscriptions, printing and stationery (Records Management \$48,000, Communications and Customer Service Executive \$16,000 and Risk Management \$14,000).
- Utilities (\$68,000) – delay in receipt of invoices for telephone, rates, water and electricity (Technical Services \$18,000, Property Management Administration \$10,000, Paddy O'Donoghue \$7,000, Senior Citizens Facilities \$6,000, Members of Council \$5,000, Jan Wilson Community Centre \$5,000, Dandenong Market \$4,000, The Castle \$4,000 and Emergency Management \$4,000).
- Materials, maintenance and services (\$38,000) – delay in receipt of invoices (Civic Facilities \$14,000, Governance \$7,000, Print Shop \$6,000, Call and Services Centres \$5,000, Property Management Administration \$4,000 and The Castle \$3,000).

This favourable variance is partly offset by higher than anticipated insurance claim expenditure (Risk Management \$161,000) and software maintenance to date (Risk Management \$15,000 and Contracts \$11,000).

**Note 5 Other expenses (\$95,000 favourable)** – The main items contributing to the favourable variance include delay in receipt of invoices for internal audit fees (Corporate Services Executive \$30,000, contribution to a shared resource (Emergency Management \$29,000), operating lease/rentals (Technical Services \$12,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

**ENGINEERING SERVICES DIRECTORATE**

**OPERATING RESULT**

	Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>						
Rates and charges		10,047	10,047	-	20,049	20,049
Statutory fees and fines	6	89	254	(165)	509	509
User fees	7	262	327	(65)	655	655
Grants - operating		100	140	(40)	140	139
Contributions - monetary	8	315	1	314	1	1
Asset sales	9	376	308	68	617	617
Other income	10	385	180	205	2,793	2,774
<b>Total income</b>		<b>11,574</b>	<b>11,257</b>	<b>317</b>	<b>24,764</b>	<b>24,744</b>
<b>Expenses</b>						
Employee costs	11	8,097	8,332	235	17,505	17,789
Materials and services	12	16,759	19,190	2,431	46,006	45,561
Bad and doubtful debts		2	5	3	10	10
Carrying amount of assets sold		159	120	(39)	300	300
Other expenses	13	83	142	59	248	126
<b>Total expenses</b>		<b>25,100</b>	<b>27,789</b>	<b>2,689</b>	<b>64,069</b>	<b>63,786</b>
<b>Net surplus (deficit)</b>		<b>(13,526)</b>	<b>(16,532)</b>	<b>3,006</b>	<b>(39,305)</b>	<b>(39,042)</b>

**BUSINESS UNITS**

		YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>						
Engineering Services Executive		-	-	-	-	-
Infrastructure Services		10,923	10,562	361	23,373	23,353
City Projects and Asset Improvement		14	9	5	18	18
Infrastructure Planning		637	686	(49)	1,373	1,373
<b>Total income</b>		<b>11,574</b>	<b>11,257</b>	<b>317</b>	<b>24,764</b>	<b>24,744</b>
<b>Expenses</b>						
Engineering Services Executive		66	81	15	127	418
Infrastructure Services		19,595	22,149	2,554	51,462	51,225
City Projects and Asset Improvement		4,448	4,515	67	10,270	9,933
Infrastructure Planning		991	1,044	53	2,210	2,210
<b>Total expenses</b>		<b>25,100</b>	<b>27,789</b>	<b>2,689</b>	<b>64,069</b>	<b>63,786</b>
<b>Net surplus (deficit)</b>		<b>(13,526)</b>	<b>(16,532)</b>	<b>3,006</b>	<b>(39,305)</b>	<b>(39,042)</b>

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#### 4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

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##### Notes:

##### Income

**Note 6 Statutory fees and fines (\$165,000 unfavourable)** – Unfavourable variance due to lower than anticipated income from sub-divisions, drainage plan approvals and plan checking fees to date (Civil Development and Design \$165,000). This will be monitored and any permanent variance will be reflected in the full year forecast.

**Note 7 User fees (\$65,000 unfavourable)** – Unfavourable variance due to lower than anticipated fee income for asset protection permits and drainage plan approval (Asset Protection \$38,000 and Civil Development and Design \$29,000).

**Note 8 Contributions – monetary (\$314,000 favourable)** – Favourable variance due to unbudgeted income from developers in lieu of future maintenance of the Logis native vegetation reserve (\$162,000 for six years) and Somerfield native vegetation reserve (\$153,000 for five years) (Parks Services). This income will be transferred to reserves to fund future maintenance requirements.

**Note 9 Asset sales (\$68,000 favourable)** – Favourable variance due to higher than anticipated proceeds from fleet and plant sales to date (Fleet Management \$68,000).

**Note 10 Other income (\$205,000 favourable)** – Favourable variance due to higher than anticipated recovery income for asset protection reinstatements (Asset Protection \$167,000), income received for casual hire fees of sporting ovals and athletic tracks (Parks Services \$37,000) and Sergasco royalties received (Waste Management \$18,000).

This favourable variance is partly offset by a delay in invoicing partner councils for recoveries relating to works at Spring Valley Landfill (Waste Management \$23,000).

##### Expenditure

**Note 11 Employee costs (\$235,000 favourable)** – Favourable variance due to delay in recruitment (Parks Services \$156,000, Asset Management \$69,000, Civil Development and Design \$62,000, Roads and Drains \$37,000 and Infrastructure Services and Planning Executive \$32,000) and savings from secondment of a staff member (Transport \$28,000).

This favourable variance is partly offset by higher than anticipated temporary agency staff costs (City Projects and Asset Improvement Executive \$93,000 and Cleansing \$71,000). This will be monitored and any permanent variance will be reflected in the full year forecast.

**Note 12 Materials and services (\$2.43 million favourable)** - The favourable variance is due to the timing of works and delay in receipt of invoices from contractors (Waste Management \$691,000, Parks Services \$400,000, Cleansing \$383,000, Building Maintenance \$308,000, Roads and Drains \$148,000 and Fleet Management \$92,000) and a delay in the light-emitting diode (LED) street lighting replacement program (Asset Management \$591,000).

This favourable variance is partly offset by earlier than anticipated and unbudgeted professional services costs (Building Disposal Program \$63,000 and City Projects and Asset Improvement Executive \$60,000) and higher asset protection reinstatement costs which are offset by higher recovery income received (Asset Protection \$43,000).

**Note 13 Other expenses (\$59,000 favourable)** – Favourable variance is mainly due to delay in commencement of works (Spring Valley Landfill \$77,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

**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
<b>Income</b>						
Rates and charges		-	-	-	-	-
Statutory fees and fines	14	4,381	4,274	107	8,545	8,715
User fees	15	2,649	2,766	(117)	5,240	5,130
Grants - operating		482	463	19	494	437
Other income		25	54	(29)	81	81
<b>Total income</b>		<b>7,537</b>	<b>7,557</b>	<b>(20)</b>	<b>14,360</b>	<b>14,363</b>
<b>Expenses</b>						
Employee costs	16	5,693	6,204	511	13,026	12,978
Materials and services	17	1,440	1,579	139	3,364	2,874
Bad and doubtful debts		5	-	(5)	1,286	1,286
Other expenses		85	62	(23)	89	90
<b>Total expenses</b>		<b>7,223</b>	<b>7,845</b>	<b>622</b>	<b>17,765</b>	<b>17,228</b>
<b>Net surplus (deficit)</b>		<b>314</b>	<b>(288)</b>	<b>602</b>	<b>(3,405)</b>	<b>(2,865)</b>

**BUSINESS UNITS**

	Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>						
City Planning, Design and Amenity Exec.		-	-	-	-	-
Building Services		1,289	1,465	(176)	2,183	2,043
Planning and Design		882	958	(76)	1,867	2,157
Regulatory Services		5,366	5,134	232	10,310	10,163
<b>Total income</b>		<b>7,537</b>	<b>7,557</b>	<b>(20)</b>	<b>14,360</b>	<b>14,363</b>
<b>Expenses</b>						
City Planning, Design and Amenity Exec.		222	226	4	472	472
Building Services		1,448	1,477	29	3,181	3,052
Planning and Design		2,160	2,667	507	5,809	5,480
Regulatory Services		3,393	3,475	82	8,303	8,224
<b>Total expenses</b>		<b>7,223</b>	<b>7,845</b>	<b>622</b>	<b>17,765</b>	<b>17,228</b>
<b>Net surplus (deficit)</b>		<b>314</b>	<b>(288)</b>	<b>602</b>	<b>(3,405)</b>	<b>(2,865)</b>

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#### 4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

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**Notes:**

**Income**

**Note 14 Statutory fees and fines (\$107,000 favourable)** – The favourable variance is due to better than anticipated income from parking fines, recovery of collection costs (Parking Management \$316,000) and animal fines (Animal Management \$34,000).

This favourable variance is partly offset by lower than anticipated planning applications (Statutory Planning \$79,000), local law fines (General Law Enforcement \$66,000), health and food infringements (Health \$53,000) and planning compliance fines (Planning Compliance \$43,000).

**Note 15 User fees (\$117,000 unfavourable)** – Unfavourable variance is due to lower than anticipated parking income for on-street ticket machines/meters (Parking Management \$56,000), food registration renewal income which is expected to correct in coming months (Health \$38,000) and building permit applications (Building \$38,000).

**Expenditure**

**Note 16 Employee costs (\$511,000 favourable)** – Favourable variance due to delay in recruitment and extended leave taken (Statutory Planning \$247,000, Strategic Design and Sustainability Planning \$118,000, Planning Compliance \$76,000, Animal Management \$47,000, Regulatory Services Administration \$28,000 and Public Safety and Security \$35,000).

This favourable variance is offset by higher than anticipated use of temporary staff (Health \$24,000) and higher School Crossing supervisor salary costs (School Crossing \$50,000). This is a seasonal trend and will return to balance by year end.

**Note 17 Materials and services (\$139,000 favourable)** – Favourable variance due to delay in commencement of projects (Strategic Design and Sustainability Planning \$100,000 and Master Plan Concept Plan Development \$40,000) and receipt of invoices (Parking Management \$25,000).

This favourable variance is partly offset by a higher than anticipated expenditure for professional services (Regulatory Services Administration \$18,000, Building \$17,000 and Public Safety and Security \$13,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

**COMMUNITY SERVICES DIRECTORATE**

**OPERATING RESULT**

Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>					
User fees	1,223	1,183	40	2,633	2,633
Grants - operating	18 9,905	9,298	607	17,980	16,789
Contributions - monetary	2	-	2	-	-
Other income	785	753	32	1,389	1,445
<b>Total income</b>	<b>11,915</b>	<b>11,234</b>	<b>681</b>	<b>22,002</b>	<b>20,867</b>
<b>Expenses</b>					
Employee costs	19 15,338	16,906	1,568	35,585	32,557
Materials and services	20 6,213	6,623	410	12,807	10,554
Bad and doubtful debts	4	2	(2)	3	3
Other expenses	21 1,129	1,260	131	2,546	2,559
<b>Total expenses</b>	<b>22,684</b>	<b>24,791</b>	<b>2,107</b>	<b>50,941</b>	<b>45,673</b>
<b>Net surplus (deficit)</b>	<b>(10,769)</b>	<b>(13,557)</b>	<b>2,788</b>	<b>(28,939)</b>	<b>(24,806)</b>

**BUSINESS UNITS**

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>					
Community Services Executive	-	-	-	-	-
Community Wellbeing	5,778	5,192	586	9,997	8,661
Community Care	4,255	4,165	90	9,110	9,410
Community Arts, Culture and Libraries	1,618	1,540	78	2,274	2,178
Community Development, Sports and Recreation	264	337	(73)	621	618
<b>Total income</b>	<b>11,915</b>	<b>11,234</b>	<b>681</b>	<b>22,002</b>	<b>20,867</b>
<b>Expenses</b>					
Community Services Executive	212	208	(4)	436	486
Community Wellbeing	7,569	9,041	1,472	18,717	14,380
Community Care	6,336	6,599	263	13,546	13,253
Community Arts, Culture and Libraries	4,625	4,722	97	9,899	9,600
Community Development, Sports and Recreation	3,942	4,221	279	8,343	7,954
<b>Total expenses</b>	<b>22,684</b>	<b>24,791</b>	<b>2,107</b>	<b>50,941</b>	<b>45,673</b>
<b>Net surplus (deficit)</b>	<b>(10,769)</b>	<b>(13,557)</b>	<b>2,788</b>	<b>(28,939)</b>	<b>(24,806)</b>

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#### 4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

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#### Notes:

##### Income

**Note 18 Grants – operating (\$607,000 favourable)** - Favourable variance due to:

*Additional or grant funding received earlier than anticipated:*

- Family Day Care \$520,000 (will be offset by service delivery costs)
- Library and Information Service \$86,000
- Home and Community Care \$66,000
- Market Street Occasional Care Centre Operational \$19,000
- Enhanced MCH Program \$17,000
- Child First \$10,000

This favourable variance is partially offset by:

*Delay in receipt of grants for:*

- Playgroup Initiative \$61,000
- Planned Activity Group \$38,000

##### Expenses

**Note 19 Employee costs (\$1.57 million favourable)** - Favourable variance due to delay in recruitment (Child First \$428,000, Maternal and Child Health \$240,000, Enhanced MCH Program \$218,000, Library and Information Services \$166,000, Playgroups Initiative \$86,000, Food Services \$82,000, Childrens Support Services \$82,000, Pre-School Field Officer \$79,000, Home and Community Care \$62,000, Right@Home \$41,000, HACC - Home Maintenance \$37,000, New Directions – Mothers and Babies \$31,000, Planned Activity Group \$27,000, Youth Engagement \$26,000, Community Development \$26,000, Festivals and Events \$24,000, Market Street Occasional Child Care Centre \$21,000, Family Day Care \$16,000 and HACC Co-ordinator \$15,000).

This favourable variance is partly offset by higher than anticipated temporary staff costs (Drum Theatre \$115,000), higher overtime costs (Sports Planning \$17,000) and allowances (Access and Quality Systems \$23,000).

**Note 20 Material and services (\$410,000 favourable)** – Favourable variance is due to a delay in receipt of invoices and commencement of projects (Community Development \$105,000, Drug Strategy \$88,000, Community Hub Early Years \$85,000, New Directions - Mothers and Babies \$80,000, Festivals and Events \$73,000, Market Street Occasional Operational \$68,000, Family Support and Counselling Service \$63,000, Child First \$63,000, Market Street Occasional Child Care Centre \$54,000, Food Services \$42,000, Enhanced MCH Program \$38,000, Leisure Centres \$33,000 and Drum Theatre \$25,000).

This favourable variance is partly offset by higher payments to educators (Family Day Care \$392,000). This relates to additional service delivery requirements and is offset by higher grant income in this program.

**Note 21 Other expenses (\$131,000 favourable)** – The majority of this favourable variance is due to delay in payment of approved Material Aid grant funding and strategic grant for Homelessness/Anti-Social Behaviour and receipt of invoice for Friends of Refugees contribution (Community Funding \$130,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

**NON-DIRECTORATE**

**OPERATING RESULT**

	Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>						
Rates and charges	22	64,302	64,189	113	125,893	125,893
Statutory fees and fines		13	-	13	-	-
Grants - operating		2,852	2,852	-	5,704	12,039
Contributions - monetary		1,644	1,642	2	2,000	2,000
Contributions - non-monetary		2,861	2,865	(4)	15,000	15,000
Other income		1,299	1,313	(14)	2,331	2,117
<b>Total income</b>		<b>72,971</b>	<b>72,861</b>	<b>110</b>	<b>150,928</b>	<b>157,049</b>
<b>Expenses</b>						
Employee costs		9	6	(3)	520	796
Materials and services		263	236	(27)	514	514
Prior year capital expenditure unable to be capitalised (non-cash)	23	1,003	-	(1,003)	-	-
Depreciation and amortisation		15,045	15,045	-	30,816	29,816
Borrowing costs		1,590	1,590	-	3,058	3,414
Asset write offs		26	-	(26)	-	-
Other expenses	24	231	300	69	382	333
<b>Total expenses</b>		<b>18,167</b>	<b>17,177</b>	<b>(990)</b>	<b>35,290</b>	<b>34,873</b>
<b>Net surplus (deficit)</b>		<b>54,804</b>	<b>55,684</b>	<b>(880)</b>	<b>115,638</b>	<b>122,176</b>

**BUSINESS UNITS**

		YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>						
Governance		-	-	-	-	-
Corporate Accounting		71,327	71,219	108	148,928	155,049
Planning and Design		1,644	1,642	2	2,000	2,000
<b>Total income</b>		<b>72,971</b>	<b>72,861</b>	<b>110</b>	<b>150,928</b>	<b>157,049</b>
<b>Expenses</b>						
Governance		5	15	10	30	30
Corporate Accounting		18,152	17,152	(1,000)	35,250	34,833
Planning and Design		10	10	-	10	10
<b>Total expenses</b>		<b>18,167</b>	<b>17,177</b>	<b>(990)</b>	<b>35,290</b>	<b>34,873</b>
<b>Net surplus (deficit)</b>		<b>54,804</b>	<b>55,684</b>	<b>(880)</b>	<b>115,638</b>	<b>122,176</b>

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.

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**4.2.1 Q2 Quarterly Performance Report (Cont.)**



Financial Report for the period 1 July 2019 – 31 December 2019

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**Notes:**

**Income**

**Note 22 Rates and charges (\$113,000 favourable)** – Favourable variance mainly due to higher than anticipated rates – general and supplementary (Corporate Accounting \$59,000) and maintenance levy for Keysborough Maintenance levies (transferred to reserves) (Corporate Accounting \$47,000).

**Expenditure**

**Note 23 Prior year capital expenditure unable to be capitalised (non-cash) (\$1.00 million 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 \$1.00 million). This is a non-cash entry that does not impact on Council's cash position.

**Note 24 Other expenses (\$69,000 favourable)** – Favourable variance mainly due to delay in receipt of Electoral Representation Review invoices (Corporate Accounting \$48,000).

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

**CAPITAL WORKS PROGRAM**

**OPERATING RESULT**

	Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL MID YEAR BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
<b>Income</b>						
Grants - capital	25	1,981	1,914	67	3,843	2,794
Contributions - monetary		21	-	21	2,112	828
Other income		-	-	-	-	-
<b>Total income</b>		<b>2,002</b>	<b>1,914</b>	<b>88</b>	<b>5,955</b>	<b>3,622</b>
<b>Expenses</b>						
Employee costs		-	-	-	-	-
Materials and services		-	-	-	-	-
Other expenses		-	-	-	-	-
<b>Total expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net surplus (deficit)</b>		<b>2,002</b>	<b>1,914</b>	<b>88</b>	<b>5,955</b>	<b>3,622</b>

**Notes:**

**Income**

**Note 25 Grants – capital (\$67,000 favourable)** – Favourable variance due to higher than anticipated receipt of Roads to Recovery grant (\$412,000), which will be reflected in the full year forecast.

This favourable variance is partly offset by delay in receipt of grants for Ross Reserve (\$188,000), Thomas Carroll Pavilion (\$125,000) and Yarraman Oaks Primary Early Years Learning Facility (\$33,000).

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**4.2.1 Q2 Quarterly Performance Report (Cont.)**



Financial Report for the period 1 July 2019 – 31 December 2019

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# Appendix 4

## Operating Initiatives

4.2.1 Q2 Quarterly Performance Report (Cont.)



Financial Report for the period 1 July 2019 – 31 December 2019

**Operating Initiatives**

Operating initiative project	YTD Actuals \$	YTD Budget \$	YTD Variance (Unfav) Fav \$	2019-20 Original Budget \$	Project update - 31 December 2019
<b>Community Services</b>					
Feasibility Study - New Library in Noble Park / Keysborough	0	0	0	50,000	Selection of consultant to assist with feasibility study is currently in progress. The scope of the project has been expanded to a Council wide perspective, rather than just Noble Park / Keysborough.
Feasibility Study - Dandenong Community Hub	0	0	0	50,000	Consultant was engaged November 2019 and it is anticipated that the Need Analysis will be completed in May 2020.
	<b>0</b>	<b>0</b>	<b>0</b>	<b>100,000</b>	
<b>Engineering Services</b>					
Public Lighting LED Upgrade Program	18,306	400,000	381,694	400,000	Upgrade options assessed in conjunction with United Energy. Quotes for upgrades in progress.
Building Disposal Program (Dandenong West Kindergarten)	1,400	0	(1,400)	60,000	Reviewing quotes to demolish building.
Building Disposal Program (Sandown Park Kindergarten)	1,400	0	(1,400)	60,000	Building demolition complete. Remediation work underway.
Building Disposal Program (Springvale Reserve Scoreboard Garage)	900	0	(900)	50,000	Reviewing quotes to disconnect services. Seeking quotes to demolish building.
Aboriginal Scar Tree - Stabilisation	0	0	0	15,000	Consultant has been appointed to undertake a cultural heritage management plan for the "scar" tree. The process is currently underway and expected to be completed by the end of May 2020.
Feasibility Study - Yarraman Railway Station shared path	0	0	0	50,000	Project brief is complete. Awaiting confirmation of consultants' panel before engaging contractor. It is anticipated this will occur within the next few months.
Sandown Enhanced Integrated Water Management Plan	12,750	30,000	17,250	30,000	Progressing well. Stage 1 study completed. Stage 2 in progress with consultation being held with Melbourne Water, South East Water and Department of Environment, Land, Water and Planning.
	<b>34,756</b>	<b>430,000</b>	<b>395,244</b>	<b>665,000</b>	
<b>City Planning, Design and Amenity</b>					
Reconciliation of existing Master Plans - Greaves Reserve	0	0	0	20,000	Fee proposal is being prepared by consultant. The project is expected to commence in October.
	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	
<b>Corporate Services</b>					
Dandenong Night Market	0	0	0	87,000	The Night Market is not yet due to start and will be trialled in January 2020 (once a week over four weeks).
	<b>0</b>	<b>0</b>	<b>0</b>	<b>87,000</b>	
<b>TOTAL</b>	<b>34,756</b>	<b>430,000</b>	<b>395,244</b>	<b>872,000</b>	

**Notes re Operating Initiative reporting:**

The reporting on operating initiatives excludes the following:

- salary related initiatives
- operating initiatives that add to an existing budget (eg - 'Greening Our City' Tree Strategy)
- ongoing initiatives
- carry overs of prior year operating initiatives