

## **4.2 POLICY AND STRATEGY**

### **4.2.1 Q2 Quarterly Performance Report**

File Id:

Responsible Officer:

Director Corporate Services

Attachments:

Quarterly Performance Report 1 October – 31  
December 2019

Financial Report 1 July – 31 December 2019

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### **Report Summary**

This report details Council's progress for the period 1 October to 31 December 2019 against performance targets outlined in the Council Plan 2017-21 and the Amended Budget 2019-20.

### **Recommendation Summary**

This report recommends that Council notes the achievements against the Council Plan indicators and the Amended Budget for the period ending 31 December 2019.

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

### Background

Council adopted the Council Plan 2017-21 (Revised 2019) and Annual Plan 2019-20 on Tuesday 11 June 2019, and the Amended Budget on Monday 9 September 2019.

The Council Plan 2017-21 outlines the vision and objectives of the current Council over the four years of its term in office. This document guides service delivery, innovation and good governance, and provides the foundation for the corporate planning framework for all business activities. The Council Plan also guides the budget, service delivery priorities and the continuous improvement of our services.

The Council Plan 2017-21 and Annual Budget 2019-20 are made available to residents through the Customer Service Centres, libraries and on Council's website at [www.greaterdandenong.com](http://www.greaterdandenong.com)

Progress against performance targets for the period 1 October to 31 December 2019 is outlined in two components of this report:

Part 1 – The Quarterly Performance Report details the achievements for the Council Plan Indicators from the Council Plan 2017-21.

Part 2 – The Financial Report is designed to inform Councillors of the results of operations for the period 1 July to 31 December 2019 including financial performance against the Amended Budget adopted by Council on Monday 9 September 2019.

### **Part 1 and Attachment 1: Quarterly Performance Report for the period 1 October to 31 December 2019**

Performance highlights against the Council Plan strategic objectives include:

#### A vibrant, connected and safe community

- Little Day Out was held on 6 October attracting 9,000 people.
- New Year's Eve in the Square attracted approximately 16,000 people and included a Bushfire Appeal with proceeds going to the CFA.
- Council received a grant through VicHealth's 'This Girl Can' of \$13,800 to run 16 physical activities for women and girls. These events will be scheduled for March 2020.
- Another successful Walk Against Family Violence was held in November.
- South East Volunteers was re-awarded the Greater Dandenong Volunteer Resource Service contract in December.

#### A creative city that respects and embraces diversity

- 60 people attended a Council hosted all abilities sporting event at NPAC in line with International Day of Persons with Disabilities.
- A total of 22 events were held during the quarter.
- The HOME exhibition was launched on 5 October with over 100 people attending throughout the day. In total the exhibition attracted over 900 visitors which was an increase on the 2018 attendance.

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

- Walker Street Gallery attendance for the period was 11,147.
- 334 people attended the Short Cuts Film Festival which is the highest attendance since it started.
- Views to Council's heritage civic collection on ehive increased from 3,331 in Q1 to 7,391 this quarter.

#### A healthy, liveable and sustainable city

- The Single Use Plastics Policy was adopted by Council on 9 December.
- The Waste Education Program saw community engagement activities delivered to 916 residents, YTD 1,106 residents have been engaged.
- The 2019 Sustainability Awards Night was held on 18 November and planning has commenced for the Sustainability Festival to be held in April.
- Council's Capital Works Program is progressing well with over 65 per cent of the works in procurement, construction or complete.
- A total of 10 audits were conducted on materials recycling processing sites and a further 12 additional audits were conducted in conjunction with Victoria Police and the EPA targeting scrap metal recyclers.

#### A city planned for the future

- The overall Springvale Community Precinct project is tracking satisfactorily with the building portion completion due in April.
- The completed Springvale Activity Centre Structure Plan Planning Scheme Amendment has received ministerial authorisation and was publicly exhibited, submissions closing in early December.
- The site within Tatterson Park for the Keysborough South Community Hub was endorsed by Council on 11 November.
- Stage 3B of the Afghan Bazaar Cultural Precinct streetscape was completed in December. This included new pavements, realigned curbs, new street trees and furniture.
- The final design package for the Masonic Hall Art Gallery has been received and the tender is planned to be advertised in late January.

#### A diverse and growing economy

- 18 business network activities were conducted bringing the total YTD to 39.
- The Career Education Association of Victoria (CEAV) career guidance project achieved significant increases in the work readiness of disadvantaged jobseekers in Dandenong and Doveton, exceeding targets for engaging jobseekers in education, volunteering or employment.
- Two cultural and food tours were held.
- Five workshops were held as part of the small business workshop series.
- This quarter focused heavily on global trends for business and industry with a number of activities being delivered.

#### An open and effective Council

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

- Advocacy activities undertaken in this quarter included support for the 'Raise the Rate' campaign, a federal initiative to raise minimum payments for the unemployed in light of high living costs, and the '16 Days of Activism' campaign against family violence.
- Social media growth was 3.5 per cent.
- Council agreed to participate in the Community Satisfaction Survey again in 2020.
- Mounting for the second Urban Screen, to be installed as part of the Springvale Community Precinct, has been prepared and the screen has been ordered.
- Consultation activities were completed for the 2020-21 Annual Budget. 32 people, 31 of which were residents, responded with ideas.
- The new Meeting Procedure Local Law was endorsed by Council on 14 October.

**4.2.1 Q2 Quarterly Performance Report (Cont.)****Part 2 and Attachment 2: Financial Report for the period 1 July to 31 December 2019**

The attached financial report is designed to inform Councillors of the results of operations for the period 1 July 2019 to 31 December 2019 including financial performance against the Mid-Year Budget adopted by Council on 9 December 2019.

The financial report incorporates a set of Financial Statements and a Directorate Analysis of financial performance by Business Unit. The following are contained in the Attachment:

- Income Statement
- Balance Sheet
- Cash Flow Statement
- Capital Expenditure Statement
- Capital Expenditure report
- Investment Report
- Directorate Analysis

Whilst the Financial Statements are prepared in accordance with Australian Accounting Standards, they contain several items which are “non-cash” in nature such as depreciation on assets and the written down (book) value of assets sold. They also exclude capital expenditure, new borrowings and loan repayments and as such, these Statements do not provide an accurate indication of the surplus/deficit cash position within a financial year.

The table on the following page provides a management accounting summary of the financial performance for the period 1 July 2019 to 31 December 2019 which removes non-cash items and adds back cash items that are excluded from the financial statements.

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

### Management Accounting Summary for the period 1 July 2019 to 31 December 2019

Description	YEAR TO DATE			FULL YEAR		
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE Fav(unfav) \$'000	MID YEAR BUDGET \$'000	ORIGINAL BUDGET \$'000	VARIANCE Fav(unfav) \$'000
<b>Income Statement</b>						
Income	108,626	106,951	1,675	222,228	224,726	(2,498)
Expenditure	86,617	91,693	5,076	195,512	187,806	(7,706)
<b>Net surplus - ongoing operations</b>	<b>22,009</b>	<b>15,258</b>	<b>6,751</b>	<b>26,716</b>	<b>36,920</b>	<b>(10,204)</b>
<b>Management Accounting reconciliation</b>						
<i>Add back (less) non cash items</i>						
Depreciation	15,045	15,045	-	30,816	29,816	1,000
Contributions non-monetary assets	(2,861)	(2,865)	4	(15,000)	(15,000)	-
Prior year capital expenditure unable to be capitalised	1,003	-	1,003	-	-	-
Written down value of assets sold/disposed	158	120	38	300	300	-
<b>Sub total</b>	<b>13,371</b>	<b>12,300</b>	<b>1,071</b>	<b>16,116</b>	<b>15,116</b>	<b>1,000</b>
<b>Net operating surplus</b>	<b>35,380</b>	<b>27,558</b>	<b>7,822</b>	<b>42,832</b>	<b>52,036</b>	<b>(9,204)</b>
<i>Add/less non operating cash items</i>						
Capital expenditure	24,033	32,097	8,064	93,823	69,289	(24,534)
Net transfers to (from) reserves	(12,770)	(13,004)	(234)	(22,154)	(15,749)	6,405
Loan repayments	6,727	6,727	-	8,634	8,496	(138)
Loan proceeds	-	-	-	(10,000)	(10,000)	-
<b>Sub total</b>	<b>17,990</b>	<b>25,820</b>	<b>7,830</b>	<b>70,303</b>	<b>52,036</b>	<b>(18,267)</b>
<b>Cash surplus (deficit)</b>	<b>17,390</b>	<b>1,738</b>	<b>15,652</b>	<b>(27,471)</b>	<b>-</b>	<b>(27,471)</b>
Accumulated surplus brought forward	-	-	-	27,471	-	27,471
<b>Surplus (deficit) position</b>	<b>17,390</b>	<b>1,738</b>	<b>15,652</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Results for the period 1 July 2019 to 31 December 2019

The overall management accounting result (after removing non-cash items) for the period 1 July 2019 to 31 December 2019 shows a favourable variance between the budget and actual of \$15.65 million. The variance is mainly due to lower than anticipated capital expenditure to date and a favourable surplus from ongoing operations (both lower than anticipated operating expenditure and higher than anticipated income).

Capital expenditure is \$8.06 million lower than the year to date budget (with a further \$19.27 million committed at 31 December 2019). Most of the delayed expenditure relates to property and infrastructure projects.

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

### INCOME

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 the 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).

### EXPENDITURE

The actual expenditure at 31 December 2019 against the year to date budget is favourable by \$5.08 million. The major variances contributing to this result 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).



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

**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.

#### Capital expenditure

Total capital expenditure at 31 December 2019 was \$24.03 million. A further \$19.27 million was committed at the end of December. The capital works program comprises of asset renewal, expansion, upgrade and the investment in new assets.

#### Proposal

That Council notes the progress against performance targets outlined in the Council Plan 2017-21 for the period 1 October to 31 December 2019 and the Financial Report for the period 1 July to 31 December 2019.

#### Community Plan 'Imagine 2030' and Council Plan 2017-21 – Strategic Objectives, Strategies and Plans

After consultation with the Greater Dandenong community on what kind of future they wanted to see for themselves and the City in 2030, the result was the Greater Dandenong Community Plan 'Imagine 2030'. This report is consistent with the following community visions:

##### Community Plan 'Imagine 2030'

##### People

- *Pride* – Best place best people
- *Cultural Diversity* – Model multicultural community
- *Outdoor Activity and Sports* – Recreation for everyone
- *Lifecycle and Social Support* – The generations supported

##### Place

- *Sense of Place* – One city many neighbourhoods
- *Safety in Streets and Places* – Feeling and being safe



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

- *Appearance of Places* – Places and buildings
- *Travel and Transport* – Easy to get around

##### Opportunity

- *Education, Learning and Information* – Knowledge
- *Jobs and Business Opportunities* – Prosperous and affordable
- *Tourism and visitors* – Diverse and interesting experiences
- *Leadership by the Council* – The leading Council

#### **Council Plan 2017-2021**

The Council Plan describes the kind of future the Council is working for, and how Council will do this over four years. This report is consistent with the following goals:

##### People

- A vibrant, connected and safe community
- A creative city that respects and embraces diversity

##### Place

- A healthy, liveable and sustainable city
- A city planned for the future

##### Opportunity

- A diverse and growing economy
- An open and effective Council

#### **Related Council Policies**

This report is in accordance with Council's policy of providing regular information and feedback to Council and the community about Council's financial position.

#### **Victorian Charter of Human Rights and Responsibilities**

All matters relevant to the Victorian Human Rights Charter have been considered in the preparation of this report and are consistent with the standards set by the Charter.

#### **Financial Implications**

The financial position of the Council will be monitored against the approved Mid-Year Budget to ensure that Council achieves its financial goals.

Policy Implications

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

This report is in accordance with Council's policy of providing regular information and feedback to Council and the community about Council's financial position.

**Consultation**

The Chief Executive Officer, Directors and staff responsible for reporting were consulted. Council's Finance Department has prepared the financial statements and all other attachments with feedback from all Business Unit Managers.

**Conclusion**

Greater Dandenong City Council provides a performance report against organisational objectives on a quarterly basis. The reporting procedures and systems in place provide Councillors and the community with the opportunity to monitor progress against Council Plan Indicators and the Annual Budget. This ensures that all resources are managed effectively and accountably. Council will be kept informed of the financial position on a quarterly basis, as is the current practice.

**Recommendation**

**That Council notes the progress against the performance targets outlined in the Council Plan 2017-21 for the period 1 October to 31 December 2019 and the financial report for the period 1 July to 31 December 2019.**

**MINUTE 1333**

Moved by: Cr Matthew Kirwan

Seconded by: Cr Youhorn Chea

**That Council notes the progress against the performance targets outlined in the Council Plan 2017-21 for the period 1 October to 31 December 2019 and the financial report for the period 1 July to 31 December 2019.**

**CARRIED**