



**Item No:** 2.1  
**Title:** Monthly Finance Report March 2024  
**Department:** Corporate Services

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23 April 2024 Ordinary Council Meeting

Reference: F2020/03205 - D16140426  
Author: Leslie Chan, Team Leader Financial Accounting  
Executive: Emma Galea, Director Corporate Services (Acting)

## **Recommendation**

***That Council receives the Monthly Financial Report – March 2024.***

### **Report purpose**

To present to Council the monthly financial report for March 2024.

### **Executive Summary**

This report presents the March 2024 monthly financial report.

For 2023/2024 FY Council has budgeted, on a consolidated basis, an operating surplus before capital income of \$8.3M. As at 31 March 2024, Council has an operating surplus of \$35.4M, compared to a YTD budget of an operating deficit of (\$2.0M). The budgeted net operating position will fluctuate throughout the financial year, reflecting income and expenditure timing.

## **Background**

The monthly financial reports have been prepared in accordance with the requirements of the *Local Government Act 1993*, the *Local Government (General) Regulation 2021*, and the relevant accounting and reporting requirements of the Office of Local Government prescribed Code of Accounting Practice and Financial Reporting and Australian Accounting Standards.

## **Consultation**

The preparation of the March 2024 monthly financial report included consultation with business units across Council to ensure all revenue and expenditure attributable to the 2023/2024 FY is captured.

## Financial Considerations

This report presents the financial position of Council as at 31 March 2024. Variations from budgeted amounts are detailed and an explanation provided. For the reporting period, Council is performing better than budget. To date, there are no concerns regarding Council's financial performance for the remainder of the financial year.

## Consolidated Operating Statement

As at 31 March 2024, Council has a consolidated net operating surplus of \$35.4M, before capital income, which is favourable to YTD budget by \$37.5M, The variance is driven by a YTD favourable variance in operating income of \$21.4M, and a favourable variance in operating expenses (\$16.1M), mostly in materials and services (\$15.9M).

Net operating surplus including capital income is \$87.2M which is favourable to YTD budget by \$43.2M.

<b>Consolidated Operating Statement</b>											
March 2024											
	CURRENT MONTH			YEAR TO DATE				FULL YEAR			
	Actuals	Adopted Budget	Variance	Actuals	Adopted Budget	Variance	Last Year YTD Actuals	Last Year Actual	Original Budget	Adopted Changes (Q2)	Year End Forecast
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating Income</b>											
Rates and Annual Charges	35,879	38,228	(2,348)	315,051	314,663	388	290,968	389,283	421,456	62	421,519
User Charges and Fees	15,254	15,351	(97)	127,403	123,581	3,822	121,419	164,977	163,782	(12)	163,770
Other Revenue	1,969	1,190	779	17,082	10,830	6,253	15,008	21,086	13,683	425	14,108
Interest	3,098	873	2,226	28,279	20,998	7,281	15,869	23,888	15,244	8,428	23,672
Grants and Contributions	1,890	1,797	93	20,271	16,292	3,979	19,619	56,621	49,880	(791)	49,089
Gain on Disposal	266	24	241	2,272	739	1,533	2,230	7,785	-	812	812
Other Income	945	890	54	7,674	7,258	416	7,276	9,754	8,775	843	9,618
Internal Revenue	4,866	4,821	45	41,429	43,710	(2,280)	44,575	61,923	60,701	(1,928)	58,772
<b>Total Income attributable to Operations</b>	<b>64,168</b>	<b>63,174</b>	<b>994</b>	<b>559,463</b>	<b>538,070</b>	<b>21,393</b>	<b>516,962</b>	<b>735,318</b>	<b>733,521</b>	<b>7,840</b>	<b>741,361</b>
<b>Operating Expenses</b>											
Employee Costs	15,494	15,046	(449)	140,071	144,049	3,977	127,955	184,873	195,069	820	195,889
Borrowing Costs	679	1,366	687	7,164	8,291	1,127	7,791	13,073	13,746	1,243	14,989
Materials and Services	18,988	21,856	2,869	157,847	173,703	15,856	152,644	216,095	237,509	(1,902)	235,607
Depreciation and Amortisation	17,260	15,917	(1,343)	145,318	144,307	(1,011)	129,207	174,925	192,226	3,020	195,246
Other Expenses	4,873	4,823	(50)	33,162	33,427	265	33,028	44,044	44,523	214	44,737
Loss on Disposal	232	-	(232)	4,894	6	(4,887)	2,976	17,193	-	6	6
Internal Expenses	4,023	3,908	(115)	35,575	36,319	744	36,054	50,087	47,634	(1,079)	46,555
Overheads	0	0	0	0	0	0	0	0	(0)	-	(0)
<b>Total Expenses attributable to Operations</b>	<b>61,549</b>	<b>62,916</b>	<b>1,367</b>	<b>524,031</b>	<b>540,102</b>	<b>16,071</b>	<b>489,656</b>	<b>700,290</b>	<b>730,708</b>	<b>2,321</b>	<b>733,029</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>2,619</b>	<b>258</b>	<b>2,361</b>	<b>35,432</b>	<b>(2,032)</b>	<b>37,464</b>	<b>27,307</b>	<b>35,028</b>	<b>2,813</b>	<b>5,519</b>	<b>8,332</b>
Capital Grants	3,946	2,772	1,174	29,336	28,796	540	24,498	48,684	59,854	9,371	69,226
Capital Contributions	5,545	3,240	2,305	22,420	17,198	5,222	14,000	63,141	17,500	6,634	24,133
Grants and Contributions Capital Received	9,492	6,013	3,479	51,756	45,994	5,762	38,499	111,824	77,354	16,005	93,359
<b>Net Operating Result</b>	<b>12,111</b>	<b>6,270</b>	<b>5,840</b>	<b>87,188</b>	<b>43,962</b>	<b>43,226</b>	<b>65,805</b>	<b>146,852</b>	<b>80,167</b>	<b>21,524</b>	<b>101,691</b>

An overview of consolidated financial performance against budget, and variance analysis is as follows:

### Operating Revenue – \$21.4M favourable to YTD Budget

- **Rates +\$0.1M**  
Overall Rates are on track (within 0.1% of budget).
- **Annual charges +\$0.2M**

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Overall Annual charges are on track (within 0.2% of budget).

- **User charges +\$0.9M**
  - \$1.1M favourable variance in Trade Waste user charges.
  - \$0.3M favourable variance in Sewerage services user charges.
  - (\$0.5M) unfavourable variance in Water supply user charges.
  
- **Fees +\$3.0M**
  - \$1.7M favourable variance on RMS User Charges.
  - \$0.5M favourable variance in Pool Fees.
  - \$0.4M favourable variance in Tourist Park fees.
  - \$0.4M favourable variance from statutory and regulatory function fees.
  
- **Other revenue +\$6.3M**
  - \$5.1M favourable variance in unrealised gain on investments, floating rate notes and bonds. Net unrealised gain of \$4.2M March YTD.
  - \$0.6M favourable variance in fines income.
  - \$0.4M favourable variance in insurance recoveries.
  - \$0.2M favourable variance in miscellaneous sales income.
  
- **Interest +\$7.3M**

Favourable variance predominantly from an increased interest rate environment, hence receiving more interest on investments than budgeted.
  
- **Grants and contributions +\$4.0M**

Favourable, timing only difference relating to:

  - \$1.7M in operating grants relating to Bushfire and Emergency Services.
  - \$1.5M in operating grants relating to Environmental Programs.
  - \$0.7M in Financial Assistance Grant Top Up Payment (total grant to be received in 23/24 is still unknown).
  - \$0.3M in operating grants relating to Child Care.
  
- **Gain on Disposal +\$1.5M**
  - \$0.9M favourable variance from disposals of Operational land.
  - \$0.6M favourable variance from disposals of plant & equipment.
  
- **Other Income +\$0.4M**
  - \$0.3M favourable variance in Community Facilities rental income.
  - \$0.1M favourable variance in Commercial Rentals.

- **Internal revenue (\$2.3M)**
  - (\$0.8M) unfavourable variance in plant pool hire.
  - (\$0.4M) unfavourable variance in tipping fees.
  - (\$0.4M) unfavourable variance in plant and fleet permanent hire.
  - (\$0.3M) unfavourable variance in road rehabilitation income.
  - (\$0.2M) unfavourable variance in facilities management charges.
  - (\$0.2M) unfavourable variance in plant and fleet casual hire.

**Operating Expenses – \$16.1M favourable to YTD Budget**

- **Employee costs + \$4.0M**
  - \$4.0M favourable variance due to vacancies across multiple Units.
- **Borrowing costs + \$1.1M**
  - \$1.1M favourable variance due to timing differences only.
- **Materials and services + \$15.9M**
  - \$10.4M favourable variance in contract, labour hire and consultant costs.
  - \$2.1M favourable variance in materials purchased.
  - \$0.9M favourable variance in garbage collection.
  - \$0.7M favourable variance in software licenses, memberships and software expenses.
  - \$0.5M favourable variance in training costs.
  - \$0.4M favourable variance in green waste processing contract costs.
  - \$0.3M favourable variance in electricity and gas costs.
  - \$0.3M favourable variance in legal expenses.
  - \$0.2M favourable variance in postage expenses.
  - \$0.1M favourable variance in street lighting expenses.

Some of these variances are timing differences only.

- **Depreciation (\$1.0M)**

Overall depreciation are on track (within 0.7% of budget).
- **Other expenses + \$0.3M**

Overall other expenses are on track (within 0.8% of budget).
- **Loss on Disposal (\$4.9M)**

Unfavourable due to disposals of assets that were unbudgeted for, including:

  - Roads (\$2.2M)

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- Sewerage Network (\$1.1M)
- Stormwater Drainage (\$0.7M)
- Open Space/Recreation Assets (\$0.4M)
- Bridges (\$0.2M)
- Buildings (\$0.2M)
- Plant and Equipment (\$0.1M)
  
- *Internal expenses +\$0.7M*
  - \$1.1M favourable variance in Plant and Fleet Permanent Hire.
  - (\$0.4M) unfavourable variance in External Plant Hire.

### **Capital Items – \$5.8M favourable to YTD Budget**

- *Capital Grants +\$0.6M*  
Timing only difference relating to:
  - \$3.3M of capital grants relating to Parks, Gardens and Beaches.
  - \$2.8M of capital grants relating to Roads to Recovery.
  - (\$2.3M) of capital grants relating to RMS.
  - (\$3.2M) of multiple other capital grant categories.
  
- *Capital Contributions +\$5.2M*  
Favourable timing only differences relating to:
  - \$3.4M of Non-cash contributions in roads works, roads land, open space works, community facilities works and shire wide works.
  - \$1.1M of s7.12 capital contributions.
  - \$0.7M of other small amounts from multiple categories of capital contributions.

## Financial Performance by Fund

The following tables summarise the financial performance for the reporting period by Fund.

<b>Total General (+ Drainage &amp; Waste) Fund</b>											
<b>Operating Statement</b>											
March 2024											
	CURRENT MONTH			YEAR TO DATE				FULL YEAR			
	Actuals	Adopted Budget	Variance	Actuals	Adopted Budget	Variance	Last Year YTD Actuals	Last Year Actual	Original Budget	Adopted Changes	Year End Forecast
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating Income</b>											
Rates and Annual Charges	26,145	28,331	(2,186)	235,703	235,363	341	226,853	302,073	312,872	428	313,300
User Charges and Fees	6,513	6,335	(421)	58,318	55,274	3,044	58,093	79,306	72,227	988	73,216
Other Revenue	1,848	1,190	658	15,883	10,830	5,053	13,947	19,957	13,683	425	14,108
Interest	2,265	464	1,800	21,209	15,179	6,030	12,250	18,149	12,336	4,233	16,569
Grants and Contributions	1,887	1,780	106	20,073	16,139	3,935	19,456	56,253	49,880	(995)	48,885
Gain on Disposal	266	24	241	1,670	739	931	2,230	7,785	-	812	812
Other Income	945	890	54	7,674	7,258	416	7,273	9,752	8,763	855	9,618
Internal Revenue	4,679	4,621	58	39,590	41,913	(2,322)	43,084	59,248	58,030	(1,928)	56,102
<b>Total Income attributable to Operations</b>	<b>44,547</b>	<b>44,235</b>	<b>312</b>	<b>400,122</b>	<b>382,694</b>	<b>17,428</b>	<b>383,188</b>	<b>552,521</b>	<b>527,792</b>	<b>4,819</b>	<b>532,610</b>
<b>Operating Expenses</b>											
Employee Costs	12,696	12,332	(363)	115,413	120,052	4,640	109,256	156,491	163,347	(680)	162,667
Borrowing Costs	127	824	697	1,524	2,749	1,225	1,897	5,280	5,358	1,265	6,622
Materials and Services	14,862	17,881	3,019	128,535	141,863	13,329	127,877	181,380	190,650	741	191,391
Depreciation and Amortisation	10,435	9,499	(936)	87,064	86,423	(641)	75,841	102,748	113,759	3,564	117,323
Other Expenses	4,873	4,823	(50)	32,964	33,427	464	32,686	43,291	44,523	214	44,737
Loss on Disposal	232	-	(232)	3,680	6	(3,674)	2,976	15,015	-	6	6
Internal Expenses	2,861	2,873	12	26,172	26,490	318	27,398	37,851	35,857	(1,839)	34,018
Overheads	(2,067)	(2,067)	-	(18,600)	(18,600)	-	(16,995)	(20,067)	(24,801)	-	(24,801)
<b>Total Expenses attributable to Operations</b>	<b>44,018</b>	<b>46,164</b>	<b>2,146</b>	<b>376,751</b>	<b>392,412</b>	<b>15,661</b>	<b>360,934</b>	<b>521,989</b>	<b>528,692</b>	<b>3,271</b>	<b>531,963</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>530</b>	<b>(1,929)</b>	<b>2,458</b>	<b>23,371</b>	<b>(9,718)</b>	<b>33,089</b>	<b>22,253</b>	<b>30,533</b>	<b>(900)</b>	<b>1,547</b>	<b>647</b>
Capital Grants	3,170	1,782	1,389	21,446	20,751	695	14,535	30,264	35,318	22,013	57,330
Capital Contributions	5,031	2,800	2,231	17,557	12,589	4,968	8,463	54,647	10,964	7,239	18,203
<b>Grants and Contributions Capital Received</b>	<b>8,201</b>	<b>4,582</b>	<b>3,619</b>	<b>39,003</b>	<b>33,339</b>	<b>5,663</b>	<b>22,998</b>	<b>84,911</b>	<b>46,282</b>	<b>29,251</b>	<b>75,533</b>
<b>Net Operating Result</b>	<b>8,731</b>	<b>2,653</b>	<b>6,078</b>	<b>62,373</b>	<b>23,621</b>	<b>38,752</b>	<b>45,252</b>	<b>115,443</b>	<b>45,381</b>	<b>30,799</b>	<b>76,180</b>

<b>Total Water &amp; Sewer Fund</b>											
<b>Operating Statement</b>											
March 2024											
	CURRENT MONTH			YEAR TO DATE				FULL YEAR			
	Actuals	Adopted Budget	Variance	Actuals	Adopted Budget	Variance	Last Year YTD	Last Year Actual	Original Budget	Adopted Changes	Year End Forecast
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating Income</b>											
Rates and Annual Charges	9,734	9,897	(163)	79,348	79,300	47	64,115	87,209	108,584	(366)	108,218
User Charges and Fees	8,741	8,416	325	69,085	68,307	778	63,326	85,672	91,555	(1,000)	90,555
Other Revenue	121	-	121	1,200	-	1,200	1,060	1,130	-	-	-
Interest	833	408	425	7,070	5,818	1,251	3,618	5,739	2,908	4,195	7,103
Grants and Contributions	4	17	(13)	197	153	44	163	368	-	204	204
Gain on Disposal	-	-	-	602	-	602	-	-	-	-	-
Other Income	-	-	-	-	-	-	2	2	12	(12)	-
Internal Revenue	187	200	(13)	1,839	1,797	42	1,490	2,676	2,671	-	2,671
<b>Total Income attributable to Operations</b>	<b>19,621</b>	<b>18,938</b>	<b>682</b>	<b>159,341</b>	<b>155,376</b>	<b>3,965</b>	<b>133,774</b>	<b>182,796</b>	<b>205,729</b>	<b>3,021</b>	<b>208,750</b>
<b>Operating Expenses</b>											
Employee Costs	2,799	2,713	(85)	24,659	23,996	(663)	18,700	28,383	31,722	1,500	33,222
Borrowing Costs	552	543	(9)	5,639	5,541	(98)	5,895	7,794	8,389	(22)	8,367
Materials and Services	4,126	3,976	(150)	29,313	31,839	2,526	24,767	34,716	46,859	(2,644)	44,216
Depreciation and Amortisation	6,825	6,418	(407)	58,253	57,884	(369)	53,366	72,177	78,468	(544)	77,924
Other Expenses	-	-	-	199	-	(199)	342	752	-	-	-
Loss on Disposal	-	-	-	1,214	-	(1,214)	-	2,178	-	-	-
Internal Expenses	1,162	1,036	(127)	9,403	9,829	426	8,656	12,236	11,777	760	12,537
Overheads	2,067	2,067	-	18,600	18,600	-	16,995	20,067	24,801	-	24,801
<b>Total Expenses attributable to Operations</b>	<b>17,531</b>	<b>16,752</b>	<b>(779)</b>	<b>147,280</b>	<b>147,690</b>	<b>410</b>	<b>128,721</b>	<b>178,301</b>	<b>202,015</b>	<b>(950)</b>	<b>201,065</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>2,090</b>	<b>2,187</b>	<b>(97)</b>	<b>12,061</b>	<b>7,686</b>	<b>4,375</b>	<b>5,053</b>	<b>4,495</b>	<b>3,713</b>	<b>3,971</b>	<b>7,685</b>
Capital Grants	776	990	(214)	7,890	8,045	(155)	9,963	18,420	24,537	(12,641)	11,895
Capital Contributions	515	440	74	4,863	4,609	254	5,538	8,494	6,536	(605)	5,331
<b>Grants and Contributions Capital Received</b>	<b>1,291</b>	<b>1,431</b>	<b>(140)</b>	<b>12,753</b>	<b>12,655</b>	<b>99</b>	<b>15,501</b>	<b>26,913</b>	<b>31,072</b>	<b>(13,246)</b>	<b>17,826</b>
<b>Net Operating Result</b>	<b>3,380</b>	<b>3,617</b>	<b>(237)</b>	<b>24,814</b>	<b>20,341</b>	<b>4,474</b>	<b>20,554</b>	<b>31,409</b>	<b>34,786</b>	<b>(9,275)</b>	<b>25,511</b>

## Financial Performance Benchmarks

Below is a summary of Council's performance, on a consolidated basis against main industry financial performance benchmarks set by the Office of Local Government.

<i>Financial Performance Ratio</i>	<i>Industry Benchmark</i>	<i>Ratio as at 31/03/24</i>
Operating Performance Ratio	> 0%	<b>7.6%</b>
Own Source operating Revenue Ratio	> 60%	<b>87.2%</b>
Unrestricted Current Ratio	> 1.5x	<b>4.5x</b>
Cash Expense Cover Ratio	> 3 months	<b>6.9 months</b>
Buildings and Infrastructure Renewals Ratio	> = 100%	<b>85.9%</b> (year to date)

As at the end of the March 2024, on a consolidated basis, Council exceeded the mandated benchmark for the operating result, achieving 7.6%.

Council has also performed favourably against the unrestricted current ratio, achieving 4.5x against a benchmark of > 1.5x. This ratio considers all assets and liabilities, including cash. Council maintained positive performance regarding the cash expense cover. Council is in a strong liquidity position.

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As at 31 March 2024, Council was tracking well to meet the building and infrastructure renewals benchmark by the end of the financial year.

### Cash and Investments

Details on cash and investments as at March 2024 is included in the Monthly Investment Report March 2024, included as a separate report in this business paper.

### Restricted Funds

A summary of restricted and unrestricted funds is as follows:

<b>Fund</b>	<b>General Fund</b>	<b>Drainage Fund</b>	<b>Consolidated General Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Domestic Waste Fund</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>
External Restricted Funds	226,620	38,834	265,454	17,725	28,695	106,001
Internal Restricted Funds	116,382	68	116,450	974	935	45
<b>Total Restricted Funds</b>	<b>343,002</b>	<b>38,902</b>	<b>381,904</b>	<b>18,699</b>	<b>29,630</b>	<b>106,046</b>
Unrestricted Funds	85,844	(33,681)	52,163	12,058	130,433	15,605
<b>Total funds by Fund</b>	<b>428,846</b>	<b>5,221</b>	<b>434,067</b>	<b>30,757</b>	<b>160,064</b>	<b>121,651</b>

Details on Council's restriction balances as at March 2024 is included in the Monthly Investment Report March 2024, included as a separate report in this business paper.

### Emergency Loans

In 2020 Council obtained emergency loans totalling \$150M. These loans were required to finance Council's working capital, cash reserves, maturing debt facilities and capital expenditure.

In December 2023, the \$100M Emergency Loan was settled and repaid in full, extinguishing the requirement to refinance any amount.

Council will continue to internally restrict funds with the aim of settling the remaining \$50M in November 2025, without the need to refinance any amount. The interest rates environment will be monitored and the timing and amount of any repayment or extinguishment of the loan will be optimised accordingly.

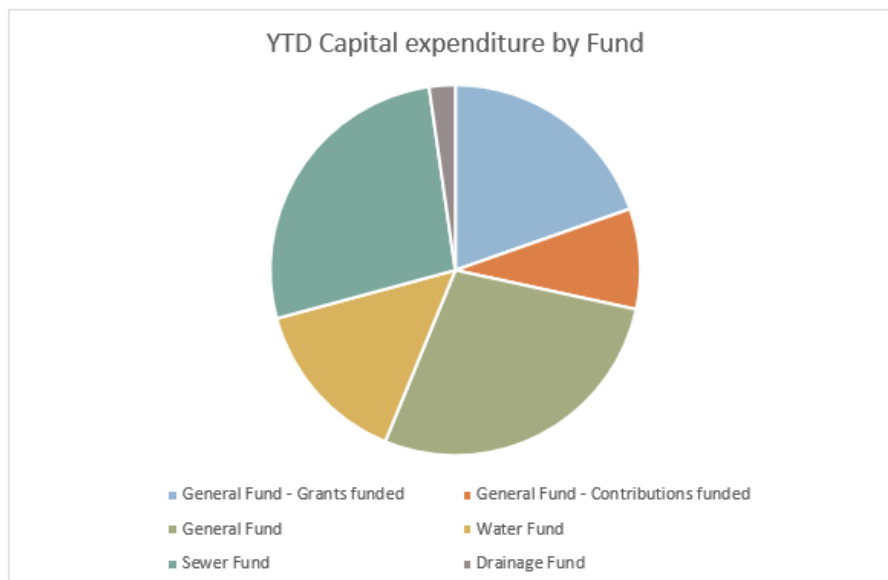
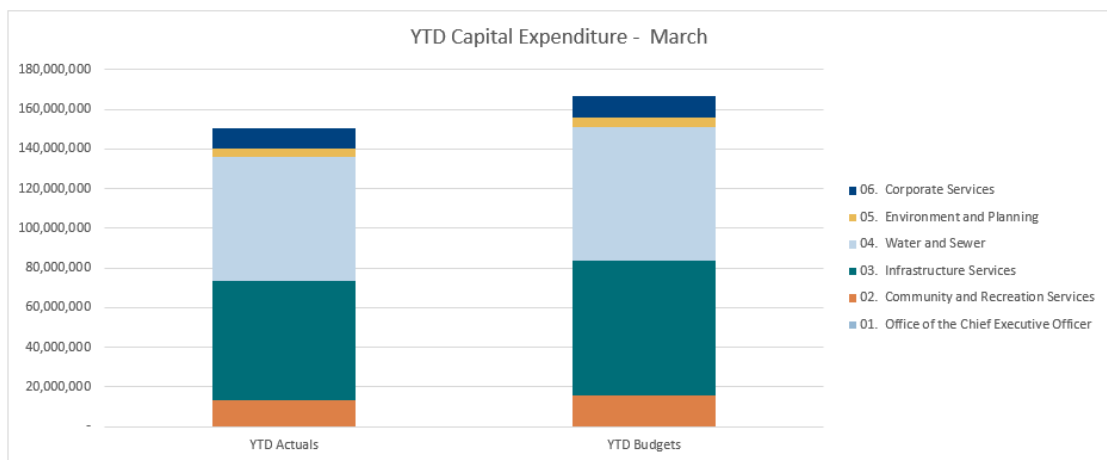


## 2.1 Monthly Finance Report March 2024 (cont'd)

### Capital Works

As at 31 March 2024 capital expenditure is \$150.5M against a YTD budget of \$166.6M for the same period, and a 2023/2024 FY budget of \$254.8M.

Department	YTD Actuals	YTD Budgets	YTD Variance	YTD Variance %	Full Year Approved Budget
01. Office of the Chief Executive Officer	-	-	-	-	-
02. Community and Recreation Services	13,113,458	15,783,327	2,669,870	83.1%	25,592,876
03. Infrastructure Services	60,583,396	68,054,429	7,471,033	89.0%	107,094,893
04. Water and Sewer	62,511,909	67,080,725	4,568,816	93.2%	92,767,565
05. Environment and Planning	3,953,271	5,153,584	1,200,313	76.7%	11,142,489
06. Corporate Services	10,356,341	10,533,771	177,430	98.3%	18,236,000
<b>Total</b>	<b>150,518,375</b>	<b>166,605,836</b>	<b>16,087,461</b>	<b>90.3%</b>	<b>254,833,824</b>



*Narara Community Centre - Community solar battery*

Council note the partnership with Ausgrid to install a large Community solar battery at the Narara Community Centre. The battery is fully funded, owned and maintained by Ausgrid. One of the main drivers for Ausgrid to install the battery in that location is to allow more solar into the network from the surrounding residents, schools, commercial and community buildings. As part of the project, to demonstrate the benefits of the battery, Ausgrid have agreed to fully fund a solar PV system at Narara Community Centre and donate the system to Council. Council will deliver the projects and invoice Ausgrid. The cost of works is \$24,000 with an annual depreciation of \$1,200 to Council.

**Link to Community Strategic Plan**

Theme 4: Responsible

**Goal G: Good governance and great partnerships**

R-G2: Engage and communicate openly and honestly with the community to build a relationship based on trust, transparency, respect and use community participation and feedback to inform decision making.

**Attachments**

Nil