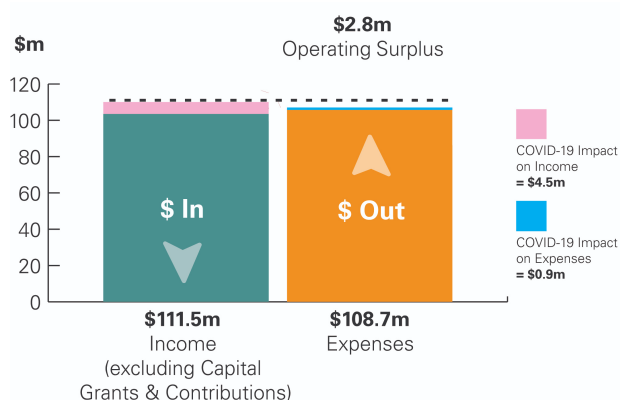


Quarterly Budget Review Update

March 2022

Council reports its financial results on a quarterly basis (in September, December and March) and revises its estimate of income and expenditure for that financial year. The Quarterly Budget Review was presented to the Finance Community & Services Committee on 2 May 2022 and the recommendation was for adoption by Council at their meeting on 23 May 2022. Our December Quarterly Budget Review for 2021-2022 anticipated an operating deficit result of \$6.8 million. Following our March review we have revised this to an operating surplus result for the year of \$2.8 million. However this includes one-off accounting adjustments which, when adjusted, results in deficit of \$8.8 million. This is an increase of \$2 million from the December 2021 forecast which is primarily due to redundancy costs following a staffing review. The staffing review is expected to deliver annual savings in future years of \$2.37 million.



Forecast operating result

The March Quarterly Budget Review incorporates both COVID-19 related impacts as well as other items impacting on Council's budget. Aside from the COVID-19 impacts there are two significant items impacting on the March Quarterly Budget Review:

- A fair value increment on investment properties of +\$11.66m following the annual valuations of Council's investment properties. It should be noted that this is an accounting adjustment only, is a non cash item and is excluded from the calculation of Council's Operating Performance Ratio.
- Council has recently completed a staffing review and this quarterly budget review includes one-off redundancy costs of \$2.99m and salary savings of \$413k as the majority of staff impacted are leaving Council in March, April, May and June 2022. This staffing review is expected to deliver annual savings of \$2.37m.

Our operating performance

There are a number of financial ratios which Council uses to monitor its financial health and performance. These are also required by the Office of Local Government (OLG) who have set benchmarks against which they are measured.

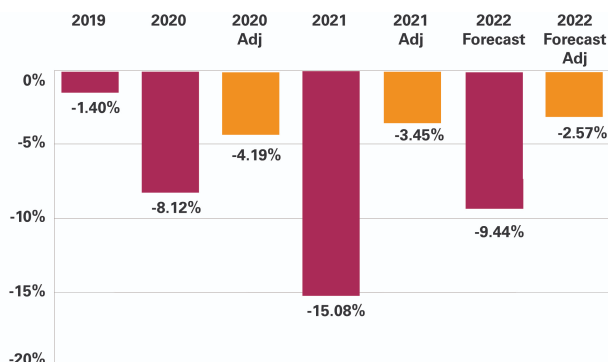
One of these ratios is the Operating Performance Ratio and is an indication of Council's continued capacity to meet on-going expenditure requirements. In other words it shows us if we have enough ongoing income to cover our ongoing expenses. The OLG benchmark is that it should be greater than 0%. Our current budget forecast for 2021/22, adjusted for COVID-19 and the one-off redundancy costs anticipates a ratio of -2.57% which does not meet the required benchmark.

Whilst we have been able to use a range of cash reserves that we had in place, to enable us to minimise the impact of the deficit position and maintain our levels of service to the community, our cash reserves are limited, so we need to continue to take proactive action to [improve our financial sustainability](#).

Council is undertaking Productivity Improvements/ Service Reviews to identify areas of the business where cost savings or income generation could be achieved without reducing our commitment to service. In relation to these, Council has undertaken a staffing review and in the March quarterly budget review includes one-off redundancy costs of \$2.99m and salary savings of \$413k as the majority of staff impacted are departing Council in March, April, May and June 2022. This staffing review is expected to deliver annual savings of \$2.37m.

These savings are in addition to the \$442,000 of cost reductions factored into the December quarterly budget review (annual impact of those cost reductions is \$511,000).

The expected annual savings from all of these cost reductions is \$2.88m.





March 2022 progress reports

A detailed quarterly budget review report as at the end of March 2022 was presented to the Finance Community & Services Committee on 2 May 2022 and the recommendation was for adoption by Council at their meeting on 23 May 2022. This provides more detailed information of Council's revised budget for 2021-2022 including the changes that were made. A copy of the report can be found [here](#).

We have also included below a chart which shows the breakdown of our income and expenses following our March review. Over the coming months we will be expanding this information so you will be able to see more detail of how much we spend on each of key services that Council provides. Examples of these are our libraries, our environment, our parks, trees and recreation areas.

Council also reviews its Capital Budget each quarter and reports this together with an update on the progress of each project. These reports are available to view [here](#).

← Back History Reset

Broken down by

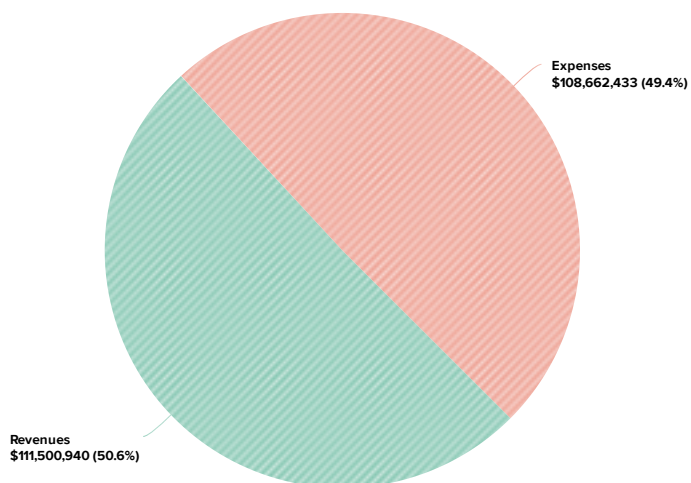
Types

Visualization



Sort Large to Small

- Revenues
- Expenses





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