



Financial Performance Report

March 2021

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Section 1- Financial Performance Statement

For the period 1 July 2020 to 31 March 2021

	Note	YTD ACTUAL \$'000	YTD FORECAST \$'000	YTD VARIANCE \$'000	ANNUAL FORECAST \$'000	ANNUAL ADJUSTED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
INCOME							
Rates and charges		34,000	34,053	(53)	45,252	45,252	45,252
Statutory fees and fines		783	743	40	960	960	960
User fees	1	2,556	2,701	(145)	4,251	4,387	4,387
Grants - operating	2	6,299	5,566	733	7,836	7,122	7,862
Grants - capital	3	5,983	7,757	(1,774)	15,631	9,989	9,617
Contributions							
- monetary	4	1,164	920	244	1,034	982	896
Contributions							
- non monetary		1,819	1,819	0	1,819	404	404
Net gain on disposal of PIPE		136	472	(336)	681	471	257
Other income	5	1,139	1,411	(272)	1,728	1,771	1,771
Total Income		53,879	55,442	(1,563)	79,192	71,338	71,406
EXPENSES							
Employee costs		19,734	19,988	254	26,807	26,330	26,330
Materials and consumables	6	15,343	18,405	3,062	24,808	24,223	23,475
Depreciation		9,239	9,912	673	13,219	12,229	12,229
Borrowing costs		10	8	(2)	14	37	37
Other expenses		2,542	2,236	(306)	2,854	2,864	2,864
Total Expenses		46,868	50,549	3,681	67,702	65,683	64,935
Net Surplus / (Deficit)		7,011	4,893	2,118	11,490	5,655	6,471

1.1 Overview

The surplus as at 31 March 2020 is favourable to forecast by \$2.1 million. This is largely due to lower expenditure across the organisation in

- Materials and consumables are underspent across all areas, mainly in Sustainable Infrastructure (\$1.548 million) and Economic and Community Development (\$0.788 million).

Partly offsetting this favourable variance is lower Capital Grants than forecast (\$1.774 million) due to the timing of recognition of income and will resolve during the financial year.

Capital works expenditure is tracking at \$18.703 million as compared to the year to date forecast of \$22.948 million, mainly due to timing of plant and machinery purchases and infrastructure works.

The Local Government Act 2020 requires that the second quarterly report of a financial year must include a statement by the CEO as to whether a revised budget is required. There is no indication that a revised budget will need to be adopted for the 2020/21 financial year.

1.2 Budget Information

- The Annual Original Budget referred to in the report is the budget adopted by Council at the meeting on 24 June 2020
- The Amended Budget is the Annual Original Budget plus carry forwards from 2019/20
- The Annual Forecast includes any adjustments identified since the adoption of the budget
- The Year to Date Forecast represents the phased Annual Forecast to 31 March 2020.

1.3 Notes to the Financial Performance Statement

A1. Operating Income

The chart below shows the categories of operating income against their respective year to date forecasts.

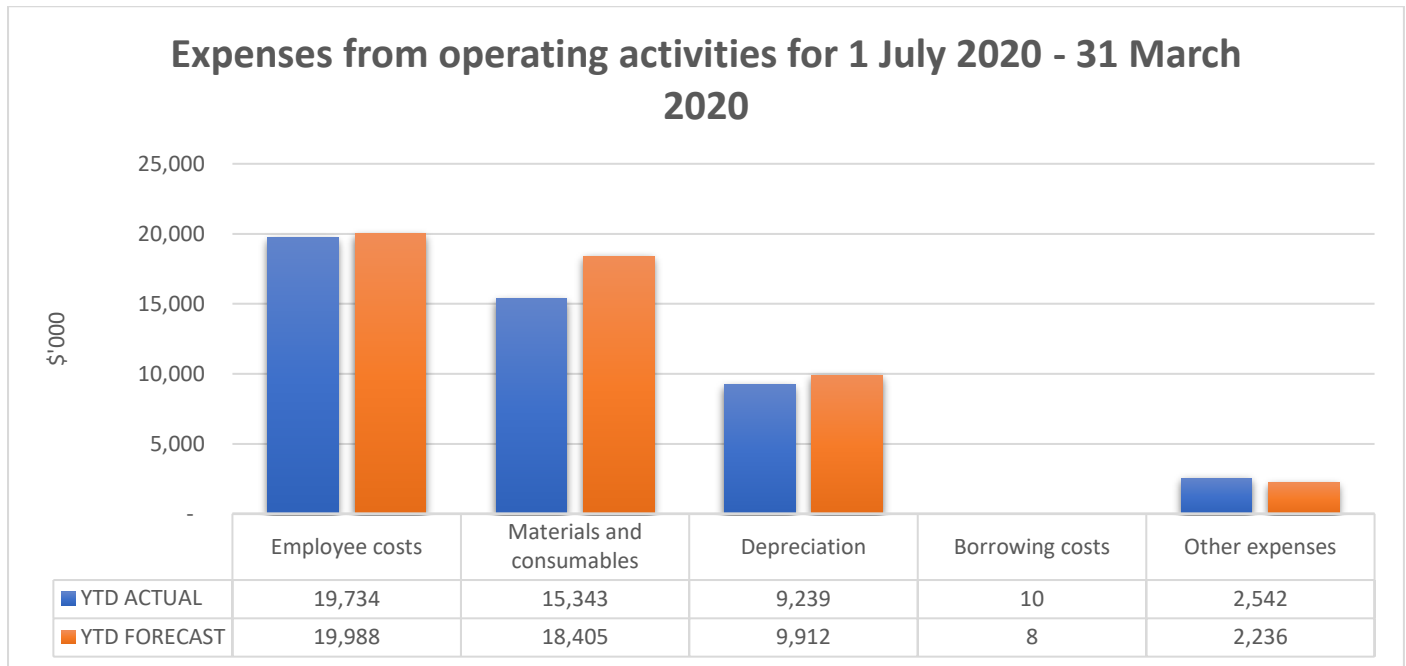


Income for the period ended 31 March 2021 is unfavourable against forecast. This is primarily due to the following:

1. **Unfavourable – User fees (\$145K):** Reduced income due to the closure of facilities such as Coal Creek and Caravan Parks due to COVID-19.
2. **Favourable – Grants – operating \$733K:** Due to receiving a number of grants that were not budgeted for or were received earlier than expected, including Working for Victoria (\$433K) and community safety department(\$311K). For community safety department, when there is a major storm happened, we are able claiming the cost of this natural disaster.
3. **Unfavourable – Grants – capital (\$1.7M):** Due to deferring unearned grant income for the first quarter of 2020/21 (\$2M). This should largely correct itself over the financial year as the various related capital works projects are completed.
4. **Favourable – Contributions – monetary \$244K:** Largely due to open space contributions being significantly above budget by \$152K as well as unearned revenue back out (AASB 15) by \$82K, which shows that the unearned revenue is recognized after the milestone point.
5. **Unfavourable – other income (\$272K):** Mainly due to the reduced interest received by \$159K as the interest rate remains at the lowest level in Australia history.

A.2 Operating Expenses

The chart below shows the categories of operating expenses against their respective year to date forecasts.



Operating expenses for the period ended 31 March 2021 is favourable against budget. This is primarily due to the following:

Materials and consumables (\$3.1 million favourable): Overall underspend is due to timing of expenses across a number of areas. Major variances include:

- Favourable – COVID-19 Costs \$1.1M: The budget for COVID related expenditure is included in materials and services, however actual expenditure is in other expenses.
- Favourable – Plant \$1.2M: Timing of plant purchases

1.4 Capital Works Statement

As at 31 March 2021

	Note	YTD ACTUAL \$'000	YTD FORECAST \$'000	YTD Variance \$'000	ANNUAL FORECAST \$'000	ANNUAL ADJUSTED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Property							
Buildings	1	682	1,280	(598)	8,982	7,482	7,031
Total Property		682	1,280	(598)	8,982	7,482	7,031
Plant and equipment							
Plant, machinery and equipment	2	1,507	2,970	(1,463)	3,868	3,778	3,659
Computers and telecommunications	3	566	1,283	(717)	2,242	2,277	763
Total Plant and Equipment		2,073	4,253	(2,180)	6,110	6,055	4,422
Infrastructure							
Roads	4	6,410	5,922	488	14,227	10,600	10,325
Bridges		486	471	15	968	968	974
Major culverts	5	182	1,003	(821)	686	686	686
Footpaths and cycleways		1,111	1,644	(533)	4,131	4,131	4,053
Drainage		25	22	3	108	108	86
Land stabilisation		30	0	30	0	0	0
Waste		20	18	2	82	0	0
Other infrastructure	6	7,684	8,335	(651)	12,300	12,300	12,052
Total Infrastructure		15,948	17,415	(1,467)	32,502	28,793	28,176
Total Capital Works Expenditure		18,703	22,948	(4,245)	47,594	42,330	39,629

Notes to the Capital Works Statement:

- Under budget – Buildings (\$598K):** Due to Foster Indoor Stadium Redevelopment Project (\$388K) and other refurbishment work (\$74K) behind schedule.
- Under budget – Plant, machinery and equipment (\$1.4M):** Due to plant equipment being delivered later than anticipated.
- Under budget – Computers and telecommunications (\$717K):** Due to slower purchases than originally planned.
- Over budget – Roads \$488K:** Due to road reseal incur the cost over the budget by \$483K due to timing.
- Under budget – Major culverts (\$821K):** Major culverts renewal project will start in the later months.
- Under budget – Other infrastructure (\$651K):** Due to a number of projects including Yanakie Caravan Park (\$387K due to project not yet commencing) and Pool Refurbishment-Mirboo North (\$565K due to works previously being delayed).

1.5 Treasury

1.5.1 Cash Position

Cash and investment holdings total \$44.798 million which has increased by \$6.652 million since 30 June 2020. Total cash and investment holdings are made up of operating cash (\$25.551 million) and restricted cash (\$19.247 million). Total cash flows for the period ended 31 March was a positive result of \$12.518 million.

Restricted Cash includes:

- Carry forward projects \$18.054 million
- Trust funds and deposits \$0.920 million
- Reserves \$0.273 million

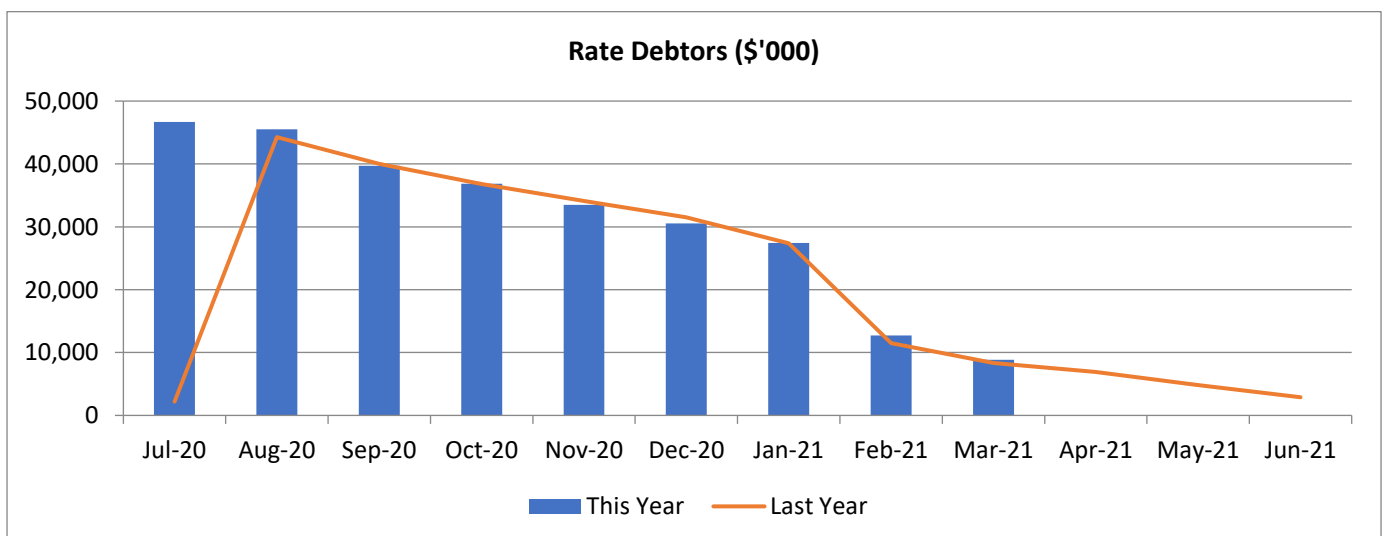
The average current interest rate on the term-deposits held is 0.6%.

		\$'000
Cash	General Bank Accounts	9,321
	Call Accounts and term deposits	3,195
	Petty Cash / Floats	2
		12,518
Investments	BOQ	1,000
	AMP	5,000
	NAB	6,000
	BENADL	6,279
	MACQUARIE	7,000
	AMB	1,000
	INA	6,000
	32,279	

1.5.2 Debtors

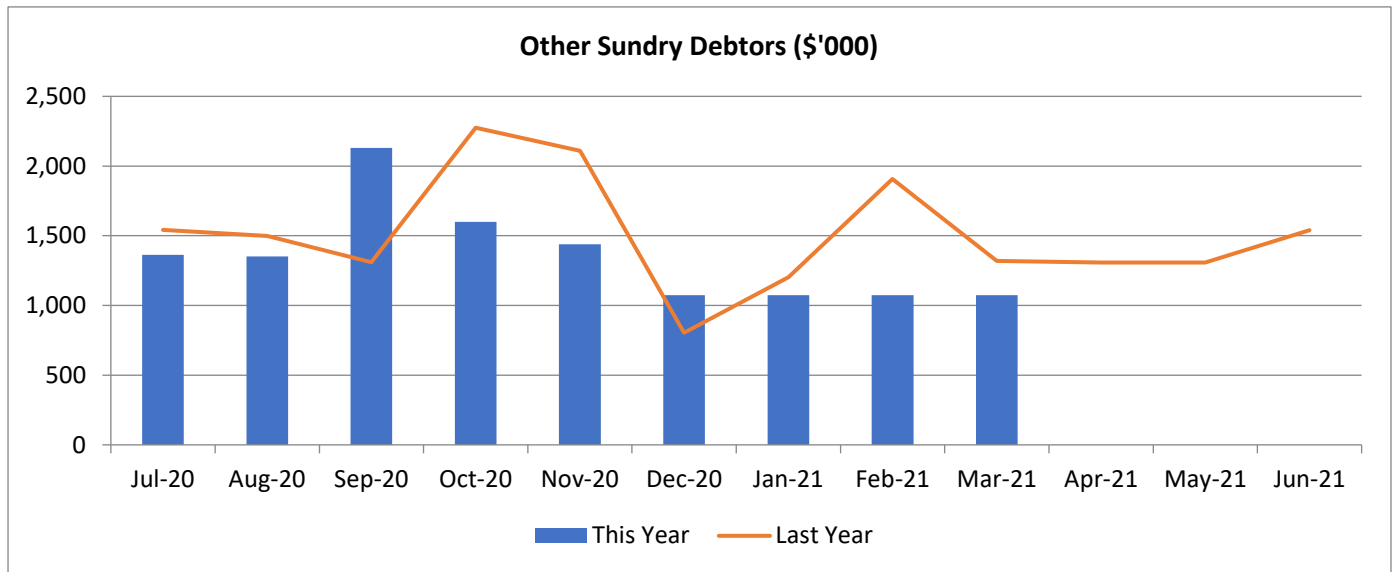
Rates Debtors

Total receivables are \$12.0M as at 31 March, with Rates debtors \$8.864 and other debtors \$0.982M. The balance of \$2.182M being other receivables such as GST, grants receivable and other unearned income. The outstanding rates balance has increased by \$0.5M (3%) from the same period last year.

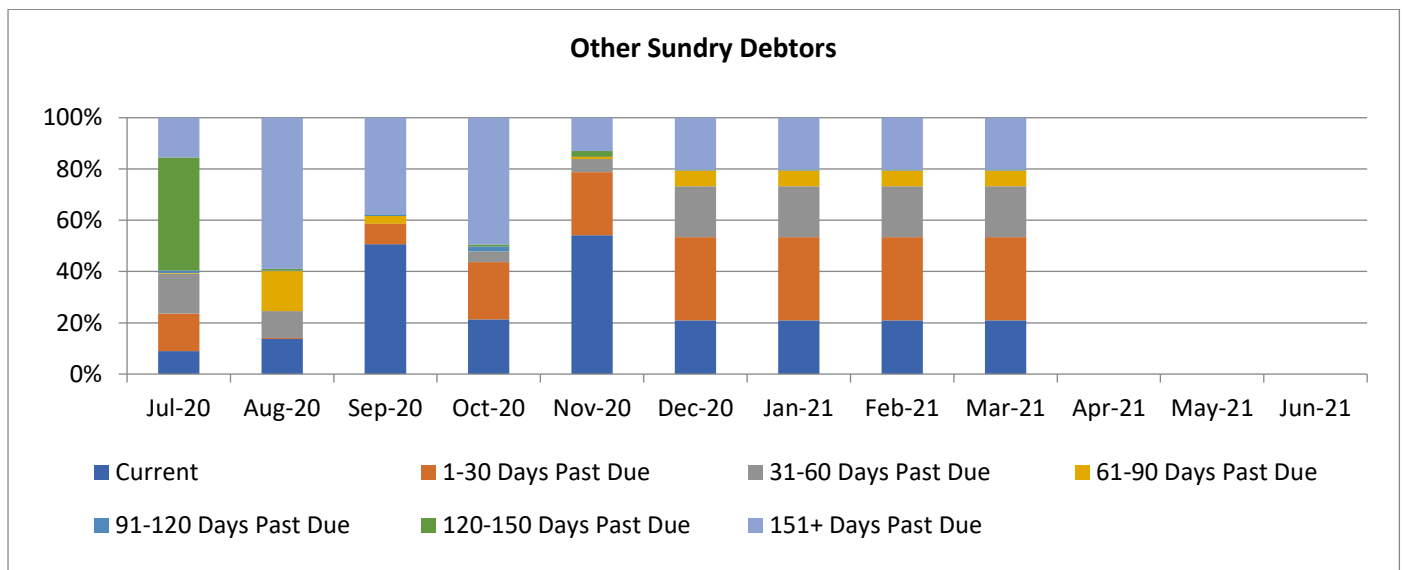


Other Sundry Debtors

The outstanding other sundry debtors balance as at 31 March 2021 is \$0.982M as compared to 31 March 2020 which was \$0.8M.



Approximately 21% of other sundry debtors outstanding are current. The largest invoices outstanding greater than 151 Days Past Due are Ausnet \$29K, Vic Roads \$14K, NBN \$12K, Veolia \$11K & Department of Transport \$8K. Former Caravan Park permit holders make up a large proportion of the remaining outstanding balances greater than 151 Days Past Due, these balances have been allowed for in the provision for doubtful debts.



Section 2 – Financial Statements

2.1 Balance Sheet as at 31 March 2021

	Notes	YTD Actual March 2021 \$'000	YTD Actual March 2020 \$'000	Year over Year Variance		Original Budget June 2021 \$'000
				\$'000	%	
Current Assets						
Cash and cash equivalents	1	12,518	6,301	6,217	99%	8,192
Trade and other receivables		12,029	11,526	503	4%	5,518
Other financial assets	2	32,280	33,277	(997)	-3%	7,273
Inventories		219	209	10	5%	240
Other assets		10	0	10	100%	58
Total Current Assets		57,056	51,313	5,743	11%	21,281
Non-Current Assets						
Investments in associates and joint ventures		1,542	1,359	183	13%	1,358
Property, infrastructure, plant and Right-of-use-assets		567,472	557,294	10,178	2%	586,083
Investment property		125	189	(64)	-34%	80
		619	586	33	6%	587
Total Non-Current Assets		569,758	559,428	10,330	2%	588,108
TOTAL ASSETS		626,814	610,741	16,073	3%	609,389
Current Liabilities						
Trade and other payables	3	7,581	5,027	(2,554)	-51%	5,652
Trust funds and deposits		920	832	(88)	-11%	1,025
Provisions		6,225	5,946	(279)	-5%	5,976
Interest-bearing loans and borrowings	4	347	0	(347)	100%	350
Lease liabilities		38	36	(2)	-6%	83
Unearned rates revenue		11,195	10,852	(343)	-3%	0
Total Current Liabilities		26,306	22,693	(3,613)	100%	13,086
Non-Current Liabilities						
Provisions	5	4,392	3,749	(643)	-17%	3,799
Interest-bearing loans and borrowings	6	3,138	0	(3,138)	100%	2,935
Lease liabilities		79	156	77	49%	0
Total Non-Current Liabilities		7,609	3,905	(3,704)	-95%	6,734
TOTAL LIABILITIES		33,915	26,598	(7,317)	-28%	19,820
NET ASSETS		592,899	584,144	8,756	1%	589,569
Equity						
Accumulated Surplus		234,650	233,121	1,529	1%	241,110
Asset Revaluation Reserve		357,976	349,395	8,581	2%	348,149
Other Reserves	7	273	1,628	(1,355)	-83%	310
TOTAL EQUITY		592,899	584,144	8,756	1%	589,569

2.2 Statement of Cash flows for the period 1 July 2020 to 31 March 2021

	Notes	YTD Actual \$'000	Annual Forecast \$'000	Annual Original Budget \$'000	Full Year Forecast Variance \$'000	%
CASH FLOWS FROM OPERATING ACTIVITIES	C1					
Rates and charges		39,093	45,252	45,252	0	0%
Statutory fees and fines		783	991	960	31	3%
User fees		3,223	4,241	4,387	(146)	-3%
Grants - operating		8,192	7,826	7,862	(36)	0%
Grants - capital		5,983	17,511	9,617	7,894	82% 1
Contributions - monetary		1,164	1,030	896	134	15% 2
Interest received		435	550	550	0	0%
Other receipts		886	1,371	1,221	150	12%
Employee costs		(20,102)	(27,125)	(26,223)	(902)	3%
Materials and services		(15,404)	(24,794)	(23,475)	(1,319)	6% 3
Other payments		(2,542)	(2,786)	(2,864)	78	-3%
Net cash provided by (used in) operating activities		21,711	24,067	18,183	5,884	32%
CASH FLOWS FROM INVESTING ACTIVITIES	C2					
Payments for property, infrastructure, plant & equipment		(18,703)	(39,050)	(39,629)	579	-1%
Proceeds from sale of property, infrastructure, plant & equipment		397	1,328	904	424	47% 4
Payments for / from Other Financial Assets		(1,280)	14,000	5,000	9,000	180% 5
Net cash provided by (used in) investing activities		(19,586)	(23,722)	(33,725)	10,003	-30%
CASH FLOWS FROM FINANCING ACTIVITIES	C3					
Finance costs		(6)	(14)	(37)	23	-62%
Proceeds from borrowings		2,788	2,788	3,600	(812)	-23% 6
Repayment of borrowings		(115)	(263)	(315)	52	-17% 7
Repayment of leases		(67)	(87)	(87)	0	0%
Net cash provided by (used in) financing activities		2,600	2,424	3,161	(737)	-23%
Net increase (decrease) in cash and cash equivalents		4,725	2,740	(12,381)	15,121	-122%
Cash and cash equivalents at the beginning of the financial year	C 4	7,792	7,792	20,573	(12,781)	-62% 8
Cash and cash equivalents at the end of the period		12,518	10,532	8,192	2,340	29%

2.3 Notes to the Financial Statements

2.3.1 Balance Sheet

Council's net assets are valued at \$592,899 million as at the end of March 2021.

Year over Year variances

- Favourable – Cash and cash equivalents (\$6.2M):** The variances in cash and cash equivalents is offset by the variance in other financial assets due to investment maturity timing and timing of capital projects.
- Unfavourable – Other financial assets \$997K:** The variance is offset by the variance in cash and cash equivalents due to timing of investment maturities.
- Unfavourable – Trade and other payables (\$2.5M):** Made up of higher unearned grant revenue by \$2.8M. The unearned grant revenue should correct itself by the end of the year as the various capital projects are completed.
- Unfavourable – Current Interest-bearing loans and borrowings (\$347K):** Made up of the current portion of the Mirboo North Pool loan, construction drawings were converted to a loan in November 2020. Payments begin December 2020.
- Unfavourable – Non-Current Provisions (\$643K):** Increase in non-current provision is largely due to a reclassification between current and non-current long service leave provision at 30 June 2020. Overall both current and non-current provisions have increased as a result of more leave being accrued than taken.

6. **Unfavourable – Non-Current Interest-bearing loans and borrowings (\$3.2M):** Long-term portion of the Mirboo North Pool loan, construction drawings were converted to a loan in November 2020. The budget would occur in the near future.
7. **Unfavourable – Other Reserves (\$1.3M):** Largely due to transferring Loan Reserve of \$3.4M to accumulated surplus to pay the loan that matured in November 2019. In addition, the General Reserve was been reduced by \$1.9M in June 2020 to help fund the upcoming capital expenditures expected in 2020-21.

2.3.2 Cash flow Statement

Full Year Forecast to Full Year Original 2020/21 Budget Variances:

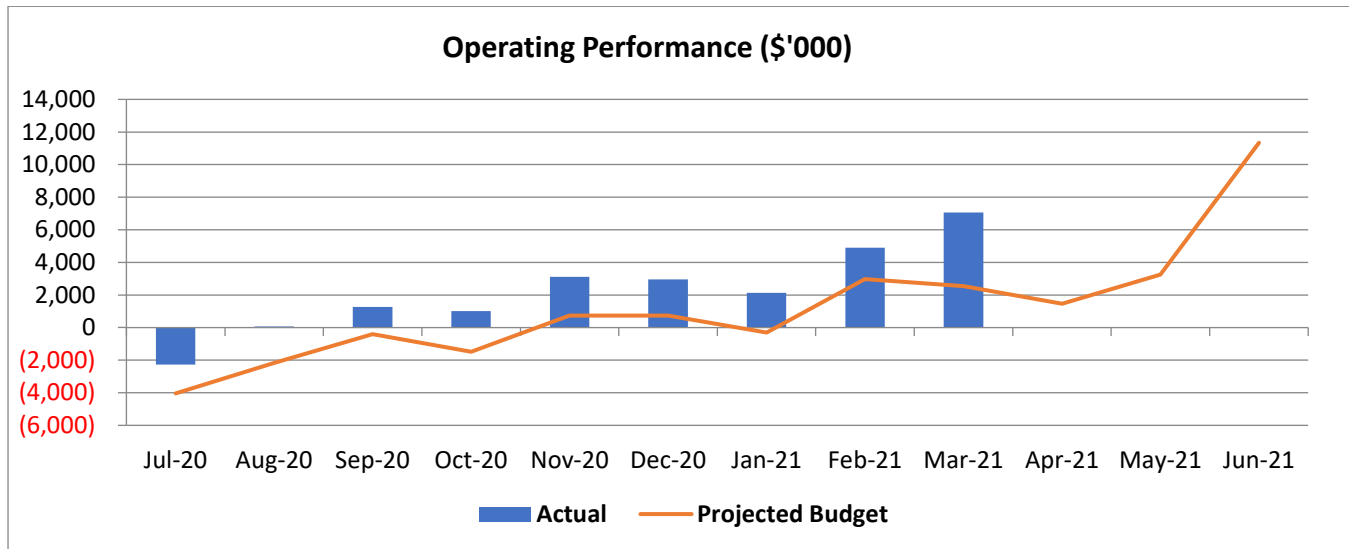
8. **Favourable cash flows from Grants** – Capital \$7.8 M: Due largely to new grants for the Foster Indoor Stadium Redevelopment project (\$2M) and for the August 2019 Flood Event (\$3.4M).
9. **Favourable cash flows from Contributions** – monetary \$134K: Largely due to carry forwards from 2019-20 because the projects are in current year.
10. **Unfavourable cash flows from materials and services (\$1.3M):** Due to carry forwards from 2019-20 of \$748K and additional projected materials and services of \$585K.
11. **Favourable cash flows from proceeds from sale of property, infrastructure, plant & equipment \$424K:** Due to updating forecast based on detailed plant and fleet replacement program.
12. **Favourable cash flows from payments for/from Other Financial Assets \$9M:** Reclassification of cash anticipated investments greater than 90 days to be held at 30 June.
13. **Unfavourable cash flows from proceeds from borrowings (\$812K):** Due to the original budget including the full drawdown of the construction loan for the Mirboo North Pool, however \$812K was received in 2019-20. The budgeted drawdown of the loan for Mirboo North pool occurred earlier than expected in the prior financial year”
14. **Favourable cash flows for repayment of borrowings \$52K:** Due to the original budget projecting repayments starting 1 July 2020, and has since been updated to 1 January 2021.
15. **Unfavourable Cash and cash equivalents at the beginning of the financial year (\$12.8M):** The original budget assumed cash and cash equivalents at the beginning of the financial year of \$20.6M. The actual beginning cash and cash equivalents was \$7.8M the classification of additional term-deposit investments estimated as at 30th June (payments for/ from Other Financial Assets).

Section 3 - Annual Year to Date Financial Analysis

This section analyses the implications of the year to date performance and the projected outcome for the financial year.

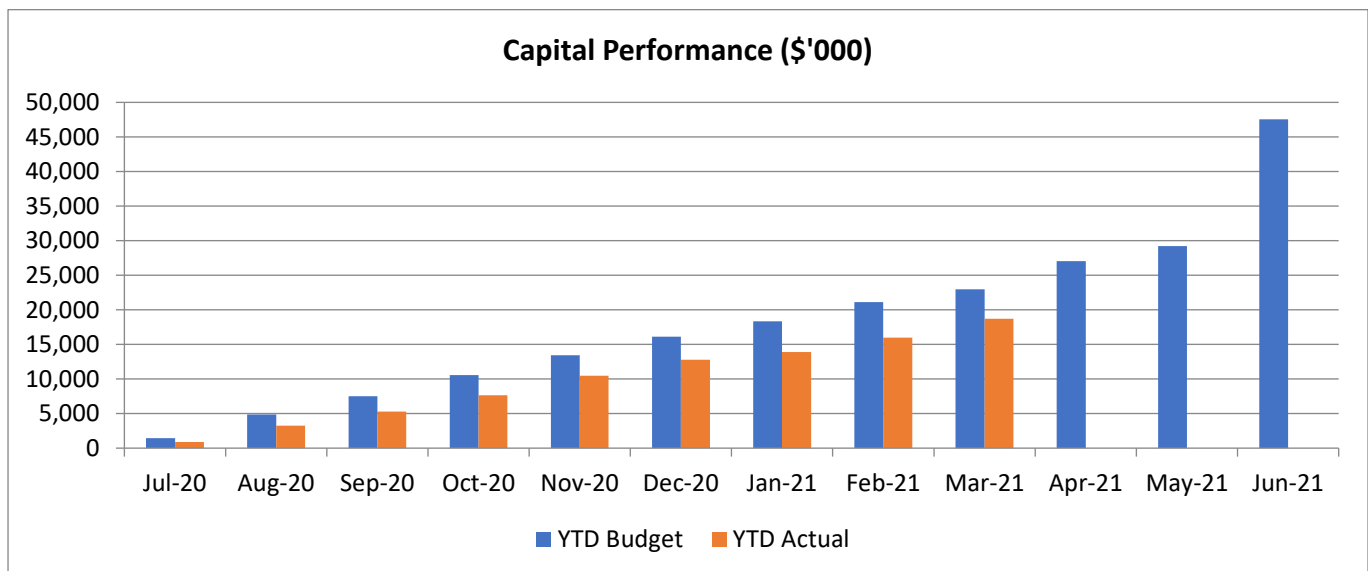
3.1 Operating Performance

The operating result is a \$7.0M surplus for the period July 2020 to March 2021. This is a favourable variation of \$4.5M compared to the projected budget surplus of \$2.5M for the period July 2020 to March 2021. Further detail can be found on the Income Statement for the period ended 31 March 2021.



3.2 Capital Performance

The capital expenditure is \$18.7M for the period July 2020 to March 2021. This is \$4.2M behind the projected budget of \$22.9M for the period July 2020 to March 2021. Further detail can be found on the Statement of Capital Works for the period ended 31 March 2021.



3.3 Financial Ratios

Council manages its Long-Term Financial position continuously by reference to a number of strategic financial indicators. These indicators form part of Council's Long-Term Financial Strategies and are listed below.

The following financial indicators are used as measures for the 2020/21 Annual Budget:

- Underlying result >0%
- Underlying working capital ratio >1.25
- Sustainability Index >95%
- Indebtedness < 40%
- Total Debt as a % of Rate revenue <60%
- Debt servicing costs as a % of Total revenue <5%

Underlying Result

Measures strength of financial result and compares recurrent income and expenditure. The underlying result does not include developer contributions, special rates income or recurring capital grants.

	Original Budget 2020/21	Forecast 2020/21
Underlying Result (\$'000)	(4,220)	(6,835)
Underlying Result %	-6.95%	-11.17%

The target for this financial indicator is > 0%. The forecast is targeted to be in the red zone (< -10%) largely as a result of \$5.5M of the VGC allocation for 2020/21 being recognized in 2019/20 as it was received in May 2020. This does not present any strategic concerns for future years, and all of the future years of the LFTP are currently in the green zone.

Underlying Working Capital Ratio

Measures ability to pay existing liabilities. It is calculated as current assets over current liabilities

	Original Budget 2020/21	Forecast 2020/21
Working Capital Ratio	1.60	2.48

The target for this financial indicator is > 1.25. Council has low risk of not being able to meet obligations when they are due.

Sustainability Index

Measures level of spending on assets. It is calculated as property and infrastructure renewal and upgrade spending over related depreciation.

	Original Budget 2020/21	Forecast 2020/21
Sustainability Index	2.82	2.61

The target for this financial indicator is > 1. Council has low risk that they are not spending enough on capital asset renewals and upgrades.

Indebtedness

Measures the ability to cover long term liabilities from own revenue. Calculated as non-current liabilities over own sourced revenue (not including grants or contributions).

	Original Budget 2020/21	Forecast 2020/21
Indebtedness	12.86%	13.82%

The target for this financial indicator is < 60%. Council has low risk over the ability to repay debt from its own sourced revenue.

Debt as a % of Rate Revenue

Measures level of debt relative to rate income. Calculated as interest bearing loans and borrowings over rate income.

	Original Budget 2020/21	Forecast 2020/21
Debt as a % of Rate Revenue	7%	7.37%

The target for this financial indicator is < 60%. Council has a reasonable reliance on rate revenue to fund debt.

Debt servicing costs as a % of Total Revenue

Measures portion of revenue committed to fund debt finance costs.

	Original Budget 2020/21	Forecast 2020/21
Debt servicing costs as a % of Total Revenue	0.05%	0.02%

The target for this financial indicator is <5%. Council has an appropriate proportion of total revenue to fund debt finance costs.

Appendix 1 – Income Statements by Directorate

Income Statement – Performance & Innovation

		YTD Actual \$'000	YTD Forecast \$'000	YTD Variance \$'000	Forecast to 30 June 2021 \$'000	Annual Adjusted Budget 2020/21 \$'000	Adopted Budget 2020/21 \$'000
INCOME							
Rates and charges		31,406	31,491	(85)	41,838	41,838	41,838
Statutory fees and fines		36	30	6	40	40	40
Grants - operating	1	2,958	2,525	433	3,298	3,298	3,298
Grants - capital	2	(1,914)	0	(1,914)	0	0	-
Contributions - monetary		94	0	94	0	0	-
Contributions - non-monetary		1,819	1,819	0	1,819	404	404
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	3	(255)	(486)	231	(647)	(647)	647
Other income	4	441	620	(179)	976	976	976
Total Income		34,585	35,999	(1,414)	47,324	45,909	45,909
EXPENSES							
Employee costs		8,041	8,239	198	11,078	10,489	10,489
Materials and consumables	5	3,052	3,646	594	4,721	4,941	4,941
Depreciation		8,695	9,225	530	12,300	11,346	11,346
Borrowing costs		10	8	(2)	14	37	37
Other expenses	6	1,777	1,324	(453)	1,832	1,832	1,832
Total Expenses		21,575	22,442	867	29,945	28,645	28,645
Surplus / (Deficit)		13,010	13,557	(547)	17,379	17,264	17,264

YTD Actual to YTD Budget Variances

- Favourable – Grants – operating:** Due to receiving grant for Valuations (\$164K) that was not expected until later this financial year.
- Unfavourable – Grants – capital:** Due to deferring unearned grant income for the first quarter of 2020/21 (\$2M), it should correct itself over the financial year as the various related capital works projects are completed.
- Favourable – Net gain/(loss) on disposal of property, infrastructure, plant and equipment:** Due to written down value of assets disposed of being less originally budgeted. Note proceeds of sale is included in the Sustainable Infrastructure directorate.
- Unfavourable – Other income:** Largely due to lower expenditure on legal fee for Rates and Charges and the corresponding legal fee reimbursement. In addition, lower interest income has been received (↓\$53K) than budgeted as a result of decreasing interest rates.
- Favourable – Materials and consumables:** Due to accounting classification of COVID-19 costs (\$617K) to other expense.
Unfavourable – Other expenses: Due to accounting classification of COVID-19 costs originally budgeted in materials and services.

Income Statement – Economic and Community Development

	YTD Actual \$'000	YTD Forecast \$'000	YTD Variance \$'000	Forecast to 30 June 2021 \$'000	Annual Adjusted Budget 2020/21 \$'000	Adopted Budget 2020/21 \$'000
INCOME						
Statutory fees and fines	699	656	43	874	870	870
User fees	1,010	1,078	(68)	1,811	1,958	1,958
Grants - operating	1 1,859	1,501	358	2,512	2,488	1,748
Contributions - monetary	202	49	153	65	65	65
Other income	37	128	(91)	181	255	255
Total Income	3,821	3,412	409	5,443	5,636	4,896
EXPENSES						
Employee costs	5,035	5,083	48	6,995	6,679	6,679
Materials and consumables	2 1,232	2,076	844	2,872	2,025	2,535
Depreciation	6	5	(1)	10	10	10
Other expenses	3 281	394	113	422	390	390
Total Expenses	6,554	7,558	1,004	10,299	9,104	9,614
Surplus / (Deficit)	(2,733)	(4,146)	1,413	(4,856)	(3,468)	(4,718)

YTD Actual to YTD Budget Variances

- Favourable – Grants – operating:** Due to receiving a number of grants that were not budgeted for, including Storm Event – 30 January 2019 (\$156K) and Flood Event – August 2019 (\$126K).
- Favourable – Materials and consumables:** Overall due to timing differences across nearly all areas.
- Favourable – Other expenses:** Largely due to timing of expenses in Grants (↑\$187K).

Income Statement – Chief Executive Office

	YTD Actual \$'000	YTD Forecast \$'000	YTD Variance \$'000	Forecast to 30 June 2021 \$'000	Annual Adjusted Budget 20/2021 \$'000	Adopted Budget 2020/21 \$'000
INCOME						
Grants - operating	21	0	21	0	0	0
Other income	176	176	0	176	0	0
Total Income	197	176	21	176	0	0
EXPENSES						
Employee costs	787	767	(20)	1,061	935	935
Materials and consumables	1 257	325	68	423	403	403
Other expenses	0	35	35	35	77	77
Total Expenses	1,044	1,127	83	1,519	1,415	1,415
Surplus / (Deficit)	(847)	(951)	104	(1,343)	(1,415)	(1,415)

YTD Actual to YTD Budget Variances

1. **Favourable – Materials and consumables:** lower expenditure than budgeted on Legal Fees (\$59K) and Customer Information & Advocacy Management (\$41K).

Income Statement – Sustainable Infrastructure

	YTD Actual \$'000	YTD forecast \$'000	YTD Variance \$'000	Forecast to 30 June 2021 \$'000	Annual Adjusted Budget 2020/21 \$'000	Annual Adopted Budget 2020/21 \$'000
INCOME						
Rates and charges	2,594	2,562	32	3,414	3,414	3,414
Statutory fees and fines	47	58	(11)	77	50	50
User fees	1,545	1,623	(78)	2,430	2,430	2,430
Grants - operating	1,461	1,540	(79)	2,016	2,076	2,076
Grants - capital	1	7,883	7,757	126	17,510	9,988
Contributions - monetary	868	871	(3)	965	831	917
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2	390	958	(568)	1,328	904
Other income	485	486	(1)	588	540	540
Total Income	15,273	15,855	(582)	28,328	19,861	20,533
EXPENSES						
Employee costs	5,819	5,899	80	8,099	8,229	8,229
Materials and consumables	3	10,810	12,358	1,548	16,777	16,342
Depreciation	537	682	145	909	873	873
Other expenses	484	483	(1)	496	565	565
Total Expenses	17,650	19,422	1,772	26,281	25,771	26,009
Surplus / (Deficit)	(2,377)	(3,567)	1,190	2,047	(5,910)	(5,476)

YTD Actual to YTD Budget Variances

- Favourable – Grants – capital:** Due to timing of grants received for Roads to Recovery (\$163K).
- Unfavourable – Net gain/(loss) on disposal of property, infrastructure, plant and equipment:** Due to timing of plant sales, two items of plant will be traded-in when the new plant items are delivered.
- Favourable – Materials and consumables:** Due to timing of expenses across a number of areas, including Plant (\$165K largely due to insurance not yet being allocated), Poowong Netball Court redevelopment (\$128K due to behind schedule, expected to be completed in later this year).