

**14.5 Quarterly Budget Review - September 2023**

CSP Objective: Outcome 5.1: Public funds and assets are managed strategically, transparently, and efficiently

CSP Strategy: 5.1.1 Public funds are managed in accordance with Financial Management Standards and the Local Government Act.

Delivery Program: 5.1.1.1 Improved financial reporting and legislative compliance through reporting, scrutiny oversight and processes

Item 14.5

**Summary**

This report presents the quarterly budget review statement for the quarter ending 30 September 2023 to comply with Part 9, Division 3, Clause 203 (1) of the Local Government (General) Regulation 2021. This report details recommended changes to the adopted budget and a revised estimate of income and expenditure for the 2023/24 financial year. This report should be read in conjunction with the *Monthly Financial Report – September 2023*.

**Financial implication**

Monitoring of the budget on a quarterly basis enables timely financial management and budget variations to effectively manage the resources available to Council to provide public services and amenities.

**Risk implication**

The risk implication attached to this information is not meeting legislative requirements as set out above.

**Policy**

Part 9, Division 3, Clause 203 (1) of the Local Government (General) Regulation 2021 legislates the preparation of this report. As such Kiama council complies with the legislation by preparation of this report.

**Consultation (internal)**

Chief Executive Officer

Chief Financial Officer

Directors

Department Managers

Management Accountants/Finance team

**Communication/Community engagement**

N/A

**Attachments**

1 Quarterly Budget Review Statement - September 2023 [↓](#)

**Enclosures**

Nil

**RECOMMENDATION**

That Council:

1. Receive and adopt the quarterly budget review statement for the quarter ending 30 September 2023.
2. Adopt the operational revenue, expenditure, and capital budget adjustments as noted in the September quarterly budget review.

**Background**

For the 2023/24 financial year, improvements have been made to the format of the quarterly budget review statement reports which aim to improve comparability and transparency between the financial reports presented to council on a monthly basis and the respective quarterly budget review statements.

In previous years, the monthly financial statements presented to the council have separated internal transactions for income and expenditure from the external transactions. In the quarterly budget review statements however, this information was presented without this separation, making comparability and analysis more difficult for users. This has since been aligned and greater detail on the source of budgetary changes is now available.

The recommended budget changes contained within this report and the subsequent revised budget figures were used for comparison to year-to-date actuals in the September 2023 Monthly financial report. Therefore, both reports should be read in conjunction as variance analysis and commentary may be duplicated or contained in both reports.

In coming quarterly reports the monthly financial report will be combined with QBR reporting and not done separately. This is consistent with industry financial reporting and will help avoid duplication.

**Overview:**

The attached quarterly budget review for the quarter ended 30 September 2023 shows a projected increase to the operating budget surplus of \$2M, taking the original adopted budget surplus of \$30M to a projected year end surplus of \$32M.

<b>QBR 1 Budget changes summary (Operational and Capital)</b>				
<b>\$'000</b>	<b>Original Adopted Budget</b>	<b>QBR1 Forecast Budget</b>	<b>QBR1 Changes</b>	<b>Result</b>
Operational budget (Surplus)	29,967	31,844	1,876	Increased budgeted surplus
Capital budget (Expenditure)	13,900	18,970	4,563	Increased budgeted expenditure
<b>Total</b>	<b>16,067</b>	<b>12,874</b>	<b>(2,687)</b>	

Report of the Chief Executive Officer

14.5 Quarterly Budget Review - September 2023 (cont)

**Operational Revenue**

Throughout the first quarter, Kiama Council has largely continued to undertake its ordinary operations, alongside preparations for the sale of Blue Haven.

An overall increase in budgeted revenue of \$2.8M or 2.29% from the adopted budget has been projected in this quarterly budget review, increasing the overall income budget from \$124M to \$127M.

This increase has largely been a result of additional capital grant funding of \$2.8M from the NSW Disaster Assistance Arrangements program which is used to fund various capital landslide repair projects.

Council has been awarded \$4.5M from the NSW Government's Infrastructure Betterment Fund – a recognition of this income and corresponding expenditure has not been included in this quarterly review. This will not occur until paperwork is completed.

Additionally, the budget has been adjusted to incorporate Federal government funding of \$578K provided to offset the costs of the 15% aged care award increase which was delivered to staff from July 2023, but not factored into the original budget.

During the quarter, a review of the ratability of council owned properties was conducted which determined that council will subsequently be able to claim additional rates income for which it had not done so previously. As a result, a reduction in internal revenue has been made, totaling \$122K. A corresponding reduction in internal expenditure was also made as council will no longer incur the cost of paying rates on certain properties that it owns and will be able to make these ratable in the future. These changes have been made in accordance with various federal legislation, including Local Government Act (1993).

The below table (using data contained in the September monthly financial report), highlights the resulting income budget variances, comparing first quarter actuals to the projected QBR 1 budget, pending adoption of the proposed changes in this report. Further detail, analysis and commentary on these subsequent variances can be found in the abovementioned report.

**QBR 1 Operational Budget – Income variance summary per entity**

<b>\$'000</b>	<b>Consolidated</b>	<b>Council General Operations</b>	<b>Blue Haven</b>	<b>Holiday Parks</b>	<b>Pavilion</b>
Income Actual	21,441	11,828	6,567	2,812	234
Income Budget	22,813	13,489	6,177	2,942	206
Income Variance \$	<b>(1,372)</b>	<b>(1,661)</b>	<b>390</b>	<b>(131)</b>	<b>29</b>
Income Variance %	<b>(6.0%)</b>	<b>(12.3%)</b>	<b>6.3%</b>	<b>(4.4%)</b>	<b>14.0%</b>

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Report of the Chief Executive Officer

14.5 Quarterly Budget Review - September 2023 (cont)

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### **Operational Expenditure**

An overall increase in budgeted expenditure of \$973K or 1% has been projected in this quarterly budget review. This has increased the overall expenditure budget from the original adopted budget of \$94M to \$95M.

The most significant expenditure increase relates to Blue Haven employee wages linked to a federal government mandated 15% award increase for aged care workers which commenced in July 2023. This has been fully offset by the increase in grant funding from the federal government.

Proposed changes to the budget for materials and services totalled \$479K. Proposed budget adjustments include: an increase of critical software annual license fees and support fees by \$117K; 195K of additional budget for legal costs and \$55K budget allocation for the commercial rental and leasehold improvement of office space.

Note the agency costs for Blue Haven discussed in the September Monthly Financial Report have not been incorporated at this stage for Budget adjustment or QBR purposes. The operating performance and agency costs are being critically reviewed at this stage.

Council's budget for borrowing costs has been increased by \$162K to facilitate the estimated interest that will be required on the final loan tranche with NSW Treasury Corporation (Tcorp). A refinancing agreement was presented to Council for endorsement at the June 2023 Council meeting and was subsequently executed in August 2023.

Lastly, as previously mentioned, improvements to reporting from this quarterly budget review onwards will allow for the isolated identification and commentary on budgetary changes relating to those of an internal income and expenditure nature. Internal revenue and expenses are non-cash items and they get eliminated upon consolidation for the purpose of year-end financial statements.

As a result, it can be seen that both internal income and internal expenditure budgets have been increased by \$908K, having a nil net effect on the overall budget.

Internal rates revenue and expenditure reductions (as mentioned above), recognition of the internal income and expenditure of 'in-kind' donations and reallocations of internal management recharges form the majority of these changes, See QBR 'Recommended changes to revised budget' table for additional information.

The below table (using data contained in the September monthly financial report), which highlights the resulting expenditure budget variances, comparing first quarter actuals to the projected QBR 1 budget, pending adoption of the proposed changes in this report. Further detail, analysis and commentary on these subsequent variances can be found in the abovementioned report.

<b>QBR 1 Operational Budget – Expense variance summary per entity</b>					
<b>\$'000</b>	<b>Consolidated</b>	<b>Council General Operations</b>	<b>Blue Haven</b>	<b>Holiday Parks</b>	<b>Pavilion</b>
Expenses Actual	23,116	13,510	7,594	1,778	234
Expenses Budget	23,380	14,314	6,801	2,012	252
Income Variance \$	264	805	(793)	233	18
Income Variance %	1.1%	5.6%	(11.7%)	11.6%	7.1%

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### **Capital Program**

The attached quarterly budget review for the quarter ended September 2023 shows an increase to the capital budget program of \$4.6M. Taking the original adopted budget, including carryovers from \$14.4M to \$19M, a 31% increase. Despite this sizeable change, a majority of this amount is funded by additional grant revenue and reserves.

In particular, Council has secured an addition \$2.8M funding from the NSW Disaster Assistance Arrangements program which will be used to fund various capital landslide repair projects that have also been subsequently increased to take advantage of this additional funding as mentioned previously.

In addition, the budget for plant and motor vehicle replacements has been increased, due to the original budget being reflected as the net expenditure required to replace these assets (Purchase price, less proceeds received from sale of old assets), rather than the gross amount required. Information regarding the full list of capital program changes can be found in the attached quarterly budget review.

### **KPI summary**

#### **Operating performance ratio**

This ratio measures Council's achievement of containing operating expenditure within operating revenue. The accepted benchmark for this KPI is a ratio of greater than 0%.

The attached KPI's review statement shows that Kiama Council has had a continuous year on year improvement in this KPI, up from -12.5% in 2020/21, to a projected QBR 1 operating performance ratio for 2023/24 of 15.5%. There has been a minor decrease in this ratio between the original adopted budget and the proposed budget after QBR 1 changes, decreasing by 0.9% from 16.4% to 15.5%. This is due to a small reduction in non-grant related operating revenue. This highlights that Kiama Council is still currently projected to be able to cover its budgeted operational expenditure for the 2023/24 financial year. Council's planned divestment of its Blue Haven Aged Care Facility, is the main driver of this positive operating performance ratio.

Report of the Chief Executive Officer

14.5 Quarterly Budget Review - September 2023 (cont)

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Excluding the gain on sale Council expects to generate from the divestment of its property and other assets, the ratio would conversely be -13.58% and subsequently Council will not be able to cover its budgeted operational expenditure for the 2023/24 financial year.

**Own source operating revenue ratio**

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions. The accepted benchmark for this KPI is a ratio of greater than 60%. The attached KPI's review statement shows that Kiama Council has had a continuous year on year improvement in this KPI, up from 72.9% in 2020/21 to a projected QBR 1 operating performance ratio for 2023/24 of 75.8%. This is due to a small reduction in non-grant related operating revenue. The main reason this ratio has improved in 2023/24 on prior years relates to the net gain on sale expected from the planned divestment of Blue Haven and other property and assets.

Excluding the gain on sale Council expects to generate from the divestment of its property and other assets, the ratio would conversely be 53.5% and subsequently fall below the benchmark.

**Capital expenditure ratio**

This ratio assesses the extent to which a Council is expanding its asset base through capital expenditure on both new assets and the replacement and renewal of existing assets. The accepted benchmark for this KPI is a ratio of greater than 100%. The attached KPI's review statement shows that an increase in the capital program of \$4.56M in this quarterly review has resulted in Kiama Council's ratio sitting at 129.9%. This has improved from the 95.2% found in the original adopted budget. This is mainly due to additional capital grant funding of \$2.8M being announced from the NSW Disaster Assistance Arrangements program which will be used to fund various capital landslide repair projects as mentioned previously.



# KIAMA MUNICIPAL COUNCIL

QUARTERLY BUDGET REVIEW

For the Period Ending 30 September 2023

**KIAMA MUNICIPAL COUNCIL**  
**QUARTERLY BUDGET REVIEW**  
**For the Period Ending 30 September 2023**



**Responsible Accounting Officer Statement**

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2021

It is my opinion that the Quarterly Budget Review Statement for Kiama Municipal Council for the quarter ended 30/09/23 indicates that Council's projected financial position at 30/06/24 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

**Signed:**

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Olena Tulubinska  
Responsible accounting officer

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13/11/2023



# KIAMA MUNICIPAL COUNCIL

## OPERATIONAL QUARTERLY BUDGET REVIEW

For the Period Ending 30 September 2023



	Adopted Budget 2023/24	Revised Budget 2023/24	QBR 1 Adjustment	QBR Note	Projected Year End Budget 2023/24	Actuals YTD to Sep-23 2023/24	Remaining Budget %
	\$'000	\$'000	\$'000		\$'000	\$'000	
<b>Income from continuing operations</b>							
Rates and annual charges	27,920	27,920	254	1	28,175	6,902	75.5%
User charges and fees	22,929	22,929	(340)	4	22,589	6,140	72.8%
Other revenue	6,257	6,257	-		6,257	1,657	73.5%
Grants and contributions provided for operating purposes	15,826	15,826	567	5-6,8	16,392	4,013	75.5%
Grants and contributions provided for capital purposes	11,445	11,445	2,950	9-10	14,395	1,033	92.8%
Interest and investment income	2,387	2,387	-		2,387	399	83.3%
Other income	1,493	1,493	(1,493)	7,33	0	-	100.0%
Net gain/(loss) from the disposal of assets	31,218	31,218	3	11	31,221	78	99.8%
Internal Revenue	4,754	4,754	908	2-3,7	5,662	1,218	
<b>Total income from continuing operations</b>	<b>124,230</b>	<b>124,230</b>	<b>2,849</b>		<b>127,079</b>	<b>21,441</b>	<b>83.1%</b>
<b>Expenses from continuing operations</b>							
Employee benefits and on-costs	37,110	37,110	528	23-26	37,638	9,150	75.7%
Materials and services	35,132	35,132	479	12-21	35,610	8,997	74.7%
Borrowing costs	387	387	162	27	549	83	84.9%
Depreciation, amortisation and impairment for non financial assets	14,608	14,608	-		14,608	3,652	75.0%
Other expenses	2,272	2,272	(1,104)	28,30-32	1,168	25	97.9%
Internal Expenditure	4,754	4,754	908	22,29,32	5,662	1,210	
<b>Total Expenses from continuing operations</b>	<b>94,262 *</b>	<b>94,262</b>	<b>973</b>		<b>95,235</b>	<b>23,116</b>	<b>75.7%</b>
<b>Operating result from continuing operations</b>	<b>29,967</b>	<b>29,967</b>	<b>1,876</b>		<b>31,844</b>	<b>(1,675)</b>	
<b>Net operating results for the year</b>	<b>29,967</b>	<b>29,967</b>	<b>1,876</b>		<b>31,844</b>	<b>(1,675)</b>	
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>18,522</b>	<b>18,522</b>			<b>17,448</b>	<b>(2,709)</b>	

\*The adopted expense budget and net operating results presented in the above QBR is \$4.4K less than what was presented in the Long-Term Financial Plan (LTFP) and the Delivery Program and Operational Plan (DPOP). This immaterial error has resulted from a change in reporting criteria since budget adoption in June 2023 and is now correct as presented above.



**KIAMA MUNICIPAL COUNCIL**  
**OPERATIONAL QUARTERLY BUDGET REVIEW**  
 For the Period Ending 30 September 2023

Recommended changes to revised budget

Note Details

Budget Adjustment

<b>Rates and annual Charges - External changes</b>		
1	Increase in rates income due to reclassification from user charges and fees (see also note 4)	254,496
	<b>Total</b>	<b>254,496</b>
<b>Rates and annual Charges - Internal changes</b>		
2	Reduction in internal rates income for council owned properties due to some properties being made non-rateable (also see note 22).	(121,994)
	<b>Total</b>	<b>(121,994)</b>
<b>Rates and annual Charges - Total changes</b>		<b>132,502</b>
<b>User charges and fees - External changes</b>		
4	Decrease in rates income due to reclassification to Rates and Annual Charges (see also note 1)	(339,806)
	<b>Total</b>	<b>(339,806)</b>
<b>User charges and fees - Internal changes</b>		
3	Pavilion and other departmental income for In-kind donations to the Kiama Show Society. Council Resolution - 13.3 - Aug 23 meeting. (Also see note 29)	13,905
	<b>Total</b>	<b>13,905</b>
<b>User charges and fees - Total changes</b>		<b>(325,901)</b>
<b>Grants and contributions provided for operating purposes - External Changes</b>		
5	Additional federal government funding to offset the aged care sector 15% award increase that commenced in July 2023, not included in the original adopted budget. (also see note 17)	578,061
6	Reduction of grant funding from the National Australia Day Council (NADC) Community Grants Program amount for Australia Day 2024. (see also note 17).	(15,000)
8	Increase in the Local Government Road Safety Program Grant than previously budgeted.	3,510
	<b>Total</b>	<b>566,571</b>
<b>Grants and contributions provided for capital purposes - External Changes</b>		
9	Increase of developer contribution revenue budget as additional income is expected due to underestimation in original budget.	150,000
10	Additional capital grant funding to be received under the NSW Disaster Assistance Arrangements funding (Landslide repair).	2,800,000
	<b>Total</b>	<b>2,950,000</b>
<b>Net gain/(loss) from the disposal of assets - External Changes</b>		
11	Additional proceeds on the sale of Pavilion furniture, not in original budget estimates.	2,727
	<b>Total</b>	<b>2,727</b>

**KIAMA MUNICIPAL COUNCIL**  
**OPERATIONAL QUARTERLY BUDGET REVIEW**  
For the Period Ending 30 September 2023



Recommended changes to revised budget

<b>Other Income - External changes</b>		
7	Internal budget activity reallocation relating to Blue Haven management. (Also see note 32).	(1,016,200)
33	Removal of duplicated Blue Haven management recharge income budget.	(476,631)
	<b>Total</b>	<b>(1,492,831)</b>
<b>Other Income - Internal changes</b>		
7	Internal budget activity reallocation relating to Blue Haven management. (Also see note 32).	1,016,200
	<b>Total</b>	<b>1,016,200</b>
<b>Other Income - Total changes</b>		<b>(476,631)</b>
<b>Materials and services - External changes</b>		
12	Additional budget requested for the sponsorship of Destination Kiama - Jamberoo Car Show	2,727
13	Removal and reallocation of budget for 2024 Winter festival that was expected to fall in the 2023/24 financial year, but will now be in the 2024/25 financial year. Some of the surplus funds have been reallocated to fund other event projects. (also see note 31).	89,462
14	Reallocation of budget required for Blue Haven advisory boards fees (Reporting allocation change). (Also see note 24.)	6,400
15	Additional budget required for annual SAI Global licensing fee (Procurement).	2,810
16	Additional budget required to cover the AMS program support fees and annual SaaS fee for OneCouncil software.	117,758
17	Reduction of Council contribution to 2024 Australia Day event due to the reduction of the Australia Day grant funding from the National Australia Day Council (NADC). (Also see note 6).	(15,000)
18	Increase in budget for Councillor and mayoral fees due to minor calculation discrepancies in original budget estimates.	2,366
19	Addition of budget for lease improvements works required (estimate only) to additional office space (old Westpac bank building adjacent to current Council administration building).	55,000
20	Additional budget required for Vendor panel software annual subscription assessed as vitally important for Procurement (previously paid for by ISJO).	22,055
21	Increase of budget for legal costs due to ongoing court cases that are currently in progress.	195,000
	<b>Total</b>	<b>478,578</b>
<b>Materials and services - Internal changes</b>		
22	Reduction in internal rates expense for council owned properties due to some properties being made non-rateable (also see note 2).	(121,994)
	<b>Total</b>	<b>(121,994)</b>
<b>Materials and services - Total changes</b>		<b>356,584</b>
<b>Employee benefits and on-costs - External Changes</b>		
23	Additional expense for Blue Haven care staff employees entitled to Federal government 15% award increase. (Also see note 5).	578,061
24	Reallocation of budget required for Blue Haven advisory boards fees (Reporting allocation change). (Also see note 14.)	(6,400)
25	Reduction of excess budget for annual performance and recognition payments to council employees not required.	(6,450)
26	Reduction of excess budget for workers compensation premium as a result of a discount received for up-front payment.	(37,037)
	<b>Total</b>	<b>528,175</b>

**KIAMA MUNICIPAL COUNCIL**  
**OPERATIONAL QUARTERLY BUDGET REVIEW**  
For the Period Ending 30 September 2023



Recommended changes to revised budget

<b>Borrowing Costs - External changes</b>		
27	Additional interest on borrowing costs relating to the re-finance of t-corp loan not incorporated into original budget estimates as agreement had not been formed.	162,000
	<b>Total</b>	<b>162,000</b>
<b>Other Expenses - External changes</b>		
28	Increased budget for Annual Sports Association grant payments to Kiama Sports Association, as previously resolved by Council but not included in original budget due to timing. Council Resolution 13.4 - May 23 meeting	60,000
30	Additional budget required for 2023 NYE Event as requested by council's Executive Leadership Team (ELT) and additional requirements for road closures.	16,700
31	Removal and reallocation of budget for 2024 Winter festival that was expected to fall in the 2023/24 financial year, but will now be in the 2024/25 financial year. Some of the surplus funds have been reallocated to fund other event projects. (Also see note 13).	(164,460)
32	Internal budget activity reallocation relating to Blue Haven management. (Also see note 7).	(1,016,200)
	<b>Total</b>	<b>(1,103,960)</b>
<b>Other Expenses - Internal changes</b>		
29	Pavilion and other departmental expenditure for In-kind donations to the Kiama Show Society. (Also see note 3). Council Resolution - 13.3 - Aug 23 meeting	13,905
32	Internal budget activity reallocation relating to Blue Haven management. (Also see note 7).	1,016,200
	<b>Total</b>	<b>1,030,105</b>
<b>Other Expenses - Total changes</b>		
		<b>(73,855)</b>
	Total Revenue Adjustments - External changes - Increased revenue/(Decreased revenue)	1,941,157
	Total Revenue Adjustments - Internal changes - Increased revenue/(Decreased revenue)	908,111
	<b>Total Revenue Adjustments - Total changes - Increased revenue/(Decreased revenue)</b>	<b>2,849,268</b>
	Total Expenditure Adjustments (excluding capital expenditure) - External changes - Increased expenditure/(Decreased expenditure)	64,793
	Total Expenditure Adjustments (excluding capital expenditure) - Internal changes - Increased expenditure/(Decreased expenditure)	908,111
	<b>Total Expenditure Adjustments (excluding capital expenditure) - Total changes - Increased expenditure/(Decreased expenditure)</b>	<b>972,904</b>
	<b>Net effect on operational budget - Increased surplus/(Decreased surplus)</b>	<b>1,876,365</b>

# KIAMA MUNICIPAL COUNCIL CAPITAL QUARTERLY BUDGET REVIEW

For the Period Ending 30 September 2023



Adopted Budget	Carry Forwards	Revised Budget	QBR 1	QBR Note	Projected Year End Budget	Actuals YTD to Sep-23	Remaining Budget %	
2023/24		2023/24	Adjustment		2023/24	2023/24		
\$'000	\$'000	\$'000	\$'000		\$'000	\$'000		
Variation for this quarter								
<b>New Assets</b>								
Parks & Reserves	25	-	25	-	25	-	100.0%	
Buildings & Facilities	61	-	61	-	61	2	97.3%	
Holiday Parks	25	-	25	-	25	-	100.0%	
Commercial Business	60	-	60	-	60	-	100.0%	
Footpaths & Cycleways	972	55	1,027	(649)	1-3	378	109	71.1%
ICT	170	-	170	(150)	26	20	3	85.6%
Recreation and Open Space	467	-	467	(243)	6-8	224	29	87.1%
Roads and Bridges	-	-	-	40	27	40	-	100.0%
Traffic Facilities	161	352	513	-	513	84	83.6%	
Blue Haven	305	-	305	10	18	315	-	100.0%
Waste Services	7	-	7	-	7	8	-	-16.6%
<b>Total new assets</b>	<b>2,253</b>	<b>407</b>	<b>2,659</b>	<b>(992)</b>		<b>1,667</b>	<b>234</b>	<b>85.9%</b>
<b>Renewal Assets (Replacement)</b>								
Parks & Reserves	20	-	20	-	20	-	-	100.0%
Buildings & Facilities	1,118	100	1,218	101	9-10	1,319	554	58.0%
Holiday Parks	225	-	225	-	225	3	98.6%	
Commercial Business	2,092	-	2,092	11	24	2,103	194	90.8%
Footpaths & Cycleways	140	-	140	(50)	4	90	-	100.0%
ICT	515	-	515	-	515	12	97.6%	
Plant & Equipment	2,275	-	2,275	2,104	16	4,379	308	93.0%
Playgrounds	0	-	-	16	25	16	1	93.6%
Recreation and Open Space	2,027	-	2,027	40	5	2,067	211	89.8%
Roads and Bridges	2,534	-	2,534	3,143	11-15	5,677	2,660	53.1%
Stormwater Assets	162	-	162	1	23	163	15	91.0%
Blue Haven	280	-	280	188	17,19-22	468	188	59.7%
Waste Services	260	-	260	-	260	1	99.7%	
<b>Total renewal assets</b>	<b>11,648</b>	<b>100</b>	<b>11,748</b>	<b>5,555</b>		<b>17,303</b>	<b>4,147</b>	<b>76.0%</b>
<b>Total Capital Expenditure</b>	<b>13,900</b>	<b>507</b>	<b>14,407</b>	<b>4,563</b>		<b>18,970</b>	<b>4,381</b>	<b>76.9%</b>



## KIAMA MUNICIPAL COUNCIL

### CAPITAL QUARTERLY BUDGET REVIEW

For the Period Ending 30 September 2023

Recommended changes to revised budget

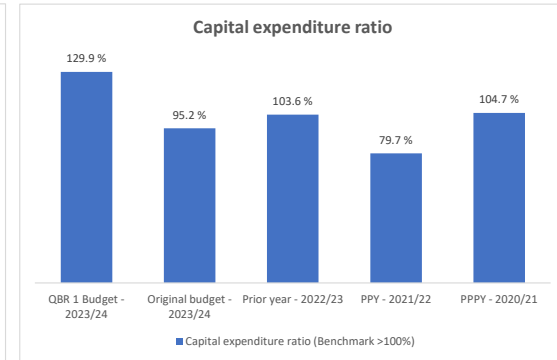
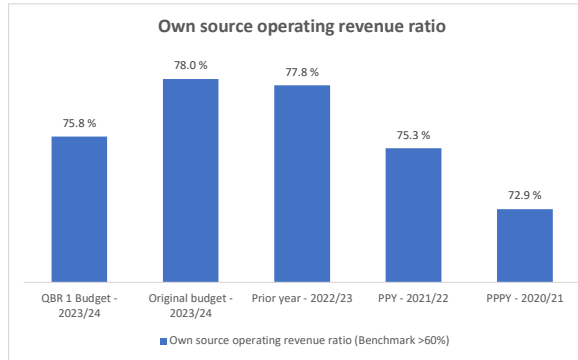
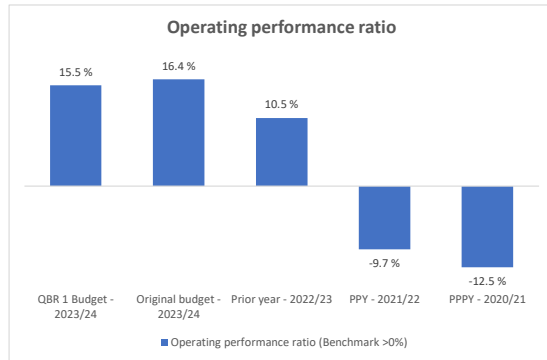
Note	Capital Program/Details	Budget Adjustment
<b>Footpaths &amp; cycleways:</b>		
1	Tender - KT200626 -Omega Shared path reduce budget as proposed works cancelled with grant recinded less any expenditure	(298,802)
2	WO3982_Jamberoo Valley Cycleway Construction propose to re-phase project for more construction in 24/25	(353,000)
3	WO2044_Bombo Headland Eco Walk , grant exhausted with remaining work funded from general revenue	2,743
4	Reduced budget as project not going ahead as grant was not awarded for Kiama Coast Walk (Attunga Rd - Beach)	(50,000)
		<b>(699,059)</b>
<b>Recreation and Open Space:</b>		
5	Additional budget required for WO3948_Leisure Centre - Facility enhancements	40,000
6	Increase budget for projects South Warri Reserve Redevelopment & Kiama Sports Complex - grant funded master planning	30,000
7	Gainsborough Oval Drainage project re-phasing construction 24/25	(130,000)
8	Gerry Emery Reserve/Athol Noble Oval project re-phasing for more construction 24/25	(142,846)
		<b>(202,846)</b>
<b>Buildings and Facilities</b>		
9	Additional budget required for Gerringong School of Arts Building as grant exhausted with remaining work funded from general revenue	1,331
10	Introducing budget required for WO4070 LRCI P3#4 - Girl Guides Hall Kiama	100,000
		<b>101,331</b>
<b>Roads and Bridges:</b>		
11	Introducing budget for RLRRP Fern St Gerringong reseal grant funded	155,000
12	Introducing RLRRP Wallaby Hill Rd pavement works grant funded	179,000
13	Additional budget required for project Barney Street, Bourrool St to Belvedere St Road Surface Rene as grant expired	4,344
14	Additional budget required to complete works as grant exhausted for Fern Street reconstruction FLR project	4,670
15	Increased budget for Landslide Repair projects of various sites, with funding from the Disaster Assistance Arrangement Program allocated to projects	2,800,000
27	Addition of budget for new guard rail on Jamberoo Mountain Road	40,000
		<b>3,183,014</b>
<b>Plant &amp; Equipment</b>		
16	Additional budget as originally inputted net amount not gross spend amount. Balanced by Reserve movement	2,104,100
		<b>2,104,100</b>
<b>Blue Haven</b>		
17	Reintroducing budget Blue Haven Havillah Decomissioning	20,000
18	Introducing budget required for Sale of Blue Haven Bonaira Site	10,000
19	Additional budget required for ILU replacement program - BH Bonaira	20,000
20	Additional budget required for ILU replacement program - BH Terralong	28,000
21	Additional budget required for the Blue Haven Terralong inclinator repairs	20,000
22	Additional budget required for the Blue Haven Terralong Stage 5 upgrade works prior to refurbishments	100,000
		<b>198,000</b>
<b>Stormwater Assets:</b>		
23	Additional budget required for Stormwater Asset renewal program (Municipality wide)	1,358
		<b>1,358</b>
<b>Commercial Business:</b>		
24	Additional budget required for Holiday Parks Renewal	11,225
		<b>11,225</b>
<b>Playgrounds</b>		
25	Reintroducing project Emery Reserve Playground renewal funded from LRCIP for site investigations	16,028
		<b>16,028</b>
<b>ICT</b>		
26	Reduce Capital budget as duplication amount in the Digitiliasion project as budget is already captured operational budget	(150,000)
		<b>(150,000)</b>
	<b>Net increase in capital program budget:</b>	<b>4,563,151</b>



September Quarterly Budget KPI's Review Statement

Key performance indicators budget review statement	KPI Calculations (\$'000)			KPI Ratios					Benchmark
	QBR 1 Budget 2023/24	Original budget 2023/24	Prior year* 2022/23	Current projection 2023/24	Original budget 2023/24	PY 2022/23	PPY 2021/22	PPPY 2020/21	
<b>NSW local government industry key performance indicators (OLG):</b>									
<b>Operating performance</b>									
Operating revenue (excl. capital grants & contributions) - operating expenses	17,448	18,522	9,983	15.5 %	16.4 %	10.5 %	-9.7 %	-12.5 %	> 0%
Operating revenue (excl. capital grants & contributions)	112,684	112,784	95,416						
This ratio measures Council's achievement of containing operating expenditure within operating revenue.									
<b>Own source operating revenue</b>									
Operating revenue (excl. ALL grants & contributions)	96,291	96,959	79,188	75.8 %	78.0 %	77.8 %	75.3 %	72.9 %	> 60%
Total Operating revenue (incl. capital grants & cont)	127,079	124,230	101,790						
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.									
<b>Capital expenditure ratio</b>									
Annual capital expenditure	18,970	13,900	11,587	129.9 %	95.2 %	103.6 %	79.7 %	104.7 %	>= 100%
Annual depreciation	14,608	14,608	11,186						
To assess the extent to which a Council is expanding its asset base through capital expenditure on both new assets and the replacement and renewal of existing assets.									

\* Prior year final adjusted budget (QBR 4). Will be updated with 2022/23 audited financial statement ratios once available.





September Quarterly Budget Contracts Budget Review Statement

Contracts Listing (contracts entered into between July to September 2023)

Contractor	Contract detail & Purpose	Contract Value	Start Date	Duration of Contract	Budget Y/N
CivicRisk Mutual Limited	Civic Risk Mutual policies 2023/24 - Public Liability/Professional Liability, ISR/property, Motor Vehicle, Management Liability, Crime, Cyber	1,526,811	1/07/2023	12 months	Y
StateCover Mutual Limited	Balance Workers Compensation insurance cover	887,023	7/09/2023	12 months	Y
Civica Pty Ltd	Annual SaaS Fee Authority Altitude, including licensing, upgrade implementation & training	517,964	15/08/2023	12 months	Y
GT Civil Pty Ltd	Variation 04 - Additional Gabions & Reno, Site 1Gipps Street, Site 4A - Foxground Road, Site 5 - Cliff Drive, Variation 01 - Site 4A Extensions, Variation 06 - Concrete Footing, Variation 05 - Additional Items, Variation No.07 - Basket & Mattress,...	400,805	11/01/2023	10 months	Y
Audit Office of New South Wales	Audit fees	292,750	4/05/2023	ongoing	N
Cool Blue Air Conditioning Pty Ltd	Admin Building A/C renewal, Double the number of roof penetrations r, Platform Extension, Weekend work, Council chambers painting tbars	259,435	8/11/2022	10 months	Y
StateCover Mutual Limited	Deposit instalment - Workers Compensation insurance cover	229,159	7/09/2023	12 months	Y
BG&E Pty Limited	Gerringong & Jamberoo Flood Infrastructure - Detailed design	185,025	21/03/2023	12 months	Y
EFEX	Monthly Rental & Meter Charges	144,000	19/07/2023	12 months	Y
DG Electrical and Fire Pty Ltd	Fire Systems Testing and Maintenance for Kiama Council property	138,749	1/09/2023	12 months	Y
Roadworx Group	Reseal Jamberoo Mt Road	128,560	1/08/2023	1 week	Y
Local Government Appointments	Appointment of finance consultant	123,800	6/07/2023	3 months	Y
BAL Lawyers	Legal representation, Barristers fees for NCAT hearing, Legal Representation - GST FREE component	120,028	1/10/2022	ongoing	N
Granicus Australia PTY LTD	Website Open Cities licence	96,800	16/09/2023	12 months	Y
Technology One	AMS Program	82,076	22/08/2023	12 months	Y
Pete's Lawnmowing & Handyman	Petes Lawn Mowing Blanket Order, PETE'S LAWN MOWING Blanket Order	71,788	1/07/2023	12 months	Y
Recoveries & Reconstruction (Aust) Pty Ltd	Recoveries & Reconstruct. 23/24 GST Incl, Recoveries & Reconstruct. 23/24 GST FREE	70,000	1/07/2023	12 months	Y
Rogers Construction Group Pty Ltd	Surf Beach Ramp Replacement and Deck Mod	65,673	8/09/2023	1 month	TBA
Bendigo Community Telco Ltd	NBN, Fixed Line & Unity VPN Services	65,000	19/07/2023	12 months	Y
Illawarra Shoalhaven Joint Organisation	ISJO membership contributions 2023/2024	63,784	1/07/2023	12 months	Y
ARA Electrical High Voltage Services Pty Ltd	Kiama High School Lighting Construction, Kiama Station Bong Bong-Lighting Constrc, Kiama High School Lighting Design, Kiama Station Bong Bong-Lighting Design, Kiama Station Bong Bong-Light Ex Pole, V No. 1 Kiama High AS1158 Plan, V No. 2 Kiama Stat...	57,616	17/08/2023	ongoing	Y
Paradigm Global Advisory Pty Ltd	6 month engagement - strategic support	55,000	10/08/2023	6 months	TBA
All Round Services	Security Service- Kendalls on the Beach, Security Service-Surf Beach Holiday Park	55,000	8/09/2023	12 months	Y
Telstra	Internet and Data N4015285R	54,000	21/08/2023	12 months	Y
Umantec Pty Ltd	Metcare UmanTec: Licensing	53,214	22/08/2023	12 months	Y





**September Quarterly Budget Consultancy and Legal Expenses Budget Review Statement**

**Consultancy & Legals Expenses Overview**

<b>Expenses</b>	<b>YTD Expenses (exc Commitments)</b>	<b>Budget Y/N</b>
Consultants - Economic	25,800	Y
Consultants - Building & Valuations	2,500	Y
Consultants - Development Applications	413,422	Y
Consultants - Other	5,049	Y
Legal Fees	1,184,327	N

Definition of a consultant: is defined as a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision-making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

**14.6 September 2023 Monthly Financial Report**

CSP Objective: Outcome 12: Public funds and assets are managed strategically, transparently and efficiently

CSP Strategy: 12.1 Manage Public Funds in accordance with Financial Management Standards and the Local Government Act

Delivery Program: 12.1.1 Improved financial reporting and legislative compliance through reporting, scrutiny and oversight processes.

**Summary**

This report provides a year-to-date Statement of Financial Position and Income Statement for Council's various business activities and at a consolidated level. This report aims to outline and explain any material deviations from budget year to date.

**Financial implication**

This report relates directly to the financial performance of Council.

**Policy**

*Local Government Act 1993*

*Local Government (General) Regulation 2021*

**Consultation (internal)**

Chief Executive Officer

Chief Financial Officer

Management Accountants

**Communication/Community engagement**

N/A

**Attachments**

1 Financial Report - September 2023 [↓](#)

**Enclosures**

Nil

**RECOMMENDATION**

That Council receive and adopt the Monthly Financial Report for September 2023.

**Background**

The Monthly Financial Report for September 2023 has been prepared to deliver transparency on the current financial state of Council on year-to-date basis. This report aims to highlight the operational performance against budget of each of the Council's main business activities and at a consolidated level.

Report of the Chief Operating Officer

14.6 September 2023 Monthly Financial Report (cont.)

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### **Consolidated Income and Expenditure Statement**

It must be noted that all budget variance figures, and analysis provided in this report have incorporated proposed budgetary changes to income and expenditure that have been presented to Council in a separate quarterly budget review statement and report. Therefore, variances and commentary described in this report are subject to change pending Council's resolution of the proposed budget changes for quarter one.

At a consolidated level, year-to-date to 30 September 2023, Council has achieved an operational deficit of \$1.675M. The budget for the same period was estimated to be a deficit of \$567K, resulting in an unfavourable variance of \$1.1M. This variance is almost exclusively a result of expected revenue being \$1.37M or 6.0% unfavourable to budget, as operational expenditure was conversely on budget, with \$264K or 1.1% favourable variance in spending.

The most significant variance in expected revenue is derived from timing delays in the receipt of capital grant funding. An unfavourable variance of \$1.78M is a direct result of both a linear phasing of the adopted budget in conjunction with delays in the completion and reporting requirements of some capital projects necessary to receive grant payments from funding bodies.

For example, Roads to Recovery funding will be paid only after Audit Office issues an audit opinion on Roads to Recovery return for 2022/23. A series of project completion reports were lodged with Transport for NSW in September and October which should see the inflow more capital grant revenue in coming months. A delay on receiving capital grants also impacts Council's unrestricted cash position as noted in the Investment Report and staff in working on grant acquittals as a top priority.

A review and associated re-phasing of the capital grant revenue budget is being undertaken which will provide improved projection of the timing and amount of grant funding. The timing nature of this effectively reduces the operating result to breakeven.

The net operating variance excluding capital grants and contributions (key financial indicator) is \$676K or 20% favourable.

Other material income and expenditure variance explanations and financial analysis of each of Council's entities are detailed below.

## 2023/24 Operational Budget - Variance summary per entity

\$'000	Consolidated	Council General Operations*	Blue Haven	Holiday Parks	Pavilion
Income Actual	21,441	11,828	6,567	2,812	234
Income Budget	22,813	13,489	6,177	2,942	206
<b>Income Variance \$</b>	<b>(1,372)</b>	<b>(1,661)</b>	<b>390</b>	<b>(131)</b>	<b>29</b>
<b>Income Variance %</b>	<b>(6.0%)</b>	<b>(12.3%)</b>	<b>6.3%</b>	<b>(4.4%)</b>	<b>14.0%</b>
Expenses Actual	23,116	13,510	7,594	1,778	234
Expenses Budget	23,380	14,314	6,801	2,012	252
<b>Expenses Variance \$</b>	<b>264</b>	<b>805</b>	<b>(793)</b>	<b>233</b>	<b>18</b>
<b>Expense Variance %</b>	<b>1.1%</b>	<b>5.6%</b>	<b>(11.7%)</b>	<b>11.6%</b>	<b>7.1%</b>
Actual operating results	(1,675)	(1,682)	(1,027)	1,033	0
Budgeted operating results	(567)	(826)	(625)	930	(47)
<b>Operating results Variance \$</b>	<b>(1,109)</b>	<b>(856)</b>	<b>(402)</b>	<b>103</b>	<b>47</b>
<b>Operating results Variance %</b>	<b>(195.6%)</b>	<b>(103.7%)</b>	<b>(64.4%)</b>	<b>11.1%</b>	<b>100.9%</b>
Actual operating results before capital grants and contributions	(2,709)	(2,715)	(1,027)	1,033	0
Budgeted operating results before capital grants and contributions	(3,385)	(3,644)	(625)	930	(47)
<b>Operating results Variance \$ before capital grants and contributions</b>	<b>676</b>	<b>929</b>	<b>(402)</b>	<b>103</b>	<b>47</b>
<b>Operating results Variance % before capital grants and contributions</b>	<b>20.0%</b>	<b>25.5%</b>	<b>(64.4%)</b>	<b>11.1%</b>	<b>100.9%</b>

Item 14.6

\*Council General Operations exclude Blue Haven, Holiday Parks and Pavilion.

### Consolidated Employee Benefits

Overall employee benefits are in line with budget including Blue Haven after incorporating and adjusting the budget for the Fair Work Commission mandated federal aged care award increase of 15% that has been mentioned in previous monthly financial reports. Separately aged care funding has increased but current lower than expected occupancy levels and rostering costs are impacting on revenue targets.

Report of the Chief Operating Officer

14.6 September 2023 Monthly Financial Report (cont.)

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Whilst general fund employee costs remain unfavourable comparing to budget (\$57K), this unfavourable variance was partially offset by savings in Holiday Parks and Pavilion.

### **User charges and fees**

Council has collected an additional \$249K in user charges and fees above budgeted expectations to September 2023. This can be attributed, in part, to additional income from building and development applications in the first quarter of 2023/24.

Council's business entities, to the exception of Council's Holiday Park operations, have each recorded higher than expected income. The Leisure Centre has recorded more than \$80K above forecast in the first three months, whereas the Pavilion has out-performed budget by \$29K due to a surge in community and other event bookings.

### **Interest on Investments**

Current Bank Bill Swap Rates (BBSW) on Council's invested funds are in line with the adopted budget expectations. An unfavourable variance \$198K has occurred year-to-date to September 2023 largely due to overall lower than predicted bank and investment balances. Please refer to monthly Investment Reports for details. It is expected however that the quarterly variance of \$198K will improve and apportion out to \$500K over the year due to recent interest rate increases.

### **Net gain/(loss) from the disposal of assets**

A \$334K favourable variance exists in this line of the income statement due to the proceeds generated on the sale of assets being correctly recorded when sold, however the accounting entries for the cost of the disposed asset has not yet been made due to a backlog of asset accounting tasks relating to prior financial year. This will be completed by Q3 reporting period and will reduce any variances.

The sale of Akuna Street car park will be booked in November.

### **Blue Haven**

#### Blue Haven Care Consolidated

Blue Haven at a consolidated level, year-to-date to 30 September 2023, has a net operational deficit of \$1.02M, comparing unfavourably to budget by \$402K.

This is a result of revenue being higher than expected by \$390K due to increased funding, as well as expenses being higher than expected by \$793K due to unfavourable variance in agency costs and other materials and services, partially offset by the higher funding noted above. These variances are based on the proposed adjusted budget which includes \$578K increase in both, grants and expenses to reflect 15% pay raise for care workers.

#### Blue Haven Bonaira Residential Aged Care (RAC)

The RAC recorded a net deficit for the first quarter of \$1M comparing to the budget of \$591K.

Revenue from resident fees and associated operating care funding was \$115K & \$318K or \$433K above budget due primarily to the higher funding from the offset Fair work commission award pay increase and some resident funding uplift assessments.

The revenue increase does not offset Materials and services unfavourable variance of \$758K. Agency contractors are contributing \$590K of the \$758K unfavourable variance. The main reasons for this are:

Report of the Chief Operating Officer

14.6 September 2023 Monthly Financial Report (cont.)

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- Increased clinical requirements to deal with increasing behavioural management processes.
- General industry-wide staff shortage issues and the increasing attraction of staff moving to agency contract work. Hourly rates for agency staff increased above 15% and as such, result in overall operational loss (additional funding is insufficient to cover agency cost increases).
- Contractor costs have also been required to assist with catering staff shortages and undertake some general maintenance works.

Management is currently performing a detailed review of the master roster to identify any potential efficiencies and optimal occupancy rate for RAC. Initial findings show:

- Better spread of staff shifts across the 7 day week. Previously the weekend shifts were thinner than weekdays which was not optimal and also noted during external reviews.
- Increased shift replacement or decreased missed shifts which is a positive outcome from a care service delivery perspective, and previously noted during external reviews.
- Increased usage of agency staff, partially offset by lower levels of employed staff compared to December 2022.
- Higher levels of registered nurse staff due to aged care reforms and mandatory care minutes ratio of minimum average 40 minutes per resident per day and 24/7 registered nurse coverage.

HR is prioritising the recruitment of permanent staff for aged care operations to decrease the reliance of agency staff, especially for costly night shift, weekend shift and overnight weekend shifts.

The departure of the RAC Manager in March 2023 and following recruitment period, on-boarding of the new RAC Manager, small COVID outbreak late June and the follow up ACQSC assessment visit in July 2023 has resulted in a setting and review period. More recently, in August, one of two assistant care managers has resigned with no appropriate successful replacement (that is being backfilled and ultimately supported by additional agency staff).

The introduction of the external meal service in December 2023 due to low assessment and inspection outcomes in September 2023 and unexpected staffing departures afterwards in October and November 2023, has been gradually returned to cook fresh on site over recent months. The resident feedback has been positive but the operational changes in both circumstances have been challenging.

Management is also reviewing the impact of occupancy levels and current funding levels.

The overall review will highlight the causes and explanation for the financial impact of current operational context. However, it is important to note the operational context consists of a strong federal aged care reform agenda, significant compliance framework, staffing issues and workforce management challenges and increasing clinical care acuity requirements. The governance and risk requirements to support aged care is significant for all providers including Council. The operational requirements for Council to support governance processes and mitigate risk is significant.

Report of the Chief Operating Officer

14.6 September 2023 Monthly Financial Report (cont.)

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Many aged care providers are leaving the sector given the complexity of the current aged care environment and the federal reform agenda. This has been covered in the national media including a recent article in The Australian. Financially, the latest industry benchmark information shows that 66% of aged care providers are running at a loss with the average loss nearly doubling from this time last year.

FAC will receive a detailed report highlighting the above operational issues and their underlying financial impact; the roster review and the dependency on agency usage, the drop in occupancy and the impact of higher funding (not being sufficient to counter the adverse impact of the previous items).

From an EBITDA (earnings before interest tax depreciation amortisation) perspective, the loss of \$1M would be adjusted to a deficit EBITDA of \$685K.

#### Blue Haven Bonaira Community Programs

Community Programs recorded a minor net deficit of \$96K for the first quarter. This is higher than expected and mainly due to staffing challenges with the resulting need for additional external agency support. Overall client numbers across the programs are also reduced.

#### Blue Haven Bonaira Independent Living Units (ILUs)

The Bonaira ILU's recorded a net surplus of \$206K comparing to budgeted \$266K. Revenue was recorded at \$736K and expenditure at \$530K. Contractor costs have also been required to undertake some general maintenance works which continued during the on-boarding period of the new on-site caretakers.

The deferred management fee in Other revenue and the Depreciation charge are both non-cash items in the above results. Together they account for circa \$450K of the surplus result, resulting in a deficit EBITDA position.

#### Blue Haven Terralong Independent Living Units (ILUs)

The ILU's recorded a minor net deficit of \$16K for the first quarter. Revenue was recorded at \$899K and expenditure at \$915K, with materials and contracts materially unfavourable to budget due to previously deferred maintenance items being brought up to date. Contractor costs have also been required to undertake most of the maintenance works as well as review some building and refurbishment issues.

The deferred management fee in Other revenue and Depreciation cost are both non-cash items in the above results. Together they account for circa \$20K of the surplus result, resulting in a breakeven EBITDA position.

#### **Holiday Parks**

Overall, Holiday Parks results are \$103K favourable compared to budget.

A re-phasing of the expected timing of Holiday Park revenue, modelled on the actual income received each quarter in the 2022/23 year has been undertaken in conjunction with the recommendations received from the Holiday Park Manager.

An unfavourable budget variance of \$227K has been recorded in user charges and fees to September 2023 due to the income received in Q1 2022/23 being higher than the same period in 2023/24 by \$266K on which the re-phase was modelled. This variance is a result of an influx of Holiday Park stays resulting from the easing of Covid-19 restrictions, coupled with more bookings due to the expiration of government issued Covid-19 accommodation

Report of the Chief Operating Officer

14.6 September 2023 Monthly Financial Report (cont.)

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vouchers around the same time last financial year. Holiday Park income will continue to be monitored and adjusted as required in future budget reviews.

From an expenditure perspective, Kiama's Holiday Parks combined underspent on budget by \$233K. As expenditure on material and contracts are closely correlated to park occupancy, there has been an almost equal reduction (\$213K) in associated park costs due to the lower than predicted revenue.

### **The Pavilion**

The Pavilion has seen a favourable income variance of \$29K because of continued event booking increases for community and corporate events and weddings. Income for the same period last year was \$21K lower, highlighting a year-on-year increase in income of 10%. In addition, through effective cost control management The Pavilion has been able to underspend on its planned materials and contracts expenses, leading to a favourable variance of \$18K. Employee costs for the Pavilion have also remained in line with budget to September.

The overall result of favourable income and expenditure has seen a favourable operating result of \$47K.

### **Waste Services (Commercial Waste, Domestic Waste and Hire Services)**

An undertaking by management to investigate, simplify and redesign the accounting processes and reporting structure of the former waste services operations is nearing completion. These changes will improve transparency and reporting on the operating costs and profitability of various waste services, in addition to cleaning and external hire operations. This review will also improve accounting for internal and external reserves and will address some of the issues noted in Forsyths report. The net budgetary effect of the aforementioned changes will be incorporated into the next quarterly budget review.

### **Consolidated Statement of Financial Position**

It should be noted that year end accounting entries relating to June 2023 are currently in progress and may materially change the previously presented consolidated statement of financial position for June 2023 (subsequently effecting the 2023/24 opening balances). The final statement of financial position will be presented as part of the 2022/23 Audited Financial Statements.

The balance sheet has remained largely unchanged with the stable balance of assets and liabilities.

### **Current Asset Ratio**

The current asset ratio measures a company's ability to pay its short-term obligations. The consolidated current asset ratio remains 0.31 in September, largely similar to August and July 2023. Note this ratio would be approximately 1.4 if adjusted for Blue Haven resident liabilities and average length of stay assumptions (unchanged from last month).



# KIAMA MUNICIPAL COUNCIL

## Income Statement - Consolidated

For the Period Ending 30 September 2023



	Year to Date			Full Year		
	Actual 2023/24 \$'000	Proposed QBR 1 Budget 2023/24 \$'000	Variance 2023/24 \$'000	Last Year Actual 2022/23 \$'000	Last Year Actual 2022/23 \$'000	Proposed QBR 1 Budget 2023/24 \$'000
<b>Income from continuing operations</b>						
Rates and annual charges	6,902	6,996	(94)	5,970	26,207	28,175
User charges and fees	6,140	5,892	249	6,223	23,731	22,589
Other revenue	1,657	1,611	46	1,832	5,848	6,257
Grants and contributions provided for operating purposes	4,013	3,734	279	4,286	20,198	16,392
Grants and contributions provided for capital purposes	1,033	2,818	(1,785)	744	5,560	14,395
Interest and investment income	399	597	(198)	188	1,781	2,387
Other income	-	0	(0)	-	-	0
Net gain/(loss) from the disposal of assets	78	(256)	334	25	17,085	31,221
Internal Revenue	1,218	1,423	(204)	2,013	5,349	5,662
<b>Total income from continuing operations</b>	<b>21,441</b>	<b>22,813</b>	<b>(1,372)</b>	<b>21,280</b>	<b>105,761</b>	<b>127,079</b>
<b>Expenses from continuing operations</b>						
Employee benefits and on-costs	9,150	9,152	2	8,695	36,431	37,638
Materials and services	8,997	8,954	(43)	5,719	30,137	35,610
Borrowing costs	83	88	5	398	2,293	549
Depreciation, amortisation and impairment for non financial assets	3,652	3,652	-	2,797	11,186	14,608
Other expenses	25	118	93	119	994	1,168
Internal Expenditure	1,210	1,416	206	2,005	5,349	5,662
<b>Total Expenses from continuing operations</b>	<b>23,116</b>	<b>23,380</b>	<b>264</b>	<b>19,733</b>	<b>86,391</b>	<b>95,235</b>
<b>Operating result from continuing operations</b>	<b>(1,675)</b>	<b>(567)</b>	<b>(1,109)</b>	<b>1,547</b>	<b>19,370</b>	<b>31,844</b>
<b>Net operating results for the year</b>	<b>(1,675)</b>	<b>(567)</b>	<b>(1,109)</b>	<b>1,547</b>	<b>19,370</b>	<b>31,844</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(2,709)</b>	<b>(3,385)</b>	<b>676</b>	<b>804</b>	<b>13,810</b>	<b>17,448</b>

# KIAMA MUNICIPAL COUNCIL

## Income Statement - Blue Haven

For the Period Ending 30 September 2023



	Year to Date			Full Year		
	Actual 2023/24 \$'000	Proposed QBR 1 Budget 2023/24 \$'000	Variance 2023/24 \$'000	Last Year Actual 2022/23 \$'000	Last Year Actual 2022/23 \$'000	Proposed QBR 1 Budget 2023/24 \$'000
<b>Income from continuing operations</b>						
Rates and annual charges	-	-	-	-	-	-
User charges and fees	1,351	1,236	115	1,239	4,951	4,943
Other revenue	1,274	1,253	21	1,182	4,488	5,013
Grants and contributions provided for operating purposes	3,634	3,316	318	2,625	13,234	13,264
Grants and contributions provided for capital purposes	-	-	-	-	-	-
Interest and investment income	115	117	(2)	2	409	468
Other income	-	0	(0)	-	-	0
Net gain/(loss) from the disposal of assets	-	-	-	-	-	-
Internal Revenue	194	255	(61)	327	1,247	1,019
<b>Total income from continuing operations</b>	<b>6,567</b>	<b>6,177</b>	<b>390</b>	<b>5,375</b>	<b>24,329</b>	<b>24,708</b>
<b>Expenses from continuing operations</b>						
Employee benefits and on-costs	3,224	3,248	24	3,022	12,712	12,976
Materials and services	2,441	1,565	(876)	1,415	6,692	6,260
Borrowing costs	49	49	(0)	342	2,102	393
Depreciation, amortisation and impairment for non financial assets	1,063	1,063	-	314	1,257	4,253
Other expenses	15	2	(13)	2	3	9
Internal Expenditure	802	874	72	718	3,234	3,496
<b>Total Expenses from continuing operations</b>	<b>7,594</b>	<b>6,801</b>	<b>(793)</b>	<b>5,814</b>	<b>26,000</b>	<b>27,386</b>
<b>Operating result from continuing operations</b>	<b>(1,027)</b>	<b>(625)</b>	<b>(402)</b>	<b>(439)</b>	<b>(1,671)</b>	<b>(2,678)</b>
<b>Net operating results for the year</b>	<b>(1,027)</b>	<b>(625)</b>	<b>(402)</b>	<b>(439)</b>	<b>(1,671)</b>	<b>(2,678)</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(1,027)</b>	<b>(625)</b>	<b>(402)</b>	<b>(439)</b>	<b>(1,671)</b>	<b>(2,678)</b>

# KIAMA MUNICIPAL COUNCIL

## Income Statement - Blue Haven Per Area

For the Period Ending 30 September 2023



	Year to Date								Full Year		
	RACF	ILU	Community Programs	Barroul House	BH Management	Total Bluehaven			Last Year Actual 2022/23 \$'000	Proposed QBR 1 Budget 2023/24 \$'000	
	Actual 2023/24 \$'000	Actual 2023/24 \$'000	Actual 2023/24 \$'000	Actual 2023/24 \$'000	Actual 2023/24 \$'000	Actual 2023/24 \$'000	Variance 2023/24 \$'000	Last Year Actual 2022/23 \$'000			
<b>Income from continuing operations</b>											
Rates and annual charges	-	-	-	-	-	-	-	-	-	-	
User charges and fees	950	353	48	-	-	1,351	1,236	115	1,239	4,951	4,943
Other revenue	12	1,221	7	34	-	1,274	1,253	21	1,182	4,488	5,013
Grants and contributions provided for operating purposes	2,615	-	1,019	-	-	3,634	3,316	318	2,625	13,234	13,264
Grants and contributions provided for capital purposes	-	-	-	-	-	-	-	-	-	-	-
Interest and investment income	47	62	6	-	-	115	117	(2)	2	409	468
Other income	-	-	-	-	-	-	0	(0)	-	-	0
Net gain/(loss) from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	78	-	116	194	255	(61)	327	1,247	1,019
<b>Total income from continuing operations</b>	<b>3,624</b>	<b>1,635</b>	<b>1,158</b>	<b>34</b>	<b>116</b>	<b>6,567</b>	<b>6,177</b>	<b>390</b>	<b>5,375</b>	<b>24,329</b>	<b>24,708</b>
<b>Expenses from continuing operations</b>											
Employee benefits and on-costs	2,142	77	823	70	112	3,224	3,248	24	3,022	12,712	12,976
Materials and services	1,787	422	156	33	43	2,441	1,565	(876)	1,415	6,692	6,260
Borrowing costs	34	15	-	-	-	49	49	(0)	342	2,102	393
Depreciation, amortisation and impairment for non financial assets	313	750	-	-	-	1,063	1,063	-	314	1,257	4,253
Other expenses	15	-	-	-	-	15	2	(13)	2	3	9
Internal Expenditure	330	182	275	8	6	802	874	72	718	3,234	3,496
<b>Total Expenses from continuing operations</b>	<b>4,622</b>	<b>1,445</b>	<b>1,254</b>	<b>111</b>	<b>161</b>	<b>7,594</b>	<b>6,801</b>	<b>(793)</b>	<b>5,814</b>	<b>26,000</b>	<b>27,386</b>
<b>Operating result from continuing operations</b>	<b>(998)</b>	<b>190</b>	<b>(96)</b>	<b>(77)</b>	<b>(46)</b>	<b>(1,027)</b>	<b>(625)</b>	<b>(402)</b>	<b>(439)</b>	<b>(1,671)</b>	<b>(2,678)</b>
<b>Net operating results for the year</b>	<b>(998)</b>	<b>190</b>	<b>(96)</b>	<b>(77)</b>	<b>(46)</b>	<b>(1,027)</b>	<b>(625)</b>	<b>(402)</b>	<b>(439)</b>	<b>(1,671)</b>	<b>(2,678)</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(998)</b>	<b>190</b>	<b>(96)</b>	<b>(77)</b>	<b>(46)</b>	<b>(1,027)</b>	<b>(625)</b>	<b>(402)</b>	<b>(439)</b>	<b>(1,671)</b>	<b>(2,678)</b>

# KIAMA MUNICIPAL COUNCIL

## Income Statement - Holiday Parks

For the Period Ending 30 September 2023



	Year to Date				Full Year	
	Proposed QBR 1		Variance 2023/24 \$'000	Last Year Actual 2022/23 \$'000	Proposed QBR 1	
	Actual 2023/24 \$'000	Budget 2023/24 \$'000			Last Year Actual 2022/23 \$'000	Budget 2023/24 \$'000
<b>Income from continuing operations</b>						
Rates and annual charges	-	-	-	-	-	-
User charges and fees	2,703	2,929	(227)	2,965	11,131	10,999
Other revenue	6	0	6	0	2	2
Grants and contributions provided for operating purposes	83	-	83	-	0	-
Grants and contributions provided for capital purposes	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Net gain/(loss) from the disposal of assets	-	-	-	-	-	-
Internal Revenue	19	12	7	18	72	45
<b>Total income from continuing operations</b>	<b>2,812</b>	<b>2,942</b>	<b>(131)</b>	<b>2,983</b>	<b>11,205</b>	<b>11,046</b>
<b>Expenses from continuing operations</b>						
Employee benefits and on-costs	61	86	25	83	360	397
Materials and services	1,386	1,600	213	1,132	5,146	6,409
Borrowing costs	12	18	6	23	87	73
Depreciation, amortisation and impairment for non financial assets	214	214	-	-	-	857
Other expenses	-	24	24	41	294	433
Internal Expenditure	105	70	(35)	95	221	281
<b>Total Expenses from continuing operations</b>	<b>1,778</b>	<b>2,012</b>	<b>233</b>	<b>1,374</b>	<b>6,109</b>	<b>8,449</b>
<b>Operating result from continuing operations</b>	<b>1,033</b>	<b>930</b>	<b>103</b>	<b>1,609</b>	<b>5,096</b>	<b>2,596</b>
<b>Net operating results for the year</b>	<b>1,033</b>	<b>930</b>	<b>103</b>	<b>1,609</b>	<b>5,096</b>	<b>2,596</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>1,033</b>	<b>930</b>	<b>103</b>	<b>1,609</b>	<b>5,096</b>	<b>2,596</b>

# KIAMA MUNICIPAL COUNCIL

## Income Statement - The Pavilion

For the Period Ending 30 September 2023



	Year to Date				Full Year	
	Actual 2023/24 \$'000	Proposed QBR 1 Budget 2023/24 \$'000	Variance 2023/24 \$'000	Last Year Actual 2022/23 \$'000	Last Year Actual 2022/23 \$'000	Proposed QBR 1 Budget 2023/24 \$'000
<b>Income from continuing operations</b>						
Rates and annual charges	-	-	-	-	-	-
User charges and fees	209	202	7	212	664	807
Other revenue	-	-	-	-	-	-
Grants and contributions provided for operating purposes	-	-	-	-	-	-
Grants and contributions provided for capital purposes	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Net gain/(loss) from the disposal of assets	-	1	(1)	-	-	3
Internal Revenue	25	3	22	1	19	13
<b>Total income from continuing operations</b>	<b>234</b>	<b>206</b>	<b>29</b>	<b>213</b>	<b>683</b>	<b>823</b>
<b>Expenses from continuing operations</b>						
Employee benefits and on-costs	57	67	10	57	203	262
Materials and services	106	111	5	16	408	445
Borrowing costs	-	-	-	-	-	-
Depreciation, amortisation and impairment for non financial assets	66	66	-	-	-	263
Other expenses	-	-	-	-	-	-
Internal Expenditure	5	8	3	2	23	34
<b>Total Expenses from continuing operations</b>	<b>234</b>	<b>252</b>	<b>18</b>	<b>75</b>	<b>634</b>	<b>1,003</b>
<b>Operating result from continuing operations</b>	<b>0</b>	<b>(47)</b>	<b>47</b>	<b>137</b>	<b>49</b>	<b>(181)</b>
<b>Net operating results for the year</b>	<b>0</b>	<b>(47)</b>	<b>47</b>	<b>137</b>	<b>49</b>	<b>(181)</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>0</b>	<b>(47)</b>	<b>47</b>	<b>137</b>	<b>49</b>	<b>(181)</b>

# KIAMA MUNICIPAL COUNCIL

## Income Statement - Consolidated (excluding Blue Haven, Holiday Parks, Pavilion)

For the Period Ending 30 September 2023



	Year to Date			Full Year		
	Actual 2023/24 \$'000	Proposed QBR 1 Budget 2023/24 \$'000	Variance 2023/24 \$'000	Last Year Actual 2022/23 \$'000	Last Year Actual 2022/23 \$'000	Proposed QBR 1 Budget 2023/24 \$'000
<b>Income from continuing operations</b>						
Rates and annual charges	6,902	6,996	(94)	5,970	26,207	28,175
User charges and fees	1,878	1,525	354	1,807	6,985	5,840
Other revenue	377	358	19	650	1,358	1,243
Grants and contributions provided for operating purposes	296	417	(122)	1,661	6,964	3,128
Grants and contributions provided for capital purposes	1,033	2,818	(1,785)	744	5,560	14,395
Interest and investment income	284	480	(196)	186	1,372	1,919
Other income	-	-	-	-	-	-
Net gain/(loss) from the disposal of assets	78	(257)	335	25	17,085	31,218
Internal Revenue	980	1,152	(172)	1,666	4,011	4,585
<b>Total income from continuing operations</b>	<b>11,828</b>	<b>13,489</b>	<b>(1,661)</b>	<b>12,709</b>	<b>69,543</b>	<b>90,503</b>
<b>Expenses from continuing operations</b>						
Employee benefits and on-costs	5,809	5,751	(57)	5,533	23,155	24,003
Materials and services	5,063	5,679	615	3,155	17,890	22,497
Borrowing costs	22	21	(1)	33	105	83
Depreciation, amortisation and impairment for non financial assets	2,309	2,309	-	2,482	9,929	9,236
Other expenses	9	92	83	76	697	726
Internal Expenditure	298	463	165	1,190	1,872	1,852
<b>Total Expenses from continuing operations</b>	<b>13,510</b>	<b>14,314</b>	<b>805</b>	<b>12,470</b>	<b>53,648</b>	<b>58,397</b>
<b>Operating result from continuing operations</b>	<b>(1,682)</b>	<b>(826)</b>	<b>(856)</b>	<b>239</b>	<b>15,895</b>	<b>32,107</b>
<b>Net operating results for the year</b>	<b>(1,682)</b>	<b>(826)</b>	<b>(856)</b>	<b>239</b>	<b>15,895</b>	<b>32,107</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(2,715)</b>	<b>(3,644)</b>	<b>929</b>	<b>(504)</b>	<b>10,335</b>	<b>17,711</b>

2023/24 Operational Budget - Variance summary per entity					
\$'000	Consolidated	Council General Operations (exc. Blue Haven, Holiday Parks and Pavilion)	Blue Haven	Holiday Parks	Pavilion
Income Actual	21,441	11,828	6,567	2,812	234
Income Budget	22,813	13,489	6,177	2,942	206
<b>Income Variance \$</b>	<b>(1,372)</b>	<b>(1,661)</b>	<b>390</b>	<b>(131)</b>	<b>28</b>
<b>Income Variance %</b>	<b>(6.0%)</b>	<b>(12.3%)</b>	<b>6.3%</b>	<b>(4.4%)</b>	<b>14.0%</b>
Expenses Actual	23,116	13,510	7,594	1,778	234
Expenses Budget	23,380	14,314	6,801	2,012	252
<b>Expenses Variance \$</b>	<b>264</b>	<b>804</b>	<b>(793)</b>	<b>233</b>	<b>18</b>
<b>Expense Variance %</b>	<b>1.1%</b>	<b>5.6%</b>	<b>(11.7%)</b>	<b>11.6%</b>	<b>7.3%</b>
Actual operating results	(1,675)	(1,682)	(1,027)	1,033	0
Budgeted operating results	(567)	(826)	(625)	930	(47)
<b>Operating results Variance \$</b>	<b>(1,109)</b>	<b>(856)</b>	<b>(402)</b>	<b>103</b>	<b>47</b>
<b>Operating results Variance %</b>	<b>(195.6%)</b>	<b>(103.7%)</b>	<b>(64.4%)</b>	<b>11.1%</b>	<b>100.9%</b>
Actual operating results (before capital grants and contributions)	(2,709)	(2,715)	(1,027)	1,033	0
Budgeted operating results (before capital grants and contributions)	(3,385)	(3,644)	(625)	930	(47)
<b>Operating results Variance \$ (before capital grants and contributions)</b>	<b>676</b>	<b>929</b>	<b>(402)</b>	<b>103</b>	<b>47</b>
<b>Operating results Variance % (before capital grants and contributions)</b>	<b>20.0%</b>	<b>25.5%</b>	<b>(64.4%)</b>	<b>11.1%</b>	<b>100.9%</b>

## KIAMA MUNICIPAL COUNCIL

## Consolidated

## Statement of Financial Position

For the Period Ended 30 September 2023



	Notes	Actual 3 months 2023/24 \$'000	Actual 3 months 2022/23 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1 1CA01	4,664	2,489
Investments	C1-2 1CA02	37,087	44,237
Receivables	C1-4 1CA03	-260 *	145
Inventories	C1-5 1CA04	373	307
Contract assets and contract cost assets	C1-6 1CA08	216	216
Current assets classified as 'held for sale'	C1-7 1CA06	-	20,178
Other	1CA05	2,964	1,770
Unclassified assets	TBC	-	-
<b>Total current assets</b>		<b>45,045</b>	<b>69,343</b>
<b>Non current assets</b>			
Investments	C1-2 1NCA01	750	6,000
Receivables	C1-4 1NCA02	199	192
Infrastructure, property, plant and equipment	C1-8 1NCA03	553,206	548,706
Investment property	C1-9 1NCA05	139,030	139,030
Intangible assets	C1-10 1NCA06	-	-
Right of use assets	C2-1 1NCA09	122	122
Investments accounted for using equity method	D1-2 1NCA04	-	-
Other	1NCA07	-	-
<b>Total non current assets</b>		<b>693,307</b>	<b>694,050</b>
<b>Total assets</b>		<b>738,352</b>	<b>763,393</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1 2CL01	136,052	134,306
Contract liabilities	C3-2 2CL05	2,691	3,706
Lease liabilities	C2-1 2CL04	36	36
Borrowings	C3-3 2CL02	702	627
Employee benefit provisions	C3-4 2CL03	7,413	7,766
Unclassified liabilities	TBC	-	-
Unclassified suspense	NA	-	-
<b>Total current liabilities</b>		<b>146,894</b>	<b>146,442</b>
<b>Non current liabilities</b>			
Payables	C3-1 2NCL01	24	24
Lease liabilities	C2-1 2NCL04	6	6
Borrowings	C3-3 2NCL02	20,505	51,427
Employee benefit provisions	C3-4 2NCL03	741	741
<b>Total non current liabilities</b>		<b>21,276</b>	<b>52,197</b>
<b>Total Liabilities</b>		<b>168,170</b>	<b>198,639</b>
<b>Net Assets</b>		<b>570,182</b>	<b>564,754</b>
<b>EQUITY</b>			
Retained earnings	3EQ01	195,782	187,204
Revaluation reserves	3EQ02	376,066	376,063
Other reserves	3EQ05	-	-
Council equity interests	3EQ03	-	-
Minority equity interests	3EQ04	-	-
Current Year Net Earnings		-1,667	1,487
<b>Total equity</b>		<b>570,182</b>	<b>564,754</b>

\*Negative receivables balance due to rates payments made in advance