

Item: FIN005-21 Quarterly Budget Review for period ended 31 December 2020

Author: Business Performance Accountant

Directorate: Business and Corporate Services

Matter Type: Committee Reports

FIN005-21

RECOMMENDATION:

- (a) That Council receives and notes the contents of this report in relation to the Quarterly Budget Review for the period ending 31 December 2020.
- (b) That Council adopt the proposed amendments to the 2020/21 Budget based on the revised forecast operational impacts from COVID-19, the ICAC investigation and other variations experienced in the first half of the financial year.
- (c) That Council notes there is a substantial decrease in Council's cash forecast balance since the adopted budget.
- (d) That Council notes the forecast operating financial sustainability issues have accelerated due to COVID-19 with higher than anticipated costs and reduced income in 2019/20.
- (e) That Council acknowledges the risks associated with not resolving the financial operating deficit in meeting its short and long-term commitments.

EXECUTIVE SUMMARY

1. In accordance with the COVID-19 budget strategy resolved by Council in June 2020, this report highlights Council's half year performance against the 2020/2021 adopted budget and presents draft budget variations in consideration of projected financial results.
2. To minimise the bottom-line impact of the proposed unfavourable financial variations of COVID-19 and external investigation costs, senior staff have commenced another review of the 2020/21 Budget with a view to obtaining further reductions and/or alternate revenue and funding sources.

BACKGROUND

3. Section 203 of the Local Government (General) Regulation 2005 requires that a Quarterly Budget Review be considered by Council that shows the projected year end results for income and expenditure. The report indicates whether there are any proposed changes to the forecast and makes recommendations for variation. In addition, the Quarterly Budget Review highlights key financial information for sound decision making, to ensure the financial sustainability of Council.
4. Council's adopted 2020/21 budget did not factor in the projected impacts to income and expenditure from the COVID-19 pandemic. The decision to adopt a business as usual approach and then adjust the Budget each quarter was based on critical factors being unknown, such as the scale of the financial impact, the length of time the Public Health Orders would remain in place and any financial support or stimulus packages provided by various levels of government.

5. This report outlines the proposed budget changes, which include revised forecasts on specific services impacted by COVID-19.

QUARTERLY BUDGET REVIEW STATEMENT FOR PERIOD ENDING 31 DECEMBER 2020

Overview of Proposed Changes

6. The proposed amendments to the 2020/21 Operational Budget result in a new forecast operating deficit of \$3.2m, which is a \$1.3m decline from the previous Quarter 1 (Q1) Budget Review.
7. This unfavourable movement in Council's projected operating deficit is materially due to an increase in legal expenditure of \$1.3 million. The legal fees increase is a result of the NSW Independent Commission Against Corruption (ICAC) investigation into Councillors Badalati and Hindi.
8. Including Capital Grants, the total budget surplus has increased from the Q1 Budget Review of \$10.4m to now \$11.1m forecast. This is due to increases in Capital Grants, sourced by Council officers for Peakhurst Park, roads and sports field lighting.
9. The proposed amendments to the 2020/21 Capital Budget result in a revised capital budget of \$56.9m. This is an increase of \$2.8m from the Q1 budget review. An overview of the changes includes:
 - Road re-sheeting program (\$600,000)
 - Building, Playground and Other Assets Critical Safety Program (\$2.1m).
10. Attachment 1 contains detailed information on the proposed changes and quarterly results.

Financial Quarter Performance Overview

11. The overall financial performance to date of Council is showing a surplus of \$5.4m and is in a favourable position compared to current budget. This is attributable to earlier than anticipated land sales totalling \$6m in the first half of the financial year (as sales were anticipated in the second half of the financial year). Asset revaluations also need to be performed so this amount is anticipated to change once these are finalised at year end.
12. Operating income is favourable to budget, due to the performance in the following areas (noting that the timing of the receipt of the funds is the main contributing factor):
 - Net Gain on Property Disposals of \$6m
 - Operating Grants of \$2.1m (RMS/Roads to Recovery Grant; Local Roads and Community Infrastructure Program (LRIC) Grant; Library Services Grant)
13. Expenditure is lower than budget by \$2.7m. The expenditure levels are expected to increase in the second half of the year, as per previous year cycles.
14. Currently the impact of COVID-19 on Council's operating income is being observed in the following areas:
 - Hurstville Aquatic Leisure Centre Income
 - Netstrata Jubilee Stadium
 - Income from Premium Facilities
 - Income from Events
 - Commercial Property Rentals
 - Commercial Car Parking

15. Council officers will continue to manage financial operations to mitigate the adverse impact of COVID-19, whilst continuing to deliver key services and programs for the community. The financial results of Council will be monitored over the coming months, and if major changes are required, these will continue to be communicated to Council.
16. The Quarter 2 cash receipts comparison (table 6 of Attachment 1) highlights a 41% increase in cash from the same quarter last year. A large component of this increase is due to the sale of land.
17. The revised statement of cash flows (table 7 of Attachment 1) is showing a projected decrease in cash of \$31.4m at year end. This is a reduction of \$18.7m since the original adopted budget with the main contributing factor being the increase in unpaid rates. Senior staff have commenced another review of the 2020/21 Budget with a view to obtaining further reductions and/or alternate revenue and funding sources.

Operating Income

18. Operating income for the quarter is above the original budget. This is primarily due to the \$6m in land sales which have occurred in the December quarter but were scheduled for the second half of the year and some grant funding.
19. User fees and charges are currently \$400,000 under budget in the following areas:
 - Premium Facilities Events Income down \$400,000
 - Children's Services Income down \$300,000
 - Hoardings down \$200,000
20. The above amounts are being somewhat offset by better than expected income from Road Restorations.
21. Interest income performed below budget by \$161,000 and this trend is likely to continue for the remainder of the year given the volatility currently seen in the investment markets, higher dependency on cash reserve utilisation to fund capital infrastructure due to the operating deficit and the historically low cash rate.
22. Income from Operating Grants is above budget by \$2.1m due to receipt being earlier than budgeted, and mainly due to
 - RMS / Roads to Recovery Grant
 - LRCI Grant
 - Library Services Grant
23. The total income reduction being proposed to the revised operating budget is \$153,000 and is materially attributed to a reduction in Jubilee Stadium due to COVID-19 capacity restrictions (details of all changes are outlined in Attachment 1, table 2).

Operating Expenditure

24. Operating expenditure for the quarter is trending below the annual budget. Employee costs are currently \$17,000 above budget, which is a 0% variance and tracking well.
25. Materials and Contracts are under budget by \$1.0m, with the majority of savings in Contractor and Materials expenditure, and timing of consultancy and waste expenditure.

26. Savings have been obtained in other expenses of \$1.8m, with savings currently in event costs of \$200,000; minor building repair and maintenance costs of \$200,000 and \$500,000 in Electricity and Street Lighting.
27. A total increase in operating expenditure of \$1.2 million is being proposed to the adopted budget, with an increase in legal expenditure predicted to occur in response to the ongoing NSW Independent Commission Against Corruption investigation into Councillors Badalati and Hindi (details are outlined in Attachment 1, table 2).
28. Expenditure on legal fees associated with the Independent Commission Against Corruption (ICAC) investigation into Councillors ██████████ can now be provided. Until early December 2020, the ICAC had directed that strict confidentiality in relation to all aspects of the investigation needed to be maintained by the General Manager.
29. Legal fees incurred by Council (unbudgeted) to end Q2, 2020 are as follows:

ICAC investigation	Actual Expenditure	Forecast
January 2020 to June 2020	\$678,103	
July 2020 to December 2020	\$625,058	
January 2021 to June 2021		\$600,000
Total	\$1,303,161	

30. It is recommended that Council adopt the proposed increase in operating expenditure to the 2020/21 Budget based on actual and forecast legal expenditure for the ICAC investigation and other variations experienced in Q2.

Capital Program and Reserve Forecast Balance

31. The revised cash reserves forecast balance for the end of this financial year is \$111.9m, which is a \$18.7 reduction from the 2020/21 original projected balance.
32. This is largely due to the \$10m reduction in forecast developer contribution income foreshadowed in Q1 (due to a legislative change allowing delayed payments), deterioration of Council's operating result, delayed payments, drop in income from COVID-19 and the increased utilisation of reserves for capital and operational projects.
33. The proposed revised 2020/21 Capital Budget is \$56.9m, compared to the original budget of \$46.4m (details are outlined in Attachment 1, tables 3 and 4).
34. Capital expenditure for Quarter 2 was \$6.7m, with material year to date expenditure occurring on:
- Penshurst Park Sporting Hub - Stage 2 (\$4.7m)
 - Land Acquisitions (\$1.3m)
 - Oatley Park Sporting Amenities (\$642,000)
 - Building, Playground and Other Assets Critical Safety Program (\$1.2m).

FINANCIAL IMPLICATIONS

35. Details of the financial impact are outlined in Attachment 1 and the relevant tables.

36. The variations to budget highlighted above have resulted in the adopted budgeted operating deficit of \$3.2m now being forecasted at year end 30 June 2021. The result is materially assisted by the receipt of one-off grants and sale of underperforming assets.
37. The proposed new revised 2020/21 Capital Budget is \$56.9m.
38. Including capital revenue, the operating surplus of \$18.1m has dropped to \$11.1m.
39. Based on the cash flow dropping for the quarter and the decline in capital contributions, Council must continue to adhere to the principles of sound financial management to protect cash for ongoing operations and resolve the operating deficit, as internal reserves have declined and are largely committed for future expenditure.
40. With no remediation of Council's financial position, Council is at high risk of not meeting immediate and long-term commitments.

RISK IMPLICATIONS

41. Councillors have been apprised of Council's poor and deteriorating financial outlook over the 10 year period of the Long Term Financial Plan over the past three years. Failure to address the unsustainable financial position places Council in contravention of S.8b of the Local Government Act 1993 and will compel Council to cut and/or reduce services to ease the unfavourable gap between income and expenditure.
42. Council must comply with Section 8B of the Act - Principles of sound financial management; and in particular the following sub sections of section 8B:
“(a) Council spending should be responsible and sustainable, aligning general revenue and expenses...”
(d) Councils should have regard to achieving intergenerational equity, including ensuring the following:
 - (i) policy decisions are made after considering their financial effects on future generations,*
 - (ii) the current generation funds the cost of its services”.*
43. At its July 2020 meeting the ARIC comprehensively reviewed and discussed Council's Budget for 2020/21 and the Long Term Financial Plan projections to 2028-2029.
44. The ARIC expressed concern over the projected operating and cash flow deficits and that the estimates indicate that Council will not be financially sustainable and this will expose Council to significant risks to service delivery, governance and reputation.
45. The current and continuing economic, financial and social impact of COVID-19 will further exacerbate these risks. The ARIC noted that Management has implemented cost saving measures and has previously identified services and programs that Council will need to reduce or delete in order to correct the financial position of Council.
46. Whilst such measures are important, the ARIC is concerned that they will be inadequate to address financial sustainability which may threaten the significant progress achieved since merger in harmonising Council's processes, systems, risk management, governance and service delivery.

47. In this regard, the ARIC recommended that Council consider measures to immediately address the key financial sustainability risk, particularly in regard to increasing revenues to secure Council's immediate and long term future.

COMMUNITY ENGAGEMENT

48. No community consultation is required as a result of this report.

FILE REFERENCE

20/2156

ATTACHMENTS

Attachment [↓](#)1  Quarterly Budget Review Report - Q2 31 December 2020 pdf



BUDGET REVIEW STATEMENT

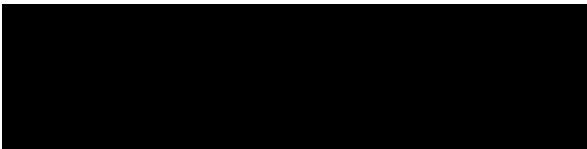
for the Quarter ended 31 December
2020

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Report by Responsible Accounting Officer

In accordance with Clause 203(2) of the Local Government (General) Regulations 2005, it is my opinion that the Quarterly Budget Review Statement for Georges River Council for the quarter ended 31 December 2020 outlines Council's projected financial position as at 30 June 2021, based on projected estimates of income and expenditure. It is noted that Council has been advised by the independent Audit Risk and Improvement Committee that it needs *"to immediately address the key financial sustainability risk, particularly in regard to increasing revenues to secure Council's immediate and long-term future"*. It is noted that Council continues to display operating deficits before grants and contributions, which if left unresolved places Council at risk of breaching its obligations under the Local Government Act 1993.



David Tuxford
Director Business & Corporate Services
Responsible Accounting Officer
29 January 2021

Appendices

Table 1: Income & Expenditure Budget Review Statement

	Original Budget 2020/21	2019/20 Carryovers	Quarter 1 Budget Variations	Quarter 2 Budget Variations	Quarter 3 Budget Variations	Revised Budget 2020/21	December 20 YTD Actuals
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Income							
Rates and Annual Charges	98,819		-	-	-	98,819	50,524
User Charges & Fees	16,657		(1,645)	(845)	-	14,167	6,459
Interest	2,190		-	-	-	2,190	934
Other Revenues from Ordinary Activities	11,355		(223)	400	-	11,532	6,441
Operating Grants and Contributions	11,360		5,638	292	-	17,290	6,742
Capital Grants and Contributions	21,366		(9,096)	2,057	-	14,327	6,687
Net Gain/Loss on Disposal	5,000		-	-	-	5,000	5,953
Total Income	166,747		(5,326)	1,904		163,325	83,740
Expense							
Employee Costs	59,500	77	287	-	-	59,864	30,015
Borrowing Costs Expense	55		-	-	-	55	11
Materials & Contracts	41,928	1,345	1,290	1,192	-	45,755	20,673
Depreciation	24,014		-	-	-	24,014	12,117
Other Expenses	23,109		(591)	(30)	-	22,488	8,858
Total Expenses	148,606	1,422	986	1,162	-	152,176	71,674
Net Operating Result from Continuing Operations – Surplus/(Deficit)	18,141	(1,422)	(6,312)	742	-	11,148	12,096
Net Operating Result from Continuing Operations excluding Capital Grants & Contributions – Surplus/(Deficit)	(3,225)	(1,422)	2,784	(1,315)	-	(3,179)	5,379

Table 2: Detailed Operational Adjustments

Project Description	Directorate	Major Account Category	Reason	Funding Source	Q2 Budget Variation ('000s)
Hoarding Income	E&P	User Charges & Fees	Reduced hoarding income	General Revenue	400
Jubilee Stadium	A&I	User Charges & Fees	Reduction in income due to COVID restrictions	General Revenue	445
Parking Fines Income	E&P	Other Revenues from Ordinary Activities	Increase in fines from parking	General Revenue	(400)
Grant - RMS	A&I	Operating Grants & Contributions	Riverwood Traffic Study - new grant	Operating Grant	(50)
Grant – Department of Industry, Planning and Environment	A&I	Operating Grants & Contributions	Flood risk management project	Operating Grant	(40)
Grant – Street Lighting	A&I	Operating Grants & Contributions	LED installation incentive payments Street Lighting grants	Operating Grant	(56)
Grant – Department of Industry, Planning and Environment	A&I	Operating Grants & Contributions	Tree Replacement - 5 million tree grants - milestone payments	Operating Grant	(84)
Grant - RMS	A&I	Operating Grants & Contributions	Todd Park Tree replacement due to road widening	Operating Grant - RMS	(62)
ICAC Investigation	BACS	Materials & Contracts	ICAC Investigation - Councillors Badalati and Hindi: Legal Fees	General Revenue	1,200
Riverwood Traffic Study	A&I	Materials & Contracts	Consultants for new grant awarded	Operating Grant - RMS	46
Flood risk Management project	A&I	Materials & Contracts	Consultant - 2/3 grant and 1/3 council	Operating Grant - Department of Industry, Planning and Environment	60
Moore Reserve Enviro Assessment	A&I	Materials & Contracts	Consultants	Domestic Waste Management Reserve	35
Todd Park Tree replacement	A&I	Materials & Contracts	Tree replacement	Operating Grant - RMS	62
Jubilee Stadium	A&I	Materials & Contracts	Reduction in game expenditure due to reduced crowds due to COVID	General Revenue	(211)
Jubilee Stadium	A&I	Other Expenses	Reduction in game expenditure due to reduced crowds due to COVID	General Revenue	(30)
Total					1,315

Table 3: Capital Budget Review Statement Summary

Project Description	2020/21 Original Budget	Prior Year Actuals	Quarter 1 Variations	Quarter 2 Variations	2020/21 Revised Budget	YTD Actuals	2020/21 Revised Cash Forecast
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Construction of Penshurst Park Sporting Hub Stage 2	14,900	(3,800)			11,100	(4,728)	6,372
Road Re-sheeting Program	4,700			603	5,303	(34)	5,269
Building, Playground and Other Assets Critical Safety Program	3,200	(260)	1,026	2,095	6,061	(1,232)	4,829
Kogarah War Memorial Swimming Pool Demolition and Site Remediation	3,000				3,000	(303)	2,697
Ormonde Parade Streetscape	3,000				3,000	0	3,000
Poulton Park Remediation	3,000		150		3,150	(21)	3,129
Hurstville Golf Course	2,900	(240)		220	2,880	(48)	2,832
Hurstville Oval Players Pavilion	2,200	(70)			2,130	(78)	2,052
Hurstville Aquatic Facility Asset Renewal (Roof and Filtration)			2,700		2,700	(782)	1,918
Mortdale Town Centre Upgrade	2,000	(140)			1,860	(39)	1,821
Remediation of the former Oatley Bowling Club	1,500				1,500	(13)	1,487
Project Delivery Capital Salaries	1,400		410		1,810	0	1,810
Commercial Car Parking Strategy Equipment	1,000				1,000	(15)	985
Oatley Park Sporting Amenities	800	(290)	40		550	(642)	(92)
Land Acquisitions			2,760		2,760	(1,291)	1,469
City Strategy and Innovation			466		466	(49)	417
Storm water Drainage Critical Program	600				600	(5)	595
Footpath Critical Safety Program	500			150	650	(106)	544
Jubilee Oval Community Centre Loan Repayment	500				500	0	500
San Souci Pavilion Demolition	400		400	(400)	400	(7)	393
Information Management and Technology	330				330	(41)	289

Quarterly Budget Review Statement for Period Ended 31 December 2020

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Waterway Improvement Program for Harold Fraser Oval/Parkside Drive Reserve	220				220	(2)	218
Regional Aquatic Facility Technical Investigation at Highest Ranking Location	200				200	(165)	35
FAGs - Additional Local Roads and Community Infrastructure Program (LRCI)			700		700	(31)	669
2019/20 Carryovers			4,029		4,029	(1,777)	2,252
	46,350	(4,800)	12,681	2,768	56,899	(11,409)	45,490

Table 4: Detailed Capital Variations

Project Description	Directorate	Major Account Category	Reason	Funding Source	Q2 Budget Variation ('000s)
Sans Souci Bathers Pavillion	BACS	Capital	Reduced Capital Budget Expense- Transferred to A&I	Assets, Roads and Infrastructure Management	(400)
Ausgrid Asset Relocation - Patrick St	BACS	Capital Expenditure	Work done on carrier power lines in order to complete the project	General Revenue	134
Children's Services building works and soft-fall replacement	A&I	Capital Expenditure	Safety Compliance works	Childcare Equipment	333
Edgbaston Rd Reserve Playground	A&I	Capital Expenditure	Upgrade park as amenities building being upgraded as part of LRCI	Developer Contributions	500
Safety fencing at Golf course	A&I	Capital Expenditure	Safety Compliance works	Hurstville Golf Course	45
Hurstville golf course Greens & pathways	A&I	Capital Expenditure	Additional contribution from Golf club	Capital Contribution	220
Hurstville Golf Club	A&I	Capital Grants & Contributions	Greens & Pathways additional contribution	Capital Contribution	(220)
Peakhurst Park Field Refurbishment	A&I	Capital Expenditure	New grant awarded	Capital Grant - Department Infrastructure, Transport	500
Department Infrastructure, Transport - Federal Government	A&I	Capital Grants & Contributions	Peakhurst Park Field refurbishment	Capital Grant	(500)
Lily & Durham St	A&I	Capital Expenditure	New grant awarded	Capital Grant – RMS	230
Lower West St & Princes Hwy	A&I	Capital Expenditure	New grant awarded	Capital Grant – RMS	115
Resheet R2R George St Cole St to End South Hurstville	A&I	Capital Expenditure	New grant awarded	Capital Grant - RMS	(4)
Blakesley Rd & King Georges	A&I	Capital Expenditure	New grant awarded	Capital Grant - RMS	263
RMS grants	A&I	Capital Grants & Contributions	Various (Lily & Durham / Blakesley Rd / West St)	Capital Grant	(607)
Olds Park Athletics field upgrade	A&I	Capital Expenditure	Little A's contribution	Capital Contribution	107
Little A's club Contribution	A&I	Capital Grants & Contributions	Contribution Olds Park Little A's upgrade 100% funded	Capital Contribution	(107)

Rapid Deployment Barriers - Jubilee Stadium	A&I	Capital Expenditure	Grant awarded	Capital Grant - Department of Industry	71
Department of Industry - NSW Government	A&I	Capital Grants & Contributions	Funding towards installation of Rapid deployment barriers	Capital Grant	(71)
Sportsfield Lighting	A&I	Capital Expenditure	Various parks sports field lighting	Capital Grant	500
Sportsfield Lighting	A&I	Capital Grants & Contributions	Sportsfield Lighting grant	Capital Grant	(500)
Greening Our City	CSI	Capital Expenditure	Greening Our City Program	Capital Grant	52
Greening Our City	CSI	Capital Grants & Contributions	Greening Our City Program	Capital Grant	(52)
Total					711

Table 5: Key Performance Indicators

Indicators	Description	Benchmark	Original Budget 2020/21	Revised Budget	Dec 2020 YTD Actuals
Operating Performance	Measures Council's achievement of containing operating expenditure within operating revenue	Greater than 0%	(5.9%)	(5.7%)	(0.8%)
Own Source Operating Revenue	Measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.	Greater than 60%	77.4%	77.6%	76.9%
Rates, annual charges, interest and extra charges outstanding percentage	Highlights the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.	Less than 5.00%	4.26%	n/a	9.04%
Unrestricted Current Ratio	Highlights the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.	Greater than 1.5x	1.8	1.9	2.6

Table 6: Quarter 2 Cash Comparison - 2019/20 vs 2020/21

Cash Movement Results (\$'000)		Quarter 2 Cash Receipts		Variance %
		2019/20 Q2	2020/21 Q2	
Ordinary rates	Residential	12,332	14,338	16%
	Business	2,185	2,955	35%
Annual Charges	Domestic Waste Management Services	5,469	6,724	23%
	Other	261	86	(67%)
Subtotal		20,247	24,103	19%
User charges and fees and other revenue	Planning and building regulation	1,588	951	(40%)
	Fines - parking	955	1,641	72%
	Community services	223	541	143%
	Childcare	815	701	(14%)
	Restoration charges	350	636	82%
	Parks income	66	161	144%
	Leisure centre	14	0	(100%)
	Rental income - investment property	301	460	53%
	Regulatory fees	107	106	(1%)
	Public halls	126	101	(20%)
	Insurance claims recoveries	0	0	0%
	Rental income - other council properties	113	143	27%
	Fines	186	145	(22%)
	Legal fees recovery - other	16	42	163%
	Section 10.7 certificates	86	80	(7%)
	Commissions and agency fees	15	2	(87%)
	Section 603 certificates	63	55	(13%)
	Food inspection	31	27	(13%)
	Tennis courts	41	32	(22%)
	Other - Jubilee oval ticket sales	90	90	(1%)
Golf course	20	373	1765%	
Library	21	15	(29%)	
Other - other fee and charges	258	243	(6%)	
Sponsorship's	22	0	(100%)	
Subtotal		5,507	6,545	19%
Net Gain from the disposal of assets	Sale of land	0	5,600	0%
Subtotal		0	5,600	0%
Total		25,753	36,248	41%

Table 7: Budgeted Statement of Cash Flows

	2018/2019 Actual	2019/2020 Budget	2020/2021 Original Budget	2020/2021 Q2 Revised Budget	2021/2022 Forecast
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Receipts					
Rates and Annual Charges	92,586	95,098	88,144	85,338	102,983
User Charges and Fees	13,325	16,881	16,527	14,283	17,038
Grants and Contributions	11,644	8,548	11,088	10,190	11,621
Other	12,222	7,124	9,082	10,631	12,267
Payments					
Employee Benefits and On-Costs	(57,877)	(57,357)	(60,104)	(61,928)	(61,112)
Borrowing Costs	(74)	(71)	(55)	(55)	(22)
Materials and Contracts	(42,989)	(40,095)	(42,059)	(45,750)	(42,504)
Other	(19,308)	(24,141)	(23,259)	(21,863)	(23,782)
Net Cash Provided from Operating Activities	9,529	5,987	(636)	(9,154)	16,489
INVESTING ACTIVITIES					
Receipts					
Investment & Interest Revenue Received	6,143	4,282	2,622	1,914	2,361
Capital Grants & Contributions	36,304	14,068	21,366	26,427	21,851
Proceeds from Sale of Assets	3,443	1,763	5,000	5,000	0
Payments					
Capital Works and Purchase of Fixed Assets	(70,245)	(48,972)	(40,529)	(56,899)	(41,386)
Net Cash Provided from Investing Activities	(24,355)	(28,859)	(11,541)	(23,558)	(17,174)
FINANCING ACTIVITIES					
Receipts					
Proceeds from Borrowings	-	-	-	-	-
Payments					
Loan Principal Payment	(500)	(500)	(500)	(500)	(500)
Net Cash Provided from Financing Activities	(500)	(500)	(500)	(500)	(500)
Net/Increases/Decreases in Cash, Cash Equivalents and Investments	(15,326)	(23,372)	(12,677)	(33,212)	(1,185)
Opening Cash Balance – Beginning of the Year	182,036	166,710	143,338	145,157	115,457
Total Cash, Cash Equivalents, and Investments	166,710	143,338	130,661	111,945	114,272

Table 8: Externally Restricted Cash Reserves

	2018/2019	2019/2020	2020/2021	2020/2021	2020/2021
	Actual	Actual	Original Budget	Revised Q1	Revised Q2
	\$'000	\$'000	\$'000	\$'000	\$'000
Externally Restricted Closing Balances					
Developer Contributions	75,661	75,054	83,884	69,292	69,139
Specific Purpose Unexpended Grants	1,718	1,636	77	0	0
Domestic Waste Management Reserve	21,932	21,609	13,625	16,347	16,312
Stormwater Management	1,770	513	1,462	479	1,096
Environmental Levy	93	93	93	93	93
Town Improvement Levy Funds	2,586	2,932	1,816	2,050	1,950
Infrastructure Plus	331	176	0	166	177
Total Externally Restricted Balances	104,091	102,013	100,957	88,427	88,767
Internally Restricted Closing Balances					
Employee Leave Entitlements	9,513	6,561	7,509	6,637	6,637
Plant and Vehicle Replacement	4,276	4,158	6,316	6,581	6,660
Election	923	1,273	1,623	1,623	1,623
Childcare Equipment	1,209	1,209	1,209	1,180	848
Hurstville Golf Course	75	127	143	135	90
Financial Assistance Grant	2,320	2,290	2,320	2,290	2,290
Bonds and Damage Deposits	5,240	4,240	5,240	4,240	4,240
Merger Initiatives Allocation	3,194	2,767	303	801	872
Stronger Communities Fund	8,757	4,593		0	0
Assets, Roads and Infrastructure Management	9,345	6,365	2,020	2,152	2,302
Commercial Property	6,202	1,959	5,337	5,959	5,959
Strategic Centres	7,743	5,742	7,743	5,743	5,743
Revolving Energy	177	44	129	33	31
Tree Preservation	353	452	203	357	357
Aquatic Facilities	1,544	1,312	1,049	0	0
Outdoor Synthetic Sports Fields Reserve	0	24	70	94	94
Total Internally Restricted Balances	60,871	43,116	41,214	37,825	37,746
Total Restricted Cash Reserve Balances	164,962	145,129	142,171	126,251	126,513
Unrestricted Cash Balance Forecast					(\$14,568)

Table 9: Consultancy & Legal Expenses Review

Consultancy Costs by Directorate	YTD Expenditure (\$'000)	Q2 Revised YTD Budget (\$'000)
Environment and Planning	627	958
Business and Corporate Services	78	93
Assets and Infrastructure	298	264
City Strategy and Innovation	98	185
Office of the General Manager	-	25
Community and Culture	20	114
Total	1,121	1,639

Legal Costs by Directorate	YTD (\$'000)	Original Full Year Budget (\$'000)
Legal Fees Recovery	(114)	(570)
Expenses		
Legal - Class 1 Appeals - Consultants for Court Proceedings	150	310
Legal - Supreme Court Proceedings	3	50
Legal - Class 1 Appeals External Lawyers	293	310
Legal - Class 4 Appeals	365	170
Legal - Class 5 Appeals	25	20
Legal - Advice	171	290
Legal – NCAT Proceedings	2	0
Legal - Workplace Relations Advice	123	20
Net Legal Costs (Surplus)/Deficit	1,018	600

Table 10: Quarter 2 Contracts Awarded (greater than \$50,000)

Contract	Contractor	Amount Incl. GST
Q20/148 - 2020/21 Road Resheeting Program	State Asphalt Services Pty Ltd	\$3,458,620.78
Q20/171 - Reconstruction of Cricket Wickets / Sports field at Renown Park, Oatley	Neverstop Water Group	\$84,244.05
Q20/115 - Stormwater Drainage Works - Multiple Locations	Ally Property Services Pty Ltd	\$61,693.50
Q20/119 - Masterplan for Mortdale Centre	Conybeare Morrison International Pty Ltd	\$186,186.00
Q20/131 - Georges River Council Biodiversity Study	Total Earth Care Pty Ltd	\$129,162.00
T20/012 - Repairs to Roof Structure at Hurstville Aquatic Centre	Bermagui Constructions Pty Ltd	\$1,929,180.00
Q20/109 - Lift Replacement - 2 Belgrave Street, Kogarah	KONE Elevators Australia	\$567,182.00
Q20/116 - Internal Audit Program 2020/21-Various Audits	InConsult Centium BDO	Schedule of Rate
Q20/177 - Penshurst Park Stage 2 - Supply and Installation of a LED Video Scoreboard	Electronic Signage Australia	\$63,239.00
Q20/105 - Architectural Services for Amenities design throughout the LGA	Regional Workshop trading as Webbers Architecture	\$138,623.10
Q20/184 - Additional Building Works - Oatley West ELC	Lanskey Construction	\$53,625.00
T20/008 - Provision of Property Management Services	Fox and Jones Agency	Schedule of Rate
Q20/014 - Lili St and Durham St, Hurstville – Traffic Signal Upgrade	Rios Family Trust ATF Central Infrastructure Pty Ltd	\$154,501.60
Q20/210 - HALC Pool Filter Replacement	Bluefit Pty Ltd	\$534,930.00
Q20/207 - Street Furniture SASS grant Hurstville	Street Furniture Australia	\$98,036.40