



**SNOWY MONARO**  
REGIONAL COUNCIL

# **LATE REPORT**

**PUBLIC EXHIBITION COPY**

**Ordinary Council Meeting**  
**21 April 2022**

**ORDINARY COUNCIL MEETING  
TO BE HELD IN COUNCIL CHAMBERS, 81 COMMISSIONER STREET, COOMA NSW  
2630**

**ON THURSDAY 21 APRIL 2022  
COMMENCING AT 1:00PM**

**LATE REPORT**

**9 OTHER REPORTS TO COUNCIL**

**9.4 KEY THEME 4. LEADERSHIP**

9.4.10 Quarterly Budget Review Statement (QBRs) to 31 March 2022 3



**9.4.10 QUARTERLY BUDGET REVIEW STATEMENT (QBR) TO 31 MARCH 2022**

Record No: I22/238

**OFFICER'S RECOMMENDATION**

That the Budget Review Statement for the quarter ended 31 March 2022 be received and the variations noted therein be approved.

**ISSUES**

Clause 203 of the Local Government (General) Regulation 2021 requires that the Responsible Accounting Officer submit to the Council a Quarterly Budget Review Statement within two months of the close of each quarter. The Quarterly Budget Review Statement (the 'Statement') comprises:

- Responsible Accounting Officer's Statement
- Income and Expenses Budget Review Statement
  - By type
  - By business unit
- Cash and Investments Budget Review Statement

**Responsible Accounting Officer's Statement**

It is my opinion that the Quarterly Budget Review Statement for Snowy Monaro Regional Council for the quarter ended 31/03/22 indicates that Council's projected financial position at 30/6/22 will be unsatisfactory, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

My opinion above, that Council's projected financial position as at 30/6/22 will be unsatisfactory has been based on the following factors:

1. a deficit budget, when accumulated with previous years' deficits, is not financially sustainable;
2. a deficit budget does not enable the governing body to plan for unforeseen events;
3. a deficit budget relies on a deterioration of the capital base for ongoing operations.

Recommended remedial action to deal with this unsatisfactory position includes:

- a. Future budgets need to be in surplus to restore to an adequate level of working capital;
- b. Revenue opportunities must also be considered;
- c. Service reductions to core services should be avoided.

**Income and Expenses Budget Review Statement**

Budget review for the quarter ended 31 March 2022										
<b>Income &amp; expenses - Council Consolidated</b>										
(\$000's)	Original budget 2021/22	Approved Changes			Revised budget 2021/22	Variations for this		Projected year end result	Actual YTD figures	
		Sep QBRS	Dec QBRS	Feb MBRS		Mar	Mth			
<b>Income</b>										
Rates and annual charges	34,485			421	34,906			34,906	32,594	
User charges and fees	14,387	660	2,688	607	18,342	1,246		19,588	11,121	
Other revenues	569	62	253	(268)	616	-		616	500	
Other income	-	-	-	-	-			-	-	
Grants and contributions - operating	23,339	3,309	1,994	437	29,079	(395)		28,684	15,676	
Grants and contributions - capital	27,223	8,585	295	15,971	52,074	671		52,745	25,149	
Interest and investment revenue	1,380				1,380			1,380	681	
Net gain from disposal of assets	1,034				1,034			1,034	1,200	
Rental income	1,063				1,063			1,063	833	
<b>Total income from continuing operations</b>	<b>103,480</b>	<b>12,616</b>	<b>5,230</b>	<b>17,168</b>	<b>138,494</b>	<b>1,522</b>		<b>140,016</b>	<b>87,754</b>	
<b>Expenses</b>										
Employee benefits and on-costs	32,021	1,114	39	(521)	32,653	312		32,965	21,003	
Borrowing costs	134				134			134	11	
Materials and services	19,105	1,984	2,407	2,337	25,833	806		26,639	13,052	
Depreciation and amortisation	19,507				19,507			19,507	-	
Other expenses	9,756	994	305	1,272	12,327	(411)		11,916	8,241	
<b>Total expenses from continuing operations</b>	<b>80,523</b>	<b>4,092</b>	<b>2,751</b>	<b>3,088</b>	<b>90,454</b>	<b>707</b>		<b>91,161</b>	<b>42,307</b>	
<b>Net operating result from continuing operations</b>	<b>22,957</b>	<b>8,524</b>	<b>2,479</b>	<b>14,080</b>	<b>48,040</b>	<b>815</b>		<b>48,855</b>	<b>45,447</b>	
Discontinued operations - surplus/(deficit)	-				-			-	-	
<b>Net operating result from all operations</b>	<b>22,957</b>	<b>8,524</b>	<b>2,479</b>	<b>14,080</b>	<b>48,040</b>	<b>815</b>		<b>48,855</b>	<b>45,447</b>	
<b>Net Operating Result before Capital Items</b>	<b>(4,266)</b>	<b>(61)</b>	<b>2,184</b>	<b>(1,891)</b>	<b>(4,034)</b>	<b>144</b>		<b>(3,890)</b>	<b>20,298</b>	

**By business unit**

Budget review for the quarter ended 31 March 2022								
<b>Income &amp; expenses - Council Consolidated</b>								
(\$000's)			Original budget 2021/22	Variations for this		Notes	Projected year end result	Actual YTD figures
				Mar	Qtr			
<b>Business unit</b>								
Asset Management			351	(17)			334	349
Biosecurity			1,014	53			1,067	725
Building Certification			43	285			328	(4)
Cemetary Operations			(6)	(35)			(41)	(105)
Communications & Engagement			533	93			626	484
Community facilities			1,177	(3,967)			(2,790)	(109)
Community Services Management			450	10			460	265
Community Support Programs			(440)	(1,142)			(1,582)	810
Corporate Projects			250	(2,420)			(2,170)	325
Customer Service			306	1			307	371
Development Assessment			1,074	109			1,183	702
Economic Development			(9,323)	(70)			(9,393)	(441)
Emergency & Fire Service			1,337	(823)			514	433
Executive Team			1,447	208			1,655	1,525
Financial Services			1,034	183			1,217	1,411
Fleet & Plant			(542)	(44)			(586)	(2,959)
General Purpose Revenue			(26,165)	(644)			(26,809)	(20,569)
Governance			696	83			779	542
ICT			1,849	(5)			1,844	1,490
Internal Audit			67	(3)			64	7
Land & Property			2,241	(829)			1,412	93
Library			653	(91)			562	394
Open Space & Recreation			3,442	(3,815)			(373)	1,555
Organisational Development			298	75			373	25
Public Health & Environment			369	6			375	164
Ranger Services			322	-			322	227
Records Management			195	15			210	175
Residential Aged Care			2,908	(623)			2,285	2,214
Resource & Waste			(1,240)	(974)			(2,214)	(3,128)
Risk Management			487	(15)			472	1,106
Road Infrastructure			(8,634)	(20,179)			(28,813)	(17,936)
Strategic Planning			539	27			566	413
Tourism & Events			755	(65)			690	558
Water & Sewer			(1,484)	(6,522)			(8,006)	(9,057)
Workforce Management			1,040	288			1,328	(3,789)
<b>Net operating result from all operations</b>			<b>(22,957)</b>	<b>(40,847)</b>			<b>(63,804)</b>	<b>(41,734)</b>
LESS Grants and contributions provided for capital							52,745	
LESS Reserve transfers							131	
LESS Unexpended grants transfer							14,818	
<b>Net operating result before capital items</b>			<b>4,266</b>				<b>3,890</b>	<b>(16,585)</b>

### Cash and Investments Budget Review Statement

Budget review for the quarter ended 31 March 2022							
<b>Cash &amp; investments - Council Consolidated</b>							
(\$000's)	Original budget 2021/22	Approved changes		Revised budget 2021/22	Projected year end result	Actual YTD figures	
		Dec QBR	Feb MBRS				
<b>Externally restricted <sup>(1)</sup></b>							
Section 7.11	2,783			2,783	2,783	2,783	
Section 64 - water	3,591			3,591	3,591	3,591	
Section 64 - sewer	2,973			2,973	2,973	2,973	
Specific purpose unexpended grants	14,818	(440)	(4,855)	9,523	9,523	5,728	
Water fund	20,979	1,091	(3,722)	18,348	18,348	22,041	
Sewer fund	10,162	4,230	(12,732)	1,660	1,660	14,392	
Domestic waste management	3,109	(2,828)		281	281	281	
Snowy River Hostel accommodation bonds	1,169			1,169	1,169	1,169	
Yallambee Lodge accommodation bonds	3,062			3,062	3,062	3,062	
Crown land reserves	1,475			1,475	1,475	1,475	
Kamoto-Cooma friendshipscholarship fund	44			44	44	44	
Other	120			120	120	120	
<b>Total externally restricted</b>	<b>64,285</b>	<b>2,053</b>	<b>(21,309)</b>	<b>45,029</b>	<b>45,029</b>	<b>57,659</b>	
(1) Funds that must be spent for a specific purpose							
<b>Internally restricted <sup>(2)</sup></b>							
Plant and vehicle replacement	-		(626)	(626)	(626)	626	
Employees leave entitlements	1,383			1,383	1,383	1,383	
Deposits, bonds & retentions	677			677	677	677	
Uncompleted works	303		(303)	-	-	303	
Waste management	2,266		(2,284)	(18)	(18)	2,483	
Former Snowy LGA				-	-	699	
Former Bombala LGA				-	-	1,718	
Stronger communities fund interest	1,370		(346)	1,024	1,024	1,370	
Internal Reserve Description here...				-	-		
Internal Reserve Description here...				-	-		
<b>Total internally restricted</b>	<b>5,999</b>	<b>-</b>	<b>(3,559)</b>	<b>2,440</b>	<b>2,440</b>	<b>9,259</b>	
(2) Funds that Council has earmarked for a specific purpose							
<b>Unrestricted</b> (ie. available after the above Restricti	<b>5,724</b>	<b>(2,053)</b>	<b>24,868</b>	<b>28,539</b>	<b>11,826</b>	<b>31,338</b>	
<b>Total Cash &amp; investments</b>	<b>76,008</b>			<b>59,295</b>	<b>59,295</b>	<b>98,256</b>	

### RISK ASSESSMENT

Risk Type	Current Risk	Expected Risk	Within Accepted
Asset Management	High	High	No
Financial Sustainability	High	High	No
Legislative Governance and Compliance	Low	Low	Yes
Reputation and Image	High	High	No
Service Delivery	Low	Low	Yes

**Asset management:** The underfunding of maintenance and delays in asset refurbishment have placed Council in a high risk position that assets will not provide the expected level of service. This risk cannot be addressed within a single year's budgets. The Council needs to develop a policy of

surplus budgets in the long term to adequately renew its existing infrastructure thereby reducing this risk.

**Financial sustainability:** Council should strive for developing budgets that provide an operating surplus before capital grants and contributions. The surplus generated is then available to restore working capital to an adequate level and minimise the risk of being exposed to unexpected financial shocks.

**Legislative governance & compliance:** This budget review statement is the last quarterly review required by the legislation for the current financial review. Council will however receive further monthly reports as a demonstration of additional financial scrutiny and transparency.

**Reputation and image:** Deficit budgets indicate to the community that future generations will be required to restore working capital and pay for the services delivered in advance. Unless the long term financial plan clearly demonstrates how the financial position will be restored, the deficit in this review will be viewed negatively by the community.

## FINANCIAL IMPACTS

	Amount	Details
Projected operating result from operations	\$48.855m	Surplus before capital grants \$52.745m
Projected operating deficit before capital items	\$3.890m	Compares with original budget deficit of \$4.266m

The financial impacts are identified in the above statements.

**RESPONSIBLE OFFICER:** A/Chief Financial Officer

## OPTIONS CONSIDERED

This second monthly review coincides with the end of the third quarter.

Budgets will continue to be subject to further review each month.

## IMPLEMENTATION PLANS

Monthly reviews by operations will continue to focus on recognising income earlier and focusing on absorbing any unplanned financial shocks for the remainder of the financial year.

The next year's operational plan is focussed on achieving a balanced budget for consultation during public exhibition.

## BACKGROUND

## ATTACHMENTS

Nil

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