

**TREASURER'S REPORT**  
**22 FEBRUARY 2024**

**COMMITTEE OF MANAGEMENT MEETING**

<b>REPORT/ITEM NO:</b>	6.2
<b>REPORT/ITEM TITLE:</b>	Treasurer's Report
<b>AUTHOR/SOURCE:</b>	Bernadette Thomas – Executive Officer, Ruth Rankin – Financial Officer, Judy Schrever – Treasurer/Secretary of MCMC
<b>DEPARTMENT:</b>	Finance Subcommittee
<b>FILE NO:</b>	N/A
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<b>STRATEGIC OBJECTIVE:</b>	N/A
<b>ATTACHMENTS:</b>	N/A



## **Treasurer's Report** **2022 – 2023**

### **1. Meetings of the Finance Sub-Committee**

During the 2022-23 financial year, the Merri Creek Management Committee's (MCMC) Finance Sub-committee met quarterly to consider financial reports including a list of payments, receivables & payables reports, cash flow projections, balance sheet, income and expenditure statements, and the updated forecast budget for the year. Minutes of the Finance Sub-committee meetings and the updated budget were provided to quarterly meetings of the Committee of Management along with the Treasurer's Report.

PAYG tax and GST were collected and accounted for through our BillQuick and MYOB accounting software and reconciled prior to payment to the Tax Office.

Each quarter the Finance Subcommittee monitored the Vested Benefit Index for the Vision Super Defined Benefit Plan and reviewed a list and the outcomes of MCMC's grant applications and contract bids.

The Finance Subcommittee approved minor updates to the MCMC Finance Procedure to reflect current operating procedures, several of which had changed with the move to remote working and reflected on the need for succession planning. Attempts were made to attract a new member for the Finance Subcommittee however this continues to be a challenge.

### **2. Income**

MCMC's total income for the 2022/23 year was \$2,347,556, approximately \$230,000 more than in 2021/22 (not adjusted for CPI). The key sources for this increase were:

- a modest increase in government grants
- an almost \$200,000 increase in other contracts.

Donations to the Merri Creek Environment Fund (MCEF) of \$37,737 was just slightly more than last year (\$36,914). My thanks to the hard-working volunteer members of the MCEF Sub-committee, David Redfearn, Glennys Romanes, Ann Sanson, and Jo Connellan, and to MCMC support staff.

Recurrent funding from member councils through Service Agreements & MOUs provided 33% of the total. Whilst this appears to be a decrease on last year's 36.42%, it is rather a consequence of income from contracts being greater than in 2021/22.

Grants from Melbourne Water, state government programs and philanthropic sources provided 14% of our income, identical to last year.

This grants category included \$214,511 in grants from DELWP for the special Signage Project. Contracts provided a slightly higher percentage of income than last year (47.3% vs 46%). By value almost half of this income (48.9%) was from contracts with member Councils, an increase on last year's 45%. Most of these contracts were for Council ecological restoration works; a modest amount was for delivery of community litter clean-up support.

Non-council clients provided (51.1%) of MCMC's contract work. Most of this was for ecological restoration works.

Major non-Council clients were MetroTrains (for a range of biosites), VicRoads (biosite), Parks Victoria, and DEECA.

Income from interest increased ten-fold due to the increase in bank interest rates for the year and donations made up a similar proportion of income to last year.

Overall, 58% of MCMC's income came from its Council members, only slightly higher than last year due to the increase in Council Contracts.

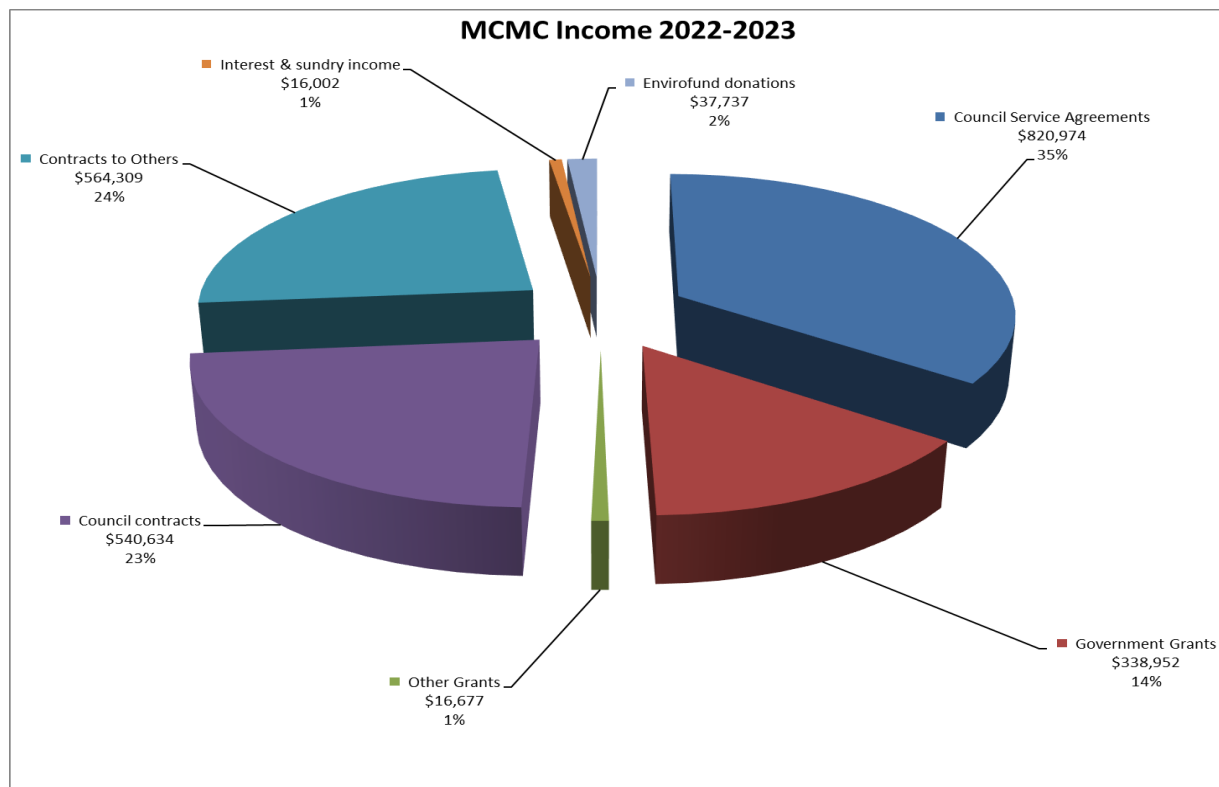


Figure 1. Summary of Merri Creek Management Committee's income for the 2022/23 financial year.

### **3. Cost Centre Income – grants and partnership contribution**

#### **Ecological Restoration Program**

Twenty-two per cent of the Ecological Restoration Program's income came from ongoing funding agreements with four of our member Councils: Darebin, Hume, Moreland and Yarra (exclusive of contracts). MCMC leveraged significant additional funds from grants that brought ecological benefits and provided community involvement in ecological restoration.

In total, **for each \$1.00 received through member-Councils' recurrent funding** (total \$333,623), **MCMC's Ecological Restoration Program raised an additional \$0.31 from grants** (a total of \$104,809). This includes grants received by Friends of Merri Creek and its sub-groups, for projects which were designed by MCMC in consultation with the groups, and in which MCMC had a significant delivery role. This is lower than last year (\$0.50 for each \$1.00) due to a marked decrease in available grants during 2023.

#### **Catchment Program**

Fifty-three percent of the Catchment Program's income came from ongoing funding agreements with four of our member Councils: Darebin, Moreland, Whittlesea and Yarra. MCMC leveraged additional funding from grants (from a range of organisations including two member councils) and from partnership funding from Melbourne Water for the Waterwatch program.

In total, **for each \$1.00 received through member-Councils' recurrent funding** (total \$133,460), **MCMC's Catchment Program raised an additional \$0.60 from grants and external partnership agreements** (a total of \$80,896), expanding our ability to offer diverse activities and enriching events for local communities.

### **4. Expenses**

MCMC's total expenditure for the year was \$2,345,726. This was just over \$331,000 higher than last year's expenditure and reflects the increase in funding for specific projects, both grant-funded and contract work.

Figure 2 (below) shows the breakdown of our major areas of expenditure. As in previous years, by far the largest expense area was salaries and salary on-costs (including leave provisions). These represented 73% of MCMC's total expenses (cf. 75% the previous year).

Expenditure on contractor and consultant fees, project materials etc. was the same as last year at 14%.

General expenses include those shared across MCMC (rent, utilities and so on) and expenses within cost centres for shared general equipment not allocated to specific projects. At 8% this made up the same proportion of expenses as last year (8%).

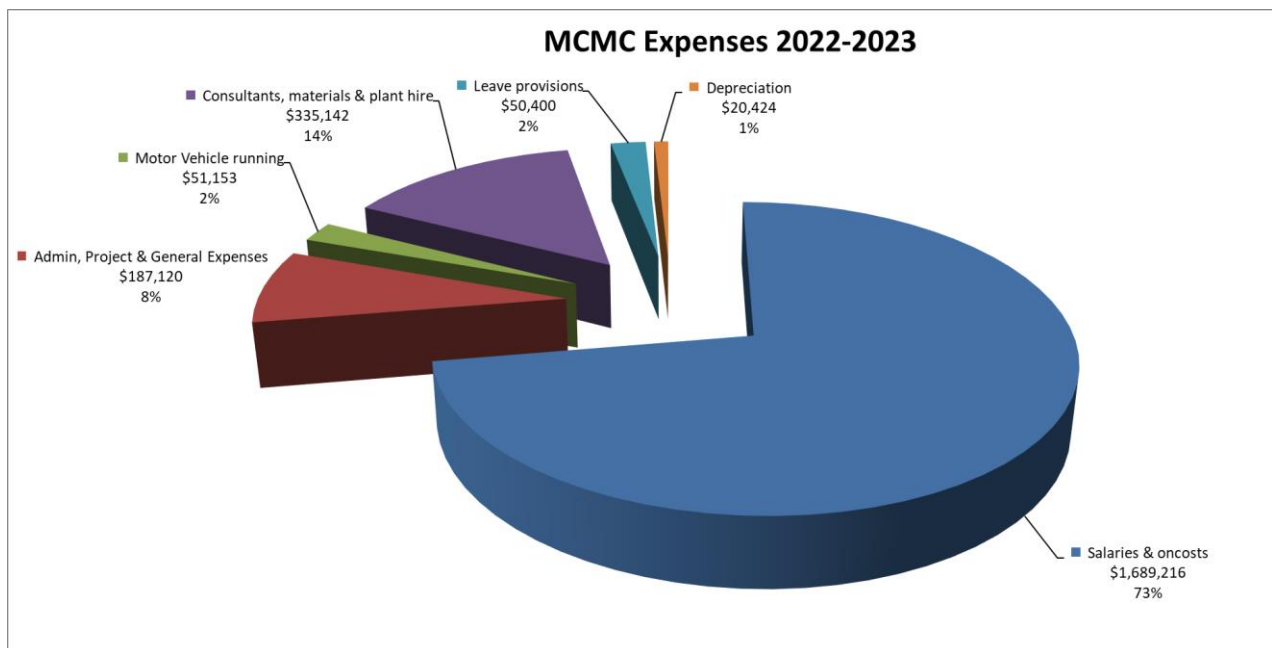


Figure 2. Summary of Merri Creek Management Committee's expenses for the 2022-23 financial year.

## 5. Cost Centre expenditure

Figure 3 illustrates the relative expenditure for each of MCMC's cost centres. As in previous years, the Ecological Restoration Program generated the largest proportion of MCMC's expenditure. This directly reflects the proportion of project income earned through delivery of projects by the Ecological Restoration Program. In general, expenditure closely matched income in each program area though as noted below the Ecological Restoration Program generated a deficit of \$39,420.

The Administration category consists of general overheads shared across the organisation and includes salary and on costs for the Administration Officer, Finance Officer and IT manager; and rent, utilities, equipment, insurances, audit fees, IT support, webhosting etc.

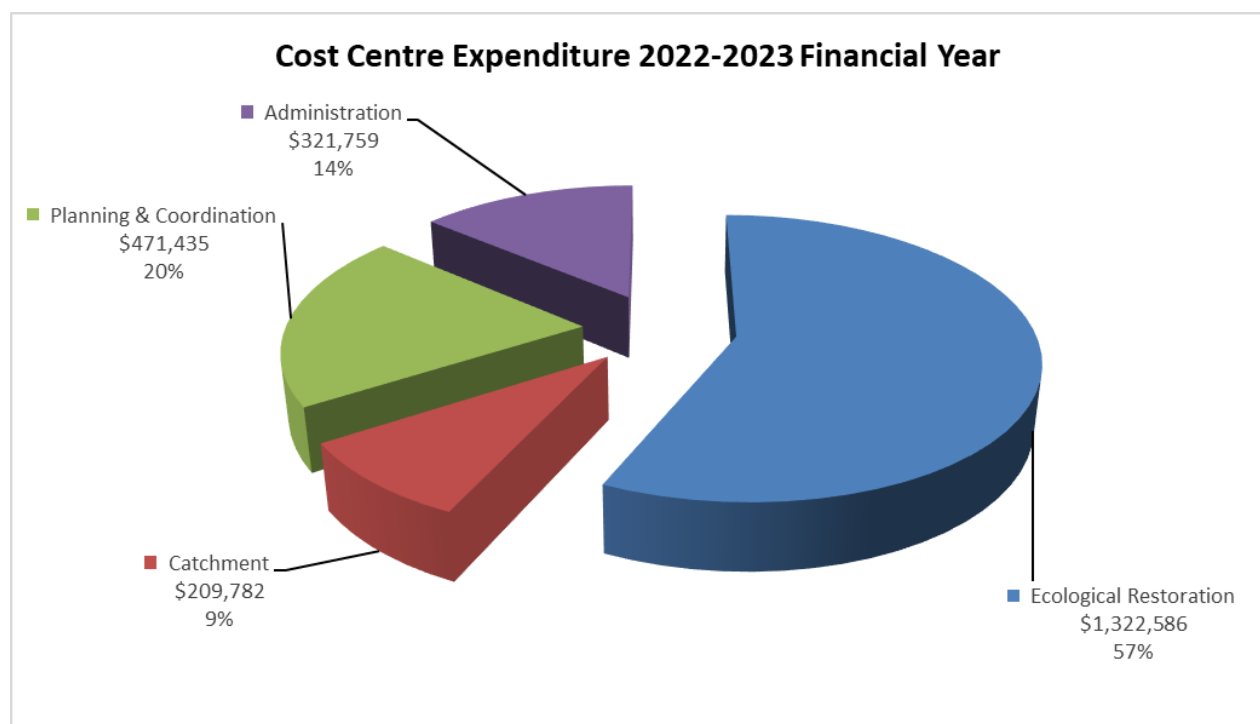


Figure 3. Relative expenditure of each cost centre for the Merri Creek Management Committee in the 2022-23 financial year.

## **6. Surplus/Deficit**

MCMC ended the year with a small surplus of \$1,830.

With income higher than in 2021/22, the small surplus was due to expenses being a slightly higher percentage of income than last year.

- 38% increase in staff personal leave provisions
- Increase in the number of staff in the Ecological Restoration Team (additional training and uniforms etc.)

Congratulations are due to MCMC staff for effective budgeting and cost management during the year and for the very effective pursuit of additional project funding.

## **7. Balance Sheet**

The details of the balance sheet are shown in the Auditor's Report.

In summary, at 30 September 2023 MCMC's Retained Funds/Net Assets stood at \$633,237. This is an increase of \$1,803 from the year before, which represents the surplus achieved in 2022/23.

Accumulated public donations of \$128,601 to the Merri Creek Environment Fund make up 20% of the Retained Funds. The disbursement of these donations is made for specific MCMC projects, on advice from MCMC staff, by the Merri Creek Environment Fund Sub-committee which administers the Fund in accordance with the requirements of its Deductible Gift Recipient (DGR) status.

MCMC has continued to carefully track and manage two possible major financial risks, a liability call for Vision Super's Defined Benefits Fund (DBF) and the provision for personal leave (carers and sick leave) on the balance sheet. In order to reduce and manage these risks, MCMC maintains a healthy accumulated Retained Funds balance as a buffer for any future calls on the DBF and has continued to maintain a provision at 50% of the calculated potential liability for personal leave.

Lastly, I would like to express my thanks to staff (especially to Luisa Macmillan) and Executive for their contribution to maintaining MCMC's strong financial position for 2022/23 financial year. It is good to know that MCMC's strong financial position is continuing and that the future is positive for our operations.

**Judy Schrever | Treasurer**

**February 2024**