

# Budget 2020/21



## Contents

Mayor's introduction	3
CEO's introduction	4
Executive summary	5
Budget reports	11
1. Link to the Council Plan	12
2. Services and initiatives and service performance outcome indicators	15
3. Financial statements	26
4. Notes to the financial statements	34
5. Financial performance indicators	71
Appendix A Fees and charges schedule	73
Appendix B Long Term Financial Plan (LTFP)	81

## Mayor's introduction

Budgets are more than just financial documents – they are a reflection of Council's priorities and goals for the year ahead. This is an important reflection every year, but it's particularly important this year, during one of the most difficult economic and health crises this community has ever faced.

Both Council and our community have been impacted financially by the coronavirus pandemic and the economic effects of various response measures. This has resulted in a substantial revenue loss for Council, and has also required an increase in expenses as Council implements a number of stimulus and community support measures. Balancing these realities with the funding required to keep our essential services running has been hard, but it's never been more important. This budget demonstrates how we've risen to this challenge in three ways:

First, this budget provides relief and support to those members of our community experiencing financial hardship. Residents will benefit from a partial rebate of waste charges and an expanded hardship policy. Businesses will benefit from a waiver of a number of permit fees, new business support initiatives, and a complete waiver of rent for six months to business and community tenants on Council property. These initiatives represent more than \$309,000 of funding this Council has set aside in 2019/20 and 2020/21 to help our community get through this difficult time, and every dollar is a dollar well spent.

Secondly, this budget shows how we're continuing to listen to our community. Last year, Council engaged in one of the most extensive community engagement programs ever undertaken for its budget. Hundreds of residents of all ages took part, submitting thoughts and ideas for how this year's budget could help make our community better. While the developing coronavirus pandemic has limited the scope of ideas we were able to include this year, this budget includes a number of projects suggested directly by residents, including increased funding for new footpaths, an expanded weeding program and new, environmentally-friendly waste initiatives. This budget is proof of the power of effective community engagement, and I want to thank every member of our community who shared their ideas with us.

Finally, this budget is focused on completing and consolidating a number of outstanding projects Council has started over the years. This being the final year of this term of Council, it's important for us to finish the work we started years ago, including that of major projects like the Queenscliffe Hub. While understanding that the impacts of coronavirus may challenge Council's ability to deliver every project as originally envisioned, this budget contains a number of carry-forward line items that will allow us to complete and sign off on a number of important community assets in this coming financial year.

While the coronavirus pandemic has placed Council in a challenging financial position this year, the benefits of Council's prudent financial management over the years has now shown its value. Years of operating surpluses and careful financial planning have left the Borough of Queenscliffe in a position to continue deliver essential services despite significant revenue shortfalls. I want to thank Council's finance team for the extraordinary work they done over the past few months to provide us with a path through some of the most challenging conditions we've ever experienced.

To our community, I hope this budget demonstrates our commitment to you. By delivering support where it's needed, continuing to improve the way we listen and respond to your ideas, and finishing the projects we've started, we're setting our community on a path to get through this challenging time together. Thank you for the support, the ideas and the careful criticism you have given us over the years that has helped us draft this budget for you.

I am pleased to recommend this budget to the community on behalf of Council.

**Cr Ross Ebbels**  
Mayor

## CEO's introduction

Council's Budget for the 2020/21 financial year continues to meet the vision outlined in its Council Plan while delivering the essential flexibility needed to support our community through an unprecedented pandemic and financial crisis.

This budget continues to operate within the high level Strategic Resource Plan (SRP) for 2020/21 to 2023/24 to ensure that Council's financial decisions are framed within a longer-term prudent financial outlook. The key objective of the SRP is financial sustainability in the medium to long-term, while still achieving the Council's strategic objectives as specified in the Council Plan. This financial prudence on the part of Council is what has enabled us to respond dynamically to the challenging economic conditions we currently face.

Despite these difficult circumstances, Council's commitment to sensible forward planning continues, and is demonstrated in this budget by ensuring stimulus is available this year without jeopardising the long-term sustainability of Council. This outcome is achieved by:

- Aligning Council's rate rise to the 2% cap set by the Victorian Government for the 2020/21 financial year.
- Partially refunding this year's waste charge increase to reduce costs for ratepayers.
- Expanding Council's hardship policy to provide targeted support to residents in financial distress.

Overall, these changes provide for nearly a third of a million dollars in stimulus spending this year alone that can be sustainably recovered over time. I am proud of the role Council is playing to actively assist our community through this difficult period while continuing to ensuring funding remains available for essential services.

While Council's financial position over the long term is secure, the short term impacts of the coronavirus pandemic are significant and unavoidable. Revenue losses resulting from the closure of caravan parks are difficult to project, but are expected to reach six figures. Additional expenses from Council's subsidisation of many fees and charges to support our community are necessary stimulus measures, but nevertheless compound the effect on Council's bottom line. These are reflected and planned for in this year's budget, and the impacts are discussed in more detail in this document.

In addition to the challenges posed by the coronavirus pandemic, Council's budgetary pressures are exacerbated by increasing costs imposed on local governments by the Victorian Government. New costs associated with now-mandated Council candidate training, planning initiatives, pool registrations and other initiatives do not account for the size of the Borough of Queenscliffe, and represent a disproportionately large challenge in meeting Council's financial obligations and goals. Council will continue to advocate to the Victorian Government on this matter.

Overall however, Council's financial position remains strong over the short to medium term. While an underlying deficit is anticipated this year due to the completion of projects carried forward from previous years, proposed stimulus spending, and new initiatives included in the 2020/21 budget, this result doesn't represent a permanent departure from long-term financial expectations. One of the key objectives in Council's SRP is the achievement of a breakeven cumulative underlying operating result. This result is expected to be just over a million dollars at the end of the 2020/21 financial year. However, this cumulative result is expected to decline over the future years, and future challenges remain for Council over the longer term. Notably, Council's ability to raise sufficient revenue to pay for increasing costs is constrained by rate capping, particularly when 70% of Council's recurring income is provided by rates.

Thank you also to those staff, councillors and community who played an essential role in providing input into the budget process.

**Martin Gill**  
Chief Executive Officer

# Executive summary

## Council Plan

Council has prepared a Budget for the 2020/21 financial year that is aligned to the vision in the Council Plan 2017-2021. The Council Plan 2017-2021 sets out our strategic plan to deliver our vision over the final term of the Council. This vision focuses on the following five key strategic objectives:

1. Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture;
2. Play our part in protecting the local, national and globally significant values within our natural environment for future generations;
3. Foster a diverse and vibrant local economy;
4. Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage; and
5. Maintain a cohesive, well governed, financially sustainable and independent Borough.

## 2020-21 Budget

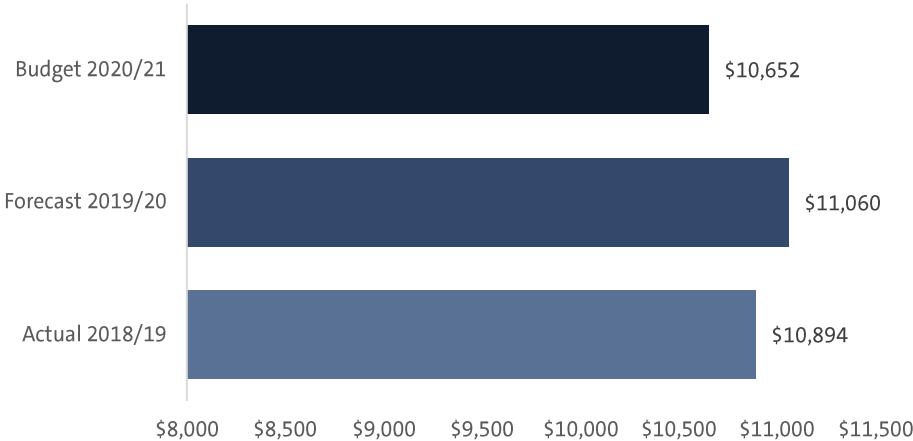
The budget details the resources required over the next year to fund the large range of services Council provide to the community. It also includes details of capital expenditure allocations to improve and renew Council’s physical infrastructure, buildings and operational assets as well as funding proposals for a range of operating projects.

The outbreak of coronavirus, or COVID-19, has spread globally. The evolution of the disease and its economic impact is highly uncertain which makes it difficult for local governments to formulate an accurate financial budget for 2020/21. The budget is prepared on a number of assumptions about the coronavirus’ spread and how it will affect the community and the overall economy of the country. These assumptions will be refined and adjusted in quarterly forecast reviews when they emerge.

## Operating Income

The estimated reduction in the total operating income mainly reflects, a brought forward payment of a part of 2020/21 financial assistance grant amounting to \$374,000 (now included in forecast 2019/20 operating income), loss of income from the tourist parks due to social distancing measures, and a further loss of income due to various economic stimulus provided to the community. Council will lose, at a minimum, \$698,000 (7.2%) of its own source income from April 2020 to September 2020.

Operating Income (\$'000)



## Rates

The budget includes a rate increase of 2.0 per cent. This is in line with the State Government's rate capping framework which has capped rate increases by Victorian councils. The additional income generated with the 2.0% increase in rates has been used in full to provide a one-off rebate on waste management charge. As a result, the estimated increase in the waste management charge has been reduced to \$13.50 from \$55.50 per property. The initial increase is mainly due to escalation in recycling costs and increase in the landfill levy.

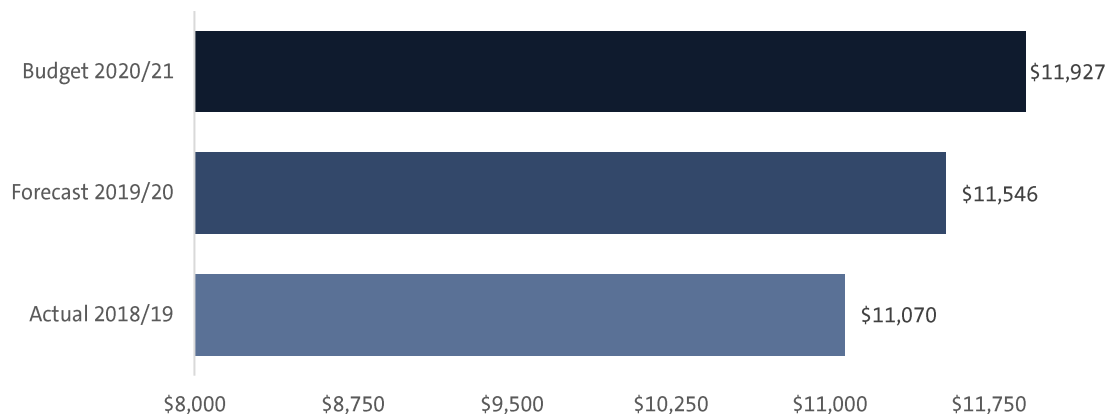
## User Fees

The fees from Council's tourist parks contribute the largest portion of the user fees budget, with a total budget of \$1,549,000 in 2020/21 (forecast, \$1,421,000 in 2019/20 and actual, \$1,724,000 in 2018/19). Due to the uncertainties associated with the spread of COVID 19, it is extremely difficult to predict the direction of the tourism related activities in 2020/21.

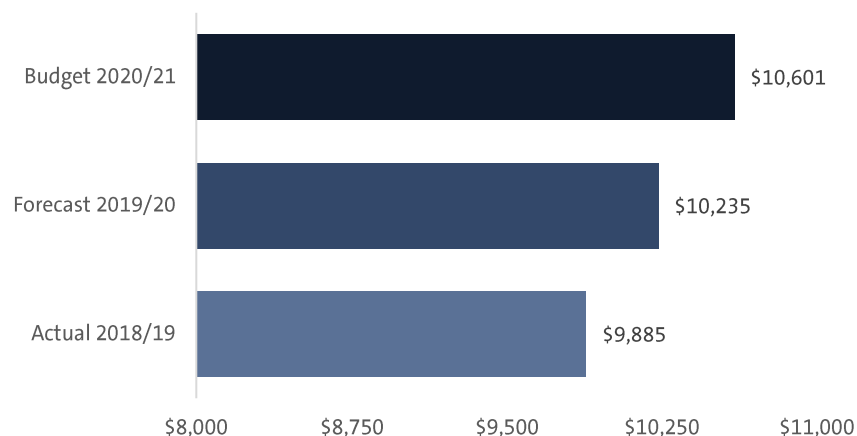
## Operating Expenses

Council has been initiating various projects to achieve operational efficiencies that contribute to Council's long term financial sustainability. Increase in total operating expenses for 2020/21 is 3.3% largely driven by various economic stimulus and new initiatives included in the budget.

Operating Expenses incl. Depreciation (\$'000)



Operating Expenses excl. Depreciation (\$'000)



### **COVID – 19 Economic Stimulus**

The total value of the economic stimulus initiatives included in the budget amount to \$239,000 (\$70,000 in 2019/20), which is approximately 3.6% of the 2020/21 rates income.

- \$130,000 rebate on waste charge;
- \$39,000 environmental health fees and local law fees wave off (full year);
- \$18,000 three months lease rental wave off (\$18,000 in 2019/20);
- \$10,000 business support and advice;
- \$2,000\* suspend penalty interest for 6 months, selected applicants (\$2,000 in 2019/20); and
- \$50,000 community hardship reserve fund (total allocation \$90,000 with \$40,000 forecast in 2019/20).

\*Note: loss of interest income on reserve funds, are not included in the value of the penalty interest relinquished which is estimated to be \$42,000.

### **New Initiatives (Operating Projects)**

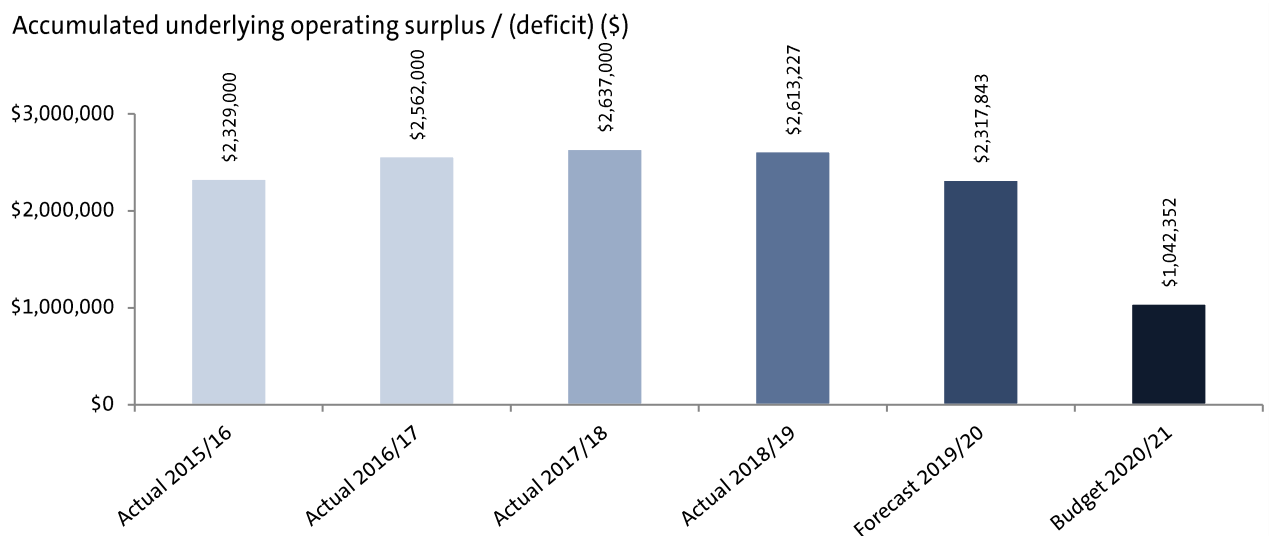
The total value of new initiatives included in the budget is \$256,000 (net of grants).

- \$120,000 roll out Food Organics and Garden Organics (FOGO) waste service (\$72,000 grant funded);
- \$24,000 p.a. extra resources to conduct environmental health mandatory inspections and assessments;
- \$5,000 p.a. conduct a risk and health management work of Avenue of Honour;
- \$67,000 Ocean Road weed management (grant funded);
- \$10,000 p.a. position upgrade to appoint a facility manager to plan and manage operational requirements of the Queencliffe Hub;
- \$10,000 develop Council plan 2021-2025;
- \$10,000 conduct a review of Council policies in line with the Local Government Act 2020;
- \$110,000 Council election, mandatory candidate training (prior to election) and induction of new councillors; and
- \$39,000 (19,000 p.a.) implementation and operation of a record management system.

## Underlying Result

An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives, the underlying result is calculated by adjusting the operating surplus/(deficit) for the year by deducting non-recurrent capital funding (circa operating income minus operating expenses). The projected underlying result for the year is a deficit of \$1,275,000. This is due to a brought forward payment of a part of 2020/21 financial assistance grant (now included in forecast 2019/20 operating income), forecast completion of funded operating projects carried forward from 2019/20, proposed COVID – 19 economic stimulus and new initiatives included in the 2020/21 budget.

One of the key objectives in Council’s Strategic Resource Plan is the achievement of a breakeven underlying operating result cumulatively which is expected to be at \$1.04 million at June 2021. However, this cumulative result continues to decline over the future years, and future challenges remain for Council over the longer term.

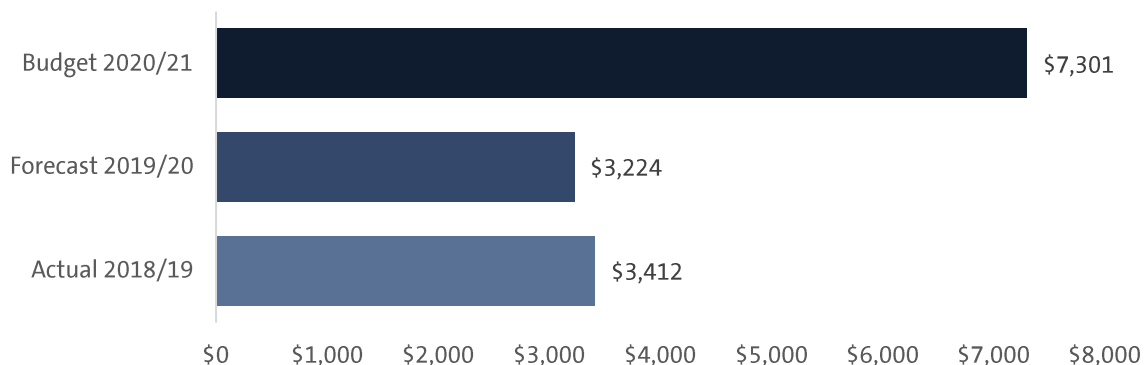


## Capital Expenditure

Council is also committed to the continued investment in its property, plant and equipment and infrastructure assets, both in terms of maintaining, renewing and upgrading its existing assets as well as creating new assets which will assist in the achievement of service delivery to the community.

Council will deliver \$7.3 million of capital works in 2020/21. This mainly represents capital projects carried forward from the previous years. This capital work budget also includes Council’s commitment of \$678,500 to asset renewal funding based on asset management plans of Council.

Capital Expenditure (\$'000)





### Carry Forward Capital Projects

- \$3,500,000 Queenscliff cultural hub
- \$1,260,000 Queenscliff sports and recreation precinct development;
- \$857,000 Hesse Street south upgrade;
- \$690,000 Point Lonsdale lighthouse reserve upgrade; and
- \$123,000 Point Lonsdale tennis club lighting upgrade.

### New Capital Projects

- \$38,000 a change pad and reconstruction of the access in front of Winterley Road (Ocean Road);
- \$25,000 install a storm water outfall, Cygnet Court; and
- \$20,000 new footpath, Queenscliff kindergarten to Queenscliff primary school.

### Where \$100 of Income is spent by Council

The Budget spends \$100 of income as follows:



## Borrowings

Borrowings of \$569,000 in the Budget 2020/21 provide for funding of the following capital works. All borrowings included in the budget are carried over from 2019/20. No additional borrowing is included in the 2020/21 budget.

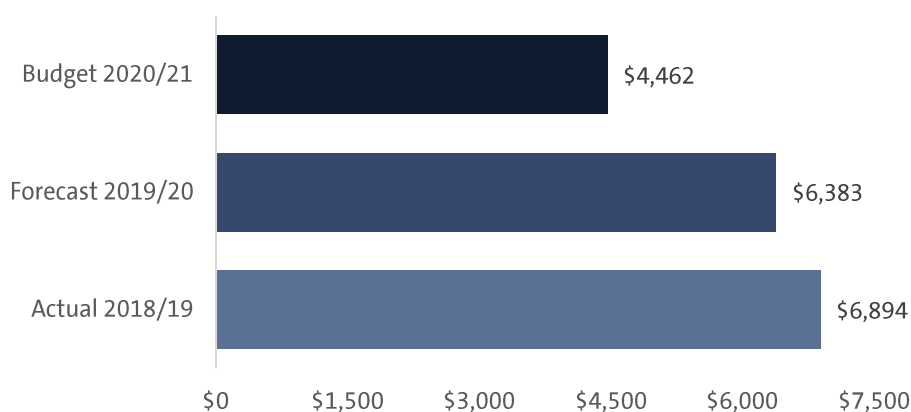
- \$146,000 to meet the cost of King Street stormwater asset improvement (completed in 2018/19 and temporary funded through unallocated cash reserve);
- \$152,000 to meet the cost of Simpson Street stormwater asset improvement (forecast to complete in 2019/20 and temporary fund through unallocated cash reserve);
- \$170,000 towards the Hesse Street South project;
- \$100,000 for the Point Lonsdale Lighthouse Reserve.

Council continues to focus on efficient and financially responsible service delivery to achieve outcomes that are valued by our community. Council will continue to explore new approaches to provide services in a tighter fiscal environment. Council always identify any potential borrowing in Council budget as that will provide more options in determining appropriate funding sources, when they may be required.

## Cash and Investments

Cash and investments are expected to decrease by \$1.9 million during the year to \$4.4 million of which \$1.7 million has been allocated for specific future purposes. There is an injection of cash via borrowings in the 2020/21 year of \$0.568 million, otherwise over time there is a downward trend in cash as Council delivers on project allocations especially capital projects.

Cash and Investments (\$'000)



## Public Submission Process

In accordance with Section 223 of the Local Government Act, the draft 2020/21 Implementation Plan and the draft 2020/21 Budget (including Strategic Resource Plan and Long Term Financial Plan) were placed on public exhibition for 28 days and submissions were invited from 27 April to 25 May 2020. At the close of public submissions on 25 May 2020, eleven (11) public submissions were received. There were two (2) late submissions. While a majority of the submissions received were in relation to the draft 2020/21 Budget, one submission directly referenced the draft 2020/21 Implementation Plan.

All thirteen (13) submissions were heard/considered by Council at a Council Assembly on Thursday 28 May 2020.

## Budget reports

This section includes the following reports and statements in accordance with the *Local Government Act 1989, Local Government (Planning and Reporting) Regulations 2014* and the Local Government Model Financial Report.

1. Link to the Council Plan
2. Services and initiatives and service performance outcome indicators
3. Financial statements
4. Notes to the financial statements
5. Financial performance indicators
6. Other information

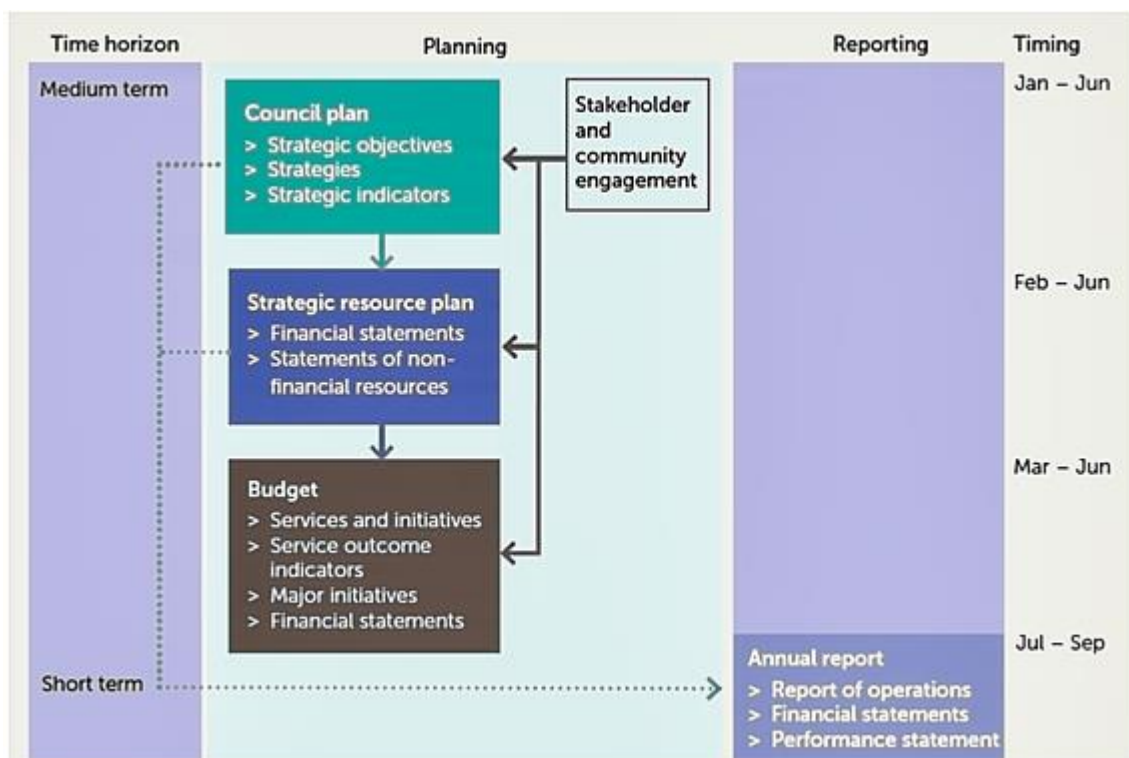
Figures in the 2020/21 Budget have been rounded to the nearest thousand dollars. Figures in the Budget may not equate due to rounding.

# 1. Link to the Council Plan

This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning and reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term (Vision), medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Annual Report).

## 1.1 Legislative planning and accountability framework

The Strategic Resource Plan, part of and prepared in conjunction with the Council Plan, is a rolling four-year plan that outlines the financial and non-financial resources that Council requires to achieve the strategic objectives described in the Council Plan. The Annual Implementation Plan and Annual Budget are framed within the Strategic Resource Plan, considering the services and initiatives which contribute to achieving the strategic objectives specified in the Council Plan. The diagram below depicts the planning and accountability framework that applies to local government in Victoria.



Source: Department of Environment, Land, Water and Planning

The Council Plan, Strategic Resource Plan, Annual Budget and Annual Report (containing Audited Statements) are statutory requirements. The preparation of a longer term planning/vision document is not required by legislation, but is common within council planning frameworks in Victoria.

The Council Plan for the Borough of Queenscliffe articulates our vision for the community and our values, and is prepared in reference to Council’s long term planning framework.

Council also has a Long Term Financial Plan (LTFP) which provides a framework for the financial strategies considered by Council in ensuring financial sustainability is achieved over the longer term. The Annual Budget is prepared with reference to Council’s LTFP.

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes.

This Budget Report has been prepared with reference to the Local Government Better Practice Guide: Model Budget 2020-21, issued to Victorian councils, by Local Government Victoria.

## 1.1.2 Key planning considerations

### Service level planning

All councils have legislative responsibility for providing a range of services such as animal management, local roads, food safety and statutory planning. In addition, councils provide many other services under legal arrangements such as libraries and aged care services. For the Borough of Queenscliffe, legislative obligations and legal arrangements underpin the majority of services.

As the needs and expectations of communities can change, councils need to have robust processes for service planning and review, to ensure all services continue to provide value for money and are in line with community expectations. In doing so, councils should engage with communities to determine how to prioritise resources and balance service provision against other responsibilities such as asset maintenance and capital works.

## 1.2 Our purpose

### Statio Tutissima Nautis

The Borough of Queenscliffe was established in 1863. Proudly independent, we are Australia's only Borough and the only council in Victoria whose boundary predates the restructure of local government in the mid 1990s. Whilst its small size presents some of Queenscliffe's key challenges, it also remains its greatest strength and positions the Borough well as a place to pilot new ideas and innovate in many fields.

Overlooking the treacherous Rip at the entrance to Port Phillip, the iconic lighthouses at Queenscliff and Point Lonsdale reflect the essence of the Borough's Latin motto - Statio Tutissima Nautis – translated as 'the safest anchorage for seafarers.

The 'safest anchorage' theme inspires Council's vision, in that just as it is a safe haven for mariners, the Borough has an enduring role to play in conserving our extraordinary natural beauty with ecological values of global significance, rich architectural heritage and military history fundamental to Australia's defence. Respectful custodianship maintains Queenscliffe as a special, restorative place for an involved and caring community and the many visitors we welcome.

### Our Vision

The Borough remains a safe haven defined by its unique heritage, rich culture and significant natural environment. It is a special and restorative place for an involved and caring community and our visitors.

### Our Values

The following values will be embraced by Councillors and staff in our daily interactions and work processes to guide our behaviour and help us achieve our vision.

- **Leadership**  
... underpinned by integrity, strategic thinking and innovation.
- **Balance**  
... in the way we listen to, engage with and make decisions in the best interests of the whole community.
- **Professionalism**  
... by doing things well, always trying to improve and being accountable.
- **Collaboration**  
... demonstrated through working as a team and investing in internal and external relationships.
- **Flexibility**  
... by supporting workplace arrangements that sustain healthy and productive staff.

### 1.3 Strategic objectives

To ensure the Borough remains a safe haven for the historic, cultural and environmental values that make it a special place with high levels of community wellbeing, Council's decision-making and priorities will focus on five Strategic Objectives as set out in the Council Plan for the years 2017-2021.

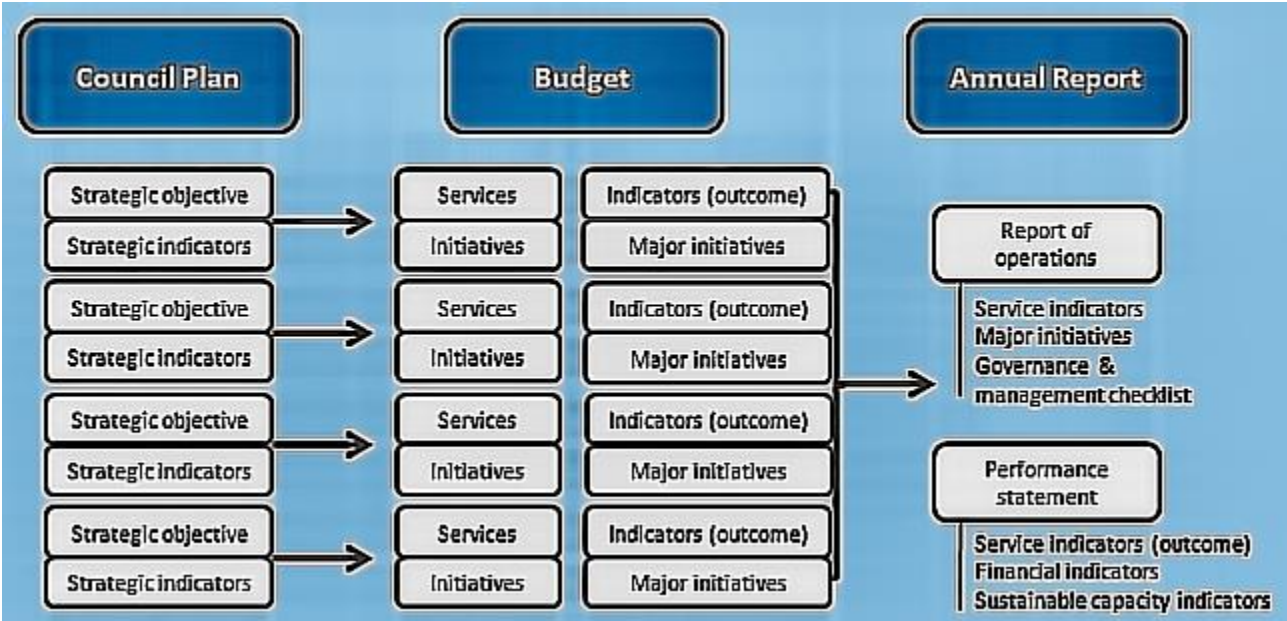
Council delivers services and initiatives which are structured under 25 program areas. Each contributes to the achievement of one of the five Strategic Objectives.

The table below lists the five Strategic Objectives as described in the Council Plan and the Portfolio to which they relate.

Strategic Objective	Portfolio
1. Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture.	Community Wellbeing
2. Play our part in protecting the local, national and globally significant values within our natural environment for future generations.	Environmental Sustainability
3. Foster a diverse and vibrant local economy.	Local Economy
4. Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage.	Planning and Heritage
5. Maintain a cohesive, well governed, financially sustainable and independent Borough.	Governance and Performance

## 2. Services and initiatives and service performance outcome indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2020/21 financial year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes several initiatives and service performance outcome indicators for key areas of Council’s operations. Council is required by legislation to identify major initiatives, initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below.



Source: Department of Environment, Land, Water and Planning

## 2.1 Strategic Objective 1: Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture.

To achieve our objective of enhancing community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance indicators for each program area are described below.

Service area	Key service objective/s	Forecast		Budget
		2019/20	2020/21	2020/21
			\$'000	\$'000
<b>Aged Services</b>	The Aged Services program provides care and assistance to older residents and those requiring respite so that their homes remain their safe haven.	Exp	793	738
		Rev	(571)	(574)
		<b>Net</b>	<b>223</b>	<b>164</b>
<b>Recreation, Arts, Culture and Community</b>	The Recreation, Arts, Culture and Community program promotes community wellbeing by supporting people and communities to be involved, healthy and active.	Exp	158	147
		Rev	(18)	(18)
		<b>Net</b>	<b>140</b>	<b>129</b>
<b>Community Events</b>	The Community Events program promotes community wellbeing, celebrates the significance of the Borough and stimulates the local economy through conducting events directly or facilitating, supporting and administering a range of recreation, arts and cultural events planned and implemented by community organisations or commercial businesses.	Exp	184	185
		Rev	(7)	(7)
		<b>Net</b>	<b>177</b>	<b>178</b>
<b>Maternal and Child Health (MCH)</b>	The Maternal and Child Health program (MCH) plays a key role in supporting and monitoring the health and wellbeing of local families with children from birth to school age.	Exp	72	76
		Rev	(47)	(57)
		<b>Net</b>	<b>25</b>	<b>20</b>
<b>Kindergarten</b>	Kindergarten assists in supporting the wellbeing of pre-school children and providing a safe learning environment to enable children to gain early life skills and knowledge and assist their transition to school.	Exp	2	4
		Rev	(35)	0
		<b>Net</b>	<b>(33)</b>	<b>4</b>
<b>Environmental Health</b>	The Environmental Health program monitors and maintains a safe environment for public health and wellbeing.	Exp	128	127
		Rev	(55)	(8)
		<b>Net</b>	<b>73</b>	<b>119</b>
<b>Asset Management and Appearance of Public Places</b>	The Asset Management and Appearance of Public Places program ensures the safety and functionality of public places and infrastructure. This program promotes community wellbeing and encourages people to be active in public settings.	Exp	1,179	1,182
		Rev	(68)	(37)
		<b>Net</b>	<b>1,111</b>	<b>1,144</b>



Service area	Key service objective/s	Forecast 2019/20		Budget 2020/21
		Exp	Rev	Net
		\$'000		\$'000
<b>Local Laws, Safety and Amenity</b>	The Local Laws, Safety and Amenity program promotes community wellbeing and safety in various settings and through monitoring public behaviour consistent with Council's Local Laws.	Exp	334	310
		Rev	(69)	(62)
		<b>Net</b>	<b>266</b>	<b>248</b>
<b>Street Lighting</b>	The Street Lighting program assists in the provision of a safe environment for motorists, pedestrians and cyclists.	Exp	36	42
		Rev	0	0
		<b>Net</b>	<b>36</b>	<b>42</b>
<b>Powerline Safety</b>	The Powerline Safety program assists in the provision of a safe environment and protection of the Borough's significant vegetation from fire by maintaining clear zones around powerlines to standards as set by legislation.	Exp	64	73
		Rev	0	0
		<b>Net</b>	<b>64</b>	<b>73</b>
<b>Library</b>	The Library program promotes community wellbeing by encouraging active participation and life-long learning opportunities in a safe, inclusive setting.	Exp	222	227
		Rev	0	0
		<b>Net</b>	<b>222</b>	<b>227</b>
<b>Expenditure</b>			<b>3,172</b>	<b>3,111</b>
<b>TOTAL</b>	<b>(Revenue)</b>		<b>(869)</b>	<b>(762)</b>
<b>Net Cost / (Income)</b>			<b>2,303</b>	<b>2,348</b>

### Major Initiatives

- No major initiatives (operating projects) included in the Budget 2020/21.

### Other Initiatives

- \$24,000 p.a. extra resources to conduct environmental health mandatory inspections and assessments;
- \$38,000 a change pad and reconstruction of the access in front of Winterley Road (Ocean Road);
- \$25,000 install a storm water outfall, Cygnet Court; and
- \$20,000 new footpath, Queenscliff kindergarten to Queenscliff primary school.

### Carry forward operating projects

- \$20,000 changes to the Home and Community Care service (total allocation \$40,000 with \$20,000 forecast in 2019/20).

## Service Performance Outcome Indicators

Service	Indicator *	Actual 2018/19	Forecast Actual 2019/20	Budget 2020/21	Note
Maternal and Child Health (MCH)	Participation	72%	70%	100%	1
	Participation (Aboriginal children)	100%	100%	100%	1
Food safety	Health and safety	100%	100%	100%	2
Roads	Satisfaction	65	65	65	3
Animal management	Health and safety	New in 2019/20	100%	100%	4
Libraries	Participation	37%	39%	39%	5

### Note:

1. Forecast 2019/20 is based on the six month progress review, as included in the December 2019 quarterly financial report to Council. The Budget 2020/21 target is 100%, as Council obviously seeks utilisation of its MCH service, although it is recognised that not every child enrolled in the MCH service will necessarily attend at least once in each financial year (e.g. if they are enrolled but then later move out of the area).
2. Forecast 2019/20 is based on the six month progress review, as included in the December 2019 quarterly financial report to Council.
3. Both the Forecast 2019/20 and the Budget 2020/21 target is to be at least equal to the last Community Satisfaction Survey result achieved by Council, noting the current year's survey results are not expected to be provided to Council until June 2020.
4. There is a change in the calculation method of this indicator in 2019/20. Forecast 2019/20 is based on the eight month progress review up to Feb 2020. Budget 2020/21 target is 100%, as Council aims for animal management issues to be resolved before reaching the prosecution stage.
5. Forecast 2019/20 is based on the six month progress review, as included in the December 2019 quarterly financial report to Council. Budget 2020/21 target is to be at least equal to the current year's forecast result.

\* the table at the end of section 2.5 explains the calculation of Service Performance Outcome Indicators.

## 2.2 Strategic Objective 2: Play our part in protecting the local, national and globally significant values within our natural environment for future generations.

To achieve our objective of playing our part in protecting the local, national and globally significant values within our natural environment for future generations, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are described below.

Service area	Key service objective/s		Forecast 2019/20	Budget 2020/21
			\$'000	\$'000
Environmental Sustainability	The Environmental Sustainability program sees the Borough playing its part in protecting the natural environment for future generations.	Exp	159	155
		Rev	0	0
		<b>Net</b>	<b>159</b>	<b>155</b>

Service area	Key service objective/s		Forecast	Budget
			2019/20	2020/21
			\$'000	\$'000
<b>Coastal Protection</b>	The Coastal Protection program seeks to preserve and enhance the Borough's globally significant, highly-valued coast as an iconic environmental asset for current and future generations.	Exp	484	427
		Rev	(296)	(259)
		<b>Net</b>	<b>188</b>	<b>168</b>
<b>Waste Management and Recycling</b>	The Waste Management and Recycling program seeks to promote local action in order to protect the environment for future generations. Note full cost recovery of waste management, including recycling, is achieved via application of waste charges to ratepayers in accordance with Council's Rating Strategy.	Exp	1,021	1,198
		Rev	0	0
		<b>Net</b>	<b>1,021</b>	<b>1,198</b>
<b>TOTAL</b>	<b>Expenditure</b>		<b>1,664</b>	<b>1,780</b>
	<b>(Revenue)</b>		<b>(296)</b>	<b>(259)</b>
	<b>Net Cost / (Income)</b>		<b>1,369</b>	<b>1,521</b>

#### Major Initiatives

- \$120,000 roll out Food Organics and Garden Organics (FOGO) waste service (\$72,000 grant funded).

#### Other Initiatives

- \$5,000 p.a. conduct a risk and health management work of Avenue of Honour; and
- \$67,000 Ocean Road weed management (grant funded).

#### Carry forward operating projects

- \$40,000 climate emergency action program; and
- \$70,000 Avenue of Honour tree replacement (total allocation \$110,000 with \$40,000 forecast in 2019/20).

#### Service Performance Outcome Indicators

Service	Indicator *	Actual 2018/19	Forecast Actual 2019/20	Budget 2020/21	Note
<b>Waste collection</b>	Waste diversion	53%	45%	50%	1

Note:

1. Forecast is based on eight month review in the current year and the Budget is typically based on achieving a result at least equal to the current year forecast result. In this case, the 2018/19 actual result is used as 2020/21 budget target, due to the 2019/20 forecast is impacted by temporary recycling issues.

\* the table at the end of section 2.5 explains the calculation of Service Performance Outcome Indicators.

## 2.3 Strategic Objective 3: Foster a diverse and vibrant local economy.

To achieve our objective of fostering a diverse and vibrant local economy, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are described below.

Service area	Key service objective/s	Forecast 2019/20		Budget 2020/21
		Exp	Rev	Net
			\$'000	\$'000
<b>Tourist Parks and Boat Ramp Services</b>	The Tourist Parks and Boat Ramp Services program ensures the Borough remains a special place for visitors while increasing tourism's contribution to the local economy.	Exp	823	868
		Rev	(1,413)	(1,545)
		<b>Net</b>	<b>(590)</b>	<b>(677)</b>
<b>Visitor Information Centre</b>	The Visitor Information Centre program promotes the Borough as a special place for visitors, and supports local tourism and related businesses with dissemination of information to build a diverse and vibrant local economy.	Exp	266	294
		Rev	(85)	(84)
		<b>Net</b>	<b>182</b>	<b>210</b>
<b>Tourism and Economic Development</b>	The Tourism and Economic Development program seeks to build on the Borough's unique heritage, rich culture and significant natural environment to strengthen the diversity and vibrancy of the local economy.	Exp	144	214
		Rev	0	0
		<b>Net</b>	<b>144</b>	<b>214</b>
<b>Expenditure</b>			<b>1,234</b>	<b>1,376</b>
<b>TOTAL</b>	<b>(Revenue)</b>		<b>(1,498)</b>	<b>(1,629)</b>
	<b>Net Cost / (Income)</b>		<b>(264)</b>	<b>(253)</b>

### Major Initiatives

- \$130,000 rebate on waste charge;
- \$ 39,000 environmental health fees and local law fees wave off;
- \$18,000 lease rental wave off (\$18,000 in 2019/20);
- \$10,000 business support and advice;
- \$2,000\* suspend penalty interest for 6 months, selected applicants (\$2,000 in 2019/20); and
- \$50,000 community hardship reserve fund (total allocation \$90,000 with \$40,000 forecast in 2019/20).

*\*Note: loss of interest income on reserve funds, not included the value of the penalty interest relinquished which is estimated to be \$42,000.*

### Other Initiatives

- \$10,000 p.a. position upgrade to appoint a facility manager to plan and manage operational requirements of the Queencliff Hub.

## Service Performance Outcome Indicators

There are no mandatory performance indicators to be reported for foster a diverse and vibrant local economy Strategic Objective.

### 2.4 Strategic Objective 4: Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage.

To achieve our objective of preserving and enhancing the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are described below.

Service area	Key service objective/s		Forecast	Budget
			2019/20	2020/21
			\$'000	\$'000
<b>Design and Project Management</b>	The Design and Project Management program seeks to achieve excellence of design and delivery of projects which enhance the Borough as a special place.	Exp	300	310
		Rev	0	0
		<b>Net</b>	<b>300</b>	<b>310</b>
<b>Land Use Planning</b>	The Land Use Planning program ensures that the Borough conserves its unique heritage, that the built environment is enhanced by design excellence, and that local amenity is protected against inappropriate land use and development.	Exp	351	382
		Rev	(90)	(90)
		<b>Net</b>	<b>261</b>	<b>292</b>
<b>Heritage Conservation Advice</b>	The Heritage Conservation Advice program aims to retain the unique heritage and rich culture captured in the Borough's built form.	Exp	62	62
		Rev	0	0
		<b>Net</b>	<b>62</b>	<b>62</b>
<b>Building Control</b>	The Building Control program ensures that building construction and maintenance is such that the community remains safe.	Exp	32	32
		Rev	(33)	(24)
		<b>Net</b>	<b>(1)</b>	<b>8</b>
<b>Expenditure</b>			<b>745</b>	<b>786</b>
<b>TOTAL</b>	<b>(Revenue)</b>		<b>(123)</b>	<b>(114)</b>
<b>Net Cost / (Income)</b>			<b>622</b>	<b>672</b>

#### Major Initiatives

- \$100,000 complete review of the Queenscliffe Planning Scheme and undertake an amendment to the Scheme to include new provisions (project total \$170,000 in 2019/20 and 2020/21).

#### Other Initiatives

- No additional initiatives (operating projects) included in the Budget 2020/21.

## Carry forward operating projects

- \$100,000 review of urban character controls in Queenscliffe Planning Scheme (see major initiative above).

## Service Performance Outcome Indicators

Service	Indicator *	Actual 2018/19	Forecast Actual 2019/20	Budget 2020/21	Note
Statutory planning	Decision making	50%	100%	100%	1

### Note

1. Forecast 2019/20 is based on the six month progress review, as included in the December 2019 quarterly financial report to Council. Budget 2020/21 target is 100%, as Council seeks to have all its planning decisions which are referred to VCAT upheld (i.e. no decisions overturned by VCAT).

\* the table at the end of section 2.5 explains the calculation of Service Performance Outcome Indicators.

## 2.5 Strategic Objective 5: Maintain a cohesive, well governed, financially sustainable and independent Borough.

To achieve our objective of maintaining a cohesive, well governed, financially sustainable and independent Borough, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are described below.

Service area	Description of services provided		Forecast 2019/20	Budget 2020/21
			\$'000	\$'000
<b>Council Governance</b>	The Council Governance program supports the Mayor and Councillors to maintain a cohesive Council and a well-governed Borough.	Exp	218	352
		Rev	0	0
		<b>Net</b>	<b>218</b>	<b>352</b>
<b>Organisational Performance and Compliance</b>	The Organisational Performance and Compliance program supports the Chief Executive Officer and Executive Management Team to maintain a cohesive, well-managed and highly performing organisation.	Exp	1,425	1,442
		Rev	(669)	(86)
		<b>Net</b>	<b>756</b>	<b>1,356</b>
<b>Community Engagement and Customer Service</b>	The Community Engagement and Customer Service program aims to facilitate community involvement in decision-making, and to deliver high quality customer service.	Exp	655	672
		Rev	0	0
		<b>Net</b>	<b>655</b>	<b>672</b>
<b>Financial and Risk Management</b>	The Financial and Risk Management program seeks to ensure the ongoing independence and financial sustainability of the Borough.	Exp	1,076	1,078
		Rev	(167)	(90)
		<b>Net</b>	<b>908</b>	<b>988</b>

Service area	Description of services provided	Forecast		Budget
		2019/20	2020/21	2020/21
		\$'000	\$'000	\$'000
	<b>Expenditure</b>	0	3,374	3,544
<b>TOTAL</b>	<b>(Revenue)</b>	0	(837)	(176)
	<b>Net Cost / (Income)</b>	0	2,537	3,367

### Major Initiatives

- \$10,000 develop a Council plan (2021-2025);
- \$10,000 conduct a review of Council policies in line with the Local Government Act 2020; and
- \$110,000 Council election, mandatory candidate training (prior to election) and induction of new councillors.

### Other Initiatives

- \$39,000 (19,000 p.a.) implementation and operation of a record management system.

### Carry forward operating projects

- \$10,000 review of Local Law No. 1 and 2;
- \$30,000 community engagement priority projects;
- \$12,000 social media strategy; and
- \$10,000 improve options for self-service via BoQ website.

### Service Performance Outcome Indicators

Service	Indicator *	Actual 2018/19	Forecast Actual 2019/20	Budget 2020/21	Note
<b>Governance</b>	Satisfaction	49	50	50	1

#### Note

1. Both the Forecast and Budget are based on achieving a result at least a percentage better than the last Community Satisfaction Survey results achieved by Council (current year survey not released until June).

\* the table on the following page explains the calculation of Service Performance Outcome Indicators.

## Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
<b>Maternal and Child Health</b>	Participation	Participation in the MCH service (Percentage of children enrolled who participate in the MCH service)	$[\text{Number of children who attend the MCH service at least once (in the year)} / \text{Number of children enrolled in the MCH service}] \times 100$
		Participation in the MCH service by Aboriginal children (Percentage of Aboriginal children enrolled who participate in the MCH service)	$[\text{Number of Aboriginal children who attend the MCH service at least once (in the year)} / \text{Number of Aboriginal children enrolled in the MCH service}] \times 100$
<b>Food safety</b>	Health and safety	Critical and major non-compliance notifications (Percentage of critical and major non-compliance notifications that are followed up by Council)	$[\text{Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up} / \text{Number of critical non-compliance notifications and major non-compliance notifications about food premises}] \times 100$
<b>Roads</b>	Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads
<b>Animal management</b>	Health and safety	Animal management prosecutions (Percentage of successful animal management prosecutions)	$[\text{Number of successful animal management prosecutions} / \text{Number of animal management prosecutions}] \times 100$
<b>Libraries</b>	Participation	Active library members (Percentage of the municipal population that are active library members)	$[\text{Number of active library members} / \text{municipal population}] \times 100$
<b>Waste collection</b>	Waste diversion	Kerbside collection waste diverted from landfill (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	$[\text{Weight of recyclables and green organics collected from kerbside bins} / \text{Weight of garbage, recyclables and green organics collected from kerbside bins}] \times 100$
<b>Statutory planning</b>	Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	$[\text{Number of VCAT decisions that did not set aside Council's decision in relation to a planning application} / \text{Number of VCAT decisions in relation to planning applications}] \times 100$
<b>Governance</b>	Satisfaction	Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community
<b>Aquatic facilities*</b>	Utilisation	Utilisation of aquatic facilities (Number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / municipal population

\*Aquatic facilities are not provided by the Borough of Queenscliffe.



## 2.6 Reconciliation with budgeted operating result

Strategic Objectives	Net Expense (Income) \$'000	Expenditure \$'000	Income \$'000
Strategic Objective 1	2,348	3,111	762
Strategic Objective 2	1,521	1,780	259
Strategic Objective 3	(253)	1,376	1,629
Strategic Objective 4	672	786	114
Strategic Objective 5	3,367	3,544	176
<b>Total</b>	<b>7,656</b>	<b>10,597</b>	<b>2,941</b>
<b>Expenses added in:</b>			
Depreciation	1,326		
Borrowing costs	5		
<b>Deficit before funding sources</b>	<b>8,986</b>		
<b>Funding sources added in:</b>			
Rates and charges revenue	6,655		
Waste charges revenue	1,056		
Capital grants	4,225		
Capital contributions - monetary	52		
<b>Total funding sources</b>	<b>11,988</b>		
<b>Comprehensive result</b>	<b>3,002</b>		
<b>Less:</b>			
Capital grants	(4,225)		
Capital contributions - monetary	(52)		
<b>Underlying deficit</b>	<b>(1,275)</b>		
<b>Less:</b>			
Additional rates funded capex beyond depreciation	(5,975)		
Loan principal repayments	(32)		
Transfers to reserves from operating budget	(462)		
<b>Add back:</b>			
Capital grants	4,225		
Capital contributions - monetary	52		
Proceeds from asset sales	50		
Proceeds from new borrowings	569		
Transfers from reserves to operating budget	2,519		
Accumulated cash surplus brought forward	329		
<b>Break-even cash result</b>	<b>0</b>		

### 3. Financial statements

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the year 2020/21 has been supplemented with projections to 2023-24 extracted from the Strategic Resource Plan.

This section includes the following financial statements prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

3.1 Comprehensive Income Statement

3.2 Balance Sheet

3.3 Statement of Changes in Equity

3.4 Statement of Cash Flows

3.5 Statement of Capital Works

3.6 Statement of Human Resources

#### Pending Accounting Standards

The 2020/21 budget has been prepared based on the accounting standards applicable at the date of preparation. It has been updated to include the impact of AASB 16 Leases, AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, but pending accounting standards that will be in effect from the 2020/21 financial year have not been considered in the development of the budget.

Standards that are likely to impact on the 2020/21 financial statements, not considered in the preparation of the budget include:

AASB 1059 Service Concession Arrangements: Grantors

While it is not possible to determine the precise impact of some of these standards at this time, impact on Council is factored in to the 2020/21 budget as follows:

- AASB 16 Leases
  - Council will not have operating leases existing on 1 July 2020 that have a remaining life greater than 12 months. The Council is of the opinion that the waste services contract does not constitute a right of use asset. Due to the limited volume of waste services, council is not in a position to direct the contractor to use the assets (vehicles) exclusively to manage waste services of the Borough.
- AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not for Profit Entities
  - In 2020/21 and future years, the recognition of revenue is based on consideration requirements as per relevant contracts. Further, there will be no restatement of beginning accumulated profits for 2019/20 financial statements as the impact is not material.
- AASB 1058 Income of Not for Profit Entities
  - Under this accounting standard, Councils is required to recognise volunteer services if they would have been purchased, if not provided voluntarily. Queenscliffe relies on volunteers to contribute towards the direct provision of services at its Visitor Information Centre. The value of both income (community contributions) for the time provided by volunteers and expenditure (employee costs) to report the value of this work which may otherwise have been paid by Council is estimated be \$70,201 for 2020/21. This impact is included under other income and other expenses respectively.

### 3.1 Comprehensive Income Statement

For the four years ending 30 June 2024

Description	Note	Forecast	Budget	Strategic Resource Plan		
		Actual 2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000
<b>Income</b>						
Rates and charges	4.1.1	7,449	7,631	7,802	7,978	8,158
Statutory fees and fines	4.1.2	118	105	107	109	111
User fees	4.1.3	1,606	1,794	2,003	2,038	2,073
Grants - operating	4.1.4	1,602	880	1,068	1,069	1,070
Grants - capital	4.1.4	960	4,225	2,190	1,000	550
Contributions - monetary - capital	4.1.5	5	52	0	0	0
Other income	4.1.6	286	242	215	222	234
Net gain on disposal of assets		0	0	1,400	0	0
<b>Total income</b>		<b>12,024</b>	<b>14,929</b>	<b>14,785</b>	<b>12,416</b>	<b>12,195</b>
<b>Expenses</b>						
Employee costs	4.1.7	4,333	4,461	4,549	4,639	4,731
Materials and services	4.1.8	5,490	5,799	5,366	5,224	5,356
Bad and doubtful debts	4.1.9	3	3	3	3	3
Depreciation	4.1.10	1,311	1,326	1,628	1,713	1,861
Borrowing costs	4.1.11	2	5	18	16	15
Other expenses	4.1.12	362	335	340	347	353
Net loss on disposal of assets		45	0	0	0	0
<b>Total expenses</b>		<b>11,546</b>	<b>11,927</b>	<b>11,905</b>	<b>11,942</b>	<b>12,319</b>
<b>Surplus / (deficit) for the year</b>		<b>479</b>	<b>3,002</b>	<b>2,880</b>	<b>474</b>	<b>(124)</b>
<b>Other comprehensive income</b>						
Items that will not be reclassified to surplus or deficit in future periods						
Net asset revaluation increment / (decrement)	4.1.13	0	0	0	0	0
<b>Total comprehensive result</b>		<b>479</b>	<b>3,002</b>	<b>2,880</b>	<b>474</b>	<b>(124)</b>

### 3.2 Balance Sheet

For the four years ending 30 June 2024

Description	Note	Forecast	Budget	Strategic Resource Plan		
		Actual 2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents		5,383	3,462	6,063	5,741	5,666
Other financial assets		1,000	1,000	1,000	1,000	1,000
Trade and other receivables		280	280	280	280	280
Non-current assets classified as held for sale		2,075	2,075	0	0	0
Inventories		6	6	6	6	6
Other assets		225	225	225	225	225
<b>Total current assets</b>	4.2.1	<b>8,968</b>	<b>7,048</b>	<b>7,574</b>	<b>7,252</b>	<b>7,176</b>
<b>Non-current assets</b>						
Non-current Debtor		0	0	0	0	0
Investments in associates		207	207	207	207	207
Property, infrastructure, plant and equipment		133,525	139,460	141,370	142,020	142,011
<b>Total non-current assets</b>	4.2.1	<b>133,732</b>	<b>139,667</b>	<b>141,577</b>	<b>142,227</b>	<b>142,218</b>
<b>Total assets</b>	4.2.1	<b>142,700</b>	<b>146,715</b>	<b>149,151</b>	<b>149,478</b>	<b>149,394</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables		908	1,357	944	820	783
Trust funds and deposits		100	100	100	100	100
Provisions		1,055	1,081	1,108	1,136	1,164
Interest-bearing loans and borrowings	4.2.3	20	59	51	53	63
Other liabilities		80	80	80	80	80
<b>Total current liabilities</b>	4.2.2	<b>2,162</b>	<b>2,677</b>	<b>2,283</b>	<b>2,189</b>	<b>2,190</b>
<b>Non-current liabilities</b>						
Provisions		23	23	24	24	25
Interest-bearing loans and borrowings	4.2.3	9	506	455	402	439
<b>Total non-current liabilities</b>	4.2.2	<b>31</b>	<b>529</b>	<b>479</b>	<b>426</b>	<b>464</b>
<b>Total liabilities</b>	4.2.2	<b>2,193</b>	<b>3,207</b>	<b>2,762</b>	<b>2,615</b>	<b>2,655</b>
<b>Net assets</b>		<b>140,507</b>	<b>143,509</b>	<b>146,389</b>	<b>146,863</b>	<b>146,740</b>
<b>Equity</b>						
Accumulated surplus		93,553	98,612	98,506	99,206	99,150
Revaluation Reserve		42,566	42,566	42,566	42,566	42,566
Reserves		4,388	2,331	5,318	5,091	5,024
<b>Total equity</b>		<b>140,507</b>	<b>143,509</b>	<b>146,389</b>	<b>146,863</b>	<b>146,740</b>

### 3.3 Statement of Changes in Equity

For the four years ending 30 June 2024

Description	Note	Forecast	Budget	Strategic Resource Plan		
		Actual 2019/20	2020/21	2021/22	2022/23	2023/24
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Accumulated Surplus</b>						
Opening Balance 1st July		91,857	93,553	98,612	98,506	99,206
Surplus / (deficit) for the year		479	3,002	2,880	474	(124)
Transfer to other reserves		(960)	(462)	(3,086)	47	(143)
Transfer from other reserves		2,177	2,519	99	180	210
<b>Closing Balance 30th June</b>	4.3.2	<b>93,553</b>	<b>98,612</b>	<b>98,506</b>	<b>99,206</b>	<b>99,150</b>
<b>Revaluation Reserve</b>						
Opening Balance 1st July		42,566	42,566	42,566	42,566	42,566
Net asset revaluation increment/(decrement)		0	0	0	0	0
<b>Closing Balance 30th June</b>	4.3.2	<b>42,566</b>	<b>42,566</b>	<b>42,566</b>	<b>42,566</b>	<b>42,566</b>
<b>Other Reserves</b>						
Opening Balance 1st July		5,605	4,388	2,331	5,318	5,091
Transfer to other reserves		960	462	3,086	(47)	143
Transfer from other reserves		(2,177)	(2,519)	(99)	(180)	(210)
<b>Closing Balance 30th June</b>	4.3.1	<b>4,388</b>	<b>2,331</b>	<b>5,318</b>	<b>5,091</b>	<b>5,024</b>
<b>Total Equity</b>						
Opening Balance 1st July		140,028	140,507	143,509	146,389	146,863
Surplus / (deficit) for the year		479	3,002	2,880	474	(124)
Net asset revaluation increment/(decrement)		0	0	0	0	0
Transfer to other reserves		0	0	0	0	0
Transfer from other reserves		0	0	0	0	0
<b>Closing Balance 30th June</b>	4.3.2	<b>140,507</b>	<b>143,509</b>	<b>146,389</b>	<b>146,863</b>	<b>146,740</b>

### 3.4 Statement of Cash Flows

For the four years ending 30 June 2024

Description	Note	Forecast	Budget	Strategic Resource Plan		
		Actual 2019/20	2020/21	2021/22	2022/23	2023/24
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>						
<i>Receipts</i>						
Rates and charges		7,386	7,631	7,802	7,978	8,158
Statutory fees and fines		119	105	107	109	111
User fees		1,597	1,794	2,003	2,038	2,073
Grants - Operating		1,708	880	1,068	1,069	1,070
Grants - Capital		1,539	4,225	2,190	1,000	550
Contributions - monetary - capital		5	52	0	0	0
Interest received		82	43	26	30	38
Other receipts		170	199	188	192	196
<b>Total receipts</b>		<b>12,605</b>	<b>14,929</b>	<b>13,385</b>	<b>12,416</b>	<b>12,195</b>
<i>Payments</i>						
Employee costs		(4,411)	(4,434)	(4,522)	(4,611)	(4,702)
Materials and services		(5,163)	(5,768)	(5,409)	(5,238)	(5,343)
Other payments		(326)	(337)	(340)	(346)	(352)
<b>Total payments</b>		<b>(9,900)</b>	<b>(10,539)</b>	<b>(10,270)</b>	<b>(10,195)</b>	<b>(10,397)</b>
<b>Net cash provided by operating activities</b>	4.4.1	<b>2,705</b>	<b>4,390</b>	<b>3,115</b>	<b>2,221</b>	<b>1,798</b>
<b>Cash flows from investing activities</b>						
Payments for property, infrastructure, plant and equipment		(3,242)	(6,893)	(3,941)	(2,544)	(1,946)
Proceeds from sale of property, infrastructure, plant and equipment		45	50	3,505	68	40
Payments for investments		0	0	0	0	0
Proceeds from sale of investments		26	0	0	0	0
<b>Net cash used in investing activities</b>	4.4.2	<b>(3,171)</b>	<b>(6,843)</b>	<b>(436)</b>	<b>(2,476)</b>	<b>(1,906)</b>
<b>Cash flows from financing activities</b>						
Borrowing costs		(2)	(5)	(18)	(16)	(15)
Proceeds from borrowings		0	569	0	0	100
Repayment of borrowings		(18)	(32)	(59)	(51)	(53)
<b>Net cash provided by / (used in) financing activities</b>	4.4.3	<b>(19)</b>	<b>532</b>	<b>(77)</b>	<b>(67)</b>	<b>33</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(486)</b>	<b>(1,920)</b>	<b>2,601</b>	<b>(322)</b>	<b>(75)</b>
Cash and cash equivalents at the beginning of the financial year		5,868	5,383	3,462	6,063	5,741
<b>Cash and cash equivalents at the end of the financial year</b>		<b>5,383</b>	<b>3,462</b>	<b>6,063</b>	<b>5,741</b>	<b>5,666</b>

### 3.5 Statement of Capital Works

For the four years ending 30 June 2024

Description	Note	Forecast	Budget	Strategic Resource Plan		
		Actual	2020/21	2021/22	2022/23	2023/24
		2019/20	2020/21	2021/22	2022/23	2023/24
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>						
Land improvements		25	0	0	0	0
Buildings		772	4,347	2,140	252	253
<b>Total property</b>		<b>797</b>	<b>4,347</b>	<b>2,140</b>	<b>252</b>	<b>253</b>
<b>Plant and equipment</b>						
Plant, machinery and equipment		130	150	150	150	150
Fixtures, fittings and furniture		20	5	5	5	5
Computers and telecommunications		75	45	45	45	45
Library books		0	0	0	0	0
<b>Total plant and equipment</b>		<b>225</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>
<b>Infrastructure</b>						
Roads		564	1,033	110	110	110
Footpaths and cycleways		261	40	770	20	20
Drainage		201	125	160	160	160
Recreational, leisure and community facilities		348	675	95	97	98
Waste management		0	0	0	0	0
Parks, open space and streetscapes		481	750	77	1,577	77
Off street car parks		4	0	0	0	0
Other infrastructure		342	131	15	15	975
<b>Total infrastructure</b>		<b>2,202</b>	<b>2,754</b>	<b>1,227</b>	<b>1,979</b>	<b>1,440</b>
<b>Total capital works expenditure</b>	4.5	<b>3,224</b>	<b>7,301</b>	<b>3,568</b>	<b>2,431</b>	<b>1,893</b>
<b>Represented by:</b>						
New asset expenditure		1,302	1,178	778	778	989
Asset renewal expenditure		837	1,056	824	825	827
Asset upgrade expenditure		1,084	5,067	1,966	827	77
<b>Total capital works expenditure</b>	4.5	<b>3,224</b>	<b>7,301</b>	<b>3,568</b>	<b>2,431</b>	<b>1,893</b>

### 3.6 Statement of Human Resources

For the four years ending 30 June 2024

Description	Forecast		Strategic Resource Plan		
	Actual	Budget	Projections		
	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000
<b>Staff expenditure</b>					
Employee costs - operating	4,333	4,461	4,549	4,639	4,731
Employee costs - capital (project management for priority infrastructure projects)	106	109	111	113	115
<b>Total staff expenditure</b>	<b>4,439</b>	<b>4,569</b>	<b>4,660</b>	<b>4,752</b>	<b>4,846</b>
<b>Staff numbers</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>
Employees - operating	41.9	41.9	41.9	41.9	41.9
Employees - capitalised	1.0	1.0	1.0	1.0	1.0
<b>Total staff numbers</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>

A summary of human resources expenditure, categorised according to the organisational structure of Council, is included below:

Description	Strategic Resource Plan			
	Budget	Projections		
	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000
<b>Community Wellbeing</b>				
Permanent full time	355	362	369	377
Permanent part time	769	784	800	816
<b>Total: Community Wellbeing</b>	<b>1,124</b>	<b>1,147</b>	<b>1,169</b>	<b>1,193</b>
<b>Environmental Sustainability</b>				
Permanent full time	55	56	57	58
Permanent part time	79	80	82	83
<b>Total: Environmental Sustainability</b>	<b>133</b>	<b>136</b>	<b>138</b>	<b>141</b>
<b>Local Economy</b>				
Permanent full time	288	294	299	305
Permanent part time	154	157	160	164
<b>Total: Local Economy</b>	<b>442</b>	<b>451</b>	<b>460</b>	<b>469</b>
<b>Planning and Heritage</b>				
Permanent full time	400	408	417	425
Permanent part time	127	129	132	135
<b>Total: Planning and Heritage</b>	<b>527</b>	<b>538</b>	<b>549</b>	<b>560</b>
<b>Governance and Performance</b>				
Permanent full time	1,573	1,605	1,637	1,670
Permanent part time	410	418	426	435
<b>Total: Governance and Performance</b>	<b>1,983</b>	<b>2,023</b>	<b>2,063</b>	<b>2,104</b>
<b>Total casuals and temporary staff</b>	<b>250</b>	<b>255</b>	<b>259</b>	<b>264</b>
<b>Total capitalised staff</b>	<b>109</b>	<b>111</b>	<b>113</b>	<b>115</b>
<b>Total staff expenditure</b>	<b>4,569</b>	<b>4,660</b>	<b>4,752</b>	<b>4,846</b>



A summary of the number of full time equivalent (FTE) Council staff in relation to human resources expenditure, categorised according to the organisational structure of Council, is included below:

Description	Budget	Strategic Resource Plan Projections		
	2020/21 FTE	2021/22 FTE	2022/23 FTE	2023/24 FTE
<b>Community Wellbeing</b>				
Permanent full time	3.2	3.2	3.2	3.2
Permanent part time	8.4	8.4	8.4	8.4
<b>Total: Community Wellbeing</b>	<b>11.6</b>	<b>11.6</b>	<b>11.6</b>	<b>11.6</b>
<b>Environmental Sustainability</b>				
Permanent full time	0.5	0.5	0.5	0.5
Permanent part time	0.8	0.8	0.8	0.8
<b>Total: Environmental Sustainability</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>
<b>Local Economy</b>				
Permanent full time	2.8	2.8	2.8	2.8
Permanent part time	1.9	1.9	1.9	1.9
<b>Total: Local Economy</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>
<b>Planning and Heritage</b>				
Permanent full time	3.5	3.5	3.5	3.5
Permanent part time	1.3	1.3	1.3	1.3
<b>Total: Planning and Heritage</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>
<b>Governance and Performance</b>				
Permanent full time	12.0	12.0	12.0	12.0
Permanent part time	4.4	4.4	4.4	4.4
<b>Total: Governance and Performance</b>	<b>16.4</b>	<b>16.4</b>	<b>16.4</b>	<b>16.4</b>
<b>Total casuals and temporary staff</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
<b>Total capitalised staff</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
<b>Total staff numbers (FTE)</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>

## 4. Notes to the financial statements

This section presents detailed information on material components of the financial statements.

The Borough of Queenscliffe has adopted a materiality threshold of 10% or a dollar amount of \$100,000. Notes have not been provided for budgets below the materiality threshold, unless the amount is considered to be material because of its nature.

This section includes notes to the financial statements for each of the following items:

- 4.1 Comprehensive Income Statement
  - 4.1.1 Rates and charges
  - 4.1.2 Statutory fees and fines
  - 4.1.3 User fees
  - 4.1.4 Grants
  - 4.1.5 Contributions
  - 4.1.6 Other income
  - 4.1.7 Employee costs
  - 4.1.8 Materials and services
  - 4.1.9 Bad and doubtful debts
  - 4.1.10 Depreciation
  - 4.1.11 Borrowing costs
  - 4.1.12 Other expenses
  - 4.1.13 Net asset revaluation increment
- 4.2 Balance Sheet
  - 4.2.1 Assets
  - 4.2.2 Liabilities
  - 4.2.3 Interest-bearing liabilities
- 4.3 Statement of Changes in Equity
  - 4.3.1 Reserves
  - 4.3.2 Equity
- 4.4 Statement of Cash Flows
  - 4.4.1 Net cash provided by operating activities
  - 4.4.2 Net cash used in investing activities
  - 4.4.3 Net cash provided by/ (used in) financing activities
- 4.5 Capital works program
  - 4.5.1 Summary
  - 4.5.2 Current Budget
  - 4.5.3 Works carried forward from the 2018/19 year

## 4.1 Comprehensive Income Statement

### 4.1.1 Rates and charges

Rates and charges are an important source of revenue for Council. Planning for future rate increases has therefore been an important component of the Long Term Financial Planning process. The Fair Go Rates System (FGRS) sets out the maximum amount councils may increase rates in a year and in 2020-21 the FGRS cap has been set at 2.0%. The cap applies to both general rates and the municipal charge and is calculated based on council's average rates and charges (see table 4.1.1(k)). Council limits rate revenue increases to comply with the Fair Go Rates System (FGRS).

The level of required rates is considered in this context, with reference to Council's other income sources and planned expenditure on services and works to meet long-term community needs, aspirations and priorities.

State Government legislation allows councils to calculate a separate charge for the collection and disposal of waste management services. This enables recovery of all waste management costs, which the State Government acknowledges to be a user pay service with typical cost increases significantly higher than CPI.

Council adopted the revised Rating Strategy concurrently with the 2019-20 budget. The update to the Rating Strategy ensures the rating strategy best meets the needs of Council and ratepayers.

Council's Rating Strategy outlines Council's policy regarding how its rates and charges are applied and the methodology used. The waste management cost streams include residential kerbside collection and disposal, green waste collection and disposal, as well as public waste collection and disposal. The burden of full cost recovery is with those ratepayers who may access each of the waste services offered by Council.

Total rates and charges of \$7,630,988 is budgeted to be raised in 2020/21, including \$10,000 generated from supplementary rates, \$7,000 interest earned on rates and a reduction of \$3,946 applied for the rebate that continues to be offered to properties with a conservation and environmental land management interest.

The additional income generated with the 2.0% increase in rates has been used in full to provide a one-off rebate on waste management charge.

The Valuer-General reviews the value of every property in the municipality annually, and these property values are used to calculate individual property rates. This annual revaluation does not result in a net gain or loss of revenue to Council. Ratepayers may see rate increases that differ from the average 2.0% increase because of changes to their property value relative to that of other ratepayers' properties.

**4.1.1(a) The reconciliation of the total rates and charges to the Comprehensive Income Statement is as follows:**

Descriptions	Forecast	Budget	Change	
	Actual 2019/20	2020/21	\$	%
	\$	\$	\$	%
General rates *	6,491,323	6,638,571	147,248	2.3%
Municipal charge *	0	0	0	0.0%
Waste management charges	939,043	975,572	36,529	3.9%
Supplementary rates and rate adjustments	13,200	10,000	(3,200)	(24.2%)
Cultural and recreational rates	3,541	3,792	251	7.1%
Interest on rates and charges	5,000	7,000	2,000	40.0%
Less: rebate (properties of environmental interest)	(3,563)	(3,946)	(384)	10.8%
<b>Total rates and charges</b>	<b>7,448,544</b>	<b>7,630,988</b>	<b>182,444</b>	<b>2.4%</b>

\* These items are subject to the rate cap established under the FGRS.

**4.1.1(b) The rate in the dollar to be levied as general rates under Section 158 of the Act for each type or class of land compared with the previous financial year**

Type or class of land	2019/20	2020/21	Change
	cents/\$CIV	cents/\$CIV	
General rate for rateable residential properties	0.218560	0.213319	(2.4%)
General rate for rateable residential vacant land properties	0.273000	0.266457	(2.4%)
General rate for rateable commercial properties	0.284130	0.277315	(2.4%)
General rate for rateable tourist accommodation properties	0.240410	0.234651	(2.4%)
Rate concession for rateable cultural and recreational properties	0.054640	0.053330	(2.4%)

**4.1.1(c) The estimated total amount to be raised by general rates in relation to each type or class of land, and the estimated total amount to be raised by general rates, compared with the previous financial year**

Type or class of land	2019/20	2020/21	Change	
	\$	\$	\$	%
Residential	5,253,683	5,399,616	145,933	2.8%
Residential vacant land	146,634	131,270	(15,364)	(10.5%)
Commercial	351,033	348,742	(2,291)	(0.7%)
Tourist accommodation	739,973	758,943	18,971	2.6%
<b>Total amount to be raised by general rates</b>	<b>6,491,323</b>	<b>6,638,571</b>	<b>147,248</b>	<b>2.3%</b>

**4.1.1(d) The number of assessments in relation to each type of class of land, and the total number of assessments, compared with the previous financial year**

Type or class of land	2019/20	2020/21	Change	
	Number	Number	Number	%
Residential	2,521	2,521	0	0.0%
Residential vacant land	62	55	(7)	(11.3%)
Commercial	159	160	1	0.6%
Tourist accommodation	340	354	14	4.1%
Cultural and recreational	5	6	1	20.0%
<b>Total number of assessments</b>	<b>3,087</b>	<b>3,096</b>	<b>9</b>	<b>0.3%</b>

**4.1.1(e) The basis of valuation to be used is the Capital Improved Value (CIV)**

**4.1.1(f) The estimated total value of each type or class of land, and the estimated total value of land, compared with the previous financial year**

Type or class of land	2019/20	2020/21	Change	
	\$	\$	\$	%
Residential	2,417,897,500	2,531,240,000	113,342,500	4.7%
Residential vacant land	47,170,000	49,265,000	2,095,000	4.4%
Commercial	123,509,500	125,756,500	2,247,000	1.8%
Tourist accommodation	309,607,500	323,435,000	13,827,500	4.5%
Cultural and recreational	6,480,000	7,110,000	630,000	9.7%
<b>Total value of land</b>	<b>2,904,664,500</b>	<b>3,036,806,500</b>	<b>132,142,000</b>	<b>4.5%</b>

**4.1.1(g) \$Nil municipal charge is to be levied under Section 159 of the Act (2019/20 \$nil).**

**4.1.1(h) The rate or unit amount to be levied for each type of service rate or charge under Section 162 of the Act compared with the previous financial year**

Type of Charge	Per Rateable	Per Rateable	Change	
	Property 2019/20	Property 2020/21	\$	%
	\$	\$	\$	%
Kerbside waste	184.65	213.75	29.10	15.8%
Green waste	40.20	43.20	3.00	7.5%
Public waste*	90.45	71.85	-18.60	(20.6%)
Additional set of bins	230.00	234.60	4.60	2.0%
One extra bin	115.00	117.30	2.30	2.0%

\* A one-off rebate on public waste management charge.

**4.1.1(i) The estimated total amount to be raised by each type of service rate or charge, and the estimated total amount to be raised by service rates and charges, compared with the previous financial year**

Type of Charge	2019/20	2020/21	Change	
	\$	\$	\$	%
Kerbside waste	524,990	610,613	85,623	16.3%
Green waste	115,541	124,762	9,220	8.0%
Public waste	279,882	222,602	(57,280)	(20.5%)
Additional set of bins	16,330	15,249	-1,081	-6.6%
One extra bin	2,300	2,346	46	2.0%
<b>Total waste management charges</b>	<b>939,043</b>	<b>975,572</b>	<b>36,529</b>	<b>3.9%</b>

**4.1.1(j) The estimated total amount to be raised by all rates and charges compared with the previous financial year**

Descriptions	2019/20	2020/21	Change	
	\$	\$	\$	%
General rates	6,491,323	6,638,571	147,248	2.3%
Municipal charge	0	0	0	0.0%
Waste management charges	939,043	975,572	36,529	3.9%
Supplementary rates and rate adjustments	13,200	10,000	(3,200)	(24.2%)
Cultural and recreational rates	3,541	3,792	251	7.1%
Interest on rates and charges	5,000	7,000	2,000	100.0%
<i>Less: rebate (properties of environmental interest)</i>	<i>(3,563)</i>	<i>(3,946)</i>	<i>(384)</i>	<i>10.8%</i>
<b>Total rates and charges</b>	<b>7,448,544</b>	<b>7,630,988</b>	<b>182,444</b>	<b>2.4%</b>

**4.1.1(k) Fair Go Rates System Compliance**

The Borough of Queenscliffe is required to comply with the State Government's Fair Go Rates System (FGRS). The table below details the budget assumptions, consistent with the requirements of the Fair Go Rates System.

Descriptions	2019/20	2020/21
Total Rates	\$6,298,209	\$6,508,586
Number of rateable properties	3,082	3,090
Base Average Rate	\$2,043.55	\$2,106.34
Maximum Rate Increase (set by the State Government)	2.50%	2.00%
Capped Average Rate	\$2,094.63	\$2,148.47
Maximum General Rates and Municipal Charges Revenue	\$6,455,664	\$6,638,757
Budgeted General Rates and Municipal Charges Revenue	\$6,455,664	\$6,638,571

#### **4.1.1(l) Any significant changes that may affect the estimated amounts to be raised by rates and charges**

There are no known significant changes which may affect the estimated amounts to be raised by rates and charges. However, the total amount to be raised by rates and charges may be affected by:

- The making of supplementary valuations (2020/21: estimated \$10,000);
- The variation of returned levels of value (e.g. valuation appeals);
- Changes in use of land such that rateable land becomes non-rateable land and vice versa;
- Changes in use of land such that residential land becomes commercial land and vice versa; and/or
- Changes in use of land such that residential land becomes tourist accommodation land and vice versa.

#### **4.1.1(m) Rating structure**

Council has established a rating structure which is comprised of three key elements. These are:

- Property values, which form the central basis of rating under the *Local Government Act 1989*;
- Compulsory waste management charges for the full cost recovery of residential kerbside waste, green waste and public waste collection and disposal; and
- Optional additional waste bin services for kerbside general waste, recycle waste and green waste (first set of bins included in the compulsory kerbside and green waste charges).

Striking a proper balance between these elements provides equity in the distribution of the rate burden across residents.

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for residential, commercial or tourist accommodation purposes. This distinction is based on the concept that business should pay a fair and equitable contribution to rates, taking into account the benefits those commercial and tourist accommodation properties derive from the local community.

Having reviewed the various valuation bases for determining the property value component of rates, Council has determined to apply a Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality. There are no plans to change this basis, in Council's Rating Strategy.

The rating structure comprises four differential rates (residential, residential vacant land, commercial and tourist accommodation), and a rate concession for recreational land. These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. Under the *Cultural and Recreational Lands Act 1963*, provision is made for a Council to levy the rate for recreational lands at "such amount as the municipal council thinks reasonable having regard to the services provided by the municipal council in relation to such lands and having regard to the benefit to the community derived from such recreational lands".

The residential vacant land rate is set at 125% of the residential rate, the commercial rate is set at 130% of the residential rate, the tourist accommodation rate is set at 110% of the residential rate and the rate concession for recreational land is set at 75% of the residential rate.

Council also levies additional bin charges, as allowed under the Act.

Council has not applied a municipal charge, nor a charge for the first set of bins allocated to residential ratepayers.

An additional pensioner concession of \$120, above the government funded pensioner rebate, is offered by Council to eligible ratepayers.

A rebate is also granted for properties of conservation and land management environmental interest to Council. There are no plans to change this rebate, in Council's Rating Strategy.

Council's Rating Strategy contains expanded information on Council's rating structure and the reasons behind its choices in applying the rates mechanisms it has used.

#### **4.1.1(n) Differential rates**

##### **Rates to be levied**

The rate and amount of rates payable in relation to land in each category of differential are:

- A general rate of 0.21331% (0.21331 cents in the dollar of CIV) for all rateable residential properties.
- A general rate of 0.26645% (0.26645 cents in the dollar of CIV) for all rateable residential vacant land properties.
- A general rate of 0.27731% (0.27731 cents in the dollar of CIV) for all rateable commercial properties including properties with six or more bedrooms which are rented out as holiday accommodation.
- A general rate of 0.23465% (0.23465 cents in the dollar of CIV) for all rateable tourist accommodation properties, that is properties having five or less bedrooms which are rented out as holiday accommodation.
- A general (concessional) rate of 0.05333% (0.05333 cents in the dollar of CIV) for all rateable cultural and recreational properties.

Each differential rate will be determined by multiplying the Capital Improved Value of rateable land (categorised by the characteristics described below) by the relevant percentages indicated above.

Council believes each differential rate will contribute to the equitable and efficient carrying out of council functions. Details of the objectives of each differential rate, the types of classes of land which are subject to each differential rate and the uses of each differential rate are set out below.

##### **Residential land**

Residential land is any land, which is:

- used primarily for residential purposes; or
- unoccupied but zoned Residential under the Borough of Queenscliffe Planning Scheme; and
- not Commercial land or Tourist accommodation land.

The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- Construction and maintenance of infrastructure assets
- Development and provision of community services
- Provision of general support services.



The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

The geographic location of the land within this differential rate is wherever it is located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to residential land. The vacant land affected by this rate is that which is zoned residential under the Borough of Queenscliffe Planning Scheme. The classification of land which is improved will be determined by the occupation of that land, and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the end of the 2020/21 financial year.

### **Residential vacant land**

Residential vacant land is any land, zoned residential, upon which no building is erected. Any uninhabitable shed or shelter, where no certificate of occupancy has been issued, is also considered residential vacant land.

The objective of this differential rate is to include promoting housing development on vacant land, while continuing to ensure all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

### **Commercial land**

Commercial land is any land which is:

- used primarily for the carrying out the manufacture or production of, or trade in, goods or services (including accommodation); or
- unoccupied but zoned Business under the Borough of Queenscliffe Planning Scheme; and
- not Tourist accommodation land.

The objective of this differential rate is to ensure that all rateable commercial properties make an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited) to the:

- Costs associated with the Visitor Information Centre service and tourism promotion;
- Construction and maintenance of infrastructure assets;
- Development and provision of community services; and
- Provision of general support services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

The geographic location of the land within this differential rate is wherever it is located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to commercial land. The vacant land affected by this rate is land which is zoned commercial under the Borough of Queenscliffe Planning Scheme. The classification of land which is improved will be determined by the occupation of that land, and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the end of the 2020/21 financial year.

### **Tourist accommodation land**

Tourist accommodation land is any land, which:

- contains a dwelling, unit, cabin or house or part of a house, with five or less bedrooms;
- that is used, whether primarily or otherwise, to provide holiday accommodation for the purpose of generating income from the provision of such holiday accommodation;
- where any part of the property is available for holiday rental;
- for any period of time during the financial year, no matter how seldom; and
- the property is currently being used, or is advertised as being available, for tourist accommodation.

The objective of this differential rate is to ensure that all smaller scale rateable tourist accommodation properties make an equitable and appropriate financial contribution to the cost of carrying out the functions of Council including (but not limited) to the:

- Costs associated with the Visitor Information Centre service and tourism promotion;
- Construction and maintenance of infrastructure assets;
- Development and provision of community services; and
- Provision of general support services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

#### **4.1.1(o) Other service charges and concessions**

##### **Cultural and recreational rates**

Under the *Cultural and Recreational Lands Act 1963*, provision is made for a Council to grant a rating concession to any 'recreational lands' which meet the test of being 'rateable land' under the Act. Council has applied this rating concession in recognition of the voluntary nature of the not-for-profit sport and recreation clubs operating on the rateable land and the limited revenue streams available to these community organisations. The rate concession for recreational land is set at 75% of the residential rate and is treated as a contribution in lieu of rates.

##### **Municipal charges**

Council does not have a separate municipal charge.

##### **Pensioner concession**

Holders of a Centrelink or Veteran Affairs Pension Concession card or a Veteran Affairs Gold card which stipulates TPI or War Widow may claim a rebate on their sole or principal place of residence, with only one rebate per property.

An additional pensioner concession per eligible ratepayer property, above the government funded pensioner rebate, is offered by Council. Eligibility for this additional concession includes application on a principal place of residence with only one rebate per property.

##### **Waste management charges**

An important component of Council's 2020/21 budget process is Council's continuing commitment, in accordance with its Rating Strategy, to three key principles in relation to funding waste management services:

1. Full cost recovery of all waste management services;
2. Clear identification of the waste management cost streams of kerbside waste, green waste and public waste and specifying these on the Rate Notice where applicable; and
3. Disclosure of all costs associated with each of the waste management streams as included in the table below.

In its Rating Strategy, Council has determined the most equitable method of full waste cost recovery as follows:

- Kerbside waste, applicable to residential and tourist accommodation properties only, is charged at a fixed amount;
- Green waste, applicable to residential and tourist accommodation properties only, is charged at a fixed amount; and
- Public waste, applicable to all rateable properties, is charged at a fixed amount.

The *Local Government Act 1989* permits Council to raise separate service charges for the recovery of waste management services, rather than include this in general rates. Separating out waste management charges from general rates to achieve full cost recovery remains the most financially responsible option available to Council given State Government rate capping legislation.

The following is a list of all waste management cost streams and waste management charges included in the 2020/21 Budget, summarised by waste charge type.

### Waste management costs (net of government grants)

Description	Forecast Actual 2019/20	Budget 2020/21	Increase/(decrease)	
			\$	%
<b>Kerbside waste</b>				
Kerbside waste collection (including hard waste)	297,000	301,204	4,204	1.42%
Landfill disposal including landfill levy	150,000	169,003	19,003	12.67%
Additional pensioner concession offered by BOQ	45,270	45,500	230	0.51%
Recycling disposal (income)/expenditure	51,000	65,000	14,000	27.45%
Roadside e waste collection	0	10,000	10,000	0.00%
Waste collection bin renewal	15,000	15,000	0	0.00%
Review of hard waste service	5,000	0	(5,000)	(100.00%)
Regional waste management group	2,360	2,407	47	2.00%
Waste & litter education	2,000	2,000	0	0.00%
FOGO – roll out cost	0	120,000	120,000	0.00%
Funding for temporary relief of recycling services	(12,724)	0	12,724	(100.00%)
FOGO – roll out grant funding	0	(72,000)	(72,000)	0.00%
<b>Sub-total: Kerbside waste costs</b>	<b>554,906</b>	<b>658,114</b>	<b>103,208</b>	<b>18.60%</b>
<b>Green waste</b>				
Green waste - pickup & disposal of waste	110,300	133,262	22,962	20.82%
Organic food waste pilot	10,000	0	(10,000)	(100.00%)
Renewable Organics Network	5,000	0	(5,000)	(100.00%)
<b>Sub-total: Green waste costs</b>	<b>125,300</b>	<b>133,262</b>	<b>7,962</b>	<b>6.35%</b>
<b>Public waste</b>				
Public waste - pickup & disposal of waste	169,800	173,064	3,264	1.92%
Illegal waste dumping	2,000	2,000	0	0.00%
Fixed price contract - street cleaning and sweeping	118,900	121,380	2,480	2.09%
Fixed price contract - beach cleaning	37,421	37,740	319	0.85%
Beach cleaning subsidy	(11,792)	(8,000)	3,792	(32.16%)
<b>Sub-total: Public waste costs</b>	<b>316,328</b>	<b>326,184</b>	<b>9,856</b>	<b>3.12%</b>
<b>Total: Waste management costs</b>	<b>996,534</b>	<b>1,117,560</b>	<b>121,026</b>	<b>12.14%</b>

## Waste management charges

The following table summarises waste charges to be collected for waste services.

Description	Forecast Actual 2019/20	Budget 2020/21	Increase/(decrease)	
			\$	%
Kerbside waste charge	524,990	610,613	85,623	16.31%
Kerbside waste charge - additional set of bins	16,330	15,249	(1,081)	(6.62%)
Kerbside waste charge - one additional bin	2,300	2,346	46	2.00%
<b>Kerbside waste charge</b>	<b>543,620</b>	<b>628,208</b>	<b>84,588</b>	<b>15.56%</b>
Green waste charge	114,335	123,379	9,044	7.91%
Green waste charge - optional	1,206	1,382	176	14.63%
<b>Green waste charge</b>	<b>115,541</b>	<b>124,762</b>	<b>9,220</b>	<b>7.98%</b>
<b>Public waste charge</b>	<b>279,882</b>	<b>222,602</b>	<b>(57,280)</b>	<b>(20.47%)</b>
<b>Total: Waste management charges</b>	<b>939,043</b>	<b>975,572</b>	<b>36,529</b>	<b>3.89%</b>

## Net surplus/(shortfall) in waste charges collected

The net surplus/(shortfall) for waste services is as follows.

Description	Forecast Actual 2019/20	Budget 2020/21	Increase/(decrease)	
			\$	%
Kerbside waste surplus/(shortfall)	(11,286)	(29,906)	(18,620)	164.98%
Green waste surplus/(shortfall)	(9,759)	(8,500)	1,258	(12.89%)
Public waste surplus/(shortfall)	(36,446)	(103,582)	(67,136)	184.20%
Add: Shortfall funded through rates income		130,000		
<b>Net surplus/(shortfall) in waste charges collected</b>	<b>(57,491)</b>	<b>(11,988)</b>	<b>(45,503)</b>	<b>79.15%</b>

Total waste management costs in 2020/21 (net of government grants) is budgeted to increase by \$121,026 (12%) compared with the 2019/20 financial year. This increase mainly comprises:

- \$48,000 roll out cost, Food Organics and Garden Organics (FOGO) waste service (net of government grant);
- \$22,962 increase in green waste disposal cost;
- \$19,003 increase in landfill disposal cost (including the increase in landfill levy from January 2021);
- \$14,000 increase in recycling disposal cost; and
- \$10,000 roadside e-waste collection (e-waste collection was cancelled for 2019/20).

Prior to calculating waste charges to be applied in the 2020/21 financial year, Council is budgeting to transfer a total of \$8,501 from surplus funds forecast to be held in green waste reserves at 30 June 2020. Further, Council is budgeting to recover a shortfall of \$26,418 in public waste reserve (underestimation of beach cleaning cost in 2019/20 budget) and a shortfall of \$18,095 in kerbside waste reserve (escalation of recycling and landfill cost) for 2019/20.

To continue with the achievement of full cost recovery for waste services, total income from waste management charges would have increased by \$214,572 in 2020/21. However, considering the current economic situation, Council has provided a one-off rebate on waste management charge diverting extra income to be generated from the 2% increase in rates. The total cost of the rebate is estimated to be approximately \$130,000 and to be applied to public waste charge to provide the benefit to all property owners of the Borough. Further, Council has decided to delay recovering of \$48,000 (net cost) associated with the roll out of FOGO service to 2021/22 financial year. This amount will temporarily be financed through unallocated cash reserve of the Borough. As a result the net increase in the total income from waste management charges for 2020/21 is expected to be \$36,529.

In preparing the waste management budget, a set of assumptions has been made about the estimated costs of the waste management services in 2020/21. Given the widely fluctuating nature of waste services, these annual budget assumptions will be monitored, with any variance to be reported to Council via quarterly financial reports during the 2020/21 year as necessary.

An annual reconciliation is completed at each financial year-end, to determine the surplus/ (deficit) between waste management charges collected from ratepayers and the actual waste costs incurred by Council for the year. Reserve funds are held on the Balance Sheet to record any net surplus achieved, so Council can then determine that amount which will be allocated towards meeting the cost of waste services in the next financial year, while retaining part of the surplus as a contingency to address emerging risks with respect to waste management services in future years.

#### Waste management reserve funds

Description	Forecast		Increase/(decrease)	
	Actual 2019/20	Budget 2020/21	\$	%
Opening balance	(6,809)	(18,095)	(11,286)	165.76%
Transfers to reserve	0	0	0	0.00%
Transfers from reserve	(11,286)	(29,905)	(18,619)	164.97%
<b>Kerbside waste reserve fund</b>	<b>(18,095)</b>	<b>(48,000)</b>	<b>(29,905)</b>	<b>165.27%</b>
Opening balance	18,259	8,501	(9,759)	(53.44%)
Transfers to reserve	0	0	0	0.00%
Transfers from reserve	(9,759)	(8,501)	1,258	(12.89%)
<b>Green waste reserve fund</b>	<b>8,501</b>	<b>0</b>	<b>(8,501)</b>	<b>(100.00%)</b>
Opening balance	10,028	(26,418)	(36,446)	(363.43%)
Transfers to reserve	0	26,418	26,418	0.00%
Transfers from reserve	(36,446)	0	36,446	(100.00%)
<b>Public waste reserve fund</b>	<b>(26,418)</b>	<b>(0)</b>	<b>26,418</b>	<b>(100.00%)</b>
<b>Total: Waste management reserve funds</b>	<b>(36,012)</b>	<b>(48,000)</b>	<b>(11,988)</b>	<b>33.29%</b>
<b>Net waste reserve transfers for the financial year</b>	<b>(57,491)</b>	<b>(11,988)</b>	<b>(45,503)</b>	<b>79.15%</b>

#### 4.1.2 Statutory fees and fines

Description	Forecast	Budget 2020/21 \$'000	Change	
	Actual 2019/20 \$'000		\$'000	%
Town planning fees	90	90	0	0.0%
Infringements and costs	5	6	1	20.0%
Permits	13	4	(9)	(69.6%)
Fines Victoria court recoveries	5	2	(3)	(60.0%)
Land information certificates	5	3	(2)	(40.0%)
<b>Total statutory fees and fines</b>	<b>118</b>	<b>105</b>	<b>(13)</b>	<b>(10.8%)</b>

Statutory fees and fines relate mainly to fees and fines levied in accordance with legislation. Infringements income is predominantly from parking fines, with minor fines issued for animals and local laws infringements.

Increases in statutory fees are made in accordance with legislative requirements and, given the difficulty in estimating transaction volume; the budget for statutory fees is reasonably consistent with the 2019/20 forecast except for permit fees as Council has proposed to wave off annual local law permit fees for 2020/21.

A detailed listing of statutory fees is included in Appendix A.

#### 4.1.3 User fees

Description	Forecast	Budget 2020/21 \$'000	Change	
	Actual 2019/20 \$'000		\$'000	%
Tourist park fees	1,421	1,549	128	9.0%
Aged services	81	176	95	118.1%
Registration and other permits	51	21	(30)	(58.8%)
Tourism	16	14	(2)	(12.5%)
Building services	33	24	(9)	(26.4%)
Other fees and charges (< \$10,000 each)	5	10	5	112.8%
<b>Total user fees</b>	<b>1,606</b>	<b>1,794</b>	<b>188</b>	<b>11.7%</b>

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services, consistent with principles in Council Policy CP047: User Fees and Charges. In setting the budget, the key principle for determining the level of user charges is that increases reflect CPI or market levels.

User charges are projected to increase by \$188,000 (11.7%) compared with the 2019/20 financial year.

The fees from Council's tourist parks contribute the largest portion of the user fees budget, with a total budget in 2020/21 of \$1,549,000, noting the increase of \$128,000 comprises of 2.0% indexation on current tourist park fees and projected recovery of tourism activities in 2020/21. Due to the uncertainties associated with the spread of COVID 19, it is extremely difficult to predict the direction of the tourism-related activities in 2020/21. Fee income from the tourist parks has been estimated under the assumption that the following containment of COVID-19, the economy is expected to recover in the second quarter of the 2020/21 financial year.

Increase in fee income from the aged services reflects the change in the manner in which home care package services are delivered in 2020/21. Bellarine Community Health (BCH) will provide these services to the community. Council will act as one of the service providers to the BCH for which Council will earn a fee income to cover associated cost instead of receiving operating grants from the federal government.

Other income includes fees charged for Freedom of Information requests, copies of prior year rates notices and administration of pensioner concessions (paid by the Department of Health and Human Services). Most sundry income is minor in nature, volume dependent and adjusted in quarterly forecast reviews when realised.

A detailed listing of user fees is included in Appendix A.

#### 4.1.4 Grants

Operating and capital government grants include all monies received from Victorian and Commonwealth Government sources for the purposes of funding the delivery of Council's services and projects.

Description	Forecast	Budget	Change	
	Actual 2019/20 \$'000	2020/21 \$'000	\$'000	%
<b>Grants are received in respect of the following:</b>				
<b>Summary of grants:</b>				
Commonwealth funded grants	1,361	493	(868)	(64%)
State government funded grants	1,153	4,520	3,367	292%
Other funded grants	13	54	41	332%
<b>Total grants received</b>	<b>2,527</b>	<b>5,067</b>	<b>2,540</b>	<b>101%</b>
<b>(a) Operating grants</b>				
<b>Recurrent - Commonwealth government</b>				
Aged services	490	398	(92)	(19%)
Financial Assistance Grants	723	112	(611)	(85%)
<b>Recurrent - State government</b>				
Maternal and child health	47	57	9	20%
Fire services property levy administration	40	40	0	0%
Beach cleaning	31	23	(8)	(26%)
School crossing supervision	30	31	1	2%
Walk to School	15	15	0	0%
Other (<\$10,000 each)	10	10	0	4%
<b>Recurrent - Other</b>				
Tobacco activity program	11	8	(3)	(27%)
<b>Total recurrent grants</b>	<b>1,396</b>	<b>693</b>	<b>(703)</b>	<b>(50%)</b>



Description	Forecast	Budget	Change	
	Actual	2020/21		
	2019/20	\$'000	\$'000	%
<b>(a) Operating grants – continued.</b>				
<b>Non-recurrent - State government</b>				
Tourism and economic development	0	0	0	0%
Coastal protection	176	115	(61)	(35%)
Transition to annual rates revaluation	0	0	0	0%
This Girl Can	14	0	(14)	(100%)
Waste management and recycling	13	72	59	466%
Other (<\$10,000 each)	2	0	(2)	(100%)
<b>Non-recurrent - Other</b>				
Gender based violence campaign	2	0	(2)	(100%)
<b>Total non-recurrent grants</b>	<b>206</b>	<b>187</b>	<b>(19)</b>	<b>(9%)</b>
<b>Total operating grants</b>	<b>1,602</b>	<b>880</b>	<b>(722)</b>	<b>(45%)</b>
<b>(b) Capital grants</b>				
<b>Recurrent - Commonwealth government</b>				
Roads to Recovery Program	191	0	(191)	(100%)
<b>Total recurrent grants</b>	<b>191</b>	<b>0</b>	<b>(191)</b>	<b>(100%)</b>
<b>Non-recurrent - Commonwealth government</b>				
Roads	0	38	38	0%
<b>Non-recurrent - State government</b>				
Buildings	290	3,535	3,245	1,119%
Parks, open space and streetscapes	0	400	400	0%
Roads	362	181	(181)	(50%)
Other infrastructure	44	25	(19)	(43%)
Recreational, leisure and community facilities	23	0	(23)	(100%)
Footpaths and cycleways	50	0	(50)	(100%)
<b>Non-recurrent - Other</b>				
Other infrastructure	0	46	46	0%
<b>Total non-recurrent grants</b>	<b>769</b>	<b>4,225</b>	<b>3,456</b>	<b>449%</b>
<b>Total capital grants</b>	<b>960</b>	<b>4,225</b>	<b>3,265</b>	<b>340%</b>
<b>Total grants</b>	<b>2,562</b>	<b>5,105</b>	<b>2,543</b>	<b>99%</b>

Operating grants include all monies received from State and Federal government and community sources for the purposes of funding the delivery of Council’s services to ratepayers.

Operating grants are forecast to decrease by \$722,000 (45%) compared to 2019/20, which is largely due to the brought forward payment of a part of 2020/21 financial assistance grant (now included in forecast 2019/20 operating income). The reduction in the operating grant for aged services of \$92,000 is due to change in the manner in which home care package services are delivered in 2020/21.

Non-recurrent operating grant of \$72,000 is estimated to be received in 2020/21 to roll out Food Organics and Garden Organics (FOGO) waste service. Any additional non-recurrent operating grant funding opportunities that Council may be successful in securing will be updated in the quarterly forecast reviews to be reported to Council during the 2020/21 financial year.

Capital grants include all monies received from State and Federal government for the purposes of funding the capital works program.

Capital grants are forecast to increase by \$3.265 million (340%) compared to 2019/20, due to a range of significant multi-year capital projects which will continue to be progressed in 2019/20, including Point Lonsdale Lighthouse Reserve, completion of the Queenscliff Sports and Recreation Precinct and commencement of the Queenscliffe Cultural Hub.

The Roads to Recovery program is a four year funding program by the Commonwealth to all councils. Council is expected to receive an upfront payment of the full funding allocation in 2019/20 for the Hesse Street South project.

Any additional non-recurrent capital grant funding opportunities that Council may be successful in securing will be updated in the quarterly forecast reviews to be reported to Council during the 2020/21 financial year.

**4.1.5 Contributions**

Description	Forecast		Change	
	Actual 2019/20	Budget 2020/21	\$'000	%
	\$'000	\$'000	\$'000	%
Monetary - operating	0	0	0	0%
Monetary - capital	5	52	47	946%
Non-monetary	0	0	0	0%
<b>Total contributions</b>	<b>5</b>	<b>52</b>	<b>47</b>	<b>946%</b>

Contributions relate to monies paid by non-government third parties for the purpose of funding the delivery of Council’s services to ratepayers (operating) and/or provision of buildings and facilities (capital). Contributions can also be non-monetary, with an in-kind donation of physical assets to Council. All contributions are typically non-recurrent and the amount will vary from year to year, thus a comparison by financial year is meaningless.

The capital contribution of \$52,000 is towards the cost of Point Lonsdale tennis club lighting upgrade project by the tennis club. The total cost of this upgrade is \$378,000, Council contribution is \$30,000 and the balance is funded through grants.

#### 4.1.6 Other income

Description	Forecast	Budget	Change	
	Actual	2020/21	\$'000	%
	2019/20	\$'000		
Interest - investment of available funds	90	43	(47)	(52%)
Other rent - lease of Council properties	36	36	1	2%
Other rent - lease of Crown Land properties	91	93	2	2%
Contribution from volunteers	69	70	1	2%
Reimbursements	0	0	0	0%
<b>Total other income</b>	<b>286</b>	<b>242</b>	<b>(43)</b>	<b>(15%)</b>

While significant movements in cash and investments is projected to occur in the 2020/21 budget year, as carry forward projects are completed, there will always be some carry forwards for projects not expected to be completed at the financial year-end. However, the average interest rate in 2020/21 will be significantly lower than the average interest rate in 2019/20 due to various monetary policy measures targeted to assist the economic recovery process. This is reflected in the reduction of interest income for 2020/21.

The value of the contribution provided by volunteers which may otherwise has been paid by Council is estimated be \$70,000 for 2020/21 (\$69,000 in 2019/20).

\$18,000 reduction in lease rental is factored into each year (2019/20 and 2020/21) in line with Council's intention to wave off three months lease rental in each year as a part of the COVID-19 stimulus initiatives.

#### 4.1.7 Employee costs

Description	Forecast	Budget	Change	
	Actual	2020/21	\$'000	%
	2019/20	\$'000		
Wages and salaries	3,753	3,895	141	4%
Superannuation	346	354	8	2%
Overtime	93	80	(13)	(14%)
Workcover premium	64	59	(5)	(8%)
FBT Expense	45	49	4	8%
Other	31	24	(7)	(23%)
<b>Total employee costs</b>	<b>4,333</b>	<b>4,461</b>	<b>128</b>	<b>3%</b>

Employee costs include all labour related expenditure, including wages, salaries and on-costs such as allowances, leave entitlements (annual leave and long service leave), employer superannuation, rostered days off and time-in-lieu owed to employees, workcover premium and fringe benefits tax.

Employee costs are forecast to increase by \$128,000 (3%) compared to 2019/20. This increase relates to the following key factors:

\$86,000, a 2% increase in line with Enterprise Bargaining Agreement (EBA) wage increases;

\$42,000, upgrade of existing positions to reflect additional responsibilities undertaken as a result of ongoing projects and new initiatives (e.g. Q Hub facility manager, record management officer and environmental health mandatory inspection and assessments), no new positions have been budgeted for 2020/21.

Staff absences may sometimes be filled by contract staff arrangements to meet temporary operational requirements, resulting in a reduction in employee costs with a related increase in materials and services. Any variations are adjusted in the forecast and reported to Council in quarterly financial reports during the year.

A summary of human resources expenditure, categorised according to the organisational structure of Council, is provided for both costs (\$) and staff numbers (FTE) directly following the Statement of Human Resources at Section 3.6 of this report.

#### 4.1.8 Materials and services

Materials and services includes payments to contractors for provision of services, waste management, asset maintenance the purchases of consumables, utility costs and expensed capital works (expensed capital works are works associated with Council assets and major projects that do not meet the definition of asset expenditure under Australian Accounting Standards).

Description	Forecast	Budget	Change	
	Actual 2019/20	2020/21	\$'000	%
Roads, parks and reserves maintenance	627	639	12	2%
Cleaning of council buildings, amenities and BBQ's	142	144	3	2%
Maternal and Child Health	72	76	5	6%
Drainage maintenance	64	65	1	2%
Home and community care home maintenance	61	61	0	0%
Valuation services	13	10	(3)	(23%)
General service delivery	1,434	1,397	(36)	(3%)
Waste management	1,021	1,198	177	17%
Non-recurrent operating projects (rates funded)	193	202	9	5%
Labour contracts (information technology, building surveyor, heritage advisor and specialist backfill)	314	313	(1)	(0%)
Foreshore and open space maintenance	389	314	(75)	(19%)
Buildings, works, plant and equipment maintenance	235	247	12	5%
Utilities	255	264	9	4%
Contribution to Geelong Regional Library Corporation	216	220	4	2%

Description	Forecast	Budget	Change	
	Actual	2020/21		
	2019/20	2020/21	\$'000	%
<b>Materials and services - continued</b>				
Insurance	223	256	33	15%
Information technology software and maintenance agreements	145	143	(2)	(2%)
Local Government election costs	0	110	110	0%
Non-recurrent operating projects (grant funded)	36	87	51	142%
Office administration	50	52	1	3%
<b>Total materials and services</b>	<b>5,490</b>	<b>5,799</b>	<b>308</b>	<b>6%</b>

Materials and services are forecast to increase by \$308,000 (6%) compared with the 2019/20 financial year.

The most significant increases for materials and services in the 2020/21 financial year include:

- **Indexation** – a general increase of 2.% is applied to most materials and services budget lines (\$33,000);
- **Waste management** – an increase of \$177,000 (before government grants) explained in note “4.1.1(o)Other service charges”;
- **Insurance** – an increase of \$33,000 (15%) due to the expected increase in insurance premium across the insurance market;
- **Local Government election costs** – cost to Council (not grant funded), occurs every four years (\$110,000);and
- **Non-recurrent operating projects (grant funded)** – an increase of \$51,000 mainly due to \$67,000 allocated for weed management activities on Ocean Road.

#### 4.1.9 Bad and doubtful debts

Description	Forecast	Budget	Change	
	Actual	2020/21		
	2019/20	2020/21	\$'000	%
Infringements debtors	3	3	0	0%
<b>Total bad and doubtful debts</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0%</b>

A provision of \$3,000 p.a. for bad and doubtful debts is included in Council’s budget, largely relating to parking fines.

#### 4.1.10 Depreciation

Description	Forecast	Budget	Change	
	Actual	2020/21		
	2019/20		\$'000	%
Property	665	378	(287)	(43%)
Plant and equipment	119	155	35	30%
Infrastructure	527	793	266	51%
<b>Total depreciation</b>	<b>1,311</b>	<b>1,326</b>	<b>15</b>	<b>1%</b>

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property (buildings), plant and equipment, and infrastructure assets (such as roads and drains).

Most of the ongoing capital projects to complete at the end of the year 2020/21 with the effect of depreciation from the following year onward.

#### 4.1.11 Borrowing costs

Description	Forecast	Budget	Change	
	Actual	2020/21		
	2019/20		\$'000	%
Interest - Borrowings	2	5	3	192%
<b>Total borrowing costs</b>	<b>2</b>	<b>5</b>	<b>3</b>	<b>192%</b>

Borrowing costs relate to interest charged by financial institutions on funds borrowed by Council.

Borrowing costs are forecast to increase by \$3,000 compared with the 2019/20 financial year. This increase relates to interest on new loans of \$146,000 forecast to be drawn down by 31 December 2020. Further new borrowings of \$423,000 are budgeted for 2020/21, with a likely date for draw down of 30 June 2021 and therefore interest expense is expected to further increase in the following financial year.

#### 4.1.12 Other expenses

Description	Forecast	Budget	Change	
	Actual 2019/20	2020/21	\$'000	%
Councillors' allowances	151	151	(0)	(0%)
Auditors' remuneration - VAGO	40	43	3	7%
Auditors' remuneration - Internal	32	30	(2)	(7%)
Audit fees - other	7	6	(0)	(1%)
Operating lease rentals	21	21	0	0%
Other	43	13	(29)	(69%)
Asset write-offs	0	0	0	0%
Cost of volunteers	69	70	1	2%
<b>Total other expenses</b>	<b>362</b>	<b>335</b>	<b>(28)</b>	<b>(8%)</b>

Other expenses relate to a range of unclassified items including mayoral and councillor allowances, internal and external audit fees, photocopier lease expense, asset write-offs and other miscellaneous expenditure.

The reduction of \$28,000 (8%) compared with the 2019/20 financial year is predominantly due to a write-off of \$23,000 (unreconciled sundry debtor balance dating back to 2014/15 in the current 2019/20 financial year).

The cost of the expenditure which may otherwise have been paid by Council in the absence of any contribution from volunteers is estimated be \$70,000 for 2020/21 (\$69,000 in 2019/20).

#### 4.1.13 Net asset revaluation increment

The revaluation of infrastructure assets is scheduled to be completed in 2019/20. The outcome of this revaluation is not able to be predicted for inclusion in the 2020/21 Budget, so the 2020/21 forecast will be revised upon receipt of the revaluation details during 2020/21.

## 4.2 Balance Sheet

### 4.2.1 Assets

Description	Forecast		Change	
	Actual 2019/20 \$'000	Budget 2020/21 \$'000	\$'000	%
Cash and cash equivalents	5,383	3,462	(1,920)	(36%)
Trade and other receivables	280	280	0	0%
Other financial assets	1,000	1,000	0	0%
Inventories	6	6	0	0%
Non-current assets classified as held for sale	2,075	2,075	0	0%
Other assets	225	225	0	0%
<b>Total current assets</b>	<b>8,968</b>	<b>7,048</b>	<b>(1,920)</b>	<b>(21%)</b>
Investment in an associate	207	207	0	0%
Property, infrastructure, plant and equipment	133,525	139,460	5,936	4%
<b>Total non-current assets</b>	<b>133,732</b>	<b>139,667</b>	<b>5,936</b>	<b>4%</b>
<b>Total assets</b>	<b>142,700</b>	<b>146,715</b>	<b>4,016</b>	<b>3%</b>

**Current assets** are those assets which are able to be converted to cash within twelve months. These assets are forecast to decrease by \$1,920,000 (16%) compared with the 2019/20 financial year, as cash is used to pay for projects carried forward from 2019/20 when they are progressed or completed.

No movement in other financial assets, trade and other receivables, inventories and other assets (prepaid expenses and accrued income) is budgeted for 2020/21. Variances to this assumption are adjusted in the forecast when known.

**Non-current assets** are those assets which are not expected to be converted to cash within twelve months. Property, infrastructure, plant and equipment is the largest component. These assets are forecast to increase by \$5,936,000 (4%) compared with the 2019/20 financial year, as capital works are progressed or completed during the 2020/21 financial year.

Council recognises its interest in the Geelong Regional Library Corporation by recording an investment in its financial statements at a value based on the Borough's underlying interest in the net assets of the service disclosed in its audited financial statements each year. The Borough's share of the net assets is calculated on the same ratio as it contributes to the operating costs of the service. Both the 2019/20 Forecast and 2020/21 Budget assume no movement in library equity, with adjustments in equity advised by the Geelong Regional Library Corporation to be reported at year-end and 2020/21 forecast adjusted accordingly. Annual contributions to Geelong Regional Library Corporation are included as expenditure in the Income Statement.



## 4.2.2 Liabilities

Description	Forecast		Change	
	Actual 2019/20	Budget 2020/21		
	\$'000	\$'000	\$'000	%
Trade and other payables	908	1,357	450	50%
Trust funds and deposits	100	100	0	0%
Provisions	1,055	1,081	26	3%
Interest-bearing liabilities	20	59	40	203%
Other liabilities	80	80	0	0%
<b>Total current liabilities</b>	<b>2,162</b>	<b>2,677</b>	<b>516</b>	<b>24%</b>
Provisions	23	23	1	3%
Interest-bearing liabilities	9	506	497	5,615%
<b>Total non-current liabilities</b>	<b>31</b>	<b>529</b>	<b>498</b>	<b>1,586%</b>
<b>Total liabilities</b>	<b>2,193</b>	<b>3,207</b>	<b>1,014</b>	<b>46%</b>

**Current liabilities** are those obligations Council must pay within the next twelve months. These liabilities are forecast to increase by \$516,000 (24%) compared with the 2019/20 financial year, largely due to capital expenditure projected for 2020/21 leading to an expected increase in the value of creditor invoices due at 30 June 2021.

Provisions (employee cost provisions for accrued long service leave, annual leave, rostered days off and time-in-lieu owing to employees) are budgeted to increase by \$27,000 (\$26,000 current and \$1,000 non-current), in accordance with the Enterprise Bargaining Agreement. Active management of leave balances may result in some forecast savings during the year, and this will be adjusted in 2020/21 should a positive outcome be achieved.

Interest-bearing liabilities represent Council debt. New borrowings of \$569,000 planned in 2020/21 will result in an increase in liability net of repayments during the year.

No movement in trust funds and deposits (e.g. tender deposits and bonds paid to Council for future hall hire) and other liabilities (income received in advance for tourist park seasonal package fees and accrued expenses) is budgeted for 2020/21. Variances to this assumption are adjusted in the forecast when known.

**Non-current liabilities** are those obligations Council is not expected to pay within the next twelve months. These liabilities are forecast to increase due to new borrowings budgeted in 2020/21.

### 4.2.3 Borrowings

The table below shows information on borrowings specifically required by the Regulations.

Borrowings	Forecast Actual 2019/20	Budget 2020/21
	\$	\$
Total amount borrowed as at 30 June of the prior year	46,174	28,358
Total amount to be borrowed	0	568,520
Total amount projected to be redeemed	(17,815)	(31,583)
<b>Total amount proposed to be borrowed as at 30 June</b>	<b>28,358</b>	<b>565,295</b>

Council continues to focus on efficient and financially responsible service delivery to achieve outcomes that are valued by our community. Council will continue to explore new approaches to provide services in a tighter fiscal environment.

All borrowings included in the budget are carried over from 2019/20. No additional borrowing is included in the 2020/21 budget.

- \$146,000 to meet the cost of King Street stormwater asset improvement (completed in 2018/19 and temporary funded through unallocated cash reserve);
- \$152,000 to meet the cost of Simpson Street stormwater asset improvement (forecast to complete in 2019/20 and temporary fund through unallocated cash reserve);
- \$170,000 towards the Hesse Street South project; and
- \$100,000 for the Point Lonsdale Lighthouse Reserve.

## 4.3 Statement of Changes in Equity

### 4.3.1 Reserves

Description	Forecast Actual 2019/20	Budget 2020/21	Change	
	\$'000	\$'000	\$'000	%
Asset Replacement Reserve - Allocated	294	339	45	15%
Asset Replacement Reserve - Unencumbered	279	620	341	122%
Future Calls on Defined Benefits Superannuation	40	40	0	0%
Funds carried forward to future years	3,811	1,380	(2,431)	(64%)
Waste management reserves	(36)	(48)	(12)	33%
<b>Total discretionary reserves</b>	<b>4,388</b>	<b>2,331</b>	<b>(2,057)</b>	<b>(47%)</b>

Council's discretionary reserves on the Balance Sheet are forecast to decrease by \$2,057,000 (47%) compared with the 2019/20 financial year, predominantly due to projects carried forward from 2019/20 are to be completed during the 2020/21 financial year.

Asset replacement reserves are used to fund future asset renewal requirements. They comprise:

- funds for specific projects earmarked by Council; and
- surpluses resulting from budget efficiencies and additional income received.

Surpluses achieved in prior years are reserved to fund future asset renewal requirements and priority projects which assist meeting Council Plan objectives, assist in meeting any emerging budget pressures, address risk management issues which may arise during the year and have matching funds available should there be an opportunity for Council to secure additional government grants.

A budget allocation of \$45,000 will be transferred to the **asset replacement reserve (allocated)** in 2020/21 to fund future building asset renewal requirements.

A budget allocation of \$298,000 will be transferred to the **asset replacement reserve (unencumbered)** in 2020/21 to restate the reserve against the temporary internal borrowing in the previous years and a transfer of \$43,000 to reflect the projected surplus of 2020/21 held over for future years.

The **defined benefits superannuation liability reserve** is used as a hedge against future calls which may be made by Vision Super on the defined benefits scheme. Council set aside \$20,000 in each of the 2014/15 and 2015/16 budget years, with a total of \$40,000 remaining in this reserve and no plans to adjust the total.

**Carry forward reserves** are used mainly for holding over funds received in one year, to be spent in future years, usually in accordance with government grant funding guidelines. 2020/21 reserve movement mainly reflects;

- \$292,000 for operating projects carried forward from 2019/20 to be completed/progressed in the 2020/21 financial year;
- \$945,000 carried forward for the completion of the Queenscliffe Sport and Recreation Precinct upgrade project;
- \$506,000 carried forward for progression of the Hesse Street South project;
- \$280,000 carried forward for progression of the Queenscliffe Cultural Hub project;
- \$84,000 carried forward for progression of the Point Lonsdale Lighthouse Reserve upgrade project;
- (\$50,000) transfer to the community hardship reserve fund.

Council uses **waste management reserves** to hold the net surplus of waste management charges collected from ratepayers compared with the actual costs of waste management paid by Council. While the annual budget is calculated on the basis of full cost recovery via waste charges, budget assumptions for the cost of the waste management service are dependent on volumes collected and disposed of. A reconciliation is included in quarterly financial reports during the year, and waste reserves adjusted at the financial year-end. The movement in the waste management reserve is explained in the note 4.1.1(o).

### 4.3.2 Equity

Description	Forecast	Budget 2020/21	Change	
	Actual 2019/20		\$'000	%
	\$'000		\$'000	\$'000
Accumulated surplus	93,553	<b>98,612</b>	5,059	5%
Asset revaluation reserves	42,566	<b>42,566</b>	0	0%
Discretionary reserves	4,388	<b>2,331</b>	(2,057)	(47%)
<b>Total equity</b>	<b>140,507</b>	<b>143,509</b>	<b>3,002</b>	<b>2%</b>

Total equity always equals net assets and is made up of the following components:

- Accumulated surplus, which is the value of all net assets less reserves that have accumulated over time;
- Asset revaluation reserves, which represent the difference between the previously recorded value of assets and their current valuations; and
- Discretionary reserves, which are funds Council wishes to separately identify as being set aside to meet a specific purpose in the future and for which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council and separately disclosed.

Of the \$5,059,000 (5%) increase in **accumulated surplus**, \$3,002,000 results directly from the projected surplus for the year. The net balance of \$2,057,000 is budgeted to be transferred from **discretionary reserves** to accumulated surplus. This reflects the usage of cash to partly fund the 2020/21 capital works program as explained in the note 4.3.1. This is a transfer between equity balances only and does not impact on the total balance of equity.

No change is included in the 2020/21 Budget with respect to the **asset revaluation reserve**. While Council's infrastructure assets are scheduled to be revalued in 2019/20, the outcome of this revaluation will not be known until June 2020.

## 4.4 Statement of Cash Flows

### 4.4.1 Net cash flows provided by operating activities

Description	Forecast	Budget	Change	
	Actual 2019/20	2020/21	\$'000	%
Rates and charges	7,386	<b>7,631</b>	245	3%
Statutory fees and fines	119	<b>105</b>	(14)	(13%)
User fees	1,597	<b>1,794</b>	197	12%
Grants - Operating	1,708	<b>880</b>	(828)	(48%)
Grants - Capital	1,539	<b>4,225</b>	2,686	175%
Contributions - monetary - operating	0	<b>0</b>	0	0%
Contributions - monetary - capital	5	<b>52</b>	47	946%
Trust funds and deposits taken	0	<b>0</b>	0	0%
Interest received	82	<b>43</b>	(39)	(47%)
Other receipts	170	<b>199</b>	29	17%
<b>Total receipts</b>	<b>12,605</b>	<b>14,929</b>	<b>2,324</b>	<b>18%</b>
Employee costs	(4,411)	<b>(4,434)</b>	(23)	(1%)
Materials and services	(5,163)	<b>(5,768)</b>	(605)	(12%)
Other payments	(326)	<b>(337)</b>	(11)	(3%)
<b>Total payments</b>	<b>(9,900)</b>	<b>(10,539)</b>	<b>(639)</b>	<b>(6%)</b>
<b>Net cash provided by operating activities</b>	<b>2,705</b>	<b>4,390</b>	<b>1,685</b>	<b>62%</b>

Operating activities refer to the cash generated (or used in) the normal service delivery functions of Council.

Net cash provided by operating activities is forecast to increase by \$1,685,000 (62%) compared with the 2019/20 financial year.

Aside from annual increases applied for rates and charges (determined by the Minister for Local Government), employee costs (in accordance with Council's Enterprise Bargaining Agreement) and CPI applied to most budget lines within materials and services, the most notable variances in operating cash flows are as follows:

- \$2,686,000 capital grants for projects planned for the 2020/21 financial year;
- (\$828,000) net reduction in operating grants, which is largely due to the brought forward payment of a part of 2020/21 financial assistance grant; and
- (\$605,000) net increase in materials and services, which is a combination of operating projects carried over from 2019/20 and new initiatives included in 2020/21.

### Reconciliation of net cash flows from operating activities to the operating surplus/ (deficit)

Net cash flows from operating activities do not equal the surplus/ (deficit) for the year, as the expected revenues and expenses of Council include non-cash items, which have been excluded from the Cash Flow Statement. Interest expense is included as a financing activity in the Cash Flow Statement and therefore also requires adjustment, when reconciling the operating surplus/(deficit) in the Comprehensive Income Statement to net cash flows from operating activities included in the Cash Flow Statement.

The budgeted operating result is reconciled to budgeted net cash provided by operating activities as set out in the table on the following page.

Description	Forecast Actual 2019/20	Budget 2020/21	Change	
	\$'000	\$'000	\$'000	%
Surplus / (deficit) for the year	479	3,002	2,523	527%
Depreciation	1,311	1,326	15	1%
Non-monetary contributions	0	0	0	(100%)
Borrowing costs	2	5	3	192%
Loss on disposal of property, infrastructure, plant and equipment	45	0	(45)	(100%)
Net movement in current assets and liabilities	869	58	(811)	(93%)
<b>Net cash provided by operating activities</b>	<b>2,705</b>	<b>4,390</b>	<b>1,685</b>	<b>62%</b>

### 4.4.2 Net cash flows used in investing activities

Description	Forecast Actual 2019/20	Budget 2020/21	Change	
	\$'000	\$'000	\$'000	%
Payments for Property, Infrastructure, Plant & Equipment	(3,242)	(6,893)	(3,651)	(113%)
Proceeds from sale of Property, Infrastructure, Plant and Equipment	45	50	5	11%
Payments for investments	0	0	0	0%
Proceeds from sale of investments	26	0	(26)	100%
<b>Net cash used in investing activities</b>	<b>(3,171)</b>	<b>(6,843)</b>	<b>(3,672)</b>	<b>(116%)</b>

Investing activities refer to cash provided (or used in) the enhancement or creation of infrastructure and other assets. These activities include the acquisition and sale of motor vehicles in line with the annual asset renewal program.

Net cash used in investing activities is forecast to increase by \$3,672,000 (62%) compared with the 2019/20 financial year. This is largely due to an increase in payments for property, infrastructure, plant and equipment for grant funded projects.

#### 4.4.3 Net cash flows provided by/(used in) financing activities

Description	Forecast	Budget	Change	
	Actual	2020/21		
	2019/20		\$'000	%
	\$'000	\$'000	\$'000	%
Borrowing costs	(2)	(5)	(3)	(192%)
Proceeds from borrowings	0	569	569	100%
Repayment of borrowings	(18)	(32)	(14)	(77%)
<b>Net cash provided by financing activities</b>	<b>(19)</b>	<b>532</b>	<b>552</b>	<b>100%</b>

Financing activities refer to cash provided (or used in) the financing of Council functions, including new borrowings from financial institutions and the repayment of principal and interest in each financial year. Net cash provided by financing activities is forecast to increase by \$552,000 compared with the 2019/20 financial year. This is largely due to new borrowings of \$569,000 proposed in 2020/21.

#### 4.5 Capital Works Program

This section presents a listing of the capital works projects that will be undertaken for the 2020/21 financial year, classified by expenditure type and funding source. Works are also disclosed as current budget or carried forward from prior year.

##### 4.5.1 Summary

Description	Forecast	Budget	Change	
	Actual	2020/21		
	2019/20		\$'000	%
	\$'000	\$'000	\$'000	%
Property	797	4,347	3,550	445.7%
Plant and Equipment	225	200	-25	(11.1%)
Infrastructure	2,202	2,754	552	25.1%
<b>Total</b>	<b>3,224</b>	<b>7,301</b>	<b>4,077</b>	<b>126.5%</b>

Significant government grant funded projects in the 2020/21 financial year include Queenscliff Sports and Recreation Precinct, Point Lonsdale Lighthouse Reserve and the Queenscliff Cultural Hub. Council has maintained its average budgeted expenditure with respect to its Annual Asset Renewal Program for property, plant and equipment and infrastructure assets.

### Asset expenditure types and funding sources

Description	Project Cost	Asset expenditure types					Summary of Funding Sources			
		New	Renewal	Upgrade	Grants	Contrib.	Council Cash	Reserve transfers	New Loans	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	4,347	234	290	3,823	3,535	0	217	595	0	0
Plant and Equipment	200	0	200	0	0	0	150	0	0	50
Infrastructure	2,754	982	566	1,205	690	52	613	1,128	270	0
<b>Total</b>	<b>7,301</b>	<b>1,216</b>	<b>1,056</b>	<b>5,028</b>	<b>4,225</b>	<b>52</b>	<b>981</b>	<b>1,724</b>	<b>270</b>	<b>50</b>

Council has been successful in attracting significant grants for key infrastructure projects in the Borough. Community contributions are sought toward projects which benefit a specific user group. New borrowings are proposed for multi-generational projects (e.g. storm water asset improvements). Asset sales relate entirely to the annual motor vehicle replacement program. Funds for projects carried forward from 2019/20 are held in reserves on the Balance Sheet until expenditure occurs. The balance of Council's capital works program is funded from rates and charges (excluding waste management) and net income achieved from the tourist parks.

Capital renewal budget generally follows the expenditure identified in the following asset management documents:

- Roads expenditure follows the recommendations in the 2019 road condition and renewal modelling report;
- Buildings expenditure follows the 2018 building condition assessment modelling report;
- Stormwater drainage follows the 2019 asset management plan; and
- Open space follows the 2019 open space asset management plan in combination with the playground strategy. However, budgeted expenditure is lower in 2020/21 due to termination of Destination Queenscliff project.



#### 4.5.2 Current Budget

Capital Works Area	Project Cost	Asset expenditure types					Summary of Funding Sources				
		New	Renewal	Upgrade	Grants	Contrib.	Council Cash	Reserve transfers	New Loans	Asset Sales	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PROPERTY</b>											
<b>BUILDINGS</b>											
Annual renewal program - Council buildings	124	0	124	0	0	0	124	0	0	0	
Annual renewal program - Foreshore public conveniences	39	0	39	0	0	0	39	0	0	0	
Staff cost to capitalise	54	14	33	8	0	0	54	0	0	0	
<b>TOTAL BUILDINGS</b>	<b>217</b>	<b>14</b>	<b>195</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>217</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL PROPERTY</b>	<b>217</b>	<b>14</b>	<b>195</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>217</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>PLANT AND EQUIPMENT</b>											
<b>PLANT, MACHINERY AND EQUIPMENT</b>											
Annual renewal program - Council motor vehicles	140	0	140	0	0	0	90	0	0	50	
Annual renewal program - Caravan park washing machines and driers	5	0	5	0	0	0	5	0	0	0	
Annual renewal program - Minor plant and equipment	5	0	5	0	0	0	5	0	0	0	
<b>TOTAL PLANT, MACHINERY AND EQUIPMENT</b>	<b>150</b>	<b>0</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>50</b>	

Capital Works Area	Project Cost	Asset expenditure types					Summary of Funding Sources				
		New	Renewal	Upgrade	Grants	Contrib.	Council Cash	Reserve transfers	New Loans	Asset Sales	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PLANT AND EQUIPMENT - continued</b>											
<b>FIXTURES, FITTINGS AND FURNITURE</b>											
Annual renewal program - Council fixtures, fittings and furniture	5	0	5	0	0	0	5	0	0	0	
<b>TOTAL FIXTURES, FITTINGS AND FURNITURE</b>	<b>5</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>COMPUTERS AND TELECOMMUNICATIONS</b>											
I.T. Systems/Strategy	45	0	45	0	0	0	45	0	0	0	
<b>TOTAL COMPUTERS AND TELECOMMUNICATIONS</b>	<b>45</b>	<b>0</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>200</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>50</b>	
<b>INFRASTRUCTURE</b>											
<b>ROADS</b>											
Annual renewal program - road resealing	75	0	75	0	0	0	75	0	0	0	
Annual renewal program - pavement repair	10	0	10	0	0	0	10	0	0	0	
Annual renewal program - kerb and channel	15	0	15	0	0	0	15	0	0	0	
<b>TOTAL ROADS</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>FOOTPATHS AND CYCLEWAYS</b>											
Annual renewal program - footpaths	20	0	20	0	0	0	20	0	0	0	
Footpath to the Kindergarten	20	20	0	0	0	0	20	0	0	0	

Capital Works Area	Project Cost \$'000	Asset expenditure types					Summary of Funding Sources				
		New	Renewal	Upgrade	Grants	Contrib.	Council Cash	Reserve transfers	New Loans	Asset Sales	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>INFRASTRUCTURE - continued</b>											
<b>FOOTPATHS AND CYCLEWAYS - continued</b>											
<b>TOTAL FOOTPATHS AND CYCLEWAYS</b>	<b>40</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>DRAINAGE</b>											
Install a storm water outfall, Cygnet Court.	25	0	0	25	0	0	25	0	0	0	
Annual renewal program - drainage	100	0	100	0	0	0	100	0	0	0	
<b>TOTAL DRAINAGE</b>	<b>125</b>	<b>0</b>	<b>100</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>125</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>RECREATIONAL, LEISURE AND COMMUNITY FACILITIES</b>											
Annual renewal program - beach access handrails and steps	15	0	15	0	0	0	15	0	0	0	
Annual renewal program - walking tracks and signage	5	0	5	0	0	0	5	0	0	0	
Annual renewal program - beach access tracks clearance, surface renewal and fencing	4	0	4	0	0	0	4	0	0	0	
Annual renewal program - fencing at Caravan Parks	4	0	4	0	0	0	4	0	0	0	
Staff cost to capitalise	54	14	33	8	0	0	54	0	0	0	
<b>TOTAL RECREATIONAL, LEISURE AND COMMUNITY FACILITIES</b>	<b>82</b>	<b>14</b>	<b>61</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Capital Works Area	Project Cost \$'000	Asset expenditure types					Summary of Funding Sources				
		New	Renewal	Upgrade	Grants	Contrib.	Council Cash	Reserve transfers	New Loans	Asset Sales	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>INFRASTRUCTURE - continued</b>											
<b>PARKS, OPEN SPACE AND STREETSCAPES</b>											
Annual renewal program - open space	50	0	50	0	0	0	50	0	0	0	
Annual renewal program - Lower Princess, Princess & Citizens Parks	5	0	5	0	0	0	5	0	0	0	
Annual renewal program - Foreshore & Park furniture	5	0	5	0	0	0	5	0	0	0	
<b>TOTAL PARKS, OPEN SPACE AND STREETSCAPES</b>	<b>60</b>	<b>0</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>OTHER INFRASTRUCTURE</b>											
New change pad and reconstruction of the access in front of Winterley Road	38	38	0	0	38	0	0	0	0	0	
Annual renewal program - Fire plug maintenance	4	0	4	0	0	0	4	0	0	0	
Annual renewal program - Signage renewal	4	0	4	0	0	0	4	0	0	0	
<b>TOTAL OTHER INFRASTRUCTURE</b>	<b>46</b>	<b>38</b>	<b>8</b>	<b>0</b>	<b>38</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL INFRASTRUCTURE</b>	<b>454</b>	<b>72</b>	<b>349</b>	<b>33</b>	<b>38</b>	<b>0</b>	<b>415</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL NEW CAPITAL WORKS</b>	<b>870</b>	<b>85</b>	<b>744</b>	<b>41</b>	<b>38</b>	<b>0</b>	<b>782</b>	<b>0</b>	<b>0</b>	<b>50</b>	

#### 4.5.3 Works carried forward from the 2019/20 financial year

Capital Works Area	Project Cost	Asset expenditure types				Summary of Funding Sources				
		New	Renewal	Upgrade	Grants	Contrib.	Council Cash	Reserve transfers	New Loans	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PROPERTY</b>										
<b>BUILDINGS</b>										
Queenscliffe Cultural Hub	3,500	0	0	3,500	3,220	0	0	280	0	0
Queenscliff Sport & Recreation Precinct	630	221	95	315	315	0	0	314	0	0
<b>TOTAL BUILDINGS</b>	<b>4,130</b>	<b>221</b>	<b>95</b>	<b>3,815</b>	<b>3,535</b>	<b>0</b>	<b>0</b>	<b>594</b>	<b>0</b>	<b>0</b>
<b>TOTAL PROPERTY</b>	<b>4,130</b>	<b>221</b>	<b>95</b>	<b>3,815</b>	<b>3,535</b>	<b>0</b>	<b>0</b>	<b>594</b>	<b>0</b>	<b>0</b>
<b>INFRASTRUCTURE</b>										
<b>ROADS</b>										
Hesse street south upgrade	857	0	0	857	181	0	0	506	170	0
Queenscliff Sport and Recreation Precinct	38	13	6	19	0	0	38	0	0	0
<b>TOTAL ROADS</b>	<b>895</b>	<b>13</b>	<b>6</b>	<b>876</b>	<b>181</b>	<b>0</b>	<b>38</b>	<b>506</b>	<b>170</b>	<b>0</b>
<b>RECREATIONAL, LEISURE AND COMMUNITY FACILITIES</b>										
Queenscliff Sport and Recreation Precinct	690	690	0	0	400	0	106	84	100	0
<b>TOTAL RECREATIONAL, LEISURE AND COMMUNITY FACILITIES</b>	<b>592</b>	<b>207</b>	<b>89</b>	<b>296</b>	<b>0</b>	<b>0</b>	<b>54</b>	<b>538</b>	<b>0</b>	<b>0</b>
<b>PARKS, OPEN SPACE AND STREETSCAPES</b>										
Point Lonsdale lighthouse reserve	640	640	0	0	400	0	106	34	100	0

Capital Works Area	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources				
		New	Renewal	Upgrade	Grants	Contrib.	Council Cash	Reserve transfers	New Loans	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INFRASTRUCTURE - continued										
PARKS, OPEN SPACE AND STREETSCAPES - continued										
<b>TOTAL PARKS, OPEN SPACE AND STREETSCAPES</b>	<b>690</b>	<b>690</b>	<b>0</b>	<b>0</b>	<b>400</b>	<b>0</b>	<b>106</b>	<b>84</b>	<b>100</b>	<b>0</b>
OTHER INFRASTRUCTURE										
Point Lonsdale tennis club lighting upgrade	123	0	123	0	71	52	0	0	0	0
<b>TOTAL OTHER INFRASTRUCTURE</b>	<b>123</b>	<b>0</b>	<b>123</b>	<b>0</b>	<b>71</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>2,300</b>	<b>911</b>	<b>218</b>	<b>1,172</b>	<b>652</b>	<b>52</b>	<b>198</b>	<b>1,128</b>	<b>270</b>	<b>0</b>
<b>TOTAL CARRIED FORWARD CAPITAL WORKS</b>	<b>6,430</b>	<b>1,131</b>	<b>312</b>	<b>4,987</b>	<b>4,187</b>	<b>52</b>	<b>198</b>	<b>1,724</b>	<b>270</b>	<b>0</b>

## 5. Financial performance indicators

The following table highlights Council's current and projected performance across a range of key financial performance indicators. These indicators provide a useful analysis of Council's financial position and performance and should be interpreted in the context of the organisation's objectives.

Indicator	Measure	Note	Expected Range	Actual 2018/19	Forecast Actual 2019/20	Budget 2020/21	Strategic Resource Plan Projections			Trend +/-
							2021/22	2022/23	2023/24	
<b>Operating position</b>										
Adjusted underlying result	Adjusted underlying surplus or (deficit) / adjusted underlying revenue	1	-20% to 20%	(0.3%)	(2.6%)	<b>(12.0%)</b>	5.5%	(4.6%)	(5.3%)	-
<b>Liquidity</b>										
Working Capital	Current assets / current liabilities		100% to 400%	503.9%	414.9%	<b>263.3%</b>	331.7%	331.3%	327.7%	+
Unrestricted cash	Unrestricted cash / current liabilities		10% to 300%	58.6%	87.3%	<b>83.0%</b>	215.6%	218.4%	214.9%	+
<b>Obligations</b>										
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	2	0% to 70%	0.6%	0.4%	<b>7.4%</b>	6.5%	5.7%	6.2%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	2	0% to 20%	0.3%	0.3%	<b>0.5%</b>	1.0%	0.8%	0.8%	-
Indebtedness	Non-current liabilities / own source revenue	2	2% to 70%	0.5%	0.3%	<b>5.4%</b>	4.2%	4.1%	4.4%	+
Asset renewal	Asset renewal and asset upgrade expenses / asset depreciation	3	40% to 130%	220.9%	146.6%	<b>461.7%</b>	171.3%	96.5%	48.6%	-
<b>Stability</b>										
Rates concentration	Rate revenue / adjusted underlying revenue		30% to 80%	65.4%	66.2%	<b>71.6%</b>	61.9%	69.9%	69.8%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.15% to 0.75%	0.3%	0.3%	<b>0.3%</b>	0.3%	0.3%	0.3%	o
<b>Efficiency</b>										
Expenditure level	Total expenses / number of property assessments	4	\$2,000 to \$5,000	\$3,536	\$3,729	<b>\$3,853</b>	\$3,845	\$3,857	\$3,979	-
Revenue level	General rate revenue / number of property assessments	5	\$700 to \$2,000	\$2,018	\$2,101	<b>\$2,146</b>	\$2,189	\$2,238	\$2,289	-
Workforce turnover	No. of permanent staff resignations and terminations / average number of permanent staff for the financial year		5% to 20%	16.8%	13.5%	<b>0.0%</b>	0.0%	0.0%	0.0%	o

Key to Forecast Trend:

“+” Forecasts improvement in Council’s financial performance / financial position indicator , “O” Forecasts that Council’s financial performance / financial position indicator will be steady and “-” Forecasts deterioration in Council’s financial performance / financial position indicator

### Notes to indicators

1. **Adjusted underlying result** – This is an important measure of financial sustainability and an indicator of the operating result required to enable Council to continue to provide core services and meet its objectives. Note Council’s underlying operating deficits include the delivery of carry forward operating projects, for which funds are held in reserves on the Balance Sheet, to pay for the expenditure when it is incurred, and the impact of the brought forward payment of a part of 2020/21 financial assistance grant (now included in forecast 2019/20 operating income). These are not factored into the calculation of the underlying result. One of the key objectives in Council’s Strategic Resource Plan is to achieve a breakeven underlying result cumulatively. This allows for the timing differences between years, in terms of operating grants received and/or budgets allocated by Council in one financial year, with corresponding expenditure in the next year. The long term outlook for Council, in achieving sustainable underlying operating surpluses into the future, involves a set of priorities for Council which includes continuing to advocate to the State government with respect to the loss of boat ramp fees, and to Federal and State governments on waste management issues, as well as identifying further opportunities to increase income and reduce operating expenditure (invest-to-save). Improvement in the underlying result in 2021/22 is due to the forecast profit from the sale of council owned land.
2. **Loans and borrowings** – Forecast to decline due to planned new borrowings.
3. **Asset renewal** – This percentage indicates the extent of Council’s asset renewal and upgrade against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets. Council needs to average at least 100% over a longer term of 7-10 years, with peaks and troughs occurring as large assets are programmed for expenditure. Council measures this outcome cumulatively, setting itself a target of at least 100% for this indicator, and has achieved average asset renewal of 142.6% over the ten years to 2018/19. This renewal outcome is expected to increase to 146.1% by 30 June 2020, with a further increase to 188% by 30 June 2021. Council’s positive outcome for this ratio is predominantly due to significant funded projects including Queenscliff Sports & Recreation Precinct, Point Lonsdale Lighthouse Reserve and Queenscliff Cultural Hub.
4. **Expenditure level** – The majority of expenditure incurred by Queenscliffe is non-discretionary and part of managing the services expected of a local council. Given the very small ratepayer base, this translates into a level of expenditure per property assessment which is higher than the outcome for most of the other local councils.
5. **Revenue level** – Rate revenue represents a high proportion of Queenscliffe's revenue. Given the very small ratepayer base, this translates into a level of rate revenue per property assessment which is higher than the outcome for most of the other local councils.



## Appendix A Fees and charges schedule

This appendix presents the fees and charges of a statutory and non-statutory nature which will be charged in respect to various goods and services provided during the 2020/21 year.

The following information is listed for each type of fee charged by Council:

- Program / activity to which the user fee relates (example: law enforcement)
- Type of fee charged (example: dog registration)
- More details regarding each fee type (example: dog registration – sterilised dog)
- An indication as to whether the fee is legislated or at the discretion of Council
- Whether the fee is inclusive of GST, or if in fact GST does not apply to the fee
- Fees for both the current year (2019/20) and proposed fees for the next year (2020/21)
- % increase in fees compared with that charged for the previous year

Program / Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee (Y/N)	GST (Y/N)	2019/20 Actual		2020/21 Budget	
					Price	% Increase	Price	% Increase
Rates and charges	Land Information Certificates **	Per certificate	Y	N	\$27.00	2.7%	<b>\$27.00</b>	0.0%
	Rates Debt Collection Fee	Per debt collection agency letter issued	N	Y	\$20.00	0.0%	<b>\$20.00</b>	0.0%
	Current year rates notices	Per notice fee (up to 20 minutes)	N	N	\$0.00	0.0%	<b>\$0.00</b>	0.0%
	Previous year rates notices	Per notice fee (up to 20 minutes)	N	N	\$15.00	50.0%	<b>\$16.00</b>	6.7%
	Rate history enquiry	Administration fee (per hour)	N	N	\$49.00	2.1%	<b>\$50.00</b>	2.0%
	Dishonoured Cheque Fee	Per cheque dishonoured - Australia Post transactions	N	N	\$15.00	0.0%	<b>\$15.00</b>	0.0%
			Per cheque dishonoured - Bank transactions	N	N	\$10.00	0.0%	<b>\$10.00</b>
Administration	Photocopy charges - per page	Own paper supplied	N	Y	\$0.30	0.0%	<b>\$0.35</b>	16.7%
		A4 paper	N	Y	\$0.35	0.0%	<b>\$0.40</b>	14.3%
		A3 paper	N	Y	\$0.60	0.0%	<b>\$0.65</b>	8.3%
		A4 colour copy	N	Y	\$1.25	0.0%	<b>\$1.30</b>	4.0%
		A3 colour copy	N	Y	\$1.75	0.0%	<b>\$1.80</b>	2.9%
		A4 laminating	N	Y	\$2.40	2.1%	<b>\$2.50</b>	4.2%
		A3 laminating	N	Y	\$4.15	2.5%	<b>\$4.25</b>	2.4%
	Freedom of Information Request	Per Application	Y	N	\$29.60	2.4%	<b>\$29.60</b>	0.0%
Facility hire	Per day hire - Town Hall	Social Events / Functions - Charity	N	Y	\$49.00	2.1%	<b>\$50.00</b>	2.0%
		Social Events / Functions - Local organisations/community events	N	Y	\$109.00	2.8%	<b>\$112.00</b>	2.8%
		Social Events / Functions - Private events	N	Y	\$314.00	2.6%	<b>\$320.00</b>	1.9%
		Set-up / clean-up fee for events in the Town Hall	N	Y	\$54.00	1.9%	<b>\$56.00</b>	3.7%
		Commercial	N	Y	\$498.00	2.5%	<b>\$508.00</b>	2.0%
	Per day hire - Pavilion	Local	N	Y	\$88.00	2.3%	<b>\$90.00</b>	2.3%
		Non-local	N	Y	\$191.00	2.7%	<b>\$195.00</b>	2.1%
		Power usage only	N	Y	\$49.00	2.1%	<b>\$50.00</b>	2.0%
	Per day hire - Oval	Booking fee	N	Y	\$79.00	2.6%	<b>\$81.00</b>	2.5%
	Visitor Information Centre	Heritage Walks	Per guided walk	N	Y	\$15.00	0.0%	<b>\$15.00</b>
Display Banners		Per week	N	Y	\$20.00	0.0%	<b>\$20.00</b>	0.0%
Souvenirs		Per item *	N	Y	Various	0.0%	<b>Various</b>	0.0%

\* Please ask at the Visitor Information Centre for a current price list for souvenirs.

\*\* Subject to revision in line with the Victorian Government Gazette fee units (Victorian Government Gazette: - G14).

Program / Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee (Y/N)	GST (Y/N)	2019/20 Actual		2020/21 Budget	
					Price	% Increase	Price	% Increase
Aged Care	Charges dependant on client means test	Home Care	N	N	\$5.15 - \$19.75	3.1%	\$5.25 - \$20.15	1.96%
		Personal Care	N	N	\$5.15 - \$19.75	3.1%	\$5.25 - \$20.15	1.94%
		Respite Care	N	N	\$2.65	3.9%	\$2.70	2.00%
		Home Maintenance	N	N	\$10.45 - \$18.10	3.1%	\$10.65 - \$18.45	1.91%
	Other Agencies \$/hour	Home Care	N	Y	\$49.50	3.1%	\$50.50	2.02%
		Personal Care	N	Y	\$51.85	3.1%	\$52.90	2.03%
		Respite Care	N	Y	\$52.90	3.1%	\$53.95	1.98%
		Home Maintenance	N	Y	\$61.50	2.5%	\$62.65	1.87%
		Travel fees per km	N	Y	\$1.20	4.3%	\$1.20	0.00%
		Home and Community Care Packages (HCCP)	Per week (varies, please contact aged services for further details)	N	N	\$10.00 - \$60.00	0.0%	\$10.00 - \$60.00
Engineering	Build Over Easement Permit	Per permit	Y	N	\$290.40	2.5%	\$290.40	0.00%
	Legal Point of Discharge Enquiry	Per enquiry	Y	N	\$144.70	2.5%	\$144.70	0.00%
	Road Opening Permit	Per permit (maximum fee of 9.3 units)	Y	N	\$118.00	2.6%	\$120.00	1.69%
	Cross-over Reinstatement	Provision of asphalt (incl. administrative costs) - per m2	Y	N	\$200.00	0.0%	\$204.00	2.00%
Building	Lodgement Fees - Building Permits	Per lodgement	Y	N	\$121.90	2.5%	\$121.90	0.00%
	Building Certificate - Property Enquiry	Per certificate	Y	N	\$47.20	2.4%	\$47.20	0.00%
	Building Surveyors Consent - Permit	Per permit	Y	N	\$290.40	2.5%	\$290.40	0.00%
	Building Surveyors Consent - Permit	Per permit - where land is liable to flooding	Y	N	\$290.40	2.5%	\$290.40	0.00%
	Copying of Building Permit Documentation	Per copy	N	Y	\$100 min.	0.0%	\$100 min.	0.00%
	Records Search Fee	Per hour (additional cost to send to PROV for documents)	N	Y	\$112.00	2.8%	\$114.00	1.79%
	Pool barrier compliance – Lodgement of Certificate	Per pool barrier	Y	Y	\$20.44	0.0%	\$20.44	0.00%
	Pool barrier non-compliance – Lodgement of Certificate	Per pool barrier	Y	Y	\$385.06	0.0%	\$385.06	0.00%
	Pool and Spa Registration Fee	Per pool/spa	Y	Y	\$31.85	0.0%	\$31.85	0.00%
	Pool and Spa Customer Search Fee	Per registration	Y	Y	\$47.25	0.0%	\$47.25	0.00%
Environmental Health	Food - Class 1 & 2	Per registration	N	N	\$365.00	2.5%	\$372.00	1.92%
	Food - Class 3	Per registration	N	N	\$242.00	2.5%	\$247.00	2.07%
	Food - Class 3 (50% part year fee)	Per registration	N	N	\$121.00	NA	\$123.00	1.65%
	Mobile food premises - Class 2	Per registration	N	N	\$365.00	2.5%	\$372.00	1.92%
	Mobile food premises - Class 3	Per registration	N	N	\$242.00	2.5%	\$247.00	2.07%
	Accomodation	Per registration	N	N	\$365.00	2.5%	\$372.00	1.92%
	Hairdresser/Beauty Premises	Per registration	N	N	\$181.00	2.3%	\$184.00	1.66%
	Premises	Per transfer inspection	N	Y	\$191.00	2.7%	\$195.00	2.09%
	Septic tank fees	Per permit to install	N	N	\$403.00	2.5%	\$411.00	1.99%
	Septic tank fees	Per permit to alter / 801 report and content	N	N	\$201.00	2.6%	\$205.00	1.99%
	Temporary food registration	Per for-profit organisation	N	N	\$201.00	2.6%	\$205.00	1.99%
	Temporary food registration - Class 2 & 3	Per community organisation (up to 12 events each year)	N	N	\$0.00	0.0%	\$0.00	0.00%
	Temporary food registration - Class 2	Per community organisation (more than 12 events each year)	N	N	\$181.00	2.3%	\$184.00	1.66%
	Temporary food registration - Class 3	Per community organisation (more than 12 events each year)	N	N	\$120.00	2.6%	\$122.00	1.67%
	Temporary food registration - Class 4	Per community organisation	N	N	\$0.00	0.0%	\$0.00	0.00%
	Sporting Clubs Season Registration - Class 1 & 2 & 3	Per registration	N	N	\$182.50	NA	\$186.00	1.92%
	Associated fixed premise (temporary food)	Per registration	N	N	\$0.00	0.0%	\$0.00	0.00%

Program / Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee (Y/N)	GST (Y/N)	2019/20 Actual		2020/21 Budget	
					Price	% Increase	Price	% Increase
Town Planning	Planning Permit - new application	Per permit (fee depends on Class) - from Lowest (Class 2)	Y	N	\$199.90	2.5%	\$199.90	0.00%
		Per permit (fee depends on Class) - to Highest (Class 15)	Y	N	\$57,670.10	2.5%	\$57,670.10	0.00%
	Planning Permit - extension of time	Per permit	Y	N	\$199.90	2.5%	\$199.90	0.00%
	Planning Permit - amendment	Per permit (fee depends on Class) - from Lowest (Class 2)	Y	N	\$199.90	2.5%	\$199.90	0.00%
		Per permit (fee depends on Class) - to Highest (Class 12)	Y	N	\$3,413.70	2.5%	\$3,413.70	0.00%
	Planning Permit - subdivision	Per subdivision	Y	N	\$1,318.10	2.5%	\$1,318.10	0.00%
	Certification - subdivision	Per subdivision	Y	N	\$174.80	2.5%	\$174.80	0.00%
	Section 29A request	Per request	Y	N	\$85.20	2.5%	\$85.20	0.00%
	Planning Infringements	Per infringement - natural person	Y	N	\$826.10	2.5%	\$826.10	0.00%
Planning Infringements	Per infringement - body corporate	Y	N	\$1,652.20	2.5%	\$1,652.20	0.00%	
Local Laws	Dog Registrations - per registration <i>Note: fees are in accordance with the Domestic Animals Act, where applicable.</i>	Declared Restricted Breed	N	N	\$500.00	0.0%	\$500.00	0.00%
		Declared Menacing Breed	N	N	\$500.00	0.0%	\$500.00	0.00%
		Declared Dangerous Dog	N	N	\$500.00	0.0%	\$500.00	0.00%
		Entire	Partially	N	\$111.90	2.5%	\$114.00	1.88%
		Entire (pensioner concession)	Partially	N	\$55.95	2.5%	\$57.00	1.88%
		Entire & Existing Microchipped	Partially	N	\$37.30	2.5%	\$38.00	1.88%
		Registered Organisation (both owner and animal)	Partially	N	\$37.30	2.5%	\$38.00	1.88%
		Desexed	Partially	N	\$37.30	2.5%	\$38.00	1.88%
		Desexed & Microchipped	Partially	N	\$37.30	2.5%	\$38.00	1.88%
		Desexed (Pensioner Concession)	Partially	N	\$18.65	2.5%	\$19.00	1.88%
		Dual Registered	N	N	\$7.00	0.0%	\$7.00	0.00%
		Guide Dog / Carer Dog	Y	N	\$0.00	0.0%	\$0.00	0.00%
		Replacement Dog Tag	N	N	\$2.00	0.0%	\$2.00	0.00%
	Cat Registrations - per registration <i>Note: fees are in accordance with Domestic Animals Act, where applicable.</i>	Entire (not applicable in BoQ as local law does not allow entire cat)	N	N	n/a	0.0%	n/a	0.00%
		Registered Organisation (both owner and animal)	N	N	\$32.00	2.6%	\$32.60	1.88%
		Microchipped (existing reg'ns only)	Partially	N	\$32.00	2.6%	\$32.60	1.88%
		Desexed	Partially	N	\$32.00	2.6%	\$32.60	1.88%
		Desexed & Microchipped	Partially	N	\$32.00	2.6%	\$32.60	1.88%
		Desexed (Pensioner Concession)	Partially	N	\$16.00	2.6%	\$16.30	1.88%
	Dual Registered	N	N	\$7.00	0.0%	\$7.00	0.00%	
	Replacement Cat Tag	N	N	\$2.00	0.0%	\$2.00	0.00%	

Program / Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee (Y/N)	GST (Y/N)	2019/20 Actual		2020/21 Budget	
					Price	% Increase	Price	% Increase
Local Laws (continued)	Local Law Permit Fees <i>Note: unless otherwise stipulated, these are annual permit fees.</i>	Planting on or removal of plants from naturestrip	N	N	Nil	0.0%	Nil	0.00%
		Keeping more animals or birds than prescribed - application fee	N	N	\$91.50	2.2%	\$93.00	1.64%
		Keeping more animals or birds than prescribed - annual renewal	N	N	\$18.00	2.9%	\$18.50	2.78%
		Keeping an animal or bird not listed	N	N	Nil	0.0%	Nil	0.00%
		Lighting a fire in the open	N	N	\$114.50	2.7%	\$116.50	1.75%
		Builders construction of temporary vehicle crossing	N	N	\$131.00	2.3%	\$133.50	1.91%
		Tapping into Council drain	N	N	\$64.50	2.4%	\$65.50	1.55%
		Road opening	N	N	\$131.00	2.3%	\$133.50	1.91%
		Bringing a horse or donkey	N	N	\$28.50	1.8%	\$29.00	1.75%
		Erecting booth, stall scaffolding etc - for charitable purposes	N	N	Nil	0.0%	Nil	0.00%
		Erecting booth, stall scaffolding etc - for other purposes	N	N	\$177.50	2.6%	\$181.00	1.97%
		Placing signs, displaying or storing goods - for charitable purposes	N	N	Nil	0.0%	Nil	0.00%
		Placing signs, displaying or storing goods - for other purposes	N	N	\$36.00	2.9%	\$36.50	1.39%
		Placing signs, displaying or storing goods - annually	N	N	\$106.50	2.4%	\$108.50	1.88%
		Singing, playing a musical instrument, delivering a public address, using sound amplifying equipment - for charitable purposes	N	N	Nil	0.0%	Nil	0.00%
		Singing, playing a musical instrument, delivering a public address, using sound amplifying equipment - for other purposes (<=7 days)	N	N	\$18.50	2.8%	\$19.00	2.70%
		Singing, playing a musical instrument, delivering a public address, using sound amplifying equipment - for other purposes (annual permit)	N	N	\$59.50	2.6%	\$60.50	1.68%
		Sell or hire or offer for sale or hire goods or services or raffle or lottery tickets - for charitable purposes	N	N	Nil	0.0%	Nil	0.00%
		Sell or hire or offer for sale or hire goods or services or raffle or lottery tickets - for other purposes	N	N	By arrangement	0.0%	By arrangement	0.00%
		Filming within the Borough - Feature Films & Commercials - First day	N	N	\$294.00	2.4%	\$299.50	1.87%
		Filming within the Borough - Feature Films & Commercials - Subsequent day(s), per day	N	N	\$117.00	2.6%	\$119.00	1.71%
		Filming within the Borough - Major Television Productions, low and medium budget films, telemovies - First day	N	N	\$235.00	2.4%	\$239.50	1.91%
		Filming within the Borough - Major Television Productions, low and medium budget films, telemovies - Subsequent day(s), per day	N	N	\$117.00	2.6%	\$119.00	1.71%
Filming within Borough - Commercial Stills Photography - First day	N	N	\$177.50	2.6%	\$181.00	1.97%		
Filming within the Borough - Commercial Stills Photography - Subsequent Day(s), per day	N	N	\$59.50	2.6%	\$60.50	1.68%		

Program / Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee (Y/N)	GST (Y/N)	2019/20 Actual		2020/21 Budget		
					Price	% Increase	Price	% Increase	
Local Laws (continued)	Local Law Permit Fees (continued) <i>Note: unless otherwise stipulated, these are annual permit fees.</i>	Filming within the Borough - Small Scale Television Productions - First day	N	N	\$117.00	2.6%	\$119.00	1.71%	
		Filming within the Borough - Small Scale Television Productions - Subsequent day(s), per day	N	N	\$59.50	2.6%	\$60.50	1.68%	
		Filming within the Borough - Productions for Charities	N	N	By arrangement	0.0%	By arrangement	0.00%	
		Using a crane, hoist or movable platform etc	N	N	\$177.50	2.6%	\$181.00	1.97%	
		Fly an engine powered model airplane	N	N	\$36.00	2.9%	\$36.50	1.39%	
		Landing a helicopter - weekdays 9am-5pm	N	N	\$114.50	2.7%	\$116.50	1.75%	
		Landing a helicopter - week nights and all day Saturday	N	N	\$229.50	2.5%	\$234.00	1.96%	
		Landing a helicopter - all day on a Sunday	N	N	\$344.50	2.5%	\$351.00	1.89%	
		Removing paint, painting or repairing a vehicle or boat in a public place - per permit	N	N	\$1,148.50	2.5%	\$1,170.50	1.92%	
		Place a skip - accredited & have insurance - per week	N	N	\$36.00	2.9%	\$36.50	1.39%	
		Place a skip - non-accredited - per week	N	N	\$94.50	2.7%	\$96.50	2.12%	
		Events - local law - weddings	N	N	\$0.00	0.0%	\$0.00	0.00%	
		Events - local law - major event (promote or conduct an event for which an entry fee is charged or which is intended to make a profit)	N	N	By arrangement	0.0%	By arrangement	0.00%	
		Conduct a road activity - for charitable purposes	N	N	Nil	0.0%	Nil	0.00%	
		Conduct a road activity - for other purposes	N	N	\$59.50	2.6%	\$60.50	1.68%	
		Camping or keeping a caravan in a public place or private land - per day (NIL for the first 6 weeks on private land)	N	N	\$30.50	1.7%	\$31.00	1.64%	
		Special uses and events	N	N	By arrangement	0.0%	By arrangement	0.00%	
		Street appeals - for charitable purposes	N	N	Nil	0.0%	Nil	0.00%	
		Street appeals - for other purposes	N	N	\$117.00	2.6%	\$119.00	1.71%	
		Consumption of liquor	N	N	\$5.60	0.0%	\$5.70	1.79%	
		Itinerant trading (roadside vendors)	N	N	By arrangement	0.0%	By arrangement	0.00%	
		Failure to comply with a notice to comply (three penalty units)	Y	N	\$455.00	0.0%	\$463.50	1.87%	
		Parking Fees - per bay (where footpath area used for works, thus requiring pedestrians to use designated parking bays as footpaths)	Per day	N	N	\$10.00	0.0%	\$10.00	0.00%
			Per week (based on a seven day week)	N	N	\$40.00	0.0%	\$40.00	0.00%
			Per month (based on a calendar month)	N	N	\$100.00	0.0%	\$100.00	0.00%
		Parking Fines - per infringement	Minimum fee	Y	N	\$70.00	0.0%	\$71.50	2.14%
			Medium fee	Y	N	\$70.00	0.0%	\$71.50	2.14%
			Maximum fee	Y	N	\$116.00	0.0%	\$118.00	1.72%
			Courtesy letter fee	Y	N	\$23.00	0.0%	\$23.00	0.00%

Program / Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee (Y/N)	GST (Y/N)	2019/20 Actual		2020/21 Budget	
					Price	% Increase	Price	% Increase
Local Laws (continued)	Fire Hazard Charges	Failing to comply with a fire prevention notice	Y	N	\$1,550.00	0.0%	\$1,579.00	1.87%
		Failing to obtain a permit to conduct road opening	Y	N	\$342.50	0.0%	\$349.00	1.90%
	Animal Infringements	Dog not on lead in public place	Y	N	\$155.00	0.0%	\$158.00	1.94%
		Dog wandering at large, day time	Y	N	\$233.00	0.0%	\$237.00	1.72%
		Dog wandering at large, night time	Y	N	\$311.00	0.0%	\$317.00	1.93%
		Failure to register a dog or cat	Y	N	\$311.00	0.0%	\$317.00	1.93%
		Registered dog or cat not wearing tag	Y	N	\$70.00	0.0%	\$71.00	1.43%
		Unregistered dog or cat wearing a tag	Y	N	\$70.00	0.0%	\$71.00	1.43%
		Contravening council order regarding dogs or cats in public place	Y	N	\$155.00	0.0%	\$158.00	1.94%
		Dog or cat being a nuisance	Y	N	\$70.00	0.0%	\$71.00	1.43%
	Animal Infringements	Cat at large or not securely confined to owners premises	Y	N	\$155.00	0.0%	\$158.00	1.94%
		Greyhounds not muzzled or chain outside owners premises	Y	N	\$233.00	0.0%	\$237.00	1.72%
		Non compliance of order to abate nuisance	Y	N	\$233.00	0.0%	\$237.00	1.72%
Foreshore Other	Tour Operators	Licence (permit to carry out recreational business for profit on Crown Land managed by Council)	Y	Y	\$275.00	0.0%	\$280.00	1.82%
Tourist Parks	Go Lightly (based on 2 adults & 4 children)	Annual fees - A	N	Y	\$9,363.00	0.0%	\$9,541.00	1.90%
		Annual fees - B	N	Y	\$8,555.00	0.0%	\$8,718.00	1.91%
		Annual fees - C	N	Y	\$8,203.00	0.0%	\$8,359.00	1.90%
	Recreation Reserve (based on 2 adults)	Annual fee	N	Y	\$6,015.00	2.5%	\$6,129.00	1.90%
	Victoria Park (based on 2 adults)	Annual fee	N	Y	\$6,015.00	2.5%	\$6,129.00	1.90%
	Seasonal Package - All Parks	1 December - 30 April	N	Y	\$4,918.00	2.5%	\$5,011.00	1.89%
	Seasonal Package - All Parks	1 December - 31 March	N	Y	\$4,279.00	2.5%	\$4,360.00	1.89%
	Seasonal Package - All Parks	1 December - 28 February	N	Y	\$3,388.00	2.5%	\$3,452.00	1.89%
	Seasonal Package - All Parks	26 December - 31 January	N	Y	\$2,227.00	2.5%	\$2,269.00	1.89%
	Seasonal Package - All Parks	1 February - 30 April	N	Y	\$2,260.00	2.5%	\$2,303.00	1.90%
	Seasonal Package - All Parks	1 February - 31 March	N	Y	\$1,563.00	2.5%	\$1,593.00	1.92%
	Seasonal Package - All Parks	1 February - 28 February	N	Y	\$928.00	2.5%	\$946.00	1.94%
	<i>All Seasonal Packages are based on 2 adults only</i>							



Program / Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee (Y/N)	GST (Y/N)	2019/20 Actual		2020/21 Budget		
					Price	% Increase	Price	% Increase	
Tourist Parks (continued)	Additional persons	Extra adult on annual permit or seasonal package	N	Y	\$139.00	2.2%	\$142.00	2.16%	
		Extra child on annual permit or seasonal package	N	Y	\$73.00	2.8%	\$74.00	1.37%	
		Extra adult - Casual site, per night	N	Y	\$15.00	0.0%	\$15.00	0.00%	
		Extra child - Casual site, per night	N	Y	\$10.00	0.0%	\$10.00	0.00%	
	<i>Seniors discount of 10% applies to casual camping, extra rates, during shoulder and off peak only</i>							\$0.00	
	Casual - per night *	Prime (21 December to 31 January)	N	Y	\$72.00	2.9%	\$73.00	1.39%	
		Peak (Labour Day weekend, Easter and special events)	N	Y	\$58.00	1.8%	\$59.00	1.72%	
		Shoulder (1 February to 30 April & 1 November to 20 December, with Peak exclusions)	N	Y	\$45.00	2.3%	\$46.00	2.22%	
		Off Peak (1 May to 31 October)	N	Y	\$38.00	2.7%	\$39.00	2.63%	
		Queenscliff Music Festival weekend	N	Y	\$200.00	2.6%	\$204.00	2.00%	
	Cabins - per night	New Cabin - Peak (21 December to 31 January plus Labour Day weekend, Easter and special events)	N	Y	\$281.00	2.6%	\$286.00	1.78%	
		New Cabin - Shoulder (1 February to 30 April & 1 November to 20 December, with Peak exclusions)	N	Y	\$213.00	2.4%	\$217.00	1.88%	
		New Cabin - Off Peak (1 May to 31 October)	N	Y	\$187.00	2.7%	\$191.00	2.14%	
	Cabins - per night	Old Cabin ("Whale") - Peak (dates as per new cabin)	N	Y	\$166.00	2.5%	\$169.00	1.81%	
		Old Cabin ("Whale") - Shoulder (dates as per new cabin)	N	Y	\$139.00	2.2%	\$142.00	2.16%	
		Old Cabin ("Whale") - Off Peak (dates as per new cabin)	N	Y	\$124.00	2.5%	\$126.00	1.61%	
		Old Cabin ("Sardine") - Peak (dates as per new cabin)	N	Y	\$146.00	2.8%	\$149.00	2.05%	
		Old Cabin ("Sardine") - Shoulder (dates as per new cabin)	N	Y	\$124.00	2.5%	\$126.00	1.61%	
		Old Cabin ("Sardine") - Off Peak (dates as per new cabin)	N	Y	\$112.00	2.8%	\$114.00	1.79%	
		Additional Person	N	Y	\$17.00	0.0%	\$17.00	0.00%	
	Small tent site (single person, no power) - per night	Prime (21 December to 31 January)	N	Y	\$45.00	100.0%	\$46.00	2.22%	
Peak (Labour Day weekend, Easter and special events)		N	Y	\$40.00	100.0%	\$41.00	2.50%		
Shoulder (1 February to 30 April & 1 November to 20 December, with Peak exclusions)		N	Y	\$30.00	100.0%	\$31.00	3.33%		
Off Peak (1 May to 31 October)		N	Y	\$20.00	100.0%	\$20.00	0.00%		
Queenscliff Music Festival weekend		N	Y	NA	n/a	NA	0.00%		
Other Charges (applies for all sites)	Cancellation Fee	N	Y	\$50.00	0.0%	\$50.00	0.00%		
	Late Checkout Fee - Camp sites only	N	Y	\$10.00	0.0%	\$10.00	0.00%		
	Unoccupied site fee (Seasonal Christmas/January package only)	N	Y	\$15.00	0.0%	\$15.00	0.00%		
	Laundry Charges - Washing Machine	N	Y	\$4.00	0.0%	\$4.00	0.00%		
	Laundry Charges - Dryer (per 15 minutes)	N	Y	\$2.00	0.0%	\$2.00	0.00%		
	Bags of Ice (per bag)	N	Y	\$5.00	0.0%	\$5.00	0.00%		

Borough\* Given the competitive nature of camping and caravan park accommodation, casual rates for camping may be varied to a maximum discount of 20%. A 20% premium may also apply for the duration of publicly advertised major events. Any discounts to be approved by Caretaker staff and premiums to be approved by a member of the Executive Management Team.



**Appendix B Long Term Financial Plan (LTFP)**

# Long Term Financial Plan (LTFP) 2020/21 – 2029/30

# Contents

## Page

Contents	2
Executive summary	3
Financial summary	5
Financial statements	8
Key strategies	14

## **Executive summary**

The Long Term Financial Plan (LTFP) has been updated in tandem with the 2020/21 Budget process, applying information presented by officers and reviewed by Councillors at series of budget workshops held.

The plan will be reviewed as a minimum in the first year of each new Council term, and as required. This plan is subject to immediate review should any relevant changes in legislation occur.

### **1.1 Objective of the Long Term Financial Plan (LTFP)**

The objective of this LTFP is to provide an informative document outlining the dilemmas faced by the Borough of Queenscliffe, as a small council, and the key strategies applied in managing in such matters.

This LTFP provides the following outcomes for the Borough of Queenscliffe:

- a prudent and sound financial framework, which combines and integrates financial strategies to achieve a planned outcome;
- a financial framework against which Council's strategies, policies and financial performance can be measured;
- compliance with sound financial management principles, as required by the Local Government Act 1989 (the Act);
- a plan for the long-term financial sustainability of Council (Section 136 of the Act);
- the promoting of social, economic and environmental viability, to ensure resources are managed in a responsible manner (Sections 3C(2)(a) and 3D(2)(c) of the Act); and
- a comprehensive, documented account of the various strategies that combine to produce the financial direction of Council.

### **1.2 Financial sustainability**

Council manages significant finances on behalf of its community. The responsible management of these finances is essential for Council to continue providing services and facilities needed by the community.

Section 136 of the Act provides four principles of sound financial management, which all councils are required to implement within their budgeting and reporting frameworks. They are as follows:

- manage financial risks prudently, having regard to economic circumstances;
- pursue spending and rating policies that are consistent with a reasonable degree of stability in the level of the rate burden;
- ensure that decisions and actions have regard to financial effects on future generations; and
- ensure full, accurate and timely disclosure of financial information relating to the Council.

The financial risks that must be managed prudently include:

- the level of council debt;
- commercial or entrepreneurial activities;
- management and maintenance of assets;
- management of current and future liabilities; and
- changes in the structure of rates and charges.

The Victorian Auditor-General's Office (VAGO) assesses all 79 Victorian councils, with respect to financial sustainability, following completion of local government audits each year. The Borough of Queenscliffe reviews this report, summarising the VAGO conclusions as they relate to Council and its small shire council grouping, and reviewing emerging issues within the sector to identify key learning opportunities.

### 1.3 Summary of recommendations

There are a range of key recommendations included in the LTFP, as detailed below.

#### 1.3.1 Operational revenue

- **Rate revenue** – differential rating is applied consistent with Council’s Rating Strategy, which gives consideration to the community’s capacity to pay, tourism and pensioner rebates. The average increase in rate revenue must comply with the rate cap set by the Minister for Local Government each year.
- **Grants and contributions** – resources are applied to seek as much external funding as possible to assist with operating expenditure, new initiatives and capital works.

#### 1.3.2 Operational expenditure

- **Service provision** – the level of services provided by Council is regularly reviewed, with the community engaged in establishing the expectations, demands, gaps in services, deficiencies, types and quality of services.
- **Partnerships and alliances** – partnerships and alliances with other organisations in the region are explored, with a view to achieving economies of scale and measureable savings in expenditure.
- **New initiatives** – new operating expenditure proposed for consideration by Council is prioritised, based on delivering projects that respond to the Council Plan and/or addressing any emerging risk management issues identified during the year.

#### 1.3.3 Operational surplus

- Should a surplus be achieved, above that level budgeted for the year, this increase in surplus will be transferred to Council’s Asset Replacement Reserve in the next year (once confirmed at year-end). Prior year surpluses will remain in this reserve until Council resolves to allocate funds from this reserve.

#### 1.3.4 Debt

- Borrowings may be considered for capital projects that benefit future generations, when the annual servicing and redemption requirements do not severely impact on the rates budget.

#### 1.3.5 Cash holdings

- The working capital ratio, as an indicator of liquidity, is to be monitored on a regular basis and included within quarterly financial reports to Council.
- The LTFP needs to ensure the working capital ratio does not fall below 100%.

#### 1.3.6 Asset management

- An annual allocation for the maintenance and renewal of council assets must be included in annual budgets and the LTFP. Where an annual allocation is not utilised within a financial year, it must be carried over in reserve for allocation in future years when expenditure is required.
- Proceeds from asset sales can only be used to: retire debt; invest in projects that generate additional revenue or reduce future expenditure; and/or provide matching funds to secure government grant.
- Depreciation rates for each of Council’s fixed asset classes is to be continually monitored to ensure they reflect the useful lives of those assets.
- Average annual capital expenditure must keep pace with the annual depreciation expense amount to ensure Council’s asset value on the Balance Sheet is not eroded. Averaged over a ten year period, the asset renewal ratio is a key measure of financial sustainability, for which Council has a key budget principle of achieving an average asset renewal outcome equivalent to 100% of depreciation.

## Financial summary

### 2.1 Financial snapshot

Throughout this LTFP document, colour coding is applied as follows:

Forecast 2019/20     Budget 2020/21

Strategic Resource Plan to 2023/24     Long Term Financial Plan (LTFP) to 2029/30

Council reports on a range of financial indicators, as set in its Annual Budget and included in quarterly financial reports throughout the year. Its priority indicators are tabled below, with explanations of each provided below the table. Other performance indicators are included in Section 4 of this LTFP, where appropriate.

Financial snapshot	Forecast	Budget	Strategic Resource Plan			Long Term Financial Plan					
	Actuals										
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total comprehensive result	479	3,002	2,880	474	(124)	(539)	(352)	(276)	(147)	(122)	29
Underlying operating result	(295)	(1,275)	690	(526)	(624)	(539)	(352)	(276)	(147)	(122)	29
Accumulated underlying operating result	2,310	1,035	1,725	1,200	576	37	(315)	(591)	(738)	(861)	(832)
Cash surplus / (deficit) from operations	(1,362)	(2,386)	2,987	(227)	(67)	273	450	436	614	501	630
Accumulated cash result	329	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)

#### 2.1.1 Comprehensive result

Council is projecting a surplus result to 2022/23, after which minor deficits are projected each year. Council will continue to seek capital grant funding which will improve this indicator over the longer term.

#### 2.1.2 Underlying operating result

An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives, the underlying result is calculated by deducting non-recurrent capital funding (grants and contributions) from the operating surplus/(deficit) for the year. This result is a key measure included in the Local Government Performance Reporting Framework (LGPRF), and is externally audited at each financial year-end. Council is projecting an underlying deficit over each of the ten years of the Budget, SRP and LTFP. Larger deficits in the first couple of years include operating projects, for which grants have been received and/or Council budgets allocated in prior years, with funds held in reserves and carried forward for completion in future years.

#### 2.1.3 Cumulative underlying operating result

The cumulative underlying result is an important indicator for Council, as it takes into account the timing differences with respect to operating project carry forwards, which ultimately have no impact on Council's cash result over time. Council is projecting to maintain a cumulative surplus to 2024/25, after which deficits will prevail.

Lower surpluses / deficits are projected over the SRP and LTFP due to:

- Less government grant funding predicted for capital works projects;
- Additional depreciation expenses from new capital projects completed in the previous years;
- Loss of income for Council due to cease of boat ramp parking fees (total loss of income of \$1.25 million over a ten year period); and
- Council's ability to raise sufficient revenue to pay for increases in expenditure is constrained by rate capping.

However, the estimated profit from the sale of Council owned land in 2021/22 has a positive impact on the operating surplus. Non recurrent grant confirmed for 2020/21 and 2021/22 has negated the impact of the loss of income from the boat ramp parking fees. Further, there may be some opportunities for Council to achieve operational efficiencies and new income streams as a result of the new capital projects (e.g. Q Hub). However, detailed cost efficiencies and potential income streams are not possible to estimate until project plans and operational requirements are further developed.

### **2.1.4 Accumulated cash result**

Council budgets on a break-even cash basis. The forecast surplus of \$329,000 in 2019/20 is proposed to be allocated in 2020/21, with break-even results thereafter.

## **2.2 Key principles applied in preparation of the budget**

A range of key budget principles are applied by Council, in considering its Long Term Financial Plan (LTFP), and subsequently updating the budget each year to take into account key changes since the LTFP was last revised.

Key principles applied in preparation of Council's budget for the 2020/21 financial year, which comprises of revising the LTFP as well as preparing the 2020/21 Budget (including Strategic Resource Plan), include:

- 1) Supporting an organisational and administrative framework that will assist in ensuring the continued provision of good governance;
- 2) Striking an appropriate balance between today's and future generations' needs in respect of the funding of Council's operations and the development and maintenance of its long term assets;
- 3) Directing cash surpluses, achieved through the identification of efficiency savings additional income, to the asset replacement reserve for Council to consider budget allocations in the future;
- 4) Only applying any future proceeds from asset sales to either retiring debt; investing in projects that will generate additional revenue streams or attracting matching grant funds from other levels of government;
- 5) Allocating proceeds from new borrowings to invest in capital projects where the benefits of project can be attained for future generations across the wider community;
- 6) Including grant income based on estimated funding levels, noting that unsuccessful applications will result in the project not proceeding (unless alternative funding is sourced);
- 7) Prioritising capital works projects based on asset renewal requirements as determined by the regular review of asset condition;
- 8) Prioritising new initiatives based on delivering projects that respond to the Council Plan 2017-2021;
- 9) Justifying proposals for new employee resourcing, which are not cost neutral, through a business case;
- 10) Identifying new revenue sources such as partnerships and shared services where possible;
- 11) Reviewing existing fees and charges annually, consistent with Council Policy CP047: User Fees and Charges, with increases to reflect cost of services provided, CPI, market conditions and capacity to pay;
- 12) Including recurrent operating income and expenses (ongoing maintenance and depreciation expenses), arising from the planned completion of capital projects in the current 2019/20 financial year;
- 13) Maintaining services at the same quality and level as provided in the current 2019/20 financial year, with an emphasis on innovation, productivity and efficiencies that lead to reduced costs or the minimisation of waste and duplication (an exception to this assumption may occur where grant funding enables expansion to service delivery);
- 14) Increasing salaries and wages growth in line with current Enterprise Bargaining Agreement (EBA) wage increases and banding increments, which are contained within the rate cap; and
- 15) Increasing the budgets for construction and material costs in line with contractual obligations and the Engineering Construction Index (refer 'Rawlinsons Australian Construction Handbook').

## 2.3 Service level planning

All councils have legislative responsibility for providing a range of services such as animal management, local roads, food safety and statutory planning. In addition, councils provide many other services under legal arrangements such as libraries and aged care services. For the Borough of Queenscliffe, legislative obligations and legal arrangements underpin the majority of services.

As the needs and expectations of communities can change, councils need to have robust processes for service planning and review, to ensure all services continue to provide value for money and are in line with community expectations. In doing so, councils should engage with communities to determine how to prioritise resources and balance service provision against other responsibilities such as asset maintenance and capital works.

### 2.3.1 Strategic objectives

To ensure the Borough remains a safe haven for the historic, cultural and environmental values that make it a special place with high levels of community wellbeing, Council's decision-making and priorities focus on five Strategic Objectives as set out in the Council Plan for the years 2017-2021.

Council delivers services and initiatives which are structured under 25 program areas. Each contributes to the achievement of one of the five Strategic Objectives.

The table below lists the five Strategic Objectives as described in the Council Plan and the Portfolio to which they relate.

Strategic Objective	Portfolio
6. Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture.	Community Wellbeing
7. Play our part in protecting the local, national and globally significant values within our natural environment for future generations.	Environmental Sustainability
8. Foster a diverse and vibrant local economy.	Local Economy
9. Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage.	Planning and Heritage
10. Maintain a cohesive, well governed, financially sustainable and independent Borough.	Governance and Performance

### 2.3.2 Services

Services provided by Council are managed by Strategic Objectives (SO) and program areas, as tabled below.

SO	Services provided by Council
1	Aged services; Active communities; Community events; Maternal and child health; Kindergarten; Environmental health; Asset management and appearance of public places; Local laws, safety and amenity; Street lighting; Powerline safety; Library
2	Environmental sustainability; Coastal protection; Waste management and recycling
3	Tourist parks and boat ramp services; Visitor information centre; Tourism and economic development
4	Design and project management; Land use planning; Heritage conservation advice; Building control
5	Council governance; Organisational performance and compliance; Community engagement and customer service; Financial and risk management

## Financial statements

This section presents the Financial Statements and the Statement of Human Resources, prepared in accordance with the *Local Government Act 1989* (the Act) and the *Local Government (Planning and Reporting) Regulations 2014* (the Regulations). In addition to the 2020/21 Budget and Strategic Resource Plan to 2023/24, it also includes LTFP projections to 2029/30.

### 3.1 Comprehensive Income Statement

Comprehensive Income Statement	Note	Forecast	Budget	Strategic Resource Plan			Long Term Financial Plan					
		Actuals 2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>												
Rates and charges	4.1.1	7,449	7,631	7,802	7,978	8,158	8,341	8,550	8,764	8,983	9,207	9,437
Statutory fees and fines	4.1.2	118	105	107	109	111	113	116	118	120	123	125
User fees	4.1.3	1,606	1,794	2,003	2,038	2,073	2,167	2,206	2,245	2,284	2,324	2,365
Grants - operating	4.1.4	1,602	880	1,068	1,069	1,070	1,071	1,071	1,072	1,073	1,074	1,075
Grants - capital	4.1.4	960	4,225	2,190	1,000	550	50	50	50	50	50	50
Contributions - monetary - capital	4.1.5	5	52	0	0	0	0	0	0	0	0	0
Other income	4.1.6	286	242	215	222	234	238	249	253	258	261	265
Net gain on disposal of assets		0	0	1,400	0	0	0	0	0	0	0	0
<b>Total income</b>		<b>12,024</b>	<b>14,929</b>	<b>14,785</b>	<b>12,416</b>	<b>12,195</b>	<b>11,980</b>	<b>12,242</b>	<b>12,502</b>	<b>12,768</b>	<b>13,039</b>	<b>13,317</b>
<b>Expenses</b>												
Employee costs	4.1.7	4,333	4,461	4,549	4,639	4,731	4,824	4,920	5,017	5,116	5,217	5,320
Materials and services	4.1.8	5,490	5,799	5,366	5,224	5,356	5,501	5,521	5,646	5,723	5,906	5,965
Bad and doubtful debts	4.1.9	3	3	3	3	3	3	3	3	3	3	3
Depreciation	4.1.10	1,311	1,326	1,628	1,713	1,861	1,815	1,770	1,726	1,682	1,640	1,600
Borrowing costs	4.1.11	2	5	18	16	15	17	15	12	10	8	5
Other expenses	4.1.12	362	335	340	347	353	359	366	373	381	388	395
Net loss on disposal of assets		45	0	0	0	0	0	0	0	0	0	0
<b>Total expenses</b>		<b>11,546</b>	<b>11,927</b>	<b>11,905</b>	<b>11,942</b>	<b>12,319</b>	<b>12,519</b>	<b>12,594</b>	<b>12,777</b>	<b>12,915</b>	<b>13,162</b>	<b>13,288</b>
<b>Surplus / (deficit) for the year</b>		<b>479</b>	<b>3,002</b>	<b>2,880</b>	<b>474</b>	<b>(124)</b>	<b>(539)</b>	<b>(352)</b>	<b>(276)</b>	<b>(147)</b>	<b>(122)</b>	<b>29</b>
<b>Other comprehensive income</b>												
<b>Items that will not be reclassified to surplus or deficit in future periods</b>												
Net asset revaluation increment / (decrement)	4.1.13	0	0	0	0	0	0	0	0	0	0	0
<b>Total comprehensive result</b>		<b>479</b>	<b>3,002</b>	<b>2,880</b>	<b>474</b>	<b>(124)</b>	<b>(539)</b>	<b>(352)</b>	<b>(276)</b>	<b>(147)</b>	<b>(122)</b>	<b>29</b>



### 3.1 Balance Sheet

Balance Sheet	Note	Forecast	Budget	Strategic Resource Plan			Long Term Financial Plan					
		Actuals	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>												
<b>Current assets</b>												
Cash and cash equivalents		5,383	3,462	6,063	5,741	5,666	5,893	6,379	6,868	7,511	8,081	8,751
Other financial assets		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Trade and other receivables		280	280	280	280	280	280	280	280	280	280	280
Non-current assets classified as held for sale		2,075	2,075	0	0	0	0	0	0	0	0	0
Inventories		6	6	6	6	6	6	6	6	6	6	6
Other assets		225	225	225	225	225	225	225	225	225	225	225
<b>Total current assets</b>	4.2.1	<b>8,968</b>	<b>7,048</b>	<b>7,574</b>	<b>7,252</b>	<b>7,176</b>	<b>7,404</b>	<b>7,890</b>	<b>8,379</b>	<b>9,022</b>	<b>9,592</b>	<b>10,262</b>
<b>Non-current assets</b>												
Non-current Debtor		0	0	0	0	0	0	0	0	0	0	0
Investments in associates		207	207	207	207	207	207	207	207	207	207	207
Property, infrastructure, plant and equipment		133,525	139,460	141,370	142,020	142,011	141,137	140,270	139,491	138,660	137,965	137,290
<b>Total non-current assets</b>	4.2.1	<b>133,732</b>	<b>139,667</b>	<b>141,577</b>	<b>142,227</b>	<b>142,218</b>	<b>141,344</b>	<b>140,477</b>	<b>139,698</b>	<b>138,867</b>	<b>138,172</b>	<b>137,497</b>
<b>Total assets</b>	4.2.1	<b>142,700</b>	<b>146,715</b>	<b>149,151</b>	<b>149,478</b>	<b>149,394</b>	<b>148,748</b>	<b>148,367</b>	<b>148,076</b>	<b>147,889</b>	<b>147,764</b>	<b>147,759</b>
<b>Liabilities</b>												
<b>Current liabilities</b>												
Trade and other payables		908	1,357	944	820	783	708	714	735	732	768	774
Trust funds and deposits		100	100	100	100	100	100	100	100	100	100	100
Provisions		1,055	1,081	1,108	1,136	1,164	1,193	1,223	1,254	1,285	1,317	1,350
Interest-bearing loans and borrowings	4.2.3	20	59	51	53	63	65	67	69	71	74	0
Other liabilities		80	80	80	80	80	80	80	80	80	80	80
<b>Total current liabilities</b>	4.2.2	<b>2,162</b>	<b>2,677</b>	<b>2,283</b>	<b>2,189</b>	<b>2,190</b>	<b>2,146</b>	<b>2,184</b>	<b>2,238</b>	<b>2,268</b>	<b>2,339</b>	<b>2,304</b>
<b>Non-current liabilities</b>												
Provisions		23	23	24	24	25	26	26	27	27	28	29
Interest-bearing loans and borrowings	4.2.3	9	506	455	402	439	375	308	239	168	94	94
<b>Total non-current liabilities</b>	4.2.2	<b>31</b>	<b>529</b>	<b>479</b>	<b>426</b>	<b>464</b>	<b>400</b>	<b>334</b>	<b>266</b>	<b>196</b>	<b>122</b>	<b>123</b>
<b>Total liabilities</b>	4.2.2	<b>2,193</b>	<b>3,207</b>	<b>2,762</b>	<b>2,615</b>	<b>2,655</b>	<b>2,547</b>	<b>2,518</b>	<b>2,504</b>	<b>2,463</b>	<b>2,461</b>	<b>2,427</b>
<b>Net assets</b>		<b>140,507</b>	<b>143,509</b>	<b>146,389</b>	<b>146,863</b>	<b>146,740</b>	<b>146,201</b>	<b>145,849</b>	<b>145,573</b>	<b>145,426</b>	<b>145,303</b>	<b>145,332</b>
<b>Equity</b>												
Accumulated surplus		93,553	98,612	98,506	99,206	99,150	98,339	97,536	96,824	96,063	95,439	94,838
Revaluation Reserve		42,566	42,566	42,566	42,566	42,566	42,566	42,566	42,566	42,566	42,566	42,566
Reserves		4,388	2,331	5,318	5,091	5,024	5,296	5,746	6,183	6,797	7,298	7,928
<b>Total equity</b>		<b>140,507</b>	<b>143,509</b>	<b>146,389</b>	<b>146,863</b>	<b>146,740</b>	<b>146,201</b>	<b>145,849</b>	<b>145,573</b>	<b>145,426</b>	<b>145,303</b>	<b>145,332</b>

### 3.2 Statement of Changes in Equity

Statement of Changes in Equity	Note	Forecast	Budget	Strategic Resource Plan			Long Term Financial Plan					
		Actuals 2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000
<b>Accumulated Surplus</b>												
Opening Balance 1st July		91,857	93,553	98,612	98,506	99,206	99,150	98,339	97,536	96,824	96,063	95,439
Surplus / (deficit) for the year		479	3,002	2,880	474	(124)	(539)	(352)	(276)	(147)	(122)	29
Transfer to other reserves		(960)	(462)	(3,086)	47	(143)	(273)	(450)	(436)	(614)	(501)	(630)
Transfer from other reserves		2,177	2,519	99	180	210	0	0	0	0	0	0
<b>Closing Balance 30th June</b>	4.3.2	<b>93,553</b>	<b>98,612</b>	<b>98,506</b>	<b>99,206</b>	<b>99,150</b>	<b>98,339</b>	<b>97,536</b>	<b>96,824</b>	<b>96,063</b>	<b>95,439</b>	<b>94,838</b>
<b>Revaluation Reserve</b>												
Opening Balance 1st July		42,566	42,566	42,566	42,566	42,566	42,566	42,566	42,566	42,566	42,566	42,566
Net asset revaluation increment/(decrement)		0	0	0	0	0	0	0	0	0	0	0
<b>Closing Balance 30th June</b>	4.3.2	<b>42,566</b>	<b>42,566</b>	<b>42,566</b>	<b>42,566</b>	<b>42,566</b>	<b>42,566</b>	<b>42,566</b>	<b>42,566</b>	<b>42,566</b>	<b>42,566</b>	<b>42,566</b>
<b>Other Reserves</b>												
Opening Balance 1st July		5,605	4,388	2,331	5,318	5,091	5,024	5,296	5,746	6,183	6,797	7,298
Transfer to other reserves		960	462	3,086	(47)	143	273	450	436	614	501	630
Transfer from other reserves		(2,177)	(2,519)	(99)	(180)	(210)	0	0	0	0	0	0
<b>Closing Balance 30th June</b>	4.3.1	<b>4,388</b>	<b>2,331</b>	<b>5,318</b>	<b>5,091</b>	<b>5,024</b>	<b>5,296</b>	<b>5,746</b>	<b>6,183</b>	<b>6,797</b>	<b>7,298</b>	<b>7,928</b>
<b>Total Equity</b>												
Opening Balance 1st July		140,028	140,507	143,509	146,389	146,863	146,740	146,201	145,849	145,573	145,426	145,303
Surplus / (deficit) for the year		479	3,002	2,880	474	(124)	(539)	(352)	(276)	(147)	(122)	29
Net asset revaluation increment/(decrement)		0	0	0	0	0	0	0	0	0	0	0
Transfer to other reserves		0	0	0	0	0	0	0	0	0	0	0
Transfer from other reserves		0	0	0	0	0	0	0	0	0	0	0
<b>Closing Balance 30th June</b>	4.3.2	<b>140,507</b>	<b>143,509</b>	<b>146,389</b>	<b>146,863</b>	<b>146,740</b>	<b>146,201</b>	<b>145,849</b>	<b>145,573</b>	<b>145,426</b>	<b>145,303</b>	<b>145,332</b>

### 3.3 Statement of Cash Flows

Statement of Cash Flows	Note	Forecast Actuals	Budget	Strategic Resource Plan			Long Term Financial Plan					
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>												
<i>Receipts</i>												
Rates and charges		7,386	7,631	7,802	7,978	8,158	8,341	8,550	8,764	8,983	9,207	9,437
Statutory fees and fines		119	105	107	109	111	113	116	118	120	123	125
User fees		1,597	1,794	2,003	2,038	2,073	2,167	2,206	2,245	2,284	2,324	2,365
Grants - Operating		1,708	880	1,068	1,069	1,070	1,071	1,071	1,072	1,073	1,074	1,075
Grants - Capital		1,539	4,225	2,190	1,000	550	50	50	50	50	50	50
Contributions - monetary - capital		5	52	0	0	0	0	0	0	0	0	0
Interest received		82	43	26	30	38	38	45	45	45	45	45
Other receipts		170	199	188	192	196	200	204	208	213	216	220
<b>Total receipts</b>		<b>12,605</b>	<b>14,929</b>	<b>13,385</b>	<b>12,416</b>	<b>12,195</b>	<b>11,980</b>	<b>12,242</b>	<b>12,502</b>	<b>12,768</b>	<b>13,039</b>	<b>13,317</b>
<i>Payments</i>												
Employee costs		(4,411)	(4,434)	(4,522)	(4,611)	(4,702)	(4,794)	(4,889)	(4,986)	(5,084)	(5,184)	(5,286)
Materials and services		(5,163)	(5,768)	(5,409)	(5,238)	(5,343)	(5,486)	(5,519)	(5,633)	(5,715)	(5,887)	(5,959)
Other payments		(326)	(337)	(340)	(346)	(352)	(359)	(366)	(373)	(380)	(387)	(394)
<b>Total payments</b>		<b>(9,900)</b>	<b>(10,539)</b>	<b>(10,270)</b>	<b>(10,195)</b>	<b>(10,397)</b>	<b>(10,640)</b>	<b>(10,774)</b>	<b>(10,992)</b>	<b>(11,179)</b>	<b>(11,459)</b>	<b>(11,640)</b>
<b>Net cash provided by operating activities</b>	4.4.1	<b>2,705</b>	<b>4,390</b>	<b>3,115</b>	<b>2,221</b>	<b>1,798</b>	<b>1,341</b>	<b>1,468</b>	<b>1,510</b>	<b>1,589</b>	<b>1,581</b>	<b>1,677</b>
<b>Cash flows from investing activities</b>												
Payments for property, infrastructure, plant and equipment		(3,242)	(6,893)	(3,941)	(2,544)	(1,946)	(1,055)	(964)	(1,007)	(879)	(992)	(977)
Proceeds from sale of property, infrastructure, plant and equipment		45	50	3,505	68	40	21	61	65	12	61	49
Payments for investments		0	0	0	0	0	0	0	0	0	0	0
Proceeds from sale of investments		26	0	0	0	0	0	0	0	0	0	0
<b>Net cash used in investing activities</b>	4.4.2	<b>(3,171)</b>	<b>(6,843)</b>	<b>(436)</b>	<b>(2,476)</b>	<b>(1,906)</b>	<b>(1,034)</b>	<b>(902)</b>	<b>(942)</b>	<b>(866)</b>	<b>(931)</b>	<b>(928)</b>
<b>Cash flows from financing activities</b>												
Borrowing costs		(2)	(5)	(18)	(16)	(15)	(17)	(15)	(12)	(10)	(8)	(5)
Proceeds from borrowings		0	569	0	0	100	0	0	0	0	0	0
Repayment of borrowings		(18)	(32)	(59)	(51)	(53)	(63)	(65)	(67)	(69)	(72)	(74)
<b>Net cash provided by / (used in) financing activities</b>	4.4.3	<b>(19)</b>	<b>532</b>	<b>(77)</b>	<b>(67)</b>	<b>33</b>	<b>(79)</b>	<b>(79)</b>	<b>(79)</b>	<b>(79)</b>	<b>(79)</b>	<b>(79)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(486)</b>	<b>(1,920)</b>	<b>2,601</b>	<b>(322)</b>	<b>(75)</b>	<b>228</b>	<b>486</b>	<b>489</b>	<b>643</b>	<b>570</b>	<b>670</b>
Cash and cash equivalents at the beginning of the financial year		5,868	5,383	3,462	6,063	5,741	5,666	5,893	6,379	6,868	7,511	8,081
<b>Cash and cash equivalents at the end of the financial year</b>		<b>5,383</b>	<b>3,462</b>	<b>6,063</b>	<b>5,741</b>	<b>5,666</b>	<b>5,893</b>	<b>6,379</b>	<b>6,868</b>	<b>7,511</b>	<b>8,081</b>	<b>8,751</b>

### 3.4 Statement of Capital Works

Statement of Capital Works	Note	Forecast	Budget	Strategic Resource Plan				Long Term Financial Plan				
		Actual 2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000
<b>Property</b>												
Land		0	0	0	0	0	0	0	0	0	0	0
Land improvements		25	0	0	0	0	0	0	0	0	0	0
Buildings		772	4,347	2,140	252	253	281	282	283	284	286	287
Building improvements		0	0	0	0	0	0	0	0	0	0	0
Leasehold improvements		0	0	0	0	0	0	0	0	0	0	0
Heritage buildings		0	0	0	0	0	0	0	0	0	0	0
<b>Total property</b>		<b>797</b>	<b>4,347</b>	<b>2,140</b>	<b>252</b>	<b>253</b>	<b>281</b>	<b>282</b>	<b>283</b>	<b>284</b>	<b>286</b>	<b>287</b>
<b>Plant and equipment</b>												
Plant, machinery and equipment		130	150	150	150	150	150	150	195	45	185	150
Fixtures, fittings and furniture		20	5	5	5	5	5	5	5	5	5	5
Computers and telecommunications		75	45	45	45	45	45	45	45	45	45	45
Heritage plant and equipment		0	0	0	0	0	0	0	0	0	0	0
Library books		0	0	0	0	0	0	0	0	0	0	0
<b>Total plant and equipment</b>		<b>225</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>245</b>	<b>95</b>	<b>235</b>	<b>200</b>
<b>Infrastructure</b>												
Roads		564	1,033	110	110	110	110	110	110	110	110	110
Footpaths and cycleways		261	40	770	20	20	20	20	20	20	20	20
Drainage		201	125	160	160	160	160	160	160	160	160	160
Recreational, leisure and community facilities		348	675	95	97	98	99	100	101	102	104	105
Waste management		0	0	0	0	0	0	0	0	0	0	0
Parks, open space and streetscapes		481	750	77	1,577	77	77	77	77	77	77	77
Off street car parks		4	0	0	0	0	0	0	0	0	0	0
Other infrastructure		342	131	15	15	975	15	15	15	15	15	15
<b>Total infrastructure</b>		<b>2,202</b>	<b>2,754</b>	<b>1,227</b>	<b>1,979</b>	<b>1,440</b>	<b>481</b>	<b>482</b>	<b>483</b>	<b>484</b>	<b>486</b>	<b>487</b>
Available Cash for Council Priority Projects												
<b>Total capital works expenditure</b>	4.5	<b>3,224</b>	<b>7,301</b>	<b>3,568</b>	<b>2,431</b>	<b>1,893</b>	<b>962</b>	<b>964</b>	<b>1,011</b>	<b>864</b>	<b>1,006</b>	<b>974</b>
<b>Represented by:</b>												
New asset expenditure		1,302	1,178	778	778	989	29	30	31	31	32	32
Asset renewal expenditure		837	1,056	824	825	827	855	856	902	754	895	862
Asset upgrade expenditure		1,084	5,067	1,966	827	77	78	78	78	79	79	79
Available Cash for Council Priority Projects												
<b>Total capital works expenditure</b>	4.5	<b>3,224</b>	<b>7,301</b>	<b>3,568</b>	<b>2,431</b>	<b>1,893</b>	<b>962</b>	<b>964</b>	<b>1,011</b>	<b>864</b>	<b>1,006</b>	<b>974</b>

### 3.5 Statement of Human Resources

Statement of Human Resources	Forecast Actual	Budget	Strategic Resource Plan Projections			Long Term Financial Plan					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Staff expenditure</b>											
Employee costs - operating	4,333	4,461	4,549	4,639	4,731	4,824	4,920	5,017	5,116	5,217	5,320
Employee costs - capital (project management for priority infrastructure projects)	106	109	111	113	115	118	120	122	125	127	130
<b>Total staff expenditure</b>	<b>4,439</b>	<b>4,569</b>	<b>4,660</b>	<b>4,752</b>	<b>4,846</b>	<b>4,942</b>	<b>5,040</b>	<b>5,139</b>	<b>5,241</b>	<b>5,344</b>	<b>5,450</b>
	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>
<b>Staff numbers</b>											
Employees - operating	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9
Employees - capitalised	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total staff numbers</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>	<b>42.9</b>

## Key strategies

This section provides more detail with respect to the key strategies considered by Council, in preparation of its Annual Budget, and the projected financial outcomes over the medium to longer-term. These strategies include specific focus on the following matters:

- Operational income, expenditure and surplus/(deficit);
- Cash and investments, and use of discretionary reserves;
- Fixed asset management; and
- Long term borrowings.

### 4.1 Operational income and expenditure

In preparing its Annual Budget (short term), Strategic Resource Plan (medium term) and Long Term Financial Plan (long term), Council first reviews the set of budget assumptions it had previously included with respect to operating income and expenditure to determine if any changes are required to these assumptions.

The Borough of Queenscliffe agreed a range of assumptions prior to preparing its budget for the 2020/21 financial year, as detailed below. Each of these items of operating income and expenditure is used when updating the Comprehensive Income Statement, as included at Section 3.1 of this LTFP.

#### 4.1.1 Indexation

- **Rate cap** – Average rate increase capped by 2.0% in 2020/21 and, as recently announced by the Minister for Local Government, the rate cap is 2.0% for the 2021/22 and 2.25% from 2022/23 to 2024/25. Council has included an estimate of 2.50% p.a. in future years, consistent with its assumption for CPI, until advice is received from the Minister in late December of each year.
- **Consumer price index (CPI)** – For the year to 31/12/2019, All Groups = 1.8% and Melbourne = 1.8%. In an environment where future forecasting of CPI is impossible, a steady CPI rate of 2.0% over the longer term. Noting that many of Council's budget lines are not reflective of CPI, a general increase of 2.0% continues to be applied for budget lines unless otherwise advised.
- **Mayoral and Councillor Allowances** – Increase of 2%, announced by the Minister for Local Government, has applied effective from 1 December in both 2018 and 2019. The same level of increase is assumed for future years.
- **Other indexation** – There are a range of other factors that determine the indexation which may be applied to various budget lines of Council. These may include reference to the Local Government Cost Index (which the Municipal Association of Victoria uses to forecast the movement of Council costs associated with wages and construction, and noting this is typically higher than CPI), contract provisions and funding agreements.

## Operating Income

Council monitors performance against the revenue efficiency indicator, tabled below. This indicator measures residential rate revenue as a percentage of the total number of residential properties.

Indicator	Forecast Actual	Budget	Strategic Resource Plan			Long Term Financial Plan					
	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000
<i>Revenue level</i>											
<i>Average rate per property assessment</i>	\$2,109	\$2,154	\$2,197	\$2,247	\$2,297	\$2,349	\$2,408	\$2,468	\$2,530	\$2,593	\$2,658

The trend increase being a direct reflection of the rate cap applied for 2020/21 and over the SRP and LTFP. Rate revenue represents a high proportion of Queenscliffe's revenue. Given the very small ratepayer base, this translates into a level of expenditure per property assessment which is higher than the outcome for other local councils.



#### 4.1.2 Rates and charges

- **Rates** – Council’s Rating Strategy provides details with respect to the differential rating system that applies at the Borough of Queenscliffe. Annual increases are in line with the State government rate cap, as listed in the Indexation section 4.1.1 above. Council budgets a conservative amount of \$7,000 p.a. for interest on rates arrears. Council also budgets an amount of \$10,000 p.a. for supplementary rates, with the forecast revised on a quarterly basis where such additional rate income comes to fruition.
- **Waste management** – Council’s Rating Strategy provides details with respect to the waste management charges applied to ratepayers, for each of the three waste services provided by Council – kerbside, green and public waste. Council budgets for full cost recovery of its waste management expenditure, completing a reconciliation of waste charges collected from ratepayers compared with actual waste costs incurred for the year, with any surplus/(deficit) adjusted against the relevant waste management reserve accounts.

Council has diverted funds from the 2% rate increase back into the waste management reserve in order to offset projected increases in charges in 2020/21. This may lead to an above average increase in 2021/22 not having a similar rebate in place.

Council monitors performance against rates performance indicators, as tabled below. The trend indicates a continuing reliance on rates as Council’s major source of income, noting that rates concentration (rates as a percentage of total property values in the Borough) remains steady over the longer term.

Indicator	Forecast	Budget	Strategic Resource Plan			Long Term Financial Plan					
	Actual										
	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000
<b>Stability</b>											
<b>Rates concentration</b>											
<i>Rates compared to adjusted underlying revenue</i>	66.21%	71.64%	61.95%	69.89%	69.75%	69.63%	69.84%	70.10%	70.35%	70.61%	70.86%
<b>Rates effort</b>											
<i>Rates compared to property values</i>	0.26%	0.25%	0.26%	0.26%	0.27%	0.27%	0.28%	0.29%	0.30%	0.30%	0.31%

#### 4.1.3 Statutory fees and fines

Statutory fees and fines comprise income generated for Council as a result of Federal or State legislation or Council by-laws and includes town planning fees, infringements, local law permits, land information certificates and court recoveries (largely associated with parking fines). Annual budgets are based on the current year forecast, with no increase assumed, given fluctuating levels of activity.

#### 4.1.4 User fees

- **Tourist park fees** – This is Council’s most significant source of user fees income, with annual increases applied through a combination of CPI increase and market/benchmark rates review. The fees from Council’s tourist parks contribute the largest portion of the user fees budget, with a total budget in 2020/21 of \$1,549,000 (forecast, \$1,421,000 in 2019/20 and actual, \$1,724,000 in 2018/19). Due to the uncertainties associated with the spread of COVID-19, it is extremely difficult to predict the direction of the tourism-related activities in 2020/21.
- **Other user fees** – Comprises aged services fees, animal registration fees, fees for building services, tourism-related and other minor income. No indexation is applied, given fluctuating levels of activity.

#### 4.1.5 Government grants

- **Operating grants** – The two most significant sources of operating grants are for aged services and financial assistance funding provided by Victoria Grants Commission. Other operating grants include funding for administration of the Fire Services Property Levy on behalf of State government, maternal and child health, boat ramp fee funding on behalf of Better Boating Victoria (only for 2020/21 and 2021/22), beach cleaning and school crossing supervision. Non-recurrent operating grants are forecast when confirmed and no future budgets are generally provided unless there is a confirmed funding agreement. Council actively pursues government grants, although noting most new grants are generally with respect to capital rather than operating projects.
- **Capital grants** – Council has been successful in securing significant non-recurrent capital funding in the previous financial years for projects including the Queenscliffe Cultural Hub and Fixing Local Roads. The only recurrent capital funding that Council receives is with respect to the Roads to Recovery Program. \$191,000 has been received in 2019/20 and another \$200,000 is to be received in the next four year program which will commence in 2023/24. Council has included some aspirational funding for some capital projects in its Strategic Resource Plan, noting that if Council is not successful in securing such grants, then the budgeted capital expenditure will not progress until alternative sources of funding are identified. No funding for non-recurrent capital grants is included in Council’s budget for LTFP years 2024/25 to 2029/30, and this will require review by Council during the preparation of each annual budget cycle.

#### 4.1.6 Contributions

Community contributions are budgeted on a case-by-case basis and do not generally represent significant sources of income in Council’s Comprehensive Income Statement. These contributions are typically cash, for example a contribution from a community group towards the cost of an operating project or capital works, although they can (less often) be a non-monetary contribution in the form of assets being gifted to Council.

#### 4.1.7 Other income

- **Property rental** – Includes the lease of Crown Land and Council Properties, with annual increases as per provisions in each lease (typically based on CPI).
- **Interest earned on investments** – Budget is based on an average of \$40,000 p.a. The interest rate earned on investments is currently around 1.25% and slightly varies depending on the term of each deposit.

#### Operating Expenditure

Council monitors performance against the expenditure efficiency performance indicator, as tabled below. This indicator measures total operating expenditure as a percentage of the total number of rateable properties in the Borough.

Indicator	Forecast	Budget	Strategic Resource Plan			Long Term Financial Plan					
	Actual										
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Efficiency <i>Expenditure level</i> <i>Expenses per property assessment</i>	\$3,729	\$3,853	\$3,845	\$3,857	\$3,979	\$4,044	\$4,068	\$4,127	\$4,172	\$4,251	\$4,292

The trend indicating a continued deterioration in this outcome, i.e. the level of operating expenditure continues to increase, placing more pressure on Council resources over the longer term. The majority of expenditure incurred by Queenscliffe is non-discretionary and part of managing the services expected of a local council. Given the very small ratepayer base, this translates into a level of expenditure per property assessment which is higher than the outcome for other local councils



#### 4.1.8 Employee costs

Employee costs includes salary, wages and other costs of employing staff (e.g. workcover, superannuation, overtime, leave entitlements, industry allowances, banding increments and fringe benefits tax). Salaries are budgeted to increase in line with the Enterprise Bargaining Agreement (EBA) increases, noting that increases are contained within the rate cap set by State Government.

Council monitors performance against the workforce turnover efficiency indicator, as tabled below. This indicator measures the number of permanent staff resignations and terminations as a percentage of the average number of permanent staff for the year.

Indicator	Forecast	Budget	Strategic Resource Plan			Long Term Financial Plan					
	Actual										
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Efficiency <i>Workforce turnover</i> <i>Resignations and terminations</i> <i>compared to average staff</i>	13.46%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Council budgets 0% for this indicator, which is difficult to predict, and instead revises the forecast in quarterly financial reports throughout the year, to reflect actual turnover experienced during the financial year.

#### 4.1.9 Materials and services

- **General service delivery** – Council delivers services which are managed across 25 program areas, with a total budget of \$1.397 million in 2020/21. Council actively reviews its operating expenditure throughout the year, with efficiency savings (reductions in operating expenditure) identified and included in quarterly financial reports.
- **Contract payments** – Includes roads, parks and reserves maintenance, cleaning of council buildings and amenities blocks, drainage maintenance, information technology services, aged services home maintenance, maternal and child health service and valuation services. Total expenditure on contract payments is budgeted at \$1.556 million in 2020/21, and annual increases are in accordance with contract provisions (typically based on CPI).
- **Waste management** – Total waste management costs of \$1.216 million are budgeted in 2020/21, noting this is usually fully recovered by applying waste service charges (for kerbside, green and public waste) to rateable properties. The increase is mainly due to escalation in recycling cost, increase in landfill levy and cost associated with proposed Food Organics and Garden Organics (FOGO) waste service.
- **New initiatives** – During preparation of its annual budget, Council identifies a range of new initiatives (operating projects) to be funded in the next budget cycle.
- **Other materials and services** – Council funds a range of other materials and services including labour contracts (information technology, building surveyor, heritage advisor and specialist backfill), buildings, equipment, foreshore and open space maintenance, contribution to the regional library and insurance. Most of these budget lines tend to increase by CPI, although insurance premiums fluctuate greatly (depending on market conditions and claims experience in the industry) and have increased anywhere between 5-15% in recent years.

#### 4.1.10 Bad and doubtful debts

Council provides \$3,000 p.a. for doubtful collection of parking infringements. All other debtors are assumed to be \$Nil doubtful for the Annual Budget, with the Forecast being adjusted should any debtor accounts need to be written off during the year.

#### **4.1.11 Depreciation**

Council's budget for depreciation expense is based on its current fixed asset register, plus an allowance for capital expenditure expected to be completed during the year. Most of the ongoing capital projects to complete at the end of the year 2020/21 with the effect of depreciation from the following year onward.

#### **4.1.12 Other expenses**

- **Mayoral and Councillor Allowances** – At the start of each new Council term, Council must determine Mayoral and Councillor allowances to be paid, within the appropriate bracket as provided by the Minister. Annual indexation is announced by the Minister for Local Government, as indicated at Section 4.1.1 above.
- **Audit Fees** – Fees are paid to the Victorian Auditor-General's Office (external audit) and Council's contracted internal audit service provider.
- **Other expenses** – Other expenses include operating lease (photocopier) and sundry expenses (minor administration costs for each program area).

#### **4.1.13 Net asset revaluation increment/(decrement)**

No budget provided. The revaluation of property and infrastructure assets occurs on a cyclical basis, with results typically not finalised until financial year-end. Property assets subject to revaluation comprise: Crown Land, Freehold Land, Land under Roads, and Buildings. The following infrastructure assets are also subject to revaluation: Roads, Footpaths and Cycleways, and Drainage.

#### **4.1.14 Net gain/ (loss) on disposal of property, infrastructure, plant and equipment**

During the 2021/22 financial year a \$1.4 million net gain on disposal of assets is expected due to the sale of Council owned freehold land at Murray Road in Point Lonsdale. There may be further disposals however this is generally not confirmed until after the financial year-end process is completed.

#### **4.1.15 Share of net profits/ (losses) of Regional Library**

No budget provided, given this outcome is not confirmed by the City of Greater Geelong until after the financial year-end process is completed. Recent experience has seen minimal gains and losses reported in this space.

### **4.2 Cash and investments, and use of discretionary reserves**

As part of the annual budget process, Council ascertains how much money is required to deliver all services, manage assets, upgrade and replace infrastructure and carry out all other local government functions. Council takes into account money received from rates, fees and charges, government grants and other income. The rates budget is based on a break-even cash result, i.e. the total revenue collected is equal to total expenditure required, including for capital works expenditure and loan principal repayments.

#### 4.2.1 Statement of Income and Expenditure (Available Cash)

Council's projected outcomes over ten years are tabled in the Statement of Income and Expenditure below.

Statement of Income & Expenditure (Available Cash)	Forecast	Budget	Strategic Resource Plan			Long Term Financial Plan					
	Actual		Projections								
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>											
Rates and charges	7,449	7,631	7,802	7,978	8,158	8,341	8,550	8,764	8,983	9,207	9,437
Statutory fees and fines	118	105	107	109	111	113	116	118	120	123	125
User fees	1,606	1,794	2,003	2,038	2,073	2,167	2,206	2,245	2,284	2,324	2,365
Grants - operating	1,602	880	1,068	1,069	1,070	1,071	1,071	1,072	1,073	1,074	1,075
Grants - capital	960	4,225	2,190	1,000	550	50	50	50	50	50	50
Contributions - monetary - operating	0	0	0	0	0	0	0	0	0	0	0
Contributions - monetary - capital	5	52	0	0	0	0	0	0	0	0	0
Contributions - Non-monetary	0	0	0	0	0	0	0	0	0	0	0
Other income	286	242	215	222	234	238	249	253	258	261	265
Proceeds from asset sales	45	50	3,505	68	40	21	61	65	12	61	49
Borrowings	0	569	0	0	100	0	0	0	0	0	0
<b>Total cash received</b>	<b>12,070</b>	<b>15,548</b>	<b>16,890</b>	<b>12,484</b>	<b>12,335</b>	<b>12,001</b>	<b>12,303</b>	<b>12,566</b>	<b>12,780</b>	<b>13,101</b>	<b>13,366</b>
<b>Expenses</b>											
Employee costs	4,333	4,461	4,549	4,639	4,731	4,824	4,920	5,017	5,116	5,217	5,320
Materials and services	5,490	5,799	5,366	5,224	5,356	5,501	5,521	5,646	5,723	5,906	5,965
Bad and doubtful debts	3	3	3	3	3	3	3	3	3	3	3
Borrowing costs	2	5	18	16	15	17	15	12	10	8	5
Other expenses	362	335	340	347	353	359	366	373	381	388	395
Loan redemption	18	32	59	51	53	63	65	67	69	72	74
Capital expenditure - Asset Renewal	1,302	1,056	824	825	827	855	856	902	754	895	862
Capital expenditure - New and Upgrade	1,921	6,245	2,744	1,605	1,066	107	108	109	110	111	112
<b>Total cash paid</b>	<b>13,431</b>	<b>17,934</b>	<b>13,903</b>	<b>12,711</b>	<b>12,403</b>	<b>11,728</b>	<b>11,853</b>	<b>12,130</b>	<b>12,166</b>	<b>12,599</b>	<b>12,736</b>
<b>Cash surplus / (deficit) from operations</b>	<b>(1,362)</b>	<b>(2,386)</b>	<b>2,987</b>	<b>(227)</b>	<b>(67)</b>	<b>273</b>	<b>450</b>	<b>436</b>	<b>614</b>	<b>501</b>	<b>630</b>
Transfer from reserves	2,177	2,519	99	180	210	0	0	0	0	0	0
Transfer to reserves (for future year spending)	(960)	(462)	(3,086)	47	(143)	(273)	(450)	(436)	(614)	(501)	(630)
<b>Adjusted cash surplus / (deficit) for the year</b>	<b>(145)</b>	<b>(329)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Accumulated cash surplus b/fwd from prior year	474	329	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
<b>Accumulated cash surplus</b>	<b>329</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>

#### 4.2.2 Cash and investments

Council's cash and cash equivalents includes short-term investments with maturities of less than 90 days, with other financial assets (investments with maturities between 3-12 months) also treated as current assets on the Balance Sheet. Cash balances remain high due to the carry forward of significant grant funded projects.

Surplus funds are invested with several major Australian banks, in accordance with Council Policy CP011: Investment of Available Funds. Interest earned on investments is budgeted at an average of \$40,000 p.a. due to low interest environment.

#### 4.2.3 Key performance indicators with respect to liquidity

Council monitors performance against liquidity indicators, as tabled below. Projected outcome is steady for the working capital ratio, with unrestricted cash improving over the longer term (assuming carry forward funds are spent in future years as planned).

Indicator	Forecast	Budget	Strategic Resource Plan			Long Term Financial Plan					
	Actual										
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Liquidity</b>											
<b>Working capital</b>											
Current assets compared to current liabilities	414.89%	263.26%	331.73%	331.32%	327.66%	344.96%	361.26%	374.45%	397.86%	410.10%	445.35%
<b>Unrestricted cash</b>											
Unrestricted cash compared to current liabilities	88.94%	84.35%	217.18%	220.04%	216.45%	231.48%	249.74%	265.60%	290.45%	305.97%	339.65%

#### 4.2.4 Discretionary reserves

Discretionary reserves relate to those equity funds (which are cash backed) that can be used at Council's discretion, even though they might be earmarked for a specific purpose.

Council manages a range of discretionary reserves, with projected balances over the LTFP as tabled below.

Statement of Discretionary Reserves	Forecast Actuals	Budget	Strategic Resource Plan			Long Term Financial Plan					
	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000
<i>Comprising of:</i>											
Asset replacement reserve (Allocated)	294	339	384	429	264	309	354	399	654	699	744
Asset replacement reserve (Unallocated)	279	620	3,661	3,569	3,666	3,894	4,299	4,690	5,050	5,506	6,091
Defined benefits superannuation liability	40	40	40	40	40	40	40	40	40	40	40
Carry forward reserves	3,811	1,380	1,281	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,101
Waste management reserves	(36)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)
<b>Total discretionary reserves</b>	<b>4,388</b>	<b>2,331</b>	<b>5,318</b>	<b>5,091</b>	<b>5,024</b>	<b>5,297</b>	<b>5,746</b>	<b>6,183</b>	<b>6,797</b>	<b>7,299</b>	<b>7,929</b>

The use of these discretionary reserves is summarised as follows:

- Asset replacement reserve (Allocated):** funds the future asset renewal requirements for specific projects earmarked by Council, which largely comprises of building asset renewal, but can also include funds set aside for the renewal of Council's infrastructure assets (such as roads, footpaths and drainage assets). Council continues to allocate \$45,000 p.a. to this reserve, to provide the necessary funds for building assets to be renewed in the future.
- Asset replacement reserve (Unallocated):** funds future asset renewal requirements and priority projects which asset in meeting Council Plan objectives, noting any balance in this reserve indicates that surpluses achieved in prior years have not yet been allocated in future years. Council has a target balance for this reserve of \$300,000 to provide capacity in responding to emerging budget pressures, addressing risk management issues which may arise and having matching funds available should the opportunity present itself for Council to secure additional government grants.
- Defined benefits superannuation liability:** Council holds funds to hedge against future calls which may be made by Vision Super on the unfunded superannuation liability (defined benefits scheme). Total funds of \$40,000 are projected to remain in this reserve, until such time as a future call is made, when Council will need to consider the impact on its reserve account balance and its operating result.
- Carry forward reserves:** This reserve is used for holding funds, received in one year, to be spent in the next or subsequent financial years – usually in accordance with funding guidelines. History indicates that there will always be a level of carry forward at each financial year-end. Transfers from this reserve occur during a financial year, as the expenditure is incurred.
- Waste management reserves:** Separate waste management reserves are held for each of the three waste services provided by Council – kerbside, green and public waste – and are used to report any surplus between waste charges applied to ratepayers and actual waste costs incurred by Council each year.

### 4.3 Fixed asset management

#### 4.3.1 Written down value of Council's fixed assets as at 30 June 2019

Council provides, maintains and is responsible for the renewal of assets in excess of \$130 million, comprising:

Fixed assets by Class	As at 30 June 2019		
	Asset Valuation \$'000	Accumulated Depreciation \$'000	Written Down Value \$'000
<b>Property</b>			
Land	95,815	-	95,815
Work In Progress			
<b>Total Land</b>	<b>95,815</b>	<b>-</b>	<b>95,815</b>
Buildings	22,252	(9,919)	12,332
Work In Progress	1,444		1,444
<b>Total Buildings</b>	<b>23,695</b>	<b>(9,919)</b>	<b>13,776</b>
<b>Total Property</b>	<b>119,510</b>	<b>(9,919)</b>	<b>109,591</b>
<b>Plant and equipment</b>			
Heritage plant and equipment	-	-	-
Plant, machinery and equipment	491	(253)	238
Fixtures, fittings and furniture	340	(288)	52
Computers and telecommunications	573	(319)	254
<b>Total Plant and equipment</b>	<b>1,404</b>	<b>(860)</b>	<b>545</b>
<b>Infrastructure</b>			
Roads	17,333	(6,008)	11,325
Footpaths and cycleways	1,614	(663)	952
Drainage	4,545	(2,209)	2,336
Recreational, leisure and community facilities	2,500	(1,107)	1,393
Waste management	222	(109)	113
Parks, open space and streetscapes	1,641	(421)	1,220
Off Street car parks	809	(284)	526
Other Infrastructure	331	(124)	207
Work in progress	3,501	-	3,501
<b>Total Infrastructure</b>	<b>32,497</b>	<b>(10,923)</b>	<b>21,573</b>
<b>Total capital works expenditure</b>	<b>153,411</b>	<b>(21,702)</b>	<b>131,709</b>

#### 4.3.2 Asset management plans

These asset management plans include agreed service levels, replacement schedules, upgrade requirements, appropriate rationalisation and a process for the development of new infrastructure, all of which balances community needs and financial capability. Each asset management plan predicts infrastructure consumption. As the infrastructure ages, there will be an increasing need for greater funding to replace and maintain the assets we currently have.

Council is progressively developing the various components of its fixed asset strategy, to set out the capital expenditure requirements of the Council for the next ten years and beyond. Over the period of this LTFP, Council is committed to maintaining its existing infrastructure and allocating sufficient resources to ensure that existing infrastructure is maintained to an appropriate standard, by allocating funds annually towards this.

### 4.3.3 Capital expenditure over ten years included in the LTFP

Council funds allocated to asset renewal and upgrade, and the creation of new assets, is as tabled below.

Statement of Capital Works	Note	Forecast Actual	Budget	Strategic Resource Plan			Long Term Financial Plan					
		2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000
<b>Represented by:</b>												
New asset expenditure		1,302	1,178	778	778	989	29	30	31	31	32	32
Asset renewal expenditure		837	1,056	824	825	827	855	856	902	754	895	862
Asset upgrade expenditure		1,084	5,067	1,966	827	77	78	78	78	79	79	79
Available Cash for Council Priority Projects												
<b>Total capital works expenditure</b>	4.5	<b>3,224</b>	<b>7,301</b>	<b>3,568</b>	<b>2,431</b>	<b>1,893</b>	<b>962</b>	<b>964</b>	<b>1,011</b>	<b>864</b>	<b>1,006</b>	<b>974</b>

No new capital projects are not included in the LTFP from 2024/25 onward as no new projects and non-recurrent capital grants are identified yet for those years.

### 4.3.4 Key performance indicators with respect to capital expenditure

Council monitors performance against the asset renewal performance indicator, as tabled below. The annual allocation of Council's budget to asset renewal and upgrade, measured as a percentage of annual depreciation expense. The second indicator is used by Council, to report the cumulative asset renewal outcome over a ten year period, in recognition that there are usually peaks and troughs in the level of asset renewal undertaken each year and it is more important that this measure be considered with a longer term view.

Indicator	Forecast Actual	Budget	Strategic Resource Plan			Long Term Financial Plan					
	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000
<b>Asset renewal</b>											
<i>Asset renewal and upgrade compared to depreciation</i>	146.57%	461.73%	171.33%	96.49%	48.57%	51.37%	52.78%	56.84%	49.49%	59.40%	58.85%
<i>Cumulative asset renewal</i>	146.08%	188.05%	182.85%	170.20%	158.43%	147.54%	134.99%	130.18%	122.92%	109.55%	101.81%

Council measures this outcome cumulatively, setting itself a target of at least 100% for this indicator, and has achieved average asset renewal of 142.6% over the ten years to 2018/19. This renewal outcome is expected to increase to 153.1% by 30 June 2020, with a further increase to 188.2% by 30 June 2021. Council's positive outcome for this ratio is predominantly due to significant funded projects including Queenscliff Sports & Recreation Precinct, Point Lonsdale Lighthouse Reserve and Queenscliff Cultural Hub. However, a deterioration of these ratios is projected as no new capital projects are included in the LTFP from 2024/25 onward.

### 4.3.5 Asset sales

Council has budgeted for the annual replacement of motor vehicles, based on an average of four vehicles p.a., with the purchase of new vehicles, and proceeds for sale of the vehicles being replaced, as tabled below.

Motor Vehicle replacement	Forecast Actual	Budget	Strategic Resource Plan			Long Term Financial Plan					
	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000
Purchase of motor vehicles	125	140	85	195	115	60	175	185	35	175	140
Sale of motor vehicles	- 45	- 50	- 30	- 68	- 40	- 21	- 61	- 65	- 12	- 61	- 49
<b>Net cost of motor vehicle replacement</b>	<b>80</b>	<b>90</b>	<b>55</b>	<b>127</b>	<b>75</b>	<b>39</b>	<b>114</b>	<b>120</b>	<b>23</b>	<b>114</b>	<b>91</b>

The main asset sale in the SRP is regarding the sale of Council freehold land at Murray Road for \$3.475 million in sales proceeds recorded in 2021/22. The only other asset sales included in the Budget for 2020/21, SRP and LTFP at this stage are with respect to the annual replacement of motor vehicles.

#### 4.4 Long term borrowings

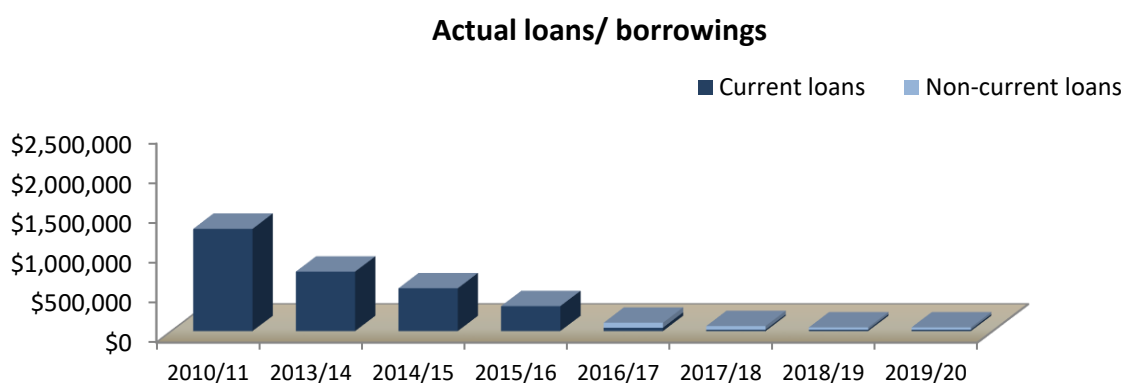
Loan borrowing is a legitimate and responsible financial management tool when used to finance major projects, as it spreads the payments for such assets across the generations who benefit.

Council Policy CP040: Borrowings establish objectives and principles that outline when it is appropriate for Council to undertake borrowings, using a sound financial management framework that ensures Council keeps within the relevant prudential guidelines provided by State government, and that borrowings undertaken by Council are in accordance with requirements of the *Local Government Act 1989* (the Act). This policy sets out the manner in which Council may establish and manage its debt portfolio.

##### 4.4.1 Council's history of borrowings

From 2008/09 Council was in a phase of debt reduction, with only one new loan undertaken since then for \$149,000 in September 2012 to help meet the cost of Vision Super's call on Council's defined benefit superannuation liability.

The chart below illustrates Council's reduction in total loan liability over the last decade. Council only has one existing loan to date, with a balance of \$28,594 at 30 June 2020.



##### 4.4.2 Council's proposed borrowings included in the LTFP

The table below includes the opening balance of borrowings at 1st July each financial year, estimates of new borrowings and loan redemption expected to occur during the financial year, and the closing balance of loans at 30th June of each financial year. Interest expense on borrowings is indicated below the closing balance of borrowings, for each financial year.

Borrowings	Forecast Actual 2019/20	Budget 2020/21	Strategic Resource Plan					Long Term Financial Plan				
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	
Total amount borrowed as at 30 June of the prior year	46,174	28,358	565,295	505,995	455,095	502,495	439,895	375,195	308,295	239,195	167,695	
Total amount to be borrowed	0	568,520	0	0	100,000	0	0	0	0	0	0	
Total amount projected to be redeemed	(17,815)	(31,583)	(59,300)	(50,900)	(52,600)	(62,600)	(64,700)	(66,900)	(69,100)	(71,500)	(73,900)	
<b>Total amount proposed to be borrowed as at 30 June</b>	<b>28,358</b>	<b>565,295</b>	<b>505,995</b>	<b>455,095</b>	<b>502,495</b>	<b>439,895</b>	<b>375,195</b>	<b>308,295</b>	<b>239,195</b>	<b>167,695</b>	<b>93,795</b>	

New borrowings of \$422,510 in the 2020/21 Budget (carried forward from the 2019/20 financial year), provide for funding of the following capital works:

Council continues to focus on efficient and financially responsible service delivery to achieve outcomes that are valued by our community. Council will continue to explore new approaches to provide services in a tighter fiscal environment. Further, \$100,000 is projected in 2023/24 (carried forward from the 2019/20 due to the phasing of capital projects) to fund foreshore improvement works.

#### 4.4.3 Key performance indicators with respect to borrowings

Council monitors performance against debt indicators tabled below. All are projected to improve over the LTFP.

Indicator	Forecast Actual	Budget	Strategic Resource Plan			Long Term Financial Plan					
	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000
<b>Obligations</b>											
<b>Loans and borrowings</b>											
<i>Loans and borrowings compared to rates</i>	0.38%	7.41%	6.49%	5.70%	6.16%	5.27%	4.39%	3.52%	2.66%	1.82%	0.00%
<i>Loans and borrowings repayments compared to rates</i>	0.26%	0.47%	0.99%	0.84%	0.82%	0.95%	0.93%	0.90%	0.88%	0.86%	0.84%
<b>Indebtedness</b>											
<i>Non-current liabilities compared to own source revenue</i>	0.33%	5.42%	4.15%	4.12%	4.39%	3.69%	3.01%	2.34%	1.68%	1.02%	1.01%