

Annual Report 2011/2012

A Sense of Community



Borough of Queenscliffe
Queenscliffe & Point Lonsdale, Victoria Australia

Cover Image

Photographer Sheree Marris www.shereemarris.com

Under water at Point Lonsdale

Featured in the book *Melbourne Down Under; the jewels of Port Phillip Bay*

Available online from www.melbournedownunder.com.au

Sales profits from the Melbourne Down Under project will be redirected back into local communities to seed fund marine education and engagement projects in participating municipalities.

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About this Report

The Borough of Queenscliffe Annual Report is presented as part of Council's commitment to open, transparent and accountable governance. It informs Council, ratepayers, community members and other stakeholders of the achievements and challenges of the past financial year and provides key information required under the Local Government Act 1989 and other relevant legislation.

The report highlights Council's performance against the Council Plan 2010-2013 and the 2011-2012 Business Plan.

It includes information about Council's operations during the financial year, as well as an outline of council services and its commitment to corporate governance.

Council's Vision

The making of a place in which people live, work and visit with a mutual respect for the environment and for others with whom we share our Borough.



About the Borough of Queenscliffe

Location

The Borough of Queenscliffe is located at the eastern tip of the Bellarine Peninsula, opposite Point Nepean at Port Phillip Heads. It is bounded by Bass Strait, Port Phillip Bay and Swan Bay, and has a land boundary with the City of Greater Geelong on its west.

The Borough is approximately 105 kilometres southwest of Melbourne and 35 kilometres east of Geelong. Representing the smallest local government in Victoria in terms of area (10.83 square kilometres) and population, it includes the seaside towns of Queenscliff and Point Lonsdale.

History

The Borough has a rich history of Aboriginal and European activity and settlement, which contributes to its cultural and historical significance. Development in the Borough dates back to the 1830s, with early land use mainly for defence purposes, including postal, customs, health and telegraph services, lighthouse and signal services, military establishments and the sea pilots service. Fishing and boat industries emerged in the second half of the 19th Century.

The Borough of Queenscliffe was created on 12 May, 1863 and has remained in existence since that time, surviving major municipal restructuring in the mid-nineties. Today, it is the only remaining borough in Victoria and Australia.

Planning is underway for the Borough's 150th anniversary in 2013, with celebrations to take place predominantly on the weekend of 4-5 May, as this reflects the date that the Governor of Victoria formally established the Borough.

Queenscliff's elegant Victorian-era buildings, historic churches and cottages remain a testimony to its proud past, while Point Lonsdale's historic lighthouse is also a popular tourist attraction.

Community

The unique heritage and coastal environment makes the Borough of Queenscliffe a desirable location for residents and visitors. The Borough has a permanent resident population of 3,054. This figure does not include the significant number of temporary residents who own property and holiday or live part-time in the Borough.

While the municipality has a vibrant and active population, it also has the highest number of people aged over 60 (1,293) as a percentage of total population (43.1%). The number of residents aged over 75 is 524 (or 17.47% of population) and the median age is 55.

The Borough also has significant numbers of people living alone and non-resident ratepayers. This unique profile presents a range of challenges for Council, particularly given the population influx that occurs over the summer period.

Environment

The Port Phillip Bay and Bass Strait coastlines are characterised by sand dunes covered in remnant coastal vegetation, as well as formal parkland and beaches. There are also limestone cliffs exposed along the coast at both Point Lonsdale and Shortlands Bluff, which are significant landscape features. Although the township of Queenscliff is located on the Peninsula, it gives the impression of being on an island. It is connected to Point Lonsdale by a slender sand dune isthmus called The Narrows, which separates Port Phillip Bay from Swan Bay.

The marine and terrestrial environments of Swan Bay, its foreshore and islands are environmental assets of international significance. Council has considerable responsibility for coastal and crown land management with foreshore reserves under its management. These comprise approximately 8% of the total municipal area (27 reserves totaling around 104 hectares) - the highest proportion of any municipality in Victoria.

Economy

Tourism is by far the most significant activity in the Borough, accounting for more than 45% of the local economy. The attraction of our beautiful beach and coastal landscapes, the heritage buildings of Queenscliff and the village atmosphere of Point Lonsdale along with quality restaurants and shops, and the many and varied events held throughout the year, from the Queenscliff Music Festival to the Rip View Swim Classic, make the Borough a unique and classic experience for every visitor.

The smallest Victoria local government area at just **10.83km²**

Current population **3,054** ERP 2011

Tourism accounts for over **45%** of the local economy

Mayor's Report



I am immensely proud of the Borough of Queenscliffe's achievements over the past year, in particular our financial management and services to the community.

Council has continued to reduce the level of debt by approximately 30% over the past four years. We have funded new community projects and we have maintained excellent service levels. All this has been achieved while keeping the rates increase to a minimum - in fact our rate increases remain one of the lowest in the State.

Council's Strategic Financial Plan, adopted last year and reviewed annually, has provided a framework for financial decision making and balancing the generation of adequate revenue to fund key community projects and services.

A strong council is the product of a strong community. Our local clubs and community groups are the backbone of the Borough and make an important contribution to the health and wellbeing of the community as a whole.

Council recognises their importance and has continued to provide support to many local groups, as well as upgrading community assets for the benefit of residents. In particular, Council supported the redevelopment of the Queenscliff Sports Club Enhancement Project - Monahan Centre and Point Lonsdale Surf Lifesaving Club beach access.

We also contributed to the Maritime Museum, Queenscliff Golf Club, Queenscliff/Point Lonsdale Yacht Club and Point Lonsdale Board Riders, along with many others. A full list of organisations that received funding from Council during 2011/12 is provided on page 20-21 of this report.

There have been several exciting developments throughout the year. Council is currently finalising arrangements to become the Committee of Management for the Queenscliff Lighthouse Reserve (Shortlands Bluff) and Point Lonsdale Lighthouse (Toc H) precincts. This will enable Council to make significant improvements to these outstanding parcels of land and provide lasting benefit to the community and local economy.

Tourism is our major industry and it is pleasing to note that the Queenscliffe Visitor Information Centre won the 2011 Geelong Business Excellence Award for Tourism – Accommodation, Events and Services. After winning this award for the third time, the centre was inducted into the Hall of Fame. This well-deserved accolade is a testimony to the hard work of the staff and volunteers who operate this valuable service.

Throughout the year Council has continued to provide outstanding aged and disability services, with no waiting time for access to home and community care services.

This is a significant achievement given the Borough's higher than average aged population and demand for services.

Council is progressing towards its goal of reducing our carbon footprint. The Corporate Carbon Neutral Action Plan, designed to reduce the emissions associated with Council activities, was adopted and a community focused Carbon Neutral Action Plan is to be implemented, with the aim of achieving carbon neutrality for the whole community.

Already there have been significant achievements resulting from the plan:

- The trial of energy efficient street lights in two streets (one in Queenscliff and the other in Point Lonsdale), with community feedback sought on the trial;
- Installation of solar-powered public lighting at the Queenscliff Neighbourhood House and Point Lonsdale Tennis Clubroom's carpark; and
- 100% green power being supplied to all Council-operated caravan and camping parks.

In reflecting on the achievements of the past year, it would be remiss of me not to mention the Coutas winning the Bellarine Football League premiership - their first since 1975. Their drought-breaking win over Geelong Amateurs - together with long-awaited premierships for the under 18s football and the under 17s netball teams - provided not only a boost for the Queenscliff Football and Netball Club, but also for the entire community.

Finally, I wish to acknowledge the hard work throughout the year of Council members, members of the community reference groups, Council staff, the CEO and all the volunteers and residents who contribute so willingly to our community.

Bob Merriman

Mayor

CEO's Report



The Borough has completed another successful year, building on the exemplary performance of Council over recent years.

We have delivered on key projects and initiatives and continued our path of responsible financial management. We ended the year in a healthy financial position, with an underlying operating surplus of \$620,000 against a budgeted \$341,000.

The Borough's strong financial management is a proud achievement and sets us apart as a leader in the State. In a measurement of council's financial performance compared with other municipalities throughout Victoria, Queenscliffe is the highest ranking in the 'small rural councils' grouping, and equal second for all councils in Victoria.

Council has again achieved the highest level of asset renewal expenditure compared to depreciation in the small councils grouping and the second highest of all councils.

The Borough has improved its actual underlying surplus compared to budget every year since 2008/09, as well as significantly reducing debt through prudent financial management, improved program efficiencies and value for money.

Financial management is of course only one part of the overall picture of how our Borough is faring. Ultimately the Council's role is to provide and manage a range of services for its residents, and I am pleased to report we are also doing extremely well on this front.

In the 2012 Community Satisfaction Survey results, the Borough recorded significantly higher satisfaction than the statewide average (measured against both small rural shires group and councils overall). The Borough scored higher than average on almost all core performance measures. In particular, Council's performance was highest on elderly support services and the appearance of public areas.

This is a fantastic result and recognises the hard work of the Council and staff, however it should be noted that there are always opportunities for improving service and Council will use this as a benchmark for future performance.

Importantly, Council received a total of \$2,464,390 in grant revenue from other levels of government, a \$1m increase in grants on the previous year. An important component is the Government funding under the Country Roads & Bridges Initiative that provides \$1m each year to rural Local Government Authorities. A full list of projects funded appears on page 22-23 of this annual report.

The Borough's considerable success in securing government funding is an achievement worth highlighting. Additional funding enables Council to be progressive, proactive and deliver high level services to our community. It is also an indication of the good working relationship we have with governments.

Many projects have been successfully completed throughout the year and many more are soon to begin. Some of the key projects are:

- Queenscliff Sports Club Enhancement Project - Monahan Centre (\$500K from the State Government)
- Queenscliff Town Hall Kitchen Upgrade (\$30K from the Federal Government)
- Hesse Street Revitalisation (both planning & construction) & Point Lonsdale Main Street Improvements (\$250K grant from State Government)
- Princess Park Playspace Project (\$100K from Federal Government)
- Princess & Citizens Parks Improvement project (\$250K grant from State Government)
- Ferry to Queenscliff Pier Coastal Improvement Project (\$250K grant from State Government)
- Point Lonsdale Surf Life Saving Club Beach Access Ramp Redevelopment (\$50K from State Government + \$30K from Federal Government)

These outstanding results can be attributed to the strength of our strategic planning and our annual review process that ensures our goals remain on target.

I am extremely proud of the work the Council has undertaken during 2011/12 and indeed over the past three years. Our achievements have been made possible thanks to the vision of Council and the Mayor, and with support from our very dedicated Council staff.

Lenny Jenner
Chief Executive Officer

Your Councillors



Cr. Bob Merriman AM - Mayor
(Elected to Council in November 2008)

Portfolio Reference Group:
Governance, Finance and External Relations
Council Delegate to: G21 Region Alliance Board;
Municipal Association of Victoria
Email: bob.merriman@queenscliffe.vic.gov.au



Cr. John Burgess
(Elected to Council in March 2001)

Portfolio Reference Group:
Business and Tourism
Council Delegate to: Barwon Region Waste
Management; Geelong Otway Tourism
Council Committee: Audit Committee
Email: john.burgess@queenscliffe.vic.gov.au



Cr. Helene Butler
(Elected to Council in November 2008)

Portfolio Reference Group:
Community Development
Council Delegate to:
Geelong Region Library Corporation
Email: helene.butler@queenscliffe.vic.gov.au



Cr. Lloyd Davies
(Elected to Council in November 2008)

Portfolio Reference Group:
Sustainability and Local Environment
Email: lloyd.davies@queenscliffe.vic.gov.au



Cr. David Mitchell
(Elected to Council in November 2008)

Portfolio Reference Group: Planning & Heritage
Council Committee: Audit Committee
Email: david.mitchell@queenscliffe.vic.gov.au

Your Council

Councillor Allowances

Under Section 73B of the Local Government Act 1989, provision is made for an annual adjustment factor to be made to Mayoral and Councillor Allowances.

The Department of Planning and Community Development advised that the Minister for Local Government has approved and published by notice in the Government Gazette an adjustment factor of 3% which was applied from 1 December 2011.

The Councillor Allowance paid to Councillors was \$17,564 per annum and the Mayoral Allowance was \$40,982 per annum.

Meetings of Council

The basic purpose of an Ordinary Meeting of Council is to consider items requiring a decision of the Council, whether they are:

- Legal requirements;
- Procedural matters;
- Council policy matters.

The Ordinary Meetings of Council are held monthly at 7:00pm on the third Wednesday of each calendar month at the municipal office or at an alternative venue as advised. There were 11 meetings held in 2011/12.

On occasions, additional Special Meetings of Council are called to consider specific matters. There were no special meetings held in 2011/12.

Council also held, separate to the Ordinary Meeting of Council, monthly Planning Review Meetings as required to assist Council in ensuring sustainable planning processes and allow for interactive discussion between the Councillors, officers, applicants, submitters and objectors on planning applications.

Attendance at Meetings

Ordinary Meetings of Council

- 20 July 2011
- 17 August 2011
- 21 September 2011
- 18 October 2011
- 16 November 2011
- 21 December 2011
- No meeting held in January
- 15 February 2012
- 21 March 2012
- 11 April 2012
- 23 May 2012
- 20 June 2012

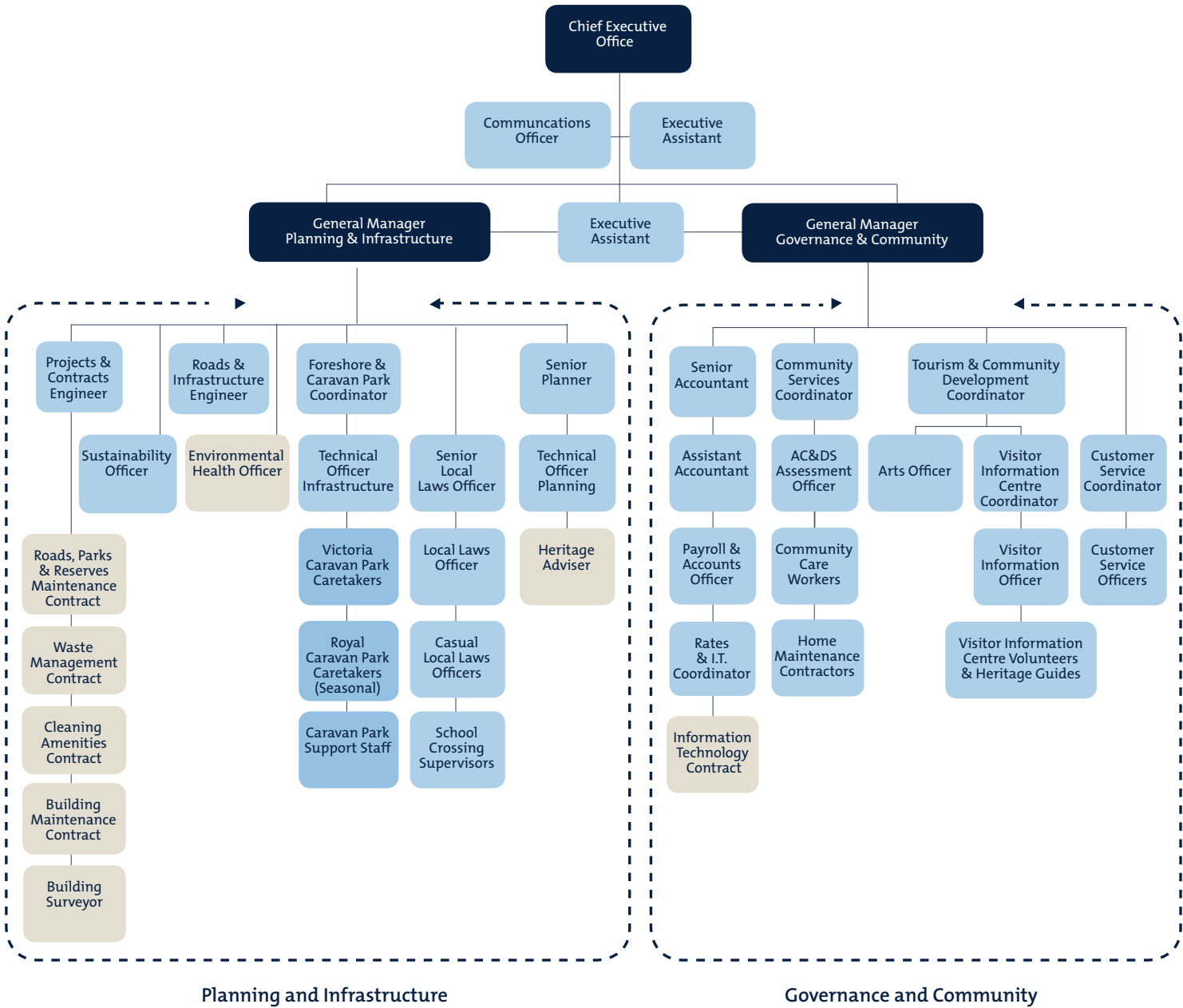
Councillors	Eligible to Attend	Attended
Cr Bob Merriman (Mayor)	11	11
Cr John Burgess	11	11
Cr Helen Butler	11	11
Cr Lloyd Davies	11	11
Cr David Mitchell	11	11

100% Councillor attendance at meetings

Our Organisation

Organisation Chart

- Executive Management Team
- Contracts



Council employs **6** School Crossing Supervisors
and **10** Community Care Workers

Our Organisation

Organisation Summary

Executive Management Team

Council's Executive Management Team is led by the Chief Executive Officer and includes the General Manager of Planning and Infrastructure and the General Manager of Governance and Community.

Chief Executive Officer

Lenny Jenner was appointed to the position of Chief Executive Officer in October 2008.

Lenny's qualifications include a Master of Arts (Social Policy), Bachelor of Education and Bachelor of Arts (Recreation).

As Chief Executive Officer, Lenny has overall responsibility for ensuring that Council is fully informed on issues and oversees the structures and processes adopted by Council.

General Manager Governance & Community

Ev Wuchatsch was appointed to the position in January 2009.

Ev has a Degree in Business, post graduate training in Industrial Relations and is a Fellow of the Australian Society of Certified Practising Accountants (FCPA).

As General Manager Governance & Community, Ev is responsible to Council for several diverse portfolios including Corporate Services, Finance, Governance, Aged Care & Disability Services (AC&DS), Community Development & Tourism, Arts & Culture, Customer Service and Records.

General Manager Planning & Infrastructure

Phil Josipovic was appointed to the position in November 2011. Phil's qualifications include a Masters in Business Administration and a Certificate of Technology in Civil Engineering.

As General Manager Planning & Infrastructure, Phil is responsible for overseeing the operations of the foreshore and caravan parks, planning, engineering, local laws, building surveying, environmental health services and the recently created sustainability functions of Council.

In addition to the management of functions and resources, the role involves providing professional advice to Council on a range of statutory matters.

Staff Numbers

The Borough of Queenscliffe currently employs 61 staff, this is the equivalent of 37 full time positions. Whilst overall staff numbers have increased, the full time equivalent count has remained steady, resulting in a different spread of hours for certain employees but no overall increase in staff costs.

Type of Employment	Female	Male
Full Time	8	10
Part Time	26	2
Casual	10	5
Total	44	17

Equal Employment Opportunity

Council's Policy on Equal Employment Opportunity reflects its desire to enjoy a workplace free of discrimination where each person has the opportunity to progress to the extent of his or her ability.

The Council of the Borough of Queenscliffe is wholly committed to the principles of Equal Employment Opportunity.

In all policies and practices of the Council there shall be no discrimination relating to sex, marital status, parenthood, race, colour, national origin, physical or mental impairment, religious or political affiliation.

Selection of individuals for employment, promotion or advancement, training and staff development will be on the basis of the person's merit in fair and open competition according to the skills, qualifications, knowledge and efficiency relevant to the position involved.

Information & Records Management

From 1863 the Borough has been keeping hardcopy records and the preservation of many of these documents is archived offsite in storage facilities that will ensure the long-term security and preservation that these records require. This action is undertaken in accordance with the Public Records Act 1973 and the Public Records Office Victoria Standards.

General information pertaining to statistics and services provided by Council can be found at www.queenscliffe.vic.gov.au

Risk Management

The key objective of Risk Management is to identify, assess and control risks throughout Council's operations.

An important component of Risk Management is the annual risk audit conducted by Council's insurers, which prompts a review of systems for continuous improvement.

Incident reporting is an important part of Council's risk plan and where potential liability is identified or incidents occur, these are referred to Council's insurers or to the relevant government department.

Procurement Policy

Council has a Procurement Policy that outlines the core principles that apply to all purchases made and contracts entered into.

Procurement of goods, services and works must be done in a way that is beyond reproach. To ensure this, Council employees are required to perform their duties and conduct themselves in a manner that ensures that they maintain a reputation for being fair and unbiased when dealing with suppliers.

Our Organisation

Organisational Governance

Occupational Health and Safety

Council is responsible for and committed to ensuring, as far as practicable, a safe and healthy working environment for all its employees, contractors and visitors to its workplaces. In fulfilling this responsibility, Council has a duty to provide and maintain a working environment that is safe and without risks to health.

Council's Occupational Health and Safety manual provides a clear framework with policies and procedures to guide the health, safety and welfare of all staff.

Interstate and Overseas Travel

The Local Government Act (1989) requires councillors to register their interstate and overseas travel and associated expenses.

In the 2011/12 financial year, the Mayor, Cr Bob Merriman registered interstate travel expenses of \$1,759 for the G21 Delegation to Canberra in February/March 2012.

The Mayor also registered interstate travel expenses in June 2012 while attending the National General Assembly of Local Government in Canberra, at a cost of \$2,510.

Best Value

The Local Government (Best Value Principles) Act 1999 requires all Victorian Councils to review their services against key principles to ensure that they are providing value for money to their communities.

Council delivers best value to the community by:

- Understanding the needs of both customers and the community;
- Agreeing on what's required, with the resources available;
- Delivering what's required through effective management in an economical manner; and
- Continually evaluating and improving the service.

Council's Best Value Policy and Program has been in operation since being adopted by Council on 5 December 2000. There has been no revision to the policy or program and the program has now been completed in accordance with its legislative requirements. However, Council still derives ongoing learning from that program which is applied to all Council's services.

Freedom of Information Act

The Freedom of Information Act 1982 establishes a legally enforceable right for Individuals or organisations to access information from certain records held by Council. Council received three requests during the financial year 2011/12, which were granted in full.

Requests for access to documents under the Act can be lodged with the Freedom of Information Officer, Borough of Queenscliffe, PO Box 93, Queenscliff, 3225. A fee set by the State Government each year is applicable to each application.

Whistleblowers Protection Act

The Whistleblowers Protection Act 2001 was introduced in January 2002 and is designed to encourage and facilitate the disclosure of improper conduct by Council Officers and Councillors.

The Act also provides protection for persons making disclosures who may suffer reprisals as a result of their disclosures.

The Borough of Queenscliffe complies with the requirements of the Act.

During the financial year 2011/12 there were no disclosures made to the Borough of Queenscliffe.

Information Privacy Act

Council confirms that it follows the Information Privacy Principles when collecting, managing and using an individual's personal information, as per the Victorian Information Privacy Act 2000.

Council's Information Privacy Policy and procedures are public documents available upon request and on Council's website.

Information requests and any questions or complaints regarding people's rights under the privacy legislation and Council's Information Privacy Policy can be discussed with Council's Privacy Officer on 5258 1377 or you can email: privacy@queenscliffe.vic.gov.au

Our Organisation

Information Available for Inspection

The following documents are available for inspection at the Council Offices, 50 Learmonth Street, Queenscliff during office hours. Interested persons are able to have copies of any documents upon payment of the relevant fee.

- Details of current allowances fixed for the Mayor and Councillors under section 74 of the Act;
- Details of Senior Officers' (as defined by the Act) current gross salaries, allowances and other benefits for the current financial year and two previous financial years;
- Details of overseas or interstate travel, undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months;
- Names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted;
- Names of councillors who submitted returns of interest during the financial year and the dates the returns were submitted;
- Agendas for and minutes of ordinary and special meetings kept under section 93 of the Act except where such minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- A list of all major committees established by Council and the purpose for which each committee was established;
- A list of all major committees established by the Council which were abolished or ceased to function during the financial year;
- Minutes of meetings of special committees established under section 86 of the Act except where such minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- Register of delegations kept under section 88 of the Act;
- Submissions received under section 223 of the Act during the previous 12 months;
- Agreements to establish regional corporations under section 196 of the Act;
- Register of leases entered into by the Council;
- Register of authorised officers appointed under section 224 of the Act; and
- Annual Report including financial statements.

Governance & Statutory Information

Audit Committee

The Audit Committee is an advisory committee to Council and forms part of Council's overall governance framework.

The primary objective of the Audit Committee is to assist Council in the effective conduct of its responsibilities for financial reporting, management of risk, maintaining a reliable system of internal controls and facilitating the organisation's ethical development.

During the year, two of the independent Committee members stepped down, with the vacant positions advertised. Mr Barry Capp was replaced by Mr Graeme Phipps and Mr Richard Bull was reappointed to the committee.

Cr Bob Merriman replaced Cr David Mitchell on the Committee after being nominated at the December 2011 Council meeting.

The current members of the Committee are:

- Mr Richard Bull
- Mr Roland Orchard
- Mr Graeme Phipps
- Mr David Shaw
- Cr John Burgess
- Cr Bob Merriman

Council officers attend meetings but are not formally part of the Committee. This includes the Chief Executive Officer, General Manager Governance & Community and the Senior Accountant.

Committee Business

During the 2011/12 financial year the Committee met twice (the scheduled third meeting was postponed to July 2012). The meetings in September and December 2011 covered a number of standing items that address Council's audit and risk functions.

Audit reports presented to the Audit Committee were provided by Council's insurers as well as the internal audit contractor and the external auditor appointed by the Victorian Auditor General's Office (VAGO).

Council officers also presented copies of quarterly financial reports, the annual budget and the year end financial statements prior to 'in principle' adoption by Council and sign off by VAGO.

During the year, the contract for the internal audit function expired. Independent Committee member, Mr David Shaw, assisted Council officers in finalising the evaluation of tenders. The new contract for internal audit services was awarded to RSM Bird Cameron.

Other items received by the committee included:

- Revised Council Policies – risk management, fraud prevention, investment of surplus funds and procurement;
- Biannual reports from Council officers on the Risk Management Committee – incident reporting, progress regarding outstanding audit recommendations, update of Council's Risk Register and Business Continuity Management Plan ;
- Results of Insurance Audits – property risk management, fidelity (crime prevention) and public and professional liability;
- Results of Financial Audits – internal audit reviews (council reporting, corporate governance and risk management) and external audit of Council's financial report, standard statements and performance statement;
- VAGO Report – Results of the 2010/11 Audits; and
- Review of Crown land project reporting.

Remuneration of Committee Members

The independent members of the committee are paid a sitting fee for each meeting attended. The remuneration of members is as per the following table.

The Audit Committee would like to thank the officers for their diligence and commitment in presenting reports and information to the Committee.

Richard Bull
Audit Committee Chair

Member	Eligible to Attend	Attended	Sitting Fee Paid	Other Fees Paid	Total Payments
Mr Richard Bull (Chair)	2	2	\$800	\$0	\$800
Mr Roland 'Barney' Orchard	2	2	\$600	\$0	\$600
Mr David Shaw ¹	2	1	\$300	\$300	\$600
Mr Barry Capp ²	2	1	\$300	\$0	\$300
Mr Graeme Phipps ³	0	0	\$0	\$0	\$0
Cr Bob Merriman ³	0	0	\$0	\$0	\$0
Cr John Burgess	2	2	\$0	\$0	\$0
Cr David Mitchell	2	2	\$0	\$0	\$0

1. Additional fee paid for participation in Council's internal audit tender review and selection panel.
2. Retired from Council's Audit Committee during the financial year.
3. New appointment to Council's Audit Committee during the financial year.

Governance & Statutory Information

Property Revaluation

The date of the latest general revaluation of land for rating purposes within the municipality was 1 January 2012. The revaluation will be first applied in the rating year commencing 1 July 2012.

The next general revaluation will be 1 January 2014, with the valuations applied from 1 July 2014.

Local Laws

The Borough of Queenscliffe has two Local Laws:

- Local Law No. 1 2010 – Process of Municipal Government; and
- Local Law No. 2 2010 – Community Amenity.

In 2011/12 a number of infringement notices, registrations and permits were issued under these Local Laws. These are summarised below.

Infringement Notices	2011/12	2010/11
Parking Infringements	308	314
Animal Infringements	7	15
Local Law Infringements	12	8
Fire Prevention	0	4
Total	327	341

Court Briefs	25	29
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Local Law Permits	2011/12	2010/11
Consume Alcohol	18	15
Weddings	36	23
Major Events	18	6
Bulk Rubbish Bins	15	30
Disabled Permits	14	210
Outdoor Eating Facilities	11	21
Goods for Sale	13	18
A Frame	47	48
Residential Parking	2	4
Boat Ramp	281	279
Other	9	50
Total	464	704

Animal Registration	2011/12	2010/11
Animals Registered	801	793
Dogs	646	640
Cats	155	153
Impounded Animals	6	3
Door Knocks (Streets)	38	20
Animal Warning Notices	127	67
Native Animal Responses	27	22

Notices	2011/2012	2010/2011
Fire Prevention	28	40
Non Compliance of Notices	2	4

Outside Hours	2011/2012	2010/2011
After Hours Calls	58	47
After Hours Call-outs	14	4

464 • permits were issued in 2011/12

Governance and Statutory Information

Local Government Indicators

The annual Local Government Survey is conducted by the State Department of Planning and Community Development. In 2012, the performance of 71 of the 79 Councils throughout Victoria has been determined and compared. In addition to core performance, a range of other specific service areas were rated, including: enforcement of local laws, elderly support services, waste management, town planning and the appearance of public areas.

Indicators	Borough of Queenscliffe Score	State-wide Average Score	Small Rural Shires Grouping Average Score	Borough of Queenscliffe Comparative Results
Overall Performance	66	60	59	Significantly higher
Community consultation	60	57	57	Significantly higher
Advocacy	61	55	56	Significantly higher
Customer service	78	71	70	Significantly higher
Overall Council direction	53	52	50	Higher than state-wide and significantly higher than grouping
Specific Performance Areas				
Informing the community	65	60	61	Significantly higher
Family support services	70	67	67	Significantly higher
Elderly support services	75	69	71	Significantly higher
Recreation facilities	72	70	70	Significantly higher
Arts centres and libraries	73	73	63	Significantly higher than grouping and equal to state-wide
Appearance of public areas	74	71	74	Significantly higher than state-wide and equal to grouping
Condition of local streets and footpaths	62	57	56	Significantly higher
Community and cultural activities	72	68	67	Significantly higher
Business and community development and tourism	64	62	63	Significantly higher than state-wide and equal to grouping
Enforcement of local laws	67	65	65	Significantly higher
Traffic management	66	58	65	Significantly higher than state-wide and equal to grouping
Parking facilities	60	56	60	Significantly higher than state-wide and equal to grouping
Waste management	72	72	72	Equal to state-wide and grouping
General town planning policy	56	54	56	Significantly higher than state-wide and equal to grouping
Planning and building permits	54	54	57	Equal to state-wide by significantly lower than grouping
Environmental sustainability	63	64	63	Lower than state-wide by equal to grouping

The 2012 Community Satisfaction Survey report stated that, 'The Borough of Queenscliffe rates higher than the State-wide and Small Rural Shires group average on all core performance measures. In fact, Council rates significantly above both averages in all cases but Council Direction but this should not be a concern because it is difficult to improve already outstanding performance.'

The Borough of Queenscliffe also had the best score of all LGAs in the small Shires grouping and the equal second best score of all LGAs in Victoria in relation to Financial Sustainability.

When asked to describe the best thing about the Borough of Queenscliffe, the top responses included:

- Location, including a beautiful area and natural surroundings: 21%
- The community, particularly the small and rural community: 17%
- Overall a good place to live: 14%
- Small and independent council / borough: 11%
- Councillors work well and are approachable: 10%
- Clean waterways: 10%

The survey methodology and content is different to previous years so it's hard to compare to past performance however these results will set the benchmark for future years.



Borough of Queenscliffe has rated
higher than State-wide averages in the Local
Government Community Satisfaction Survey 2012

Governance and Statutory Information

Membership of Organisations

Organisation	Financial Contribution 2011/12	Financial Contribution 2010/11
Geelong Otway Tourism	\$14,284	\$14,041
Municipal Association of Victoria - Membership	\$6,388	\$6,643
G21 Regional Alliance	\$6,000	\$6,000
Municipal Association of Victoria - Step Asset Management Program	\$4,375	\$5,000
Association of Bayside Municipalities	\$4,167	\$2,881
Barwon Region Waste Management Group	\$2,695	\$3,822
Victorian Caravan Parks Association	\$2,571	\$2,236
Small Rural Councils of Victoria	\$2,000	\$2,000
CPA Australia	\$1,145	\$1,089
Local Government Professionals	\$1,000	\$1,000
Bellarine Tourism	\$575	\$0
AAA Tourism Advantage	\$570	\$389
Caravan, RV & Accommodation Industry of Australia	\$500	\$0
Coastal Camping Victoria	\$455	\$575
Local Government Finance Professionals	\$317	\$218
Revenue Management Association	\$172	\$90
Victorian Employers' Chamber of Commerce and Industry	\$0	\$2,298
Victorian Local Governance Association	\$0	\$2,150
Victorian Planning & Environmental Law Association	\$0	\$486
Total Membership Contributions	\$47,215	\$50,918

43.1% of the population
is aged over 60



Governance and Statutory Information

Grants and Donations to Local Organisations

Recipient	Purpose	2011/12 Actual \$	2010/11 Actual \$
Donations			
Queenscliff Music Festival	Support of the event (cash donation and in-kind support, including additional security costs)	\$19,328	\$34,031
Point Lonsdale Surf Life Saving Club	Lifeguard services	\$24,237	\$23,395
Australian Volunteer Coastguard Association	Donation	\$7,372	\$5,000
Queenscliff Reconciliation Week	Donation	\$2,200	\$2,200
Busking for the Kids	Support of the event (in-kind support)	\$7,053	\$3,272
Children's Week	Support of the event (in-kind support)	\$409	\$0
Sheree Marris	Sponsorship of BOQ Marine Values	\$5,000	\$0
Sub Total: Donations		\$60,599	\$67,897
Community Development Grants			
Queenscliff and District Neighbourhood House		\$0	\$2,000
Queenscliffe Lighthouse Theatre Group	Donation for helping out with the over 80's lunch	\$150	\$2,000
Queenscliff Maritime Museum	Purchase of equipment for internal display and signage preparation and ground maintenance	\$3,100	\$2,000
Queenscliff Fire Brigade		\$0	\$2,000
Point Lonsdale Surf Life Saving Club		\$0	\$1,635
Queenscliff Toy Library		\$0	\$1,600
Fort Queenscliff Museum Assoc.		\$0	\$1,374
Queenscliff-Point Lonsdale Congregation of the Uniting Church in Australia		\$0	\$1,200
Queenscliffe Historical Museum		\$0	\$1,000
Point Lonsdale Bowls Club Inc.		\$0	\$1,000
Queenscliff/Point Lonsdale RSL Sub Branch	Replace flag pole	\$1,250	\$900
Queenscliffe Environmental Forum		\$0	\$775
Point Lonsdale Playgroup		\$0	\$509
St. Aloysius Primary School	Construction of bike shelter	\$2,000	\$0
Queenscliff Golf Club	Re-design and upgrade of website	\$2,000	\$0
Geelong Environmental Forum	Restoration of Indigenous vegetation in Citizens Park and Gellibrand Street	\$1,350	\$0
Queenscliff-Lonsdale Yacht Club	Security fence and ancillary works	\$2,000	\$0
Bellarine Masonic Centre Association	Health Seminar	\$1,000	\$0
Queenscliff Men's Shed	Upgrade of Men's Shed	\$1,000	\$0

Governance and Statutory Information

Recipient	Purpose	2011/12 Actual \$	2010/11 Actual \$
Marine Discovery Centre	Fishing activity with Marine Discovery Centre aimed at people with disabilities, senior citizens and volunteers within the Borough	\$1,000	\$0
Geelong Steam Preservation Society	Construction of a fence between the bike path and railway track to the northern end of the station	\$2,000	\$0
Point Lonsdale Board Riders	Purchase of 40ft container for storage of equipment	\$2,000	\$0
Borough Coutas Masters Swimming	Sponsorship of the 20th annual event in January 2012	\$2,000	\$0
Sub Total: Community Development Grants		\$21,850	\$17,993

Contributions			
Point Lonsdale Christmas Tree and Festivities		\$9,694	\$5,046
Sub Total: Contribution to Operating Costs		\$9,694	\$5,046

Youth Cultural Program			
Bellarine Skate Series		\$0	\$672
Youth Week		\$4,283	\$2,959
Music Equipment		\$12,352	\$2,300
Sub Total: Youth Cultural Program		\$16,635	\$5,931

Education Awards			
Bellarine Secondary College		\$1,000	\$1,000
Point Lonsdale Primary School		\$100	\$100
St. Aloysius Primary School		\$100	\$100
Sub Total: Education Awards		\$1,200	\$1,200
Total grants and donations paid to local organisations		\$109,978	\$98,067

Council has provided \$109,978 ●
in support to local organisations

Governance and Statutory Information

Grants and Subsidies Received by Council

Purpose	Grant Type	Source	2011/12 Actual \$	2010/11 Actual \$
Federal Grants				
Aged Care - Community Aged Care Packages	Operating	Department of Health & Ageing	\$73,252	\$66,251
Roads to Recovery	Capital	Department of Infrastructure	\$0	\$69,560
Town Hall Kitchen Refurbishment	Capital	Regional Australia	\$0	\$30,000
Sub total: Federal funding			\$73,252	\$165,811
State Grants				
General	Operating	Victoria Grants Commission	\$295,853	\$198,228
Local Roads	Operating	Victoria Grants Commission	\$67,980	\$53,082
Aged Care - Domestic Assistance	Operating	Department of Human Services	\$130,209	\$126,250
Aged Care - Assessments	Operating	Department of Human Services	\$40,229	\$39,004
Aged Care - Home Maintenance	Operating	Department of Human Services	\$36,836	\$35,715
Aged Care - Personal Care	Operating	Department of Human Services	\$36,689	\$35,575
Aged Care - Respite Care	Operating	Department of Human Services	\$11,141	\$7,575
Aged Care - Minor Works	Operating	Department of Human Services	\$8,773	\$3,283
Aged Care - Traineeship	Operating	Department of Training & Workforce Development	\$8,000	\$5,500
Aged Care - Service Development	Operating	Department of Human Services	\$0	\$2,687
Aged Care - Transition	Operating	Department of Human Services	\$1,379	\$1,337
Aged Care - Emergency Preparation	Operating	Department of Human Services	\$0	\$1,050
Kindergarten - Planning	Operating	Department of Human Services	\$10,000	\$10,000
Kindergarten - Change Management	Operating	Department of Human Services	\$0	\$1,500
Coastal Risk Mitigation - Cliff Safety	Operating	Department of Sustainability & Environment	\$0	\$190,000
Point Lonsdale Bowls Clubhouse Upgrade	Operating	Sport & Recreation Victoria	\$6,000	\$54,000
Maternal and Child Health	Operating	Department of Education & Early Childhood Development	\$44,082	\$47,472
Sustainability Accord	Operating	Department of Sustainability & Environment	\$20,000	\$0
Childrens Week	Operating	Department of Education & Early Childhood Development	\$500	\$0
Youth Week	Operating	Department of Human Services	\$2,000	\$0

Governance and Statutory Information

Purpose	Grant Type	Source	2011/12 Actual \$	2010/11 Actual \$
Community Development Officer	Operating	Department of Human Services	\$20,637	\$18,698
Heritage Officer	Operating	Department of Planning & Community Development	\$14,000	\$15,400
School Crossing Supervision	Operating	Vic Roads	\$12,441	\$12,108
Beach Cleaning	Operating	Department of Sustainability & Environment	\$5,650	\$9,451
Senior Citizens Centre	Operating	Department of Human Services	\$7,856	\$8,928
Victorian Seniors Festival - Senior Citizens Week	Operating	Department of Planning & Community Development	\$2,600	\$2,600
Food Safety Reporting Project	Operating	Department of Health	\$0	\$1,500
Visitor Information Centre Traineeship	Operating	Department of Training & Workforce Development	\$1,500	\$1,500
Regional Victoria Living Expo	Operating	Regional Development Victoria	\$20,000	\$0
Drought Relief for Community Sport & Recreation	Operating	Department of Planning & Community Development	-\$5,506	\$0
Queenscliff Sports Club Enhancement Project	Operating	Sport & Recreation Victoria	\$250,000	\$200,000
Princess & Citizens Park Redevelopment	Capital	Regional Development Victoria	\$125,000	\$125,000
Boat Ramp Upgrade including Pontoons	Capital	Department of Transport	\$0	\$27,940
Point Lonsdale Surf Life Saving and Access Ramp	Capital	Department of Sustainability & Environment	\$0	\$10,000
Netball Courts Lighting	Capital	Department of Planning & Community Development	\$3,221	\$0
Princess Park Kiosk & Engine Shed Redevelopment Project	Capital	Regional Development Victoria	\$0	\$7,225
Music Equipment	Capital	Department of Planning & Community Development	\$11,473	\$0
Ferry to the Pier	Capital	Regional Development Victoria	\$125,000	\$0
Country Roads & Bridges Program	Capital	Vic Roads	\$1,000,000	\$0
Sub total: State funding			\$2,313,543	\$1,252,607
Other Grants				
Tobacco Activity Program	Operating	Municipal Association Victoria	\$1,796	-\$1,502
Revegetation at 'The Narrows'	Operating	Port of Melbourne Corporation	\$42,560	\$0
Bushfire Preparation	Operating	Municipal Association Victoria	\$33,239	\$0
Sub total: Other funding			\$77,595	-\$1,502
Total Grants and Subsidies Received by Council			\$2,464,390	\$1,416,916



Strategic Objectives: Overview

Council's Strategic Direction

Council has identified what is considered to be the key areas of importance to our community, in the Strategic Directions of the Council Plan 2010 – 2013.

To realise these strategic directions, specific Business Plan Priority Actions were set for 2011/12. Below is a summary of each of the five Strategic Directions and the number of actions achieved.

Strategic Direction	Number of Actions	Completed	In Progress	Yet to Commence
Governance, Finance & External Relations Providing accountable governance and long-term sustainable financial management.	12	12	0	0
Sustainability & Local Environment Living sustainably and protecting and restoring our diverse environment.	12	10	2	0
Business & Tourism Supporting local businesses and tourism by providing an environment in which they can both flourish.	9	8	1	0
Community Development Working in partnership with the community to build a strong, safe, inclusive and connected community.	19	14	2	3
Planning, Heritage & Community Assets Striving to ensure development sustains and enhances the character of the natural and built environment.	14	8	6	0
Overall Result	66	50	13	3

The actions and key outcomes for 2011/12 are detailed on the following pages.

Actions noted as In Progress or Yet to Commence will be implemented into the 2012/13 Business Plan Priority Actions, as reported to Council at its Ordinary Meeting on 19 September 2012.

- The **joint involvement** of Council, community, business and other levels of government is the key to a vibrant, sustainable community

Strategic Objective: Governance, Finance & External Relations

Providing accountable governance and long term sustainable financial management

The key outcomes for 2011/12 include:

Minimise rate increases

Council adopted its 2012/13 Budget with a 4% rate increase. This is among the lowest in the State and widens the gap between the Borough's rates – including any fixed charges – and those of other Local Government Authorities in the region, when comparing like-value properties.

Maximise state and federal grant revenue

In 2011/12 Council received a total of \$2,464,390 in grant revenue. This includes a \$1m increase in grants on the 2010/11 year due to State Government funding under the Country Roads & Bridges Initiative.

Council secured \$73,252 in Federal Government funding for Community Aged Care Packages.

Council also attracted more than \$2 million in funding commitments from the State Government consisting of:

- Aged Care Services - \$273,256
- Kindergarten Planning - \$10,000
- Point Lonsdale Bowls Clubhouse Upgrade - \$6,000
- Maternal and Child Health - \$44,082
- Sustainability Accord - \$20,000
- Children's Week - \$500
- Youth Week - \$2,000
- Community Development Officer - \$20,637
- Heritage Officer - \$14,000
- School Crossing Supervision - \$12,441
- Beach Cleaning - \$5,650
- Senior Citizens Centre - \$7,856
- Victorian Seniors Festival - \$2,600
- Visitor Information Centre Traineeship - \$1,500
- Regional Victoria Living Expo - \$20,000
- Queenscliff Sports Club Enhancement Project - \$250,000
- Princess & Citizens Park Redevelopment - \$125,000
- Netball Courts Lighting - \$3,221
- Music Equipment - \$11,473
- Ferry to the Pier - \$125,000
- Country Roads & Bridges Initiatives Program - \$1,000,000
- Tobacco Activity Program - \$1,796
- Coastal Tender - \$75,799

Council also submitted funding applications to other levels of government, which are awaiting final assessment. A number of submission outcomes have been announced (with funds yet to be received), including:

- State Government advised that Council's submission for funding to prepare a Development Plan for the Queenscliff Lighthouse Reserve (Shortlands Bluff) and the Point Lonsdale Lighthouse Reserve (Toc H) had been successful. This project will commence towards the end of 2012.

- Corangamite Catchment Management Authority has allocated a total of \$252,000 to be spent over five years for weed removal and revegetation in 'The Narrows' and the dune system adjacent to Ocean Road, Point Lonsdale.
- Council has submitted and is awaiting the outcome of an application to the State Government for funding of the Point Lonsdale foreshore improvement works that include installation of a viewing platform and 'all abilities access' to and from the Point Lonsdale beach and foreshore area.

Increase return on Council assets

Council has taken a number of actions to increase return on assets.

The level of available tourist accommodation at the Queenscliff Recreation Reserve has increased, along with the revenue from this source. The change in the caravan park fee structure now reflects comparative fees with other providers.

Two additional cabins have been installed at the Queenscliff Recreation Reserve, bringing the total to seven. The income from caravan parks has increased by \$132,000 to \$1,448,000 in 2011/12. Revenue from the cabin accommodation has increased by almost \$30,000 to \$178,000, which is anticipated to be greater next year given the additional cabins will be operational for a full year.

Council has also made a successful submission to the State Government to undertake a Development Plan for the Queenscliff Lighthouse Reserve and the Point Lonsdale Lighthouse Reserve that will include an increased level of tourist accommodation.

Refurbishment of the ladies toilets in the Town Hall, following on from the kitchen renovation last year, has made this facility much more attractive to potential users.

Resolve key issues surrounding Queenscliff's marine precinct

Council's advocacy to the State Government resulted in establishment of an expanded mooring ground in the Queenscliff Harbour and local residents being able to access an increased number of affordable moorings. Council also continues to lobby Parks Victoria seeking community use of the former Fisherman's Cooperative. While Council's previous advocacy resulted in the State allocating funds for the upgrade of Fisherman's Wharf, the State Government is yet to finalise plans for this infrastructure improvement. Council's advocacy to Parks Victoria resulted in a significant upgrade of, and major access improvements to, Queenscliff Pier.

Share resources with neighbouring municipalities and other organisations

Council has established a number of areas of resource sharing with neighbouring municipalities, resulting in more coordinated and improved service provision.

The key areas of improvement include:

- Working with the City of Greater Geelong in the areas of Fire Prevention and Emergency Management response and recovery;
- Coordinating road infrastructure improvements where there are shared responsibilities on the municipal boundaries; and establishing a service provision arrangement for the delivery of Environmental Health Services.

Strategic Objective: Governance, Finance & External Relations

Council has worked with the G21 Regional Alliance on various planning projects including the G21 Region Growth Plan and the G21 Region Economic Development Plan. Council has also been an active partner in the regional 'Climate Resilient Communities of the Barwon South-West' project.

Improve customer service

The final audit for the 2011/12 year provided very positive feedback from the 'Customer Service' community survey and showed continuing adherence to the standards set by Council. The review of the Customer Service Charter resulted in the standard set for responding to correspondence changing from 5 days to 12 working days to be in-line with other municipalities and more appropriate for the resource capacity of the Borough.

Maintain strong Department of Defence presence in the Borough

Council's strong relationship with and advocacy to key government representatives has been important in securing an ongoing role for the Department of Defence at Fort Queenscliff. In late 2011 the Federal Government announced the establishment of the Department of Defence's National Archive Centre at the Fort. While this will see the cessation of the military presence in Queenscliffe, it will result in an increase in the civilian workforce from 45 to approximately 90 effective full time positions.

Council continues to advocate for community use of the Department of Defence 'King Street Cottage' that remains vacant at this time as well as opportunities for use of Fort Queenscliff.

The establishment of the Department of Defence's National Archive Centre at the Fort will result in an increase in the civilian workforce to approximately **90** full time positions

2011/12 Business Plan Priority Actions	Outcome
Undertake an annual review of the Strategic Financial Plan	Completed
Minimise rate increases	Completed
Maximise State and Federal grant revenue for community and Council Plan priorities	Completed
Maximise the return on Council assets within social and environmental constraints	Completed
Increase revenue by developing cabins and caravan parks	Completed
Seek to resolve key issues surrounding Queenscliff's marine precinct.	Completed
Investigate resource sharing with neighbouring municipalities and other organisations	Completed
Further improve community input into Council's Business Plan priorities	Completed
Continue process for municipal boundary relocation	Completed
Continue to improve the standard of customer service	Completed
Increase residents' access to information and services through upgrading the Council's website	Completed
Work to maintain strong Department of Defence presence in the Borough of Queenscliffe given its significant role in the local economy and community activity	Completed



Strategic Objective: Sustainability & Local Environment

Living sustainably and protecting and restoring our diverse environment

The key outcomes for 2011/12 include:

Implement Council's Environmental Sustainability Plan

Council progressed priority actions in its 'Sustainable Living Action Plan' including:

- Completing all actions in the Corporate Carbon Neutral Action Plan;
- Working with consultants and a community reference group to complete a draft of the Community Carbon Neutral Action Plan;
- Launching a trial of energy efficient street lights in two streets (one in Queenscliff and the other in Point Lonsdale), including seeking community feedback on the trial;
- Installing solar-powered public lighting at the Queenscliff Neighbourhood House and Point Lonsdale Tennis Clubroom's carpark; and
- Completing the second milestone in Council's 'Working towards Carbon Neutrality in the Borough of Queenscliffe' project.

Throughout the year Council also implemented a number of other initiatives to reduce emissions and improve recycling including:

- Hosting Council's first E-waste Collection Day;
- Using Alcoa Foundation funding to conduct bin audits of Citizens and Princess Parks and evaluate purchase of dual recycling/waste stations in the parks;
- Working with neighbouring councils and Barwon Regional Waste Management Group in the development of education resources following the completion of kerbside recycling/waste bins audits;
- Hosting a successful National Recycling Week 2011 collection; and
- Co-ordinating a fluorescent tube and CFL globe collection for Borough residents.

Implement a strategy to move the Council by 2013 and community by 2020 towards carbon neutrality

This priority action involves the preparation of two plans; a Corporate Carbon Neutral Action Plan designed to reduce the emissions associated with Council activities and a Community focused Carbon Neutral Action Plan.

The Corporate plan was adopted by Council at its April 2012 Ordinary meeting and the second milestone of the 'Working towards carbon neutrality in the Borough of Queenscliffe' project has been achieved, including:

- Supplying 100% green power to all Council-operated caravan and camping parks from 1st July 2011;
- Conducting energy audits of the Council Offices, Town Hall, four Council-operated caravan parks and implement priority audit recommendations;
- Completing a 'Business Case' for the bulk replacement of street lighting that includes the financial and environmental impacts of a this change;
- Contributing funds to the trial of energy efficient street lights in two streets in the Borough;

- Purchasing an energy audit kit to be used by Council staff for measuring energy and water usage; and
- Working with a community reference group to prepare a Community Carbon Neutral Action Plan. This will be presented to Council prior to commencing a broader community consultation late in 2012.

Seek funding to progressively upgrade the Queenscliff to Point Lonsdale shared pathway link

There have been a number of projects in 2011/12 that contributed to the goal of progressively upgrading the Queenscliff to Point Lonsdale shared pathway link:

- Funds have been allocated to upgrade the Dog Beach and Springs carparks. Council has appointed a landscape architect to prepare design plans with construction to occur in 2012/13;
- The Department of Sustainability and Environment has approved plans for the Ferry to Pier Coastal Pathway Development project which includes improvements to the trail linking the Queenscliff township with the Ferry Terminal and providing pathway and boardwalk access to the beach and a viewing platform over the bay. A planning permit application in relation to vegetation removal is currently being considered by Council that will lead to construction commencing in late 2012;
- Funds have been allocated to Point Lonsdale foreshore improvement works. Council has appointed a landscape architect to prepare design plans that will be the subject of community consultation in September 2012. The proposed works include a viewing platform and 'all abilities access' to and from the Point Lonsdale beach and foreshore area. Council has submitted a funding application to the State Government.

Implement the Council's Tree Management Strategy

Council has been proactive in managing trees, particularly very mature trees that present a risk to public safety. Over the past 12 months Council has:

- Removed 15 street trees and planted 95 new street trees;
- Removed five over mature Monterey Cypress trees that presented a public safety risk with the timber from these trees being stored for future use as new park furniture, bollards and fencing;
- Continued to monitor and assess trees in high risk areas such as caravan parks, public parks and high use community areas;
- Commissioned eight arborist reports regarding mature trees that present a public safety risk, then implemented actions that either limit public access to the area or remove and replace the trees; and
- Completed all electrical line clearance works as required by new more stringent State Government regulations.

1,590 trees have been planted
this financial year

Strategic Objective: Sustainability & Local Environment

Implement the Weed Management Plan in consultation with Bellarine Catchment Network and other key stakeholders

Council's weed removal and revegetation program is an important priority that requires an ongoing commitment. This cannot be achieved without the partnership with the Bellarine Catchment Network and the working relationship with Correctional Services. Targeted actions have occurred in 'The Narrows', Citizens Park escarpment, the Ocean View beach access areas in Queenscliff and the coastal reserve and Golightly Caravan Park in Point Lonsdale. Our combined efforts were recognised at the annual Victorian Coastal Council excellence awards in April 2012. This underlined the significance of a 'whole of community' approach to coastal vegetation management through the Coastal Moonah Woodlands project.

11.96 tonnes of environmental weed has been removed from the Point Lonsdale Lighthouse Reserve precinct

2011/12 Business Plan Priority Actions	Outcome
Implement Council's Environmental Sustainability Plan.	Completed
Implement a strategy to move the Council by 2013 and community by 2020 towards carbon neutrality.	In Progress
Advocate at all opportunities for a move to carbon neutrality.	Completed
Move towards carbon neutrality by providing green power at all caravan and camping parks managed by Council.	Completed
Facilitate programs to assist resident's access to sustainability products including solar hot water, water tanks and solar panels.	In Progress
Seek funding opportunities to progressively implement the upgrade of the Queenscliff to Point Lonsdale shared pathway link.	Completed
Implement the Council's Tree Management Strategy.	Completed
Implement the 'Weed Management Plan' for the Borough of Queenscliffe in consultation with Bellarine Catchment Network and other key stakeholders.	Completed
Work with local environment groups and the community to reduce and prevent spread of noxious and environmental weeds in the Borough.	Completed
Identify funding opportunities that would enable Council to progress a 'Wetlands & Environment Management Strategy'.	Completed
Continue to advocate to State and Federal Governments for an extension of 'Port Phillip Bay (Western Shoreline) and Bellarine Peninsula' Ramsar site to include the Core Wetlands and surrounding land of the Lonsdale Lakes Wetland Complex and Sand Island.	Completed
Advocate for Lakers Cutting to be included in the Port Phillip Heads Marine National Park.	Completed



Strategic Objective: Business & Tourism

Supporting local businesses and tourism by providing an environment in which they can both flourish

The key outcomes for 2011/12 include:

Implement initiatives from the Tourism Infrastructure Opportunities Study

Council has continued working with architects designing the Hesse Street Cultural Hub project, which will include the Visitor Information Centre, Library and the Queenscliff Historical Museum. Final draft concept plans are anticipated in late 2012.

The Borough of Queenscliff website was upgraded to include the addition of a site map for the Visitor Information Centre as well incorporating a campaign promoting Queenscliff and Point Lonsdale as options for living and working.

Service standards at the Visitor Information Centre were reviewed to meet Australian Tourism Accreditation Program requirements and a three year Business and Marketing Plan was developed.

Other initiatives included:

- Improving wi-fi functionality at the Queenscliff Visitor Information Centre to provide better internet access for visitors;
- Upgrading the Queenscliff Tourist Parks website to improve promotion and marketing of the caravan park accommodation options;
- Progressing plans to link the Queenscliff Visitor Information Centre website pages to the Visit Geelong, Bellarine and Great Ocean Road websites;
- Planning the implementation of the 'Ferry Ambassadors' and 'Roaming Information Volunteers' to service the Ferry, Queenscliff Harbour and Point Lonsdale shopping centre precincts particularly over the summer period; and
- Improving staffing and volunteer arrangements to ensure the standard of service.

Work with local traders, Queenscliff Lonsdale Business & Tourism and Bellarine Tourism to maximise opportunities

In July 2011 the Visitor Information Centre was awarded the Geelong Advertiser Business Excellence Award under the category of Tourism Attraction, Events & Services. This was the third time the Council's Visitor Information Centre was the recipient of a Business Excellence Award resulting in the Council's VIC being inducted into the Business Excellence Hall of Fame.

Other key activities undertaken in 2011/12 include:

- Working with the Queenscliff Lonsdale Business & Tourism Association (QLBTA) to host the Small Business Breakfast and workshops during the Small Business Victoria Festival as well as planning of events for 2012;
- Leading the Borough of Queenscliff's promotional campaign that formed part of the State Government's 'Regional Victoria Living Expo' held in late April 2012. The Borough of Queenscliff was represented in collaboration with the City of Greater Geelong and Surfcoast Shire under the 'Geelong and Surrounds' brand. A number of enquiries have been received from potential residents.

- Showcasing the Borough of Queenscliff tourism opportunities at the 'Regional Destination and Shopping Fair' at Federation Square on 12 August 2011;
- Promoting Borough of Queenscliff tourism to the 15,000 people that attended the relaunch of the Searoad Ferry Service at Docklands, Melbourne on 25 September 2011;
- Planning with Bellarine Tourism to prepare a 2012/13 Professional Development Calendar that will target businesses within the Borough of Queenscliff;
- Disseminating information on local events including 'Bellarine Lighthouse Films' and 'Bookshop Author signings'; and
- Promoting and coordinating ticket sales through the Visitor Information Centre for a number of key events and local fund raisers including Queenscliff Bricks, Queenscliff Music Festival, Lighthouse Theatre, Kevin Hocking, and the visit by the Eltham Primary School Choir.

Work in partnership with businesses and other organisations to promote the packaging of tourism and accommodation options, particularly during low-season times of the year

Several initiatives have been undertaken to promote tourism in the region and improve low season visitation levels. Packaging of events and experiences with accommodation deals has been a key focus. Council is involved with local tourism groups to assist in events promotion and continues to promote tourism destinations and features of the region through the Visitor Information Centre.

Improve and promote the calendar of events in the Borough

Council has undertaken a range of activities designed to promote events including:

- Upgrading the events calendar component of the Borough of Queenscliff website;
- Linking local events to the Geelong Otway Tourism regional website to ensure marketing opportunities are promoted through local, regional and where relevant statewide media outlets;
- Promoting events information on a monthly basis to the local business network and advising accommodation providers of upcoming events through the weekly 'Roombank' reminder email;
- Progressing plans to link the Queenscliff Visitor Information Centre web pages to other key websites; and
- Producing and distributing additional local 'E-News' and regular information to key stakeholders within the Borough.

Strategic Objective: Business & Tourism

Support Geelong Steam Preservation Society to progress improvements to the Bellarine Railway Station facilities

Council worked with representatives from the Geelong Steam Preservation Society (operating as the Bellarine Railway) and the State Government to secure funding to upgrade the historic Railway Station facilities in Queenscliff. This has resulted in the State Government requesting a formal proposal from the Borough Council and Bellarine Railway. Council officers are currently preparing this submission.

Visitor Information Centre Statistics

	2010/11	2011/12
Walk-In Visitors	51,397	44,257
Phone Enquiries	3,474	2,744
Email Enquiries	188	167
Heritage Walk Participants	550	400
Website Homepage Hits	56,994	86,620
Facebook Friends*	225	487
Twitter Followers**	27	105

* The Visitor Information Centre commenced using Facebook in April 2011.

** The Visitor Information Centre commenced using Twitter in April 2011.

2011/12 Business Plan Priority Actions	Outcome
Implement opportunities arising from the Tourism Infrastructure Opportunities Study.	Completed
Work with local traders, Queenscliff Lonsdale Business & Tourism and Bellarine Tourism to maximise tourism opportunities in the Borough of Queenscliffe.	In Progress
Work in partnership with businesses and other organisations to promote the packaging of tourism and accommodation options, particularly during low-season times of the year.	Completed
Improve and promote the calendar of events in the Borough.	Completed
Encourage the development of improved community transport during peak tourism periods.	In Progress
Advocate for the development of the Point Lonsdale to Ocean Grove shared path.	Completed
Investigate funding opportunities for development of Toc H and Shortland's Bluff sites, working with DSE to implement the Borough of Queenscliffe's development priorities.	Completed
Develop a Masterplan for tourism accommodation development at the Queenscliff Lighthouse Reserve (Shortland's Bluff)	Completed
Support Geelong Steam Preservation Society to progress improvements to the Bellarine Railway Station facilities	Completed

- **134,188** visitor enquiries were serviced at the Queenscliffe Visitor Information Centre in 2011/2012



Strategic Objective: Community Development

Work in partnership with the community to build a strong, safe, inclusive and connected community.

Key outcomes for 2011/12 include:

Support local community organisations, civic events and arts, cultural and sporting activities

Council played an important role in supporting a range of community, sporting, civic, arts and cultural events throughout the year. These included:

- Kids Busking for the Kids in support of the Royal Children's Hospital Good Friday Appeal;
- Queenscliff Music Festival;
- Anzac Day Celebrations;
- Australia Day Celebrations;
- Queenscliffe Maritime Weekend;
- Sand Sculpture Contest;
- Point Lonsdale Lighting of the Christmas Tree;
- Rip View Swim Classic;
- Amy's Ride;
- Blue Water Swim Classic;
- Annual Queenscliff Rod Run;
- Giants of the Bay Swim;
- Dog's Breakfast;
- Around the Bay in a Day;
- Walking Home 2011;
- Annual Toy Run;
- Rip to River Run; and
- Bellarine Rail Trail Fun Run.

Support community initiatives through the Community Grants program

The Community Grants program distributed almost \$20,000 to community groups and organisations. The Mayor presented 14 recipients with their grants in July 2011.

Promote volunteerism through Council's Recognition Awards and ceremonies

Volunteers play a key role in improving and maintaining the health and wellbeing of the community. At Council's Australia Day Awards, Val Lawrence received the Citizen of the Year Award with Jess Dyer and Alex Baker recognised as the Junior Citizens of the Year. The Community Event of the year was awarded to the Queenscliff Football and Netball Club, acknowledging the Senior Football Team's efforts in winning the Bellarine Football League premiership. The Community Service of the Year was awarded to the Masonic Lodge No. 96 for their important work in conducting a Men's and Women's Health and Wellbeing Forum. Finally, the Community Environment Project of the Year was awarded to the Bellarine Catchment Network, Queenscliffe Community Nursery and the Swan Bay Environment Association for their collaborative work in rehabilitating the coastal dunes in 'The Narrows'.

Council's annual Volunteer Celebration evening was held in May 2012 at the Queenscliff Bowls Club, with more than 130 volunteers attending. The evening provided an opportunity to thank volunteers for the great contribution they make to the community. The 2012 Citizen of the Year, Val Lawrence, spoke about her volunteering experiences and the key ingredients that have made volunteering so important to her.

Work with the community to commence planning the Borough's 150 year anniversary

The 150th Anniversary occurs in 2013 and Council established a Community Advisory Committee to assist in planning and coordinating a program of events and activities. The weekend of the 4-5 May 2013 will be the centrepiece of the community celebrations as this coincides with the date that the Governor of Victoria formally established the Borough of Queenscliffe. The proposed program of events and activities has been submitted to the State Government with Council seeking funding assistance to plan, promote and conduct the events and achieve a high level of community and visitor participation.

Maintain a zero waiting list for access to Council's Aged & Disability Service

Council has continued to maintain a zero waiting list for access to Aged Care & Disability Services. During the year Council provided services to 223 residents including 5,361 hours of Home Care, 979 hours of Respite Care, 1,049 hours of personal care and 979 hours of home maintenance.

Improve pedestrian safety including advocating for reduced speed limits

Improving pedestrian safety has been achieved through a number of specific initiatives conducted by Council either directly or in partnership with the State Government. In particular, the installation of pedestrian safety infrastructure in Point Lonsdale Road to complement the reduction in speed limit to 40km/h. Works in this area included two pedestrian crossings, signage and line marking to reduce vehicle speed. A new footpath was constructed in Lawrence Road, Point Lonsdale to provide pedestrians with a continuous off road path between Point Lonsdale Road and Fellows Road.

Facilitate use of and access to public transport

Council has undertaken a number of actions to facilitate use of and access to public transport including:

- Successful advocating through the G21 Region Alliance has resulted in an allocation of \$110,000 funding to G21 from the Regional Development Australia program for development of an Integrated Public Transport Plan covering the five municipalities in the region. This will be implemented in 2012/13;
- Advocating to improve public bus services linking to the arrival and departure timetable at the Queenscliff to Sorrento Ferry;
- Successfully advocating to the State Government to increase public bus transport services from Geelong and the Bellarine Peninsula to the Queenscliff Music Festival;
- Working with McHarry's Buslines to address vegetation issues associated with both vehicle and pedestrian access to bus stops through out the Borough; and
- Incorporating planning of a Taxi Zone as part of the scheduled improvements to Hesse Street, Queenscliff.

Strategic Objective: Community Development

Work with local groups to establish a community garden on the High School site

Five community members, two councillors and two council officers have been appointed to the new Project Control Group (PCG) for the development of the proposed Botanic Gardens at the former High School site. This follows an extensive community survey that provided Council with community views regarding the components that should form part of the Botanic Gardens project. The group will assist Council in preparing a brief for future design of the site and provide advice on governance.

Source funding to implement priority works identified in the Hesse Street Revitalisation project and Point Lonsdale shopping precinct

Funding of \$250,000 has been secured from the State Government towards main street improvement works in Queenscliff and Point Lonsdale. Concept Plans have been completed and the Hesse Street Revitalisation Reference Group has given in-principle support for the proposed works, including tree plantings and other low level plantings, street furniture and improved pedestrian crossings. The concept design will be presented to VicRoads for approval early in 2012/13.

Council has prepared a draft concept design for Point Lonsdale foreshore improvement works near the shopping precinct. The proposed works include a viewing platform and all abilities access to and from the beach and foreshore area. These draft plans have been considered by the Point Lonsdale Main Street reference group with feedback informing the final draft before public consultation early in 2012/13. Council has applied for additional State Government funding of \$200,000 for additional elements of the Point Lonsdale foreshore improvement project.

Improve Municipal Emergency Management Planning

The key improvements in the Council's Emergency Management in 2011/12 included the final review and endorsement by Council of the Municipal Emergency Management Plan and working with the City of Greater Geelong to progress a joint approach to fire prevention and emergency response and recovery.

Council officers have been working with state level emergency response agencies (Police, SES, Ambulance, DHS, etc) to review any emergency incidents and improve our response and recovery practices.

2011/12 Business Plan Priority Actions	Outcome
Support local community organisations, civic events and arts, cultural and sporting activities in the Borough.	Completed
Support local community initiatives through the Council's Community Grants program.	Completed
Promote volunteerism through Council's Recognition Awards and ceremonies.	Completed
Work with the community to commence planning the 150 year anniversary of the Borough of Queenscliffe.	Completed
Work with Queenscliff Lonsdale Community Enterprise to increase support to local Committees of Management.	Yet to commence
Maintain a zero waiting list for access to Council's Aged & Disability Service.	Completed
Develop a Footpath and Road Treatment Strategy for the Borough to increase pedestrian road safety.	Yet to commence
Advocate for improved public transport services and timetabling with regional organisations and State and Federal Government.	Completed
Improve pedestrian safety including advocating for reduced speed limits in residential streets without footpaths.	Completed
Facilitate use of and access to public transport.	Completed
Continue with the review of Council leases.	Completed
Work with local groups interested in establishing a community garden on the High School site.	Completed
Finalise the Precinct Plan for Queenscliff Recreation Reserve.	In Progress
Prepare a concept plan, quantity survey and costing for the development of netball courts at Queenscliff Recreation Reserve.	Yet to commence
Source funding opportunities to implement priority works identified in the Hesse Street Revitalisation project.	Completed
Source funding opportunities to implement priority works in the Point Lonsdale shopping precinct.	In progress
Improve Municipal Emergency Management Planning.	Completed
Work with the CFA and SES to improve community awareness and participation in responses to emergencies.	Completed
Maintain regular dialogue with the Victoria Police.	Completed

Council provided aged and disability services to **223** residents ●

Strategic Objective: Planning, Heritage & Community Assets

Striving to ensure development sustains and enhances the character of the natural and built environment

Key outcomes in 2011/12 include:

Progress the review of the Borough of Queenscliffe Planning Scheme

The formal review of the Queenscliffe Planning Scheme did not progress to the scheduled timelines due to changes in key staff at Council. The project will now be completed in 2012/13 following the final 'peer review' of the consultant's report, including findings and recommendations. Council will consider this at its July 2012 Meeting and determine the timing of the community and stakeholder review after the draft report is finalised. This will occur late in 2012.

Implement Council's Asset Management Plan

Council continued to implement recommended actions in its Asset Management Plan in 2011/12 including:

- Preparing a detailed design of and tender specification documentation for reconstruction of Gellibrand Street. This included a detailed briefing to Councillors and information distribution to all residents impacted by the proposed development. The tender for the Gellibrand Street reconstruction was advertised in June and scheduled to close mid July 2012;
- Working with Powercor to plan the upgrade of the electricity sub-station in the Queenscliff Recreation Reserve;
- Working with the Queenscliff Sports Club to progress the Queenscliff Sports Club Enhancement project (Monahan Centre) redevelopment;
- Completing footpath renewal in Symonds Street, Point Lonsdale Road and Lawrence Road, Point Lonsdale;
- Undertaking unplanned drainage improvements in Queenspoint Crescent, Queenscliff that led to deferral of Nelson Road drainage pump replacement to 2012/13;
- Renewal of the Williams Street, Point Lonsdale community playground; and
- Renewal of the roundabout surface at the Stokes Street and Learmonth Street intersection in Queenscliff.

Construct traffic calming devices in Point Lonsdale Shopping Centre precinct

Several traffic calming measures were completed in the Point Lonsdale shopping precinct in 2011/12 including:

- VicRoads constructing new pedestrian crossings in the centre of the shopping precinct and installing safe crossing points where Point Lonsdale Road intersects with Kirk Road and at Albert Street;
- VicRoads and Council working together to install signage and line marking designed to reduce vehicle speed;
- Council installing bollards and planting beachside kerb outstands; and
- Upgrading the street lights over the three new crossings in Point Lonsdale Road.

Improved pedestrian safety initiatives

Council identified two potential pedestrian crossings as priority actions in the 2011/12 financial year. Discussions have been held with VicRoads and the City of Greater Geelong for the Fellows Road crossing near Grimes Road with vehicle and pedestrian counts through peak use periods to occur between September and December 2012 and construction at the commencement of the 2013 calendar year.

Council has discussed the location of the proposed crossing at Flinders Street and Henry Street intersection with VicRoads not supporting this proposal due to pedestrian safety and related risk management issues. A comprehensive solution to pedestrian safety at this location has yet to be determined apart from traffic management activities at this intersection during the Nipper's annual events.

Council completed construction of an unsealed crushed rock footpath on Lawrence Road, Point Lonsdale including the renewal work on the existing section of unsealed path.

Council's road inspection and road edge maintenance regime continues to be undertaken. Council's Roads, Parks and Reserves Maintenance Services contract specifications have been reviewed prior to contract renewal. New contract specifications include an expectation of maintaining road assets prior to intervention levels occurring with the intention of further improving road edges.

Statutory Planning Activity

Number of	2010/11	2011/12
Applications Lodged	187	156
Applications Withdrawn	19	7
Permits/Notices of Decisions Issued	175	137
Subdivisions	11	13
VACT Appeals	3	1

Strategic Objective: Planning, Heritage & Community Assets

2011/12 Business Plan Priority Actions	Outcome
Progress the review of the Borough of Queenscliffe Planning Scheme.	In Progress
Progress a planning scheme amendment to incorporate the Point Lonsdale Structure Plan.	In Progress
Implement Council's Asset Management Plan.	Completed
Implement priority recommendations from the Geotechnical Cliff Safety Assessment at Point Lonsdale.	In Progress
Investigate State Government support and funding opportunities for additional groynes at Point Lonsdale beach.	Completed
Implement priority recommendations from the Climate Change Risk Assessment report.	Completed
Review Council's Road Management Plan.	In Progress
Construct traffic calming devices in Point Lonsdale Shopping Centre precinct.	Completed
Design pedestrian safety improvements at Fellows & Grimes Roads in Point Lonsdale and Flinders & Henry Streets in Queenscliff, in consultation with VicRoads.	In Progress
Complete the construction of the footpath on Lawrence Road, Point Lonsdale between Fellows and Point Lonsdale Roads.	Completed
Improve road edges in Point Lonsdale for pedestrian safety and amenity.	Completed
Advocate to VicRoads for improved pedestrian safety measures and roundabouts in priority locations.	Completed
Commission the design and costing for undergrounding of powerlines in Point Lonsdale Road, Point Lonsdale in consultation with Powercor.	Completed
Upgrade the power supply to the Queenscliff Recreation Reserve and Victoria Park in consultation with Powercor.	In Progress

Council achieved the **highest level** of expenditure on asset renewal compared to depreciation in the small rural Shires grouping



Understanding the Financial Reports

Simple Guide to the Financial Reports

The Financial Report is a general-purpose financial report that consists of a Comprehensive Income Statement, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement, and notes accompanying these financial statements. This simple guide to the financial reports is provided in 'laymans terms' to assist in understanding what each of the statements represent.

The Comprehensive Income Statement for the financial year ending 30 June 2012 shows a surplus of \$6.355M against the previous year's result of \$5.772M.

In order to ascertain an underlying operating result, as has been calculated in Council's long term financial planning and financial key performance indicators going forward, any capital funding and abnormal items are deducted.

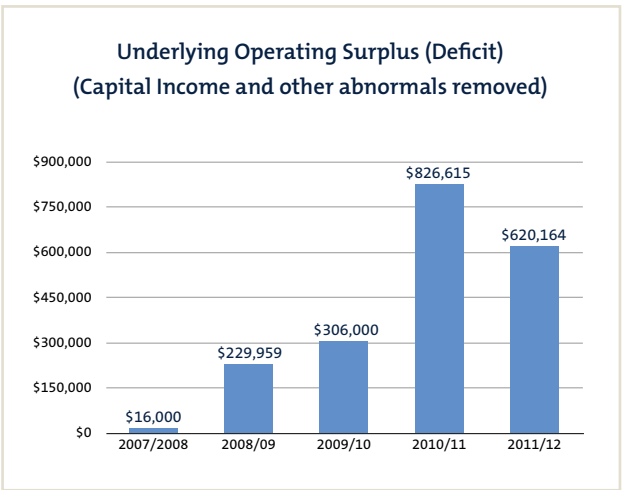
Whilst this does not comply with current accounting standards and therefore cannot be disclosed in this manner in the audited statements for the Annual Report, it is deemed a valuable method of determining a purely operational result for the financial year. This is done on the basis that capital expenditure is not contained in the Income Statement whilst the capital funding (in terms of grants and contributions) is.

Also adjusted in the final underlying result is the timing difference in receipt of grants income. Government grants received for specific projects are matched against the expenditure on those projects.

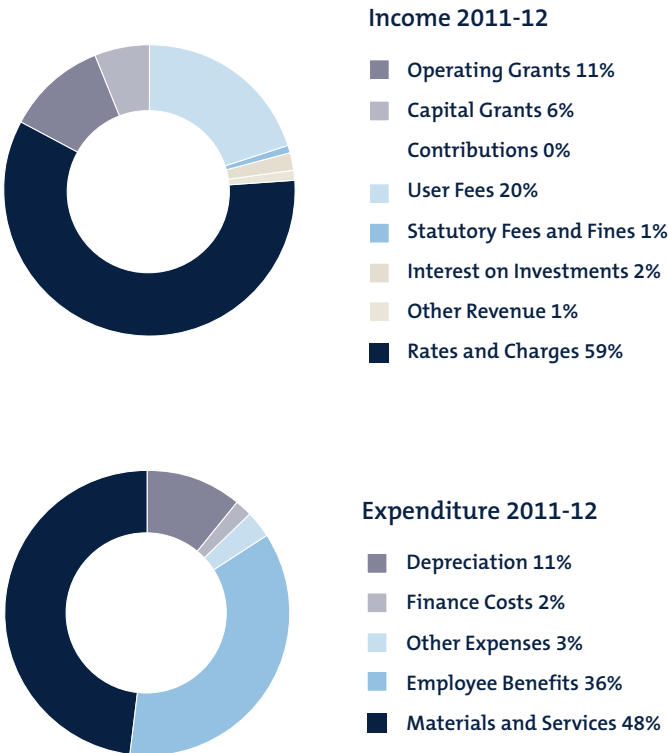
Therefore "unexpended" grants in 2010/11 have been adjusted in the 2011/12 result and similarly grant income has been transferred from 2011/12 into next year where projects are incomplete as at 30 June 2012.

Also included in the 2011/12 result is an asset revaluation amount of \$4.284M. This abnormal item is also deducted in order to ascertain a purely operational result.

The underlying operational result, net of capital income and other adjustments as above, is a surplus of \$620,000. This compares favourably to previous years, showing a positive trend for the Borough's financial position.



Major areas of income and expenditure for 2011/12



Understanding the Financial Reports

Performance Snapshot

Local Government Performance Indicators	2009/10	2010/11	2011/12	Note
Affordability / Cost of Governance				
Average Rates and Charges per Assessment	\$1,597.48	\$1,693.37	\$1,769.61	
Average Rates and Charges per Residential Assessment	\$1,541.75	\$1,626.49	\$1,710.53	
Sustainability				
Average Liabilities per Assessment	\$999.87	\$807.01	\$879.04	
Underlying Operating Result per Assessment	\$101.63	\$274.53	\$204.71	1
Services				
Average Operating Expenditure per Assessment	\$2,348.48	\$2,346.28	\$2,561.84	2
Community Satisfaction Rating for Overall Council Performance	62	64	66	
Infrastructure				
Average Capital Expenditure per Assessment	\$355.73	\$306.46	\$724.06	
Renewal Gap	52%	56%	195%	3
Renewal and Upgrade Gap	95%	88%	231%	4
Renewal and Maintenance Gap	115%	105%	359%	5
Governance				
Community Satisfaction Rating for Council's Advocacy and Community Representation on Key Local Issues	60	65	61	6
Community Satisfaction Rating for Council's Engagement in Decision Making on Key Local Issues	53	60	60	6
Additional Sustainability Data				
Operating Surplus per Income Statement	\$1,809,482	\$5,772,002	\$6,355,448	
Underlying Operating Surplus / (Deficit) - (Capital Income and other abnormalities removed)	\$306,000	\$826,615	\$619,647	7

1. This ratio reflects the underlying operating position net of Capital income and abnormal items such as asset revaluation/impairment losses.
2. Operating expenditure figures used in this ratio have had any abnormal/non-operating items removed (as per Note 1 above).
3. The renewal gap ratio measures the rate of capital spending on the renewal of assets compared with the value of the assets used (depreciation) during the year.
4. The renewal and upgrade gap ratio measures the rate of capital spending on the renewal and upgrade of existing assets (as opposed to the creation of new assets) compared with the value of the assets used (depreciation) during the year.
5. The renewal and maintenance gap ratio measures the rate of capital and maintenance spending on the renewal of assets compared with the value of the assets used (depreciation) and the planned level of maintenance during the year.
6. Note the 2012 Community Satisfaction survey was revised in terms of the methodology and scoring and thus comparisons with previous years are not aligned.
7. The underlying operating result removes capital income on the basis that there is no matching capital expenditure included in the Income Statement. On this same matching principle, grant income is adjusted into the year in which it was expended. Other abnormalities (non-operating items) removed include profit/loss on asset sales and the share of the Regional Library equity, impairment losses and asset revaluation adjustments. These adjustments are made to ascertain a more realistic result of operating activities.

Understanding the Financial Reports

Overview of Financial Statements

The Financial Report shows how Council performed financially during the 2011/12 financial year and the overall position at the end of the financial year (30 June 2012).

What is contained in the Annual Financial Report?

Council's financial report contains a set of financial statements and accompanying notes. These are prepared by Council staff to meet the requirements of the Local Government Act 1989, Australian Accounting Standards (AAS's) as well as the Victorian Auditor General's Office (VAGO) model accounts which are designed to standardise financial reporting for local government bodies throughout Victoria.

The agent appointed by VAGO audits the statements before being approved in principle by Council's Audit Committee and Council itself. The agent appointed as the Borough's auditor in 2011/12 is Crowe Howarth. The Financial Statements are then forwarded to the Auditor General for final approval.

The Financial Report is made up of four key financial reports:

- Comprehensive Income Statement
- Statement of Financial Position
- Statement of Changes in Equity
- Cash Flow Statement

The notes detail Council's accounting policies and a breakdown of values contained in the statements.

In addition to the Financial Statements, Council is also required to prepare Standard Statements that are included in this Annual Report. The Standard Statements provide a comparison of actual results for the year to the annual adopted budget and provides explanations for major variances.

Income Statement

The Income Statement measures Council's performance over the year and shows if a surplus or deficit has resulted from delivering Council services.

The Statement shows the sources of Council's revenue under various income headings and expenses incurred in running the Council during the year. This includes depreciation or the writing down of the value of buildings, roads, footpaths, drains and all other infrastructure assets, which are used to provide Council services. These assets are depreciated over the life of the asset as they are used.

Capital costs or new assets purchased or created during the year are excluded from the Statement but as indicated above, are depreciated as they are used.

The Statement is prepared on an 'accrual' basis. This means that all income and costs for the year are recognised even though the income may not yet be received (such as interest on investments) or expenses not yet paid (invoices not yet received for goods and services already used).

The key figure to look at is the surplus or deficit for the year. A surplus means that Council is creating sufficient surplus to replace infrastructure assets at the time when they need to be replaced.

Note: the 'bottom line' is adjusted by abnormal items. The 'Standard Income Statement' provides an underlying result after removing Capital income and abnormal items.

Statement of Financial Position (Balance Sheet)

The Balance Sheet sets out Council's net accumulated financial worth at a point in time. It shows the assets that Council holds as well as liabilities or claims against these assets. The bottom line of this statement is Net Assets, which shows the net worth of Council, which has been built up over many years. The assets and liabilities are separated into current or non-current. Current means those assets or liabilities that will fall due within the next 12 months.

Understanding the Financial Reports: Balance Sheet

The components of the Balance Sheet are:

Current and Non-Current Assets

Council's assets are as follows:

Cash and Cash Equivalents	Cash held in the bank and in petty cash and the market value of Council's investments.
Trade and Other Receivables	Monies owed to Council by ratepayers and others.
Other Assets	Includes prepayments, which are expenses that Council has paid in advance of service delivery.
Property, Infrastructure, Plant and Equipment	The largest component of Council's worth representing the value of all the land, buildings, roads, vehicles, equipment, etc., which has been built up by Council over many years.

Current and Non-Current Liabilities

Council's Liabilities are as follows:

Trade and Other Payables	People and businesses to whom Council owes money.
Trust Funds and Deposits	Monies held in trust by Council.
Provisions	The accrued value of long service leave and annual leave and Council's superannuation liability.
Interest-Bearing Loans and Borrowings	The outstanding balance Council owes on bank loans. Current borrowings represent the amount to be repaid in 2011/12.

Net Assets

This term is used to describe the difference between the value of total assets and the value of total liabilities. It represents the net worth of Council as at 30 June 2012.

Total Equity

This always equals Net Assets and is made up of the following components:

Accumulated Surplus	The value of all net assets, other than those below, accumulated over time.
Reserves	The Reserves are made up of the asset revaluation reserve and other reserves. The asset revaluation reserve is the difference between the previously recorded value of assets and their current valuation and other reserves are funds that have restrictions placed on their use and are not readily available for use by Council in a discretionary manner.

Statement of Changes in Equity

The Statement of Changes in Equity summarises the change in Council's net worth. Council's net worth can only change as a result of:

- A 'profit' or 'loss' as recorded in the Income Statement;
- The use of monies from Council's reserves; or
- An increase or decrease in the value of non-current assets resulting from a revaluation of those assets.

Cash Flow Statement

The Cash Flow Statement summarises Council's cash receipts and payments for the financial year and the net 'cash in hand' position. The values may differ from those shown in the Income Statement because the Income Statement is prepared on an accrual accounting basis.

Cash in this statement refers to bank deposits and other forms of 'highly liquid' investments that can readily be converted into cash. Council's cash arises from, and is used in, three main areas:

- **Cash Flows from Operating Activities:**
Receipts - All cash receipts arising from the general operations of Council, including rates, general trading sales and debtors, grants and interest earnings. Receipts do not include cash from the sale of assets or loan funds.
Payments - All cash paid by Council from its bank account to staff, creditors and other persons. It does not include the costs associated with the creation of assets.
- **Cash Flows from Investing Activities:**
This section shows the cash invested in the creation or purchase of property, plant and equipment, infrastructure assets and the cash received from the sale of these assets.
- **Cash Flows from Financing Activities:**
This is where the receipt and repayment of borrowed funds are recorded.

The bottom line of the Cash Flow Statement is the cash at end of financial year. This shows the capacity of Council to meet its cash debts and other liabilities.

Notes to the Accounts

The Notes to the Accounts are a very important and informative section of the report. The Australian Accounting Standards are not prescriptive in many issues, therefore it is necessary to provide details of Council's accounting policies to enable the reader to understand the values shown in the Statements.

Apart from describing the main accounting policies (Note 1), it also provides details on many of the summary items contained in the Annual Financial Report. The note numbers are shown beside the relevant items in each of the Statements. The notes also provide an opportunity for Council to disclose additional information that cannot be incorporated into the Financial Report.

Other notes disclose information on:

- The cost of various functions of Council (refer Note 42);
- The breakdown of revenues, expenses, assets, liabilities and reserve funds (refer Notes 2-28);
- Contingent liabilities (refer Note 37);
- Transactions with persons related to Council (refer Note 41); and
- Superannuation (refer Note 34).

The notes should be read at the same time as, and together with, the other parts of the Financial Statements to get a clear picture of the accounts.

Understanding the Financial Reports

Standard Statements

The Standard Statements section provides three of the four statements mentioned above (Income Statement, Balance Sheet and Cash Flow Statement) together with a further statement (Statement of Capital Works).

The Statement of Capital Works sets out the expenditure on creating or buying property, plant and equipment, infrastructure assets by each category of asset. It also shows how much has been spent on renewing, upgrading, expanding or creating new assets of this type.

These Standard Statements provide a comparison of actual results for the year to the budget that was set at the start of the year and provides explanations for major variances.

Certification

The certification of the Principal Accounting Officer is made by the person responsible for the financial management of Council that, in her/his opinion, the Financial Statements have met all the statutory and professional reporting requirements.

The certification of the CEO and Councillors is made by the CEO and two Councillors on behalf of Council that, in their opinion, the Financial Statements are not misleading or inaccurate.

Auditor General's Report

An Independent Audit Report provides the reader with an external and independent opinion on the Financial Statements. It confirms that the Financial Report has been prepared in accordance with relevant legislation and professional standards and that it represents a fair picture of the financial affairs of the Council.

Foreshore reserves make up **8%** • of the municipality



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Borough of Queenscliffe
Standard Statements
For the Year Ended 30 June 2012

Financial Report: Standard Statements

Notes to the Standard Statements

Basis of preparation of Standard Statements

Council is required to prepare and include audited Standard Statements within its Annual Report. Four Statements are required - a Standard Statement of Financial Performance, Standard Statement of Financial Position, Standard Statement of Cash Flows and a Standard Statement of Capital Works, together with explanatory notes.

Council has included a further standard statement, reflecting the additional standard statement included within the 2011/12 budget adopted by Council on 15 June 2011 - a Standard Statement of Investment Reserves.

The above set of five standard statements and supporting notes form a special purpose financial report prepared to meet the requirements of the Local Government Act 1989 and Local Government (Finance and Reporting) Regulations 2004.

The Standard Statements have been prepared on accounting bases consistent with those used for General Purpose Financial Statements and the Budget. The results reported in these statements are consistent with those reported in the General Purpose Financial Statements.

The Standard Statements are not a substitute for the General Purpose Financial Statements, which are included on pages 1 to 6 of the Finance Section of the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare council's financial plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council has adopted a materiality threshold of ten per cent. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures included in the Statements are those adopted by Council on 15 June 2011. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from assets revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Statements on pages 1 to 6. The detailed budget can be obtained by contacting Council or through Council's website. The Standard Statements must be read with reference to these documents.

Financial Report: Standard Statements

Standard Statement of Financial Performance - Comparison Report

	Budget 2012 \$'000	Variances		Note	Actuals 2012 \$'000
		\$'000	%		
REVENUES					
<i>Operating revenue</i>					
Rates and charges	5,343	14	0%		5,357
Statutory fees & fines	111	(23)	-21%	1	88
User Charges	1,671	259	15%	2	1,930
Grants - Operating	635	315	50%	3	950
Grants - Capital	654	861	132%	4	1,515
Capital Contributions	-	26	100%	5	26
Contributions - Operating	-	-	0%		-
Reimbursements	54	(54)	-100%	6	-
Interest received	88	97	110%	7	185
Other Income	131	(91)	-69%	8	40
TOTAL OPERATING REVENUE	8,685	1,406	16%		10,091
EXPENSES					
<i>Operating expenses</i>					
Employee benefits	2,916	49	2%		2,867
Materials & Services	3,633	(19)	-1%	9	3,652
Bad and doubtful debts	2	(4)	-191%		6
Depreciation	709	(90)	-13%	10	799
Interest expense	107	15	14%	11	92
Other expenses	324	(15)	-5%		339
TOTAL OPERATING EXPENSES	7,690	(65)	-1%		7,755
OPERATING RESULT	995	1,341	135%		2,336
<i>Non-operating income and expenditure</i>					
Net gain/(loss) on disposal of property, infrastructure, plant and	(5)	(11)	211%		(16)
Increase in Unfunded Superannuation Liability	-	(218)	100%	12	(218)
Share of net profits of associates and joint ventures accounted for by the equity method	-	(30)	100%		(30)
SURPLUS / (DEFICIT)	990	1,082	109%		2,071
Net asset revaluation increment (decrement) on infrastructure	-	4,284	100%	13	4,284
COMPREHENSIVE RESULT	990	5,366	542%		6,355
<i>Adjustments to remove unmatched Capital income and other abnormals</i>					
minus Capital Income	(654)	(887)	136%		(1,541)
minus other abnormals and Library share	5	(4,025)	-80508%		(4,020)
<i>Adjustments to match grant funding to year of expenditure</i>					
operating grants from prior years expended in the current year	-	71	100%		71
operating grants received in the current year not spent by year end	-	(245)	100%		(245)
UNDERLYING OPERATING SURPLUS / (DEFICIT)	341	279	82%		620

Financial Report: Standard Statements

Standard Statement of Financial Performance - Variance Explanation Report

Note	Item	Explanation
1	Statutory fees & fines	Reduction in parking infringement income is the direct result of increased law enforcement, particularly in the vicinity of the boat ramp (for which additional car parking income has been received and is reflected in user charges below).
2	User Charges	Additional caravan park income as a result of the review and restructure of fees charged in line with market price. The additional two cabins in the recreation reserve have also contributed to total caravan park income above level budgeted (\$150,000). Lease income budgeted as "other income" and now included as user charges (\$100,000). Additional boat ramp parking income reflects increased law enforcement presence (\$17,000).
3	Grants - Operating	Victorian Grants Commission prepayment of first two quarters 2012/13 funding (\$145,000) with some increase above level budgeted (\$30,000). Grants received in the 2011/12 year, not budgeted, include: Coastal tender (\$76,000), Sustainability accord (\$20,000), Regional Victoria living expo (\$20,000), Music equipment (\$12,000) and Kindergarten planning (\$10,000).
4	Grants - Capital	Funding from the Country Roads & Bridges grant program, not budgeted, was \$1,000,000 (note this funding is \$1,000,000 per year for the four period 2011/12 - 2014/15).
5	Capital Contributions	Community contribution of \$26,000 received toward the Queenscliff sports club enhancement project.
6	Reimbursements	One long-term workcover claim ceased during 2011/12.
7	Interest received	High cash balances maintained throughout the year, resulting in additional interest income. The high cash balances are mainly due to operating and capital projects incomplete by year end and carried forward for completion in future years.
8	Other Income	Lease income budgeted as other income but now reported as user charges above (\$100,000).
9	Materials & Services	Whilst there is no real variance from budget in total, a number of items are worthy of comment. Some projects where expenditure was budgeted to occur in 2011/12 will not be completed until future years. These include: cliff safety project (\$210,000), contribution to the Queenscliff railway station toilet upgrade (\$40,000) and review of the planning scheme (\$37,000). This is offset in part by expenditure that occurred in 2011/12 but where the matching grant funding was received in prior years. (grants funding from prior years = \$71,000). Expenditure included at this item also included projects unbudgeted but where operating grants were received in the 2011/12 year.(\$70,000). Some savings in employee benefits during 2011/12 are offset by staff vacancies being filled by contractors (\$64,000). Additional legislation requirements in powerline tree clearance have resulted in expenditure above the level budgeted (\$38,000). The Councillor Conduct Panel costs were also not budgeted (\$38,000).
10	Depreciation	Increase in depreciation expense reflects revaluation of assets. Building and drainage assets were revalued in 2011/12.
11	Interest expense	Interest lower than budget due to variable rate on loans being lower than previous fixed interest rate (reviewed at least every three years to determine rate on loans).
12	Increase in Unfunded Superannuation Liability	The additional call on the Defined Benefit Superannuation Fund was not budgeted. Until recently, advice indicated that the expense would not be brought to account until the call was announced which would be in the 2012/13 financial year.
13	Net asset revaluation increment (decrement) on infrastructure	Revaluation increments are not budgeted, as results are not known at the time of setting the budget. Land, including land under roads, buildings including cabins and drainage assets were all revalued in 2011/12 and applied effective 30/06/12.

Financial Report: Standard Statements

Standard Statement of Financial Position - Comparison Report

	Budget 2012 \$'000	Variances		Note	Actuals 2012 \$'000
		\$'000	%		
ASSETS					
<i>Current Assets</i>					
Cash and cash equivalents	1,010	2,706	268%	1	3,716
Trade and other receivables	439	(9)	-2%		430
Inventories	7	(1)	-19%		6
Other assets	223	(65)	-29%	2	158
Total Current Assets	1,679	2,631	157%		4,310
<i>Non-Current Assets</i>					
Trade and other receivables	17	2	14%		19
Investments in associates accounted for using the equity method	271	(25)	-9%		246
Property, infrastructure, plant & equipment	58,156	7,829	13%	3	65,985
Total Non-Current Assets	58,444	7,806	13%		66,250
TOTAL ASSETS	60,123	10,437	17%		70,560
LIABILITIES					
<i>Current liabilities</i>					
Trade and other payables	796	136	17%	4	660
Trust funds and deposits	68	-	-1%		68
Provisions	432	(152)	-35%	5	584
Interest bearing loans and borrowings	1,228	142	12%		1,085
Total Current Liabilities	2,523	126	5%		2,397
<i>Non-Current Liabilities</i>					
Provisions	42	(222)	-529%	5	264
Total non-current liabilities	42	(222)	-529%		264
TOTAL LIABILITIES	2,565	(96)	-4%		2,661
NET ASSETS	57,560	10,340	18%		67,899
EQUITY					
Accumulated Surplus	31,649	(669)	-2%	7	30,980
Asset Revaluation reserve	25,568	8,698	34%	8	34,266
Discretionary Reserves	343	2,310	673%	9	2,653
TOTAL EQUITY	57,560	10,338	18%		67,899

Financial Report: Standard Statements

Standard Statement of Financial Position - Variance Explanation Report

Note	Item	Explanation
1	Cash and cash equivalents	Higher than budget, largely as a result of incomplete major projects and capital works which are carried forward into 2012/13 for completion. In addition, Country Roads & Bridges grant funding was not budgeted (\$1,000,000).
2	Other assets - current	Lower than budget, prepayment of insurance premiums not requested before 2011/12 ended, (as was the case with some policies in prior years). Insurance premiums were paid in July 2012, in line with invoice payment terms.
3	Property, plant & equipment, infrastructure	Higher than budget as a result of the asset revaluations conducted in 2011/12 for which amounts were not known at the time of setting the 2011/12 budget. Revaluations took place in relation to the following asset classes: land, including land under roads, buildings including cabins and drainage assets. The result on each asset class was a revaluation increment.
4	Trade and other payables	Lower than budget, due mainly to a number of projects carried forward for completion in future years.
5	Provisions - current and non current	Higher than budget, for both annual leave and long service provision. The increase in annual leave provision reflects the fact that not all staff used their four weeks entitlement during the financial year. The larger increase in employee provisions is in relation to long service leave, with staff transferring from other LGA's bringing their LSL accrual with them (note, this is accompanied by funding from the transferring LGA). The balance is the result of recent years staff appointments affecting the formula once they pass their three year tenure.
6	Interest bearing loans and borrowings - non current	Lower than budget, the result of delaying the new borrowings budgeted in 2011/12 (\$150,000). Given the continuing high cash balance, drawing down the new loan was to be deferred until the first quarter of the 2012/13 year (note a letter of approval for the new loan was obtained by 30 June 2012).
7	Accumulated surplus	Lower than budget, as a result of large balances being carried forward and held in reserves for completion of capital projects in the 2012/13 year.
8	Asset revaluation reserve	Revaluation of land including land under roads, buildings including cabins and drainage assets were undertaken, for which revaluation amounts were not known when the 2011/12 budget was prepared.
9	Discretionary reserves	Higher than budget as a result of works either not commenced or not completed. See Reserves Statement for details.

Financial Report: Standard Statements

Standard Statement of Cash Flows - Comparison Report

	Budget 2012 \$'000	Variances		Note	Actuals 2012 \$'000
		\$'000	%		
Cash flows from operating activities					
<i>Receipts</i>					
Rates and Charges	5,338	(47)	-1%		5,291
User fees & fines	1,764	532	30%	1	2,296
Grants & cash contributions	1,289	1,205	93%	2	2,494
Interest	-	199	100%	3	199
Other receipts	272	(228)	-84%	4	44
Net GST (payments) / refunds	-	294	100%	5	294
	8,663	1,954	23%		10,617
<i>Payments</i>					
Payments to suppliers	(3,850)	(371)	10%	6	(4,221)
Payments to employees	(2,895)	217	-7%		(2,678)
Other payments	(326)	(19)	6%		(345)
	(7,071)	(173)	2%		(7,244)
Net cash provided by operating activities	1,593	1,780	112%		3,373
Cash flows from investing activities					
Payments for property, plant and equipment,	(1,675)	(542)	32%	7	(2,217)
Proceeds from sale of assets	40	22	56%	8	62
Repayment of loans and advances	-	10	100%	9	10
Net cash used in investing activities	(1,635)	(510)	31%		(2,145)
Cash flows from financing activities					
Trust funds and deposits	-	1	0%		1
Interest expense	(107)	35	-33%	10	(72)
Proceeds from borrowings	150	(150)	0%		-
Repayment of borrowings	(344)	-	0%		(344)
Net cash provided by (used in) financing activities	(301)	(115)	38%		(416)
Net increase (decrease) in cash and cash equivalents	(344)	1,155	-336%		811
Cash and cash equivalents at beginning of period	1,354	1,551	115%		2,905
Cash and cash equivalents at end of year	1,010	2,706	268%		3,716

Financial Report: Standard Statements

Standard Statement of Cash Flows - Variance Explanation Report

Note	Item	Explanation
1	User charges, statutory fees & fines	Additional caravan park income as a result of the review and restructure of fees charged in line with market price. The additional two cabins in the recreation reserve have also contributed to total caravan park income above level budgeted (\$150,000). Lease income budgeted as "other income" and now included as user charges (\$100,000). Additional boat ramp parking income reflects increased law enforcement presence (\$17,000).
2	Grants & cash contributions	Victorian Grants Commission prepayment of first two quarters 2012/13 funding (\$145,000) with some increase above level budgeted (\$30,000). Grants received in the 2011/12 year, not budgeted, include: Coastal tender (\$76,000), Sustainability accord (\$20,000), Regional Victoria living expo (\$20,000), Music equipment (\$12,000) and Kindergarten planning (\$10,000). Capital funding from the Country Roads & Bridges grant program, not budgeted, was \$1,000,000.
3	Interest	High cash balances maintained throughout the year, resulting in additional interest income. The high cash balances are mainly due to operating and capital projects incomplete by year end and carried forward for completion in future years.
4	Other receipts	Lease income budgeted as other income but now reported as user charges above (\$100,000).
5	Net GST (payments) / refunds	Previously budgeted as a net-off with payments to suppliers, now reported as a net refund on its own line under Income.
6	Payments to suppliers	Additional grant funded projects have resulted in payments in excess of Budget. Some of the additional spend relates to projects carried forward from 2010/11 and completed during 2011/12.
7	Payments for property, plant and equipment, infrastructure	Higher than budget due to a number of unbudgeted projects being funded during the year plus expenditure on items carried over from 2010/11.
8	Proceeds from sale of property, plant and equipment, infrastructure	Additional turnover of one of the motor vehicle fleet.
9	Repayment of loans and advances	Repayment of heritage loan back to council.
10	Finance costs	Savings in interest payable on Superannuation liability by paying off earlier than budgeted.

Financial Report: Standard Statements

Standard Statement of Capital Works - Comparison Report

Capital Works Areas	Budget 2012 \$'000	Variances		Note	Actuals 2012 \$'000
		\$'000	%		
Roads	595	200	34%	1	395
Footpaths, Kerb & Channel	-	(42)	100%	2	42
Drains	45	37	82%	3	8
Open space	177	(385)	-218%	4	562
Buildings	731	(107)	-15%	5	838
Plant, equipment & other	126	(220)	-175%	6	346
Total capital works	1,674	(518)	-31%		2,192
Represented by:					
Asset renewal and upgrade	1,572	(273)	-17%		1,845
New assets	102	(245)	-240%		347
Total capital works	1,674	(518)	-31%		2,192

Property, Infrastructure, Plant and Equipment Movement Reconciliation Worksheet

The movement between the previous year and the current year in property, infrastructure, plant and equipment as shown in the Balance Sheet links to the net of the following items:

Total capital works	1,674	518	31%		2,192
Depreciation & amortisation	(709)	(90)	13%		(799)
Written down value of assets sold	(45)	45	-100%		-
Asset revaluation increment	-	4,284	100%		4,284
Impairment losses recognised in profit or loss	-	(78)	100%		(78)
Net movement in property, infrastructure, plant and equipment	919	4,683	510%		5,602

Financial Report: Standard Statements

Standard Statement of Capital Works - Variance Explanation Report

Note	Item	Explanation
1	Roads	Lower than budget as a result of some capital works projects being carried forward for completion in future years. This includes: Hesse Street revitalisation (\$102,000), Pedestrian crossing at Fellows & Grimes Roads (\$25,000) and the T.A.C. funded pedestrian & road safety strategy (\$10,000).
2	Footpaths, Kerb & Channel	This line item was not budgeted (previously included within roads or other), now separated out to reflect the asset classes included in Council's fixed asset register.
3	Drains	Lower than budget as a result of the rescheduling of some budgeted drainage and design works. The remaining balance has been carried forward and is held in reserve to meet these design and other renewal requirements in future years.
4	Open space	Higher than budget, largely as a result of projects for which Council received funding and this was carried forward and held in reserve in the 2010/11 year for completion in the 2011/12 year, including: Princess & Citizens Park development project (\$283,000) and the Point Lonsdale surf life saving and access ramp (\$121,000).
5	Buildings	Higher than budget, as a result of the Queenscliff sports club enhancement project, for which Council received funding and this was carried forward and held in reserve in the 2010/11 year and which has been expended during the 2011/12 year (note this project is continuing on into the 2012/13 year, with further grant funding and community contributions to be received and expended accordingly).
6	Plant, equipment & other	Higher than budget, largely as a result of three motor vehicles being replaced during 2011/12 (only two were budgeted) and one additional vehicle being purchased (not budgeted). Additional expenditure also took place with respect to information technology, including the replacement of two servers and the purchase of new I-Pads.

Financial Report: Standard Statements

Standard Statement of Investment Reserves - Comparison Report

Reserves	Budget 2012 \$'000	Variances		Note	Actuals 2012 \$'000
		\$'000	%		
Discretionary					
Crown land reserve	50	(50)	-100%	1	-
Asset replacement reserve	293	193	66%	2	486
Incomplete capital works	-	1,530	100%	3	1,530
Incomplete operating works	-	637	100%	4	637
Total discretionary reserves	343	2,310	0%		2,653
Total reserves	343	2,310	673%		2,653

Financial Report: Standard Statements

Standard Statement of Investment Reserves - Variance Explanation Report

Note	Item	Explanation
1	Crown land reserve	Council decision to end the separate reporting of a crown land reserve within the accounts of the Borough. Future reserve funding requirements in relation to crown land assets will be treated the same as for all other Council assets, that is to say that either the asset replacement reserve or carried forward operating and capital reserves will be used as appropriate.
2	Asset replacement reserve	Building renewal projects incomplete or not yet commenced at year end have had funds transferred to the Asset Renewal Reserve resulted in the closing balance finishing above budget. These include Council building renewal works (\$76,000) and foreshore asset renewal (\$80,000). Funds set aside in previous years for the Queenscliffe sports club enhancement project have now been used as Council's contribution to recent expenditure on this project (\$205,790).
3	Incomplete capital works	Council does not budget for carry forward works, as it is assumed that all budgets will be spent in the same year. However, funds have now been carried over into the incomplete capital works reserve at year-end, for completion in future years, some of which include: Country Roads & Bridges funding (\$799,000), Ferry to the pier (\$119,000 grant funding + \$89,000 Council contribution), Hesse Street revitalisation (\$101,000), Electrical points of supply at the Queenscliff Recreation Reserve Stage 1 (\$53,000) and Dog beach car park upgrade (\$50,000).
4	Incomplete operating works	Council does not budget for carry forward works, as it is assumed that all budgets will be spent in the same year. However, funds have now been carried over into the incomplete operating works reserve at year-end, for completion in future years, some of which include: Cliff safety (\$190,000 grant funding + \$20,000 Council contribution), Victoria Grants Commission (\$146,000), Coastal tender funding (\$76,000) and Significant tree register (\$50,000).

Financial Report: Standard Statements

Certification of Standard Statements

In my opinion, the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2007.



Ev Wuchatsch FCPA
Principal Accounting Officer
Date : 19 September 2012

In our opinion, the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the Local Government act 1989 and the Local Government (Finance and Reporting) Regulations 2007.

As at the date of signing, we are not aware of any circumstances which would render any particulars in the standard statements to be misleading or inaccurate.

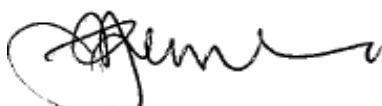
We have been authorised by the Council, on 19 September 2012, to certify the standard statements in their final form.



Councillor Bob Merriman
Councillor
Date : 19 September 2012
Queenscliff



Councillor John Burgess
Councillor
Date : 19 September 2012
Queenscliff



Leonard Jenner
Chief Executive Officer
Date : 19 September 2012
Queenscliff

Financial Report: Standard Statements



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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Borough of Queenscliffe

The Standard Statements and Financial Report

The accompanying standard statements for the year ended 30 June 2012 of the Council which comprises standard statement of financial performance, standard statement of financial position, standard statement of cash flows, standard statement of capital works, standard statement of investment reserves, the related notes and the certification of standard statements have been audited.

The accompanying financial report for the year ended 30 June 2012 of Borough of Queenscliffe which comprises comprehensive income statement, statement of financial position, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

The Councillors' Responsibility for the Standard Statements and Financial Report

The Councillors of the Borough of Queenscliffe are responsible for the preparation and the fair presentation of:

- the standard statements in accordance with the basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*
- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the standard statements and financial report that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the standard statements and financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the standard statements and financial report are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standard statements and financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the standard statements and financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the standard statements and financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating:

- the appropriateness of the accounting policies used in the financial report
- the reasonableness of accounting estimates made by the Councillors
- the overall presentation of the standard statements and financial report.

Auditing in the Public Interest

Financial Report: Standard Statements

Independent Auditor's Report (continued)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion:

- (a) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and comply with the requirements of the *Local Government Act 1989*
- (b) the financial report presents fairly, in all material respects, the financial position of Borough of Queenscliffe as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.


Basis of Accounting for Standard Statements

Without modifying my opinion, I draw attention to Note 1 to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

Matters Relating to the Electronic Publication of the Audited Standard Statements and Financial Report

This auditor's report relates to the standard statements and financial report of the Borough of Queenscliffe for the year ended 30 June 2012 included both in the Borough of Queenscliffe's annual report and on the website. The Councillors of the Borough of Queenscliffe are responsible for the integrity of the Borough of Queenscliffe's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the standard statements and financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited standard statements and financial report to confirm the information contained in the website version of the standard statements and financial report.

MELBOURNE
21 September 2012


D D R Pearson
Auditor-General

Borough of Queenscliffe
General Purpose Financial Statements
For the Year Ended 30 June 2012

Financial Report: Financial Statements

Comprehensive Income Statement

	Note	2012 \$'000	2011 \$'000
Income			
Rates and charges	2	5,357	5,099
Statutory fees and fines	3	88	108
User fees	4	1,930	1,733
Grants - recurrent	5	1,810	749
Grants - non-recurrent	5	654	668
Contributions - cash	6	26	1
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	7	(16)	5
Interest received	8	185	149
Other income	9	40	68
Share of net profits of associates and joint ventures accounted for by the equity method	18	(30)	5
Total income		<u>10,044</u>	<u>8,584</u>
Expenses			
Employee benefits	10	(2,867)	(2,573)
Superannuation - additional call	15	(218)	(45)
Materials and services	11	(3,652)	(3,428)
Bad and doubtful debts	12	(6)	(2)
Depreciation and amortisation	13	(799)	(745)
Finance costs	14	(92)	(115)
Other expenses	16	(339)	(201)
Impairment losses recognised in profit or loss	17	-	(116)
Total expenses		<u>(7,973)</u>	<u>(7,226)</u>
Profit/(loss)		<u>2,071</u>	<u>1,358</u>
Other comprehensive income			
Net asset revaluation increment/(decrement)	28(a)	4,284	4,414
Comprehensive result		<u>6,355</u>	<u>5,772</u>

The above comprehensive income statement should be read with the accompanying notes.

Financial Report: Financial Statements

Statement of Financial Position

	Note	2012 \$'000	2011 \$'000
Assets			
Current assets			
Cash and cash equivalents	19	3,716	2,905
Trade and other receivables	20	430	208
Inventories	21	6	6
Other assets	22	158	157
Total current assets		<u>4,310</u>	<u>3,276</u>
Non-current assets			
Trade and other receivables	20	19	35
Investments in associates accounted for using the equity method	18	246	276
Property, infrastructure, plant and equipment	23	65,985	60,387
Total non-current assets		<u>66,250</u>	<u>60,698</u>
Total assets		<u>70,560</u>	<u>63,974</u>
Liabilities			
Current liabilities			
Trade and other payables	24	660	484
Trust funds and deposits	25	68	68
Provisions	26	584	408
Interest-bearing loans and borrowings	27	1,085	1,429
Total current liabilities		<u>2,397</u>	<u>2,389</u>
Non-current liabilities			
Provisions	26	264	40
Total non-current liabilities		<u>264</u>	<u>40</u>
Total liabilities		<u>2,661</u>	<u>2,430</u>
Net Assets		<u>67,899</u>	<u>61,544</u>
Equity			
Accumulated surplus		30,980	29,516
Reserves	28	36,919	32,028
Total Equity		<u>67,899</u>	<u>61,544</u>

The above statement of financial position should be read with the accompanying notes.

Financial Report: Financial Statements

Statement of Changes in Equity

		Total	Accumulated	Asset	Other
	Note	2012	Surplus	Revaluation	Reserves
		2012	2012	2012	2012
		\$'000	\$'000	\$'000	\$'000
2012					
Balance at beginning of the financial year		61,543	29,516	29,982	2,046
Comprehensive result		6,355	2,071	4,284	-
Transfers to other reserves	28(b)	-	(2,461)	-	2,461
Transfers from other reserves	28(b)	-	1,854	-	(1,854)
Balance at end of the financial year		<u>67,899</u>	<u>30,980</u>	<u>34,267</u>	<u>2,653</u>
		Total	Accumulated	Asset	Other
		2011	Surplus	Revaluation	Reserves
		2011	2011	2011	2011
		\$'000	\$'000	\$'000	\$'000
2011					
Balance at beginning of the financial year		55,771	29,188	25,568	1,015
Comprehensive result		5,772	1,358	4,414	-
Transfers to other reserves	28(b)	0	(1,667)	-	1,667
Transfers from other reserves	28(b)	0	636	-	(636)
Balance at end of the financial year		<u>61,543</u>	<u>29,516</u>	<u>29,982</u>	<u>2,046</u>

The above statement of changes in equity should be read with the accompanying notes.

Financial Report: Financial Statements

Cash Flow Statement

		2012 Inflows/ (Outflows) \$'000	2011 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates		5,291	5,092
Statutory fees and fines		88	108
User charges and other fines (inclusive of GST)		2,208	1,696
Grants (inclusive of GST)		2,464	1,617
Contributions - cash (inclusive of GST)		29	12
Interest		199	118
Other receipts (inclusive of GST)		44	180
Net GST refund/payment		294	314
Payments to suppliers (inclusive of GST)		(4,221)	(4,195)
Payments to employees		(2,678)	(2,545)
Other payments		(345)	(210)
Net cash provided by (used in) operating activities	30	<u>3,373</u>	<u>2,188</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	44	(2,217)	(865)
Proceeds from sale of property, infrastructure, plant and equipment		62	32
Loans and advances to community organisations		-	(28)
Repayment of loans and advances from community organisations		10	4
Net cash provided by (used in) investing activities		<u>(2,146)</u>	<u>(857)</u>
Cash flows from financing activities			
Finance costs		(72)	(122)
Trust funds and deposits		1	-
Repayment of interest bearing loans and borrowings		(344)	(218)
Net cash provided by (used in) financing activities		<u>(416)</u>	<u>(340)</u>
Net increase (decrease) in cash and cash equivalents		811	991
Cash and cash equivalents at the beginning of the financial year		2,905	1,914
Cash and cash equivalents at the end of the financial year	19	<u>3,716</u>	<u>2,905</u>
Financing arrangements	32	5	5
Restrictions on cash assets	33	2,721	2,114

The above cash flow statement should be read with the accompanying notes.

Borough of Queenscliffe
Notes to the Financial Report
For the Year Ended 30 June 2012

Financial Report: Financial Statements

Notes to the Financial Report

Introduction

- (a) The Borough of Queenscliffe was established by an Order of the Governor in Council on 12 May 1863 and is a body corporate. The Council's main office is located at 50 Learmonth Street, Queenscliff.
- (b) The purpose of the Council is to:
- provide for the peace, order and good government of its municipal district;
 - to promote the social, economic and environmental viability and sustainability of the municipal district;
 - to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
 - to improve the overall quality of life of people in the local community;
 - to promote appropriate business and employment opportunities;
 - to ensure that services and facilities provided by the Council are accessible and equitable;
 - to ensure the equitable imposition of rates and charges; and
 - to ensure transparency and accountability in Council decision making.

External Auditor - Auditor-General of Victoria

Internal Auditor - RSM Bird Cameron

Solicitors - Harwood Andrews

Bankers - Bendigo Bank, Hesse Street, Queenscliff

Website address - www.queenscliffe.vic.gov.au

This financial report is a general purpose financial report that consists of a Comprehensive Income Statement, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act* 1989, and the Local Government (Finance and Reporting) Regulations 2004.

Note 1 Significant accounting policies

(a) Basis of accounting

This financial report has been prepared on the accrual and going concern bases.

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(h), 1(k) and 1(s).

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full.

Financial Report: Financial Statements

Note 1 Significant accounting policies (cont.)

(b) Correction of prior period error – useful life of drainage assets

Drainage assets

A fixed asset management review was conducted during the 2011/12 financial year, by Council's Engineer Mr. Stuart Hansen, specifically in relation to drainage assets. The review of drainage assets included a review of useful and remaining lives. The useful life of drainage assets has been amended and is included at 1(e) below.

The impact of the change was to reduce the value of accumulated depreciation with respect to drainage assets by \$638,000 and hence increase the written down value of drainage assets by this same amount, with an equivalent increase in opening accumulated surpluses. Refer also to Note 29.

(c) Revenue recognition

Rates, grants and contributions

Rates, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for doubtful debts on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 5. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.

User fees and fines

User fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for doubtful debts is recognised when collection in full is no longer probable.

Sale of property, infrastructure, plant and

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

Rental

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs.

Interest

Interest is recognised as it is earned.

Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred.

Financial Report: Financial Statements

Note 1 Significant accounting policies (cont.)

(d) Inventories

Inventories held for sale are measured at the lower of cost and net realisable value.

(e) Depreciation of property, infrastructure, plant and equipment

Buildings, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

<u>Property</u>	<u>Period</u>
buildings	
historical building - town hall	200 years
long life structure	120 years
short life structure	60 years
roof structure	60 years
mechanical services	25 years
building fit-out	25 years
caravan park cabins	15 years
<u>Plant and Equipment</u>	
plant, machinery and equipment	3-10 years
fixtures, fittings and furniture	10 years
computers and telecommunications	3 years
playground equipment	12.5 years
<u>Infrastructure</u>	
roads	
road pavements	70 years
road seals	12-14 years
road unsealed pavement	15 years
footpaths and cycleways	20-50 years
street furniture	30-40 years
drainage pipes	100 years (2011: 50-80 years)
drainage pits	100 years (2011: 50 years)
drainage pumps	20-30 years (2011: 20 years)
kerb and channel	60-80 years

The recent revaluation of building assets including caravan park cabins, provided by Opteon, resulted in an increase in depreciation expense of \$35,000 to a total of \$281,000 per annum for these specific building assets (2010/11: \$246,000).

The recent revaluation of drainage assets coupled with a review of useful and remaining lives of these drainage assets provided by Council's Projects and Contracts Engineer, Mr. Stuart Hansen, resulted in a reduction in depreciation expense of \$17,000 to a total of \$35,000 per annum for these specific drainage assets (2010/11: \$52,000).

Financial Report: Financial Statements

Note 1 Significant accounting policies (cont.)

(f) Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

(g) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

(h) Recognition and measurement of assets

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

The following classes of assets have been recognised in note 23. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	Threshold Limit \$'000
<u>Property</u>	
land	
land under roads	5
land improvements	5
buildings	
buildings	10
building improvements	10
caravan park cabins	10
<u>Plant and Equipment</u>	
plant, machinery and equipment	0.5
fixtures, fittings and furniture	0.5
computers and telecommunications	0.5
<u>Infrastructure</u>	
roads	
road pavements and seals	10
road substructure	10
road formation and earthworks	11
road kerb, channel and minor culverts	12
footpaths and cycleways	13
drainage	5
recreational, leisure and community facilities:	10
parks, open space and streetscapes	5

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment and recreational, leisure and community facilities, are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

In addition, Council undertakes a formal revaluation of land, buildings and infrastructure assets on a regular basis ranging from two years for land and buildings to three years for infrastructure assets. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation surplus except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation surplus for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Land under roads

Council recognises land under roads it controls at fair value.

Financial Report: Financial Statements

Note 1 Significant accounting policies (cont.)

(i) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(j) Investments

Investments, other than investments in associates, are measured at cost.

(k) Accounting for investments in associates

Council's investment in associates is accounted for by the equity method as the Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the entities. The Council's share of the financial result of the entities is recognised in the comprehensive income statement.

(l) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 25).

(m) Employee benefits

Wages and salaries

Liabilities for wages and salaries are recognised and measured as the amount unpaid at balance date and include appropriate oncosts such as workers compensation and payroll costs.

Annual leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date.

Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled.

Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Long service leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service.

Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled.

Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Classification of employee benefits

An employee benefit liability is classified as a current liability if the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

Superannuation

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees. In addition, Council may periodically be required to contribute to the defined benefits schemes for current and former employees. Details of these arrangements are recorded in note 34.

Financial Report: Financial Statements

Note 1 Significant accounting policies (cont.)

(n) Leases

Operating leases

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

(o) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being the Council's operational cycle, or if the Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

(p) Agreements equally proportionately unperformed

The Council does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed in the Statement of Financial Position. Such agreements are recognised on an 'as incurred' basis.

(q) Website costs

Costs in relation to websites are charged as an expense in the period in which they are incurred.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(t) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statement may not equate due to rounding.

(u) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

Financial Report: Financial Statements

(v)

Pending Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

<i>Standard / Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning or ending on</i>	<i>Impact on Local Government financial statements</i>
AASB 9: Financial instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include: * simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; * removing the tainting rules associated with held-to-maturity assets; * simplifying the requirements for embedded derivatives; * removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; * allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and * There is no longer any requirement to consider whether 'significant or prolonged' decline in the value of assets has occurred. The only impairment testing will be on those assets held at amortised cost., and all impairments will be eligible for reversal. * reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: a. the objective of the entity's business model for managing the financial assets; and b. the characteristics of the contractual cash flows.	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure
AASB 2011-3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments.	These standards are aimed at limiting certain recognition and measurement options to align with GFS, and supplemented by additional disclosures.	Applicable for annual reporting periods commencing on or after 1 July 2012.	These amendments are not expected to impact Council directly.
Key Characteristics of the Public Sector with Potential implications for Financial Reporting	These standards detail with numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council directly.
AASB 2010-9: Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters [AASB 1]	These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council directly.
AASB 2010-10: Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132]	These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instrument for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non derivative equity instruments.	Applicable for annual reporting periods commencing on or after 1 February 2011.	These amendments are not expected to impact Council directly.

Financial Report: Financial Statements

(v)

Pending Accounting Standards (cont)

AASB 13 Fair Value Measurement	<p>AASB 13 replaces the existing IFRS guidance on fair value measurement and disclosure. It applies whenever another standard permits or requires the use of fair value measurements. It sets out a fair value hierarchy for such measurements:</p> <ul style="list-style-type: none"> • Level 1 – quoted prices in active markets for identical assets and liabilities, which can be accessed at the measurement date. • Level 2 – inputs other than quoted market prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. • Level 3 – unobservable inputs for the asset or liability <p>There are also extensive disclosure requirements relating to each of the three levels within the hierarchy.</p>	Periods beginning on or after 1 January 2013	
AASB 119 Employee Benefits	<p>The revisions to AASB 119 will change the accounting treatment for some defined benefit superannuation schemes, including:</p> <ul style="list-style-type: none"> • Removing the option to use the 'corridor' method in recognizing the movement in the value of a defined benefit plan • Requiring remeasurements to be presented as part of Other Comprehensive Income • An increased level of disclosure for defined benefit plans • Termination benefits now distinguish between compensation for services provided and compensation for the termination of employment <p>The revisions to AASB 119 will change the accounting treatment for some defined benefit superannuation schemes, including:</p> <ul style="list-style-type: none"> • Removing the option to use the 'corridor' method in recognizing the movement in the value of a defined benefit plan • Requiring remeasurements to be presented as part of Other Comprehensive Income • An increased level of disclosure for defined benefit plans • Termination benefits now distinguish between compensation for services provided and compensation for the termination of employment 	Periods beginning on or after 1 January 2013	
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	<ul style="list-style-type: none"> • AASB 1053 creates a second tier of general purpose financial statements with reduced disclosure requirements for those entities which do not have 'public accountability' • The full recognition and measurement requirements of AIFRS must still be applied • AASB 2010-2 amends each standard to specify which disclosure requirements may be omitted following adoption of AASB 1053. • The AASB have left the concept of the reporting entity unchanged as a concept in determining whether general purpose financial statements are required. 	Periods beginning on or after 1 January 2013	<p>Adoption of the reduced disclosure regime is optional.</p> <p>Early adoption is permitted for periods beginning on or after 1 July 2009</p>
AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income	<p>This amendment changes the presentation of some items within Other Comprehensive Income (OCI):</p> <ul style="list-style-type: none"> • Items must be grouped together within OCI on the basis of whether they are potentially subsequently reclassifiable to profit and loss or not • Requires tax associated with OCI to be shown separately for each of these two groups <p>This amendment changes the presentation of some items within Other Comprehensive Income (OCI):</p> <ul style="list-style-type: none"> • Items must be grouped together within OCI on the basis of whether they are potentially subsequently reclassifiable to profit and loss or not • Requires tax associated with OCI to be shown separately for each of these two groups 	Periods beginning on or after 1 July 2012	
AASB 2012-1 Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements [As required]	This amendment sets out the reduced disclosure requirements in respect of fair value measurements being made under AASB 13 Fair Value Measurement	Periods beginning on or after 1 July 2013	Early adoption is permitted where AASB 13 Fair Value Measurement has also been adopted

(w)

Contingent assets and contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal value and inclusive of the GST payable.

Financial Report: Financial Statements

		2012 \$'000	2011 \$'000
Note 2	Rates and charges		
	Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV is the value of the land and all its improvements.		
	The valuation base used to calculate general rates for 2011/2012 was \$2,144 million (2010-2011 \$2,139 million). The 2011/2012 rate in the CIV dollar was 0.00240976 (2010-2011, 0.00230390).		
	Residential	4,718	4,447
	Commercial	610	612
	Supplementary rates and rate adjustments	14	22
	Garbage charge	12	11
	Special rates and charges	4	7
	Total rates and charges	5,357	5,099
	The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation will be first applied in the rating year commencing 1 July 2012.		
	The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation first applied to the rating period commencing 1 July 2010.		
Note 3	Statutory fees and fines		
	Town planning fees	52	55
	Infringements and costs	21	29
	Permits	10	15
	Land information certificates	3	4
	PERIN court recoveries	3	5
	Total statutory fees and fines	88	108
Note 4	User fees		
(a)	Caravan park fees	1,509	1,317
	Other rent - lease of Crown Land properties	64	114
	Other rent - lease of Council properties	35	27
	Boat ramp fees - ticket machine	97	71
	Aged services fees	83	92
	Registration fees	53	42
	Valuation fees/supplementary charges	38	3
	Tourism	14	17
	Recycling disposal income	14	15
	Building services fees	12	18
	Road occupancy charges	5	7
	Other fees and charges	7	10
	Total user fees	1,930	1,733
(b)	Ageing analysis of contractual receivables		
	Please refer to Note 38(e) for the ageing analysis of contractual receivables.		

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		2012 \$'000	2011 \$'000
Note 5	Grants		
	Grants were received in respect of the following :		
	Summary of grants		
	Federally funded grants	73	166
	State funded grants	2,314	1,253
	Others	78	(2)
	Total	2,464	1,417
	Recurrent		
	Country roads and bridges program	1,000	-
	Roads to recovery	-	70
	Home help/linkages	264	249
	Victoria Grants Commission - unallocated	178	149
	Victoria Grants Commission - unallocated (first two quarters of 2012/13 received in advance)	118	49
	Victoria Grants Commission - local roads	40	40
	Victoria Grants Commission - local roads (first two quarters of 2012/13 received in advance)	28	13
	Community aged care packages	73	66
	Maternal and child health	44	48
	Community services officer	21	19
	Heritage	14	15
	School crossing supervisors	12	12
	Other	18	19
	Total recurrent	1,810	749
	Total recurrent grant income above comprises:		
	Operating grant income	810	679
	Capital grant income	1,000	70
		1,810	749
	Non-recurrent		
	Queenscliff sports club enhancement	250	200
	Coastal tender	76	-
	Ferry to the pier	125	-
	Playground and park development	125	125
	Sustainability accord	20	-
	Regional Victoria living expo	20	-
	Music equipment	11	-
	Kindergarten funding	10	12
	Point Lonsdale bowls clubhouse facility upgrade	6	54
	Home help / linkages	9	9
	Other	2	10
	Coastal risk mitigation - cliff safety	-	190
	Town hall kitchen refurbishment	-	30
	Boat ramp upgrade including pontoons	-	28
	Point Lonsdale surf life saving and access ramp	-	10
	Total non-recurrent	654	668
	Total non-recurrent grant income above comprises:		
	Operating grant income	140	268
	Capital grant income	515	400
		654	668

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		2012 \$'000	2011 \$'000
Note 5 (cont)	Conditions on grants		
	Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
	Country roads and bridges program	799	-
	Ferry to the pier	119	-
	Victoria Grants Commission - unallocated	118	49
	Victoria Grants Commission - local roads	28	13
	Coastal tender	76	-
	Kindergarten funding	10	12
	Other	13	6
	Coastal risk mitigation - cliff safety	-	190
	Queenscliff sports club enhancement	-	138
	Princess and Citizens Park redevelopment	-	73
	Point Lonsdale surf life saving and access ramp	-	46
	Roads to recovery	-	21
	TAC pedestrian and road safety strategy	-	10
	Total	1,162	558
	Total grant income above comprises:		
	Operating grant income	245	270
	Capital grant income	918	288
		1,162	558
	Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
	Queenscliff sports club enhancement	138	-
	Princess and Citizens Park redevelopment	73	-
	Victoria Grants Commission - unallocated	49	42
	Victoria Grants Commission - local roads	13	13
	Point Lonsdale surf life saving and access ramp	46	33
	Roads to recovery	21	-
	Other	8	4
	Kirk Road war memorial project	-	9
	TAC pedestrian and road safety strategy	-	3
		350	104
	Total grant income above comprises:		
	Operating grant income	71	59
	Capital grant income	278	45
		350	104
	Net increase (decrease) in restricted assets resulting from grant revenues for the year:	812	454

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		2012 \$'000	2011 \$'000
Note 6	Contributions		
	Cash		
	Buildings - Queenscliff Sports Club enhancement	26	-
	Recreational, leisure and community facilities	-	1
	Total contributions	26	1
	Total contribution income above comprises:		
	Operating contribution income	-	-
	Capital contribution income	26	1
		26	1
Note 7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
	Proceeds of sale	62	32
	Written down value of assets disposed	(78)	(26)
	Total	(16)	5
Note 8	Interest received		
	Interest	174	137
	Interest on rates	11	12
	Total interest received	185	149
Note 9	Other income		
	Reimbursements - workcover	40	48
	Reimbursements - other	-	22
	Other	-	(2)
	Total other income	40	68
Note 10	Employee benefits		
	Wages and salaries	2,258	2,094
	Superannuation	211	196
	Workcover	85	89
	Overtime	100	68
	Annual leave and long service leave	181	103
	Fringe benefits tax	32	22
	Total employee benefits	2,867	2,573
Note 11	Materials and services		
	Contract payments - road maintenance and works	595	518
	Contract payments - waste disposal	369	436
	Contract payments - staff (I.T., engineering, health, building, planning, heritage, V.I.C.)	252	196
	Contract payments - public conveniences	79	94
	Contract payments - maternal and child health	58	58
	Contract payments - other	113	127
	Materials and services	741	697
	Building, works, plant and equipment maintenance	432	396
	Contribution to Geelong regional library corporation	209	190
	Utilities	226	196
	Insurance	139	128
	Fuel and travel expenses	51	50
	Recruitment costs	44	-
	Councillor conduct panel	38	-
	Point Lonsdale Bowls Clubhouse Upgrade	-	73
	Software maintenance	24	43
	Telephone and internet charges	42	43

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		2012 \$'000	2011 \$'000
Note 11 (cont)	Legal expenses	34	37
	Powerline and sundry tree clearance	72	33
	Security	30	30
	Review of the planning scheme	18	27
	Road condition survey	-	15
	Sustainability - carbon neutral action program	53	11
	Fire and emergency management	1	11
	Tree removal and replacement program	27	8
	Point Lonsdale structure plan	-	6
	Other	4	5
	Total materials and services	3,652	3,428
Note 12	Bad and doubtful debts		
	Parking fine debtors	-	2
	Caravan park debtors	6	-
	Total bad and doubtful debts	6	2
Note 13	Depreciation and amortisation		
	<i>Property</i>		
	Buildings		
	Buildings	217	211
	Caravan park cabins	29	25
	<i>Plant and Equipment</i>		
	Plant, machinery and equipment	57	40
	Fixtures, fittings and furniture	26	24
	Computers and telecommunications	27	29
	Recreation equipment	64	62
	<i>Infrastructure</i>		
	Roads	246	232
	Kerb and channel	29	29
	Footpaths and cycleways	39	38
	Drainage	52	51
	Recreational, leisure and community facilities	12	4
	Total depreciation and amortisation	799	745
Note 14	Finance costs		
	Interest - Borrowings	92	115
	Total finance costs	92	115
Note 15	Superannuation - additional call		
	Superannuation - additional call on Defined Benefits Fund	218	45
	Total superannuation - additional call	218	45

* During the prior period (2011) Council was required to make an additional contribution to Vision Super to meet our obligations in relation to members of the defined benefit plan. Vision super also advised In July 2012 of another call payable on 1 July 2013. This call is recognised as an expense in the 2012 period and a non-current liability under Employee Provisions (see note 26).

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		2012 \$'000	2011 \$'000
Note 16	Other expenses		
	Auditors' remuneration	51	50
	Councillors' allowances	111	108
	Operating lease rentals	46	36
	Landfill disposal levy	119	-
	Other	12	8
	Total other expenses	339	201
Note 17	Impairment losses recognised in profit or loss *	-	116
	* Impairment losses are included by asset class at Note 23		
Note 18	Investment in associates		
	Investments in associates accounted for by the equity method are:		
	- Geelong regional library corporation	246	276
	Total	246	276
	Geelong regional library corporation		
	<i>Background</i>		
	The Borough 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 unaudited financial statements for the year ended 30 June 2012. The Borough's share of the net assets is calculated on the same ratio as it contributes to the operating costs of the service. Annual contributions to the library service are included in the Income Statement.		
	<i>Council's share of accumulated surplus(deficit)</i>		
	Council's share of accumulated surplus(deficit) at start of year	276	271
	Reported surplus(deficit) for year	(30)	5
	Council's share of accumulated surplus(deficit) at end of year	246	276
Note 19	Cash and cash equivalents		
	Cash on hand	2	1
	Cash at bank	385	861
	Money market call account	956	24
	Term deposits	2,374	2,019
	Total cash and cash equivalents	3,716	2,905
	Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:		
	- Reserve funds allocated for specific future purposes (Note 28)	2,653	2,046
	- Trust funds and deposits (Note 25)	68	68
	Restricted Funds	2,721	2,114
	Total unrestricted cash and cash equivalents	995	791

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		2012 \$'000	2011 \$'000
Note 20	Trade and other receivables		
	<i>Current</i>		
	Rates debtors	115	94
	Pensioner rebate	45	-
	Caravan park debtors	25	-
	Provision for doubtful debts - caravan park income	(6)	-
	Parking infringement debtors	12	12
	Provision for doubtful debts - parking infringements	(3)	(4)
	Loans and advances to community organisations	10	10
	Queenscliff sports club enhancement	29	-
	Restitution costs	13	-
	Crown Land amenities	-	28
	Other	31	34
	Net GST receivable	159	34
	Total	430	208
	<i>Non-current</i>		
	Loans and advances to community organisations	14	25
	Salary recharge	5	10
	Total	19	35
	Total trade and other receivables	450	243
Note 21	Inventories		
	Inventories held for sale	6	6
	Total inventories	6	6
Note 22	Other assets		
	<i>Current</i>		
	Prepayments	73	93
	Accrued income	85	64
	Total	158	157

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Note 23

Property, infrastructure, plant and equipment

	2012 \$'000	2011 \$'000
Summary		
at cost	4,676	16,403
Less accumulated depreciation	969	875
	3,707	15,527
at fair value as at 1 July 2007	-	2,843
at fair value as at 30 June 2010	-	42,491
at fair value as at 1 July 2010	17,826	17,826
at fair value as at 30 June 2012	64,992	-
Less accumulated depreciation	20,540	18,300
	62,278	44,859
Total	65,985	60,387
Property		
Land		
at fair value as at 30 June 2010	-	20,059
at fair value as at 30 June 2012	21,233	-
	21,233	20,059
Land under roads		
at cost at 1 July 2008	-	13,108
at fair value as at 30 June 2012	14,348	-
	14,348	13,108
Total Land	35,581	33,167
Buildings		
at cost	-	171
Less accumulated depreciation	-	3
	-	168
at fair value as at 30 June 2010	-	22,063
at fair value as at 30 June 2012	25,256	-
Less accumulated depreciation	12,242	10,708
	13,015	11,355
	13,015	11,523
Caravan park cabins		
at fair value as at 30 June 2010	-	370
at fair value as at 30 June 2012	484	-
Less accumulated depreciation	98	62
	386	308
	386	308
Total Buildings	13,401	11,831
Total Property	48,982	44,998

Valuation of land (including land under roads) was undertaken by a qualified independent valuer from Landlink - Opteon. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions.

Land under roads is at fair value, using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services.

Valuation of buildings was undertaken by Landlink - Opteon, using the work of CT Management conducted two years ago and in line with Rawlinson's Aust. Construction Handbook as a guide for building costs. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation.

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Note 23	Property, infrastructure, plant and equipment (cont)	2012 \$'000	2011 \$'000
	<i>Plant and Equipment</i>		
	Plant, machinery and equipment		
	at cost	419	354
	Less accumulated depreciation	170	159
		249	195
	Fixtures, fittings and furniture		
	at cost	322	309
	Less accumulated depreciation	146	123
		176	186
	Computers and telecommunications		
	at cost	310	278
	Less accumulated depreciation	193	219
		115	59
	Recreation equipment		
	at cost	903	870
	Less accumulated amortisation	407	343
		496	527
	Total Plant and Equipment	1,036	967
	<i>Infrastructure</i>		
	Roads		
	at cost	305	150
	Less accumulated depreciation	17	2
		287	148
	at fair value as at 1 July 2010	14,043	14,043
	Less accumulated depreciation	5,009	4,778
		9,034	9,265
		9,321	9,413
	Kerb and channel		
	at cost	31	30
	Less accumulated depreciation	1	-
		30	30
	at fair value as at 1 July 2010	2,295	2,295
	Less accumulated depreciation	851	822
		1,445	1,473
		1,475	1,503
	Footpaths and cycleways		
	at cost	66	25
	Less accumulated depreciation	2	-
		64	25
	at fair value as at 1 July 2010	1,488	1,488
	Less accumulated depreciation	591	552
		897	936
		963	962

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Note 23	Property, infrastructure, plant and equipment (cont)	2012 \$'000	2011 \$'000
	Drainage		
	at cost	-	253
	Less accumulated depreciation	-	5
		-	248
	at fair value as at 1 July 2007	-	2,843
	at fair value as at 30 June 2012	3,671	-
	Less accumulated depreciation	1,750	1,378
		1,921	1,465
		1,921	1,712
	Recreational, leisure and community facilities		
	at cost	1,111	447
	Less accumulated depreciation	34	22
		1,076	425
	Total Infrastructure	14,757	14,015
	Valuation of roads, kerb and channel, footpaths and cycleways has been determined in accordance with an independent valuation undertaken by Mr Peter Moloney, Dip C.E.C.E.MIE Aust as at 1 July 2010. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation. The next revaluation of roads, kerb and channel, footpaths and cycleways will occur in 2013/2014. The drainage valuation was conducted by Council's engineer, Mr. Stuart Hansen, during 2011/2012.		
	Works in progress		
	Property at cost	884	250
	Infrastructure at cost	288	92
	Plant and equipment at cost	38	66
	Total Works in progress	1,210	407
	Total property, infrastructure, plant and equipment	65,985	60,387

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Note 23 Property, infrastructure, plant and equipment

2012	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 28)	Depreciation and amortisation (note 13)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property								
land	20,059	-	1,174	-	-	-	-	21,233
land under roads	13,108	-	1,240	-	-	-	-	14,348
Total land	33,167	-	2,414	-	-	-	-	35,581
buildings	11,523	75	1,596	217	-	-	38	13,014
caravan park cabins	308	-	22	29	-	-	87	387
Total buildings	11,831	75	1,618	246	-	-	126	13,401
Total property	44,998	75	4,031	246	-	-	126	48,982
Plant and Equipment								
plant, machinery and equipment	195	185	-	57	74	-	-	249
fixtures, fittings and furniture	186	15	-	26	-	-	-	176
computers and telecommunications	59	87	-	27	4	-	-	115
recreation equipment	527	33	-	64	-	-	-	496
Total plant and equipment	967	319	-	174	78	-	-	1,036
Infrastructure								
roads	9,413	154	-	246	-	-	-	9,321
kerb and channel	1,503	1	-	29	-	-	-	1,475
footpaths and cycleways	961	41	-	39	-	-	-	963
drainage	1,713	8	253	52	-	-	-	1,921
recreational, leisure and community facilities	425	222	-	12	-	-	440	1,076
Total infrastructure	14,015	427	253	378	-	-	440	14,757
Works in progress								
property	249	763	-	-	-	-	(127)	884
infrastructure	92	241	-	-	-	-	(44)	288
plant and equipment	66	367	-	-	-	-	(395)	38
Total works in progress	407	1,372	-	-	-	-	(566)	1,210
Total property, infrastructure, plant and equipment	60,386	2,192	4,284	799	78	-	-	65,985

(a) Impairment losses

Impairment losses are recognised in the comprehensive income statement under other expenses.

Reversals of impairment losses are recognised in the comprehensive income statement under other revenue.

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Note 23 Property, infrastructure, plant and equipment (cont.)

2011	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 28)	Depreciation and amortisation (note 13)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Change in accounting estimate (note 29)	Recognition of assets for first time (note 29)	Derecognition of assets (note 29)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property											
land	20,059	-	-	-	-	-	-	-	-	-	20,059
land under roads	13,108	-	-	-	-	-	-	-	-	-	13,108
Total land	33,167	-	-	-	-	-	-	-	-	-	33,167
buildings	11,563	103	-	211	-	-	-	-	-	68	11,523
caravan park cabins	333	-	-	25	-	-	-	-	-	-	308
Total buildings	11,896	103	-	236	-	-	-	-	-	68	11,831
Total property	45,063	103	-	236	-	-	-	-	-	68	44,998
Plant and Equipment											
plant, machinery and equipment	163	98	-	40	26	-	-	-	-	-	195
fixtures, fittings and furniture	188	22	-	24	-	-	-	-	-	-	186
computers and telecommunications	66	22	-	29	-	-	-	-	-	-	59
recreation equipment	299	32	-	62	-	-	-	-	-	258	527
Total plant and equipment	716	173	-	155	26	-	-	-	-	258	967
Infrastructure											
roads	5,762	150	3,734	232	-	-	-	-	-	-	9,413
kerb and channel	1,211	30	291	29	-	-	-	-	-	-	1,503
footpaths and cycleways	585	25	389	38	-	-	-	-	-	-	961
drainage	995	35	-	51	-	-	638	100	(14)	9	1,713
recreational, leisure and community facilities	265	115	-	4	-	116	-	-	-	165	425
Total infrastructure	8,818	355	4,414	354	-	116	638	100	(14)	174	14,015
Works in progress											
property	135	182	-	-	-	-	-	-	-	(68)	249
infrastructure	222	43	-	-	-	-	-	-	-	(174)	92
plant and equipment	258	66	-	-	-	-	-	-	-	(258)	66
Total works in progress	615	292	-	-	-	-	-	-	-	(500)	407
Total property, infrastructure, plant and equipment	55,212	923	4,414	745	26	116	638	100	(14)	-	60,386

(a) Impairment losses

Impairment losses are recognised in the comprehensive income statement under other expenses.

Reversals of impairment losses are recognised in the comprehensive income statement under other revenue.

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		2012 \$'000	2011 \$'000
Note 24	Trade and other payables		
	Trade payables	421	272
	Accrued expenses	238	212
	Total trade and other payables	660	484
Note 25	Trust funds and deposits		
	Revolving restoration fund	41	41
	Community nursery	12	12
	Retention amounts	4	6
	Other refundable deposits	11	8
	Total trust funds and deposits	68	68

The revolving restoration fund refers to funding received from Heritage Victoria to enable Council to provide the community with low interest loans for heritage work on their properties.

Note 26	Provisions					
		Superannuation - Defined Benefit Fund call	Annual leave	Long service leave	Accrued days off	Total
	2012	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
	Balance at beginning of the financial year	-	162	286	-	448
	Additional provisions	218	117	137	-	472
	Amounts used	-	(45)	(29)	-	(73)
	Balance at the end of the financial year	218	234	394	-	847
	2011					
	Balance at beginning of the financial year	-	159	257	19	435
	Additional provisions	-	41	62	-	103
	Amounts used	-	(38)	(33)	(19)	(90)
	Balance at the end of the financial year	-	162	286	-	448
					2012 \$'000	2011 \$'000
	Employee benefits					
	Current (i)					
	Annual leave				234	162
	Long service leave				348	246
					584	408
	Non-current (ii)					
	Long service leave				46	40
	Superannuation additional call - Defined Benefits Scheme (see Note 34)				218	-
					264	40
	Aggregate carrying amount of employee benefits:					
	Current				584	408
	Non-current				264	40
					847	448
	The following assumptions were adopted in measuring the present value of employee benefits:					
	Weighted average increase in employee costs				4.313%	4.600%
	Weighted average discount rates				2.59%	4.80%
	Weighted average settlement period				15	15
	(i) Current					
	All annual leave and the long service leave entitlements representing five or more years of continuous service					
	- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value				234	162
	- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value				348	246
					584	408
	(ii) Non-current					
	Long service leave representing less than five years of continuous service measured at present				46	40
	Superannuation liability for Defined Benefit Fund not payable until 1 July 2013.				218	-
					264	40

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		2012 \$'000	2011 \$'000
Note 27	Interest-bearing loans and borrowings		
	<i>Current</i>		
	Borrowings - secured	1,085	1,287
	Superannuation - liability	-	142
		<u>1,085</u>	<u>1,429</u>
	Total	<u>1,085</u>	<u>1,429</u>
	The maturity profile for Council's borrowings is:		
	Not later than one year	216	343
	Later than one year and not later than five years	808	827
	Later than five years	61	259
	Total	<u>1,085</u>	<u>1,429</u>
	<i>Bank overdraft</i>		
	Council did not make use of a bank overdraft facility during the 2011/12 financial year (2010/11 not used)		
	<i>Finance leases</i>		
	Council had no finance leases at year-end.		

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Note 28 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
(a) Asset revaluation surplus	\$'000	\$'000	\$'000
2012			
Property			
Land	18,393	1,174	19,567
Land under roads	-	1,240	1,240
Buildings	7,133	1,596	8,729
Caravan park cabins	42	22	64
	25,568	4,031	29,599
Infrastructure			
Roads	3,734	-	3,734
Kerb and channel	291	-	291
Footpaths and cycleways	389	-	389
Drainage	-	253	253
	4,414	253	4,667
Total asset revaluation surplus	29,982	4,284	34,266
2011			
Property			
Land	18,393	-	18,393
Land under roads	-	-	-
Buildings	7,133	-	7,133
Caravan park cabins	42	-	42
	25,568	-	25,568
Infrastructure			
Roads	-	3,734	3,734
Kerb and channel	-	291	291
Footpaths and cycleways	-	389	389
Drainage	-	-	-
	-	4,414	4,414
Total asset revaluation surplus	25,568	4,414	29,982

The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of Council's assets. It is used to record material differences between the current market value of an asset and the amount at which it has previously been carried in the Balance Sheet. Land, buildings and drainage assets have been revalued during the 2011/12 financial year. The next revaluation of infrastructure assets will be due in the 2013/14 financial year.

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Note 28 Reserves (cont)

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
(b) Other reserves	\$'000	\$'000	\$'000	\$'000
2012				
Crown Land Reserve	1,226	-	(1,226)	-
Incomplete Capital Works	374	1,391	(235)	1,530
Incomplete Operating Works	217	586	(166)	637
Asset Replacement Reserve	229	484	(227)	486
Total Other reserves	2,046	2,461	(1,854)	2,653
2011				
Crown Land Reserves	686	847	(307)	1,226
Incomplete Capital Works	145	374	(145)	374
Incomplete Operating Works	184	217	(184)	217
Asset Replacement Reserve	-	229	-	229
Total Other reserves	1,015	1,667	(636)	2,046

Crown Land Reserve - represents the balance of funds of Council Crown Land Reserve. Funds generated by Council's boat ramp and caravan park activities fund this reserve. Expenditures from this reserve fund improvements on crown land.

Incomplete Works Reserves (capital and operating) represent those projects which are not complete at year end and funding is reserved from current year operations to be carried forward into the following year. Some of the capital projects are recorded as Works in Progress in Note 23, whilst details of each project for which grants remain unexpended are at Note 5.

Asset Replacement Reserve - represents funds set aside for future building and infrastructure renewal needs.

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	2012 \$'000	2011 \$'000
Note 29		
Adjustments directly to equity		
Adjustment on change in accounting estimate resulting from review of useful lives of drainage assets	638	-
Net adjustment arising from recognition and derecognition of drainage assets	86	-
Net adjustment arising from recognition and derecognition of roads	-	(113)
	724	(113)

A fixed asset management review was conducted during the 2011/12 financial year, by Council's Engineer Mr. Stuart Hansen, specifically in relation to drainage assets. As a result of this review, some drainage assets have been removed from Council's asset register. Conversely, other drainage assets were identified and have been added to Council's asset register. These are included above as the net adjustment arising from recognition and derecognition of drainage assets.

The review of drainage assets included a review of useful and remaining lives. Drainage pipes, previously recorded as having useful lives ranging from 50 to 80 years, has now been revised to a useful life of 100 years for all pipes. Drainage pits, previously recorded as having a useful life of 50 years, has now been revised to a useful life of 100 years. Drainage pumps, previously recorded as having a useful life of 20 years, has now been revised to useful lives ranging from 10 to 20 years. Note 1(e) to the financial report has been amended to reflect the new useful lives for drainage assets. The impact of changes to the useful and remaining lives of drainage assets is included above as the adjustment on change in accounting estimate resulting from review of useful lives of drainage assets.

The opening position for 2010/11 accumulated surplus has been adjusted to reflect the above adjustments directly to equity.

These adjustments have not had a material impact on the opening balances in the financial report and as such a third balance sheet has not been included.

Note 30	Reconciliation of cash flows from operating activities to surplus (deficit)		
	Profit/(loss)	2,071	1,358
	Depreciation/amortisation	799	745
	(Profit)/loss on disposal of property, infrastructure, plant and equipment	16	(5)
	Finance costs	92	115
	Impairment loss recognised in profit or loss - recreational, leisure and community facilities	-	116
	<i>Change in assets and liabilities:</i>		
	(Increase)/decrease in trade and other receivables	(207)	181
	(Increase)/decrease in inventories	-	1
	(Increase)/decrease in prepayments	19	66
	(Increase)/decrease in accrued income	(21)	-
	(Increase)/decrease in regional library equity	30	(5)
	Increase/(decrease) in trade and other payables	149	(334)
	Increase/(decrease) in accrued expenses	26	(64)
	Increase/(decrease) in provisions	399	13
	Net cash provided by/(used in) operating activities	3,373	2,188

Note 31	Reconciliation of cash and cash equivalents		
	Cash and cash equivalents (see note 19)	3,716	2,905
	Total reconciliation of cash and cash equivalents	3,716	2,905

Note 32	Financing arrangements		
	Bank overdraft	5	5
	Unused facilities	5	5

Note 33	Restricted assets		
	Council has cash and cash equivalents (note 19) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to trust accounts and reserve funds.		
	Trust funds and deposits (note 25)	68	68
	Reserve funds (note 28)	2,653	2,046
	Total restricted assets	2,721	2,114

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Note 34 Superannuation

Post-employment Benefit

Borough of Queenscliffe makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). *Obligations for contributions are recognised as an expense in profit or loss when they are due.* The Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently.

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Plan

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Plan's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to reliably allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32 (b) of AASB 119, Council does not use defined benefit accounting for these contributions.

Borough of Queenscliffe makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, Borough of Queenscliffe makes the following contributions:-

- 9.25% of members' salaries (same as previous year);
- the difference between resignation and retrenchment benefits paid to any retrenched employees, plus contribution tax (same as previous year);

The Fund surplus or deficit (ie the difference between fund assets and liabilities) is calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in the council's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

The Local Government authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$453 million (including contributions tax) in the defined benefit fund of which we are a member. Council was made aware of the expected shortfall through the year and was informed formally of their share of the shortfall on 31 July 2012 which amounted to \$185,449.70 plus contributions tax of \$32,726.42. Council will consider the options for repayment of the liability in light of the 2012/13 budget. Council has accounted for the shortfall in the Comprehensive Income Statement (see note 15) and in the Statement of Financial Position in note 26.

Council also makes employer superannuation contributions in respect of its employees to a variety of employee nominated accumulation funds (REI, Health Super, Hostplus, HESTA and Wuchatsch). *Obligations for contributions are recognised as an expense in profit or loss when they are due.*

Council made Contributions to the following funds:

Fund	2012 \$'000	2011 \$'000
Defined benefits fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	13	2
	13	2
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super)	218	142
	218	142
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	176	175
Employer contributions to REI, Health Super, Hostplus, HESTA and Wuchatsch	19	19
	195	194

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Note 35 Commitments

The Council has entered into the following commitments

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Total \$'000
2012				
<i>Operating</i>				
Roads, parks and reserves maintenance	703	690	1,381	2,775
Garbage collection	370	-	-	370
Internal Audit	21	21	10	52
Information systems & technology	28	28	16	72
Total	1,122	739	1,407	3,269
<i>Capital</i>				
Buildings	251	-	-	251
Total	251	-	-	251
Total	1,373	739	1,407	3,520

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Total \$'000
2011				
<i>Operating</i>				
Roads, parks and reserves maintenance	691	-	-	691
Garbage collection	360	370	-	730
Cleaning contracts for council buildings	35	-	-	35
Home maintenance services	64	-	-	64
Heritage advisory service	45	-	-	45
Environmental health	52	-	-	52
Information systems & technology	-	-	-	-
	1,247	370	-	1,617
<i>Capital</i>				
Buildings	837	-	-	837
Other	86	-	-	86
	923	-	-	923
Total	2,170	370	-	2,540

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		2012 \$'000	2011 \$'000
Note 36	Operating leases		
	Operating lease commitments		
	At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and motor vehicles for use within Council's activities (these obligations are not recognised as liabilities):		
	Not later than one year	47	32
	Later than one year and not later than five years	79	88
		<u>127</u>	<u>120</u>
Note 37	Contingent liabilities		
	Council has a number of matters which involve engaging the services of council's solicitor Harwood Andrews. These relate to the following:		
	- advice regarding insurance claims		
	- advice regarding major works contract		
	- advice regarding planning proposal under the Queenscliffe Planning Scheme		
	- review of regulatory and operational issues at caravan and camping parks		
	The total cost of these items is estimated at \$33,700		
	Superannuation		
	Council has disclosed a liability of \$218,000 (Note 26) being the superannuation call from Vision Super. Notwithstanding this, Council's obligations under a defined benefit superannuation scheme may result in the need to make further contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. Due to fluctuations in the value of assets underlying the fund and movements in the liabilities of the fund, Council may be required to make an additional contribution to the fund. At this point, Council cannot measure the level of any potential future exposure as the amount of such exposure is uncertain.		
	Guarantees for loans to other entities	<u>-</u>	<u>11</u>
	In March 2007 Council agreed to act as guarantor for a loan to the Queenscliff Golf Club to a maximum value of \$50,000. The loan advance was provided by the Bendigo Bank and was drawn down for the full amount of \$50,000 on 25 May 2007. The remainder of this loan was paid off by the Club during 2011/12 (2010/11 : \$10,561).		

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Note 38

Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	19	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments and bills are valued at cost.</p> <p>Investments are held to maximise interest returns of surplus cash.</p> <p>Interest revenues are recognised as they accrue.</p> <p>Managed funds are measured at market value.</p>	<p>On call deposits returned a floating interest rate of between 2.00% (2.00% in 2010/2011) and 6.25% (6.00% in 2010/2011). The interest rate on the balance held in Council's general bank account at balance date was 1.75% (4.00% in 2010/2011).</p> <p>Funds returned fixed interest rate of between 4.00% (4.75% in 2010/2011), and 6.25% (6.25% in 2010/2011) net of fees.</p> <p>Nil managed funds for 2011/2012 (Nil for 2010/2011)</p>
Trade and other receivables	20	<p>Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred.</p> <p>Collectability of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured. Credit terms are based on 30 days.</p>
Financial Liabilities			
Trade and other payables	24	<p>Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.</p>	<p>General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p>
Interest-bearing loans and borrowings	27	<p>Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.</p>	<p>Borrowings are secured by way of mortgages over the general rates of the Council.</p> <p>The weighted average interest rate on borrowings is 7.55% (8.03% in 2010/2011).</p>
Bank overdraft	32	<p>Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.</p>	<p>The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. Nil overdraft for 2011/12 (Nil for 2010/11). The interest rate as at balance date was 9.79% (10.49% in 2010/2011).</p>

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Note 38 Financial instruments (cont.)

(b) Interest Rate Risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

2012

	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets						
Cash and cash equivalents	1,340	2,374	-	-	2	3,716
Trade and other receivables	-	10	14	-	307	331
Accrued income	-	-	-	-	85	85
Total financial assets	1,340	2,384	14	-	393	4,132
Weighted average interest rate	3.00%	5.04%				
Financial liabilities						
Trade and other payables	-	-	-	-	660	660
Trust funds and deposits	-	-	-	-	68	68
Interest-bearing loans and borrowings	-	1,085	808	61	-	1,085
Total financial liabilities	-	1,085	808	61	729	1,814
Weighted average interest rate		7.26%	7.54%	8.79%		
Net financial assets (liabilities)	1,340	1,299	(794)	(61)	(335)	2,318

2011

	Floating Interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets						
Cash and cash equivalents	885	2,019	-	-	1	2,905
Trade and other receivables	-	10	25	-	104	140
Accrued income	-	-	-	-	64	64
Total financial assets	885	2,029	25	-	170	3,109
Weighted average interest rate	3.95%	6.01%				
Financial liabilities						
Trade and other payables	-	-	-	-	484	484
Trust funds and deposits	-	-	-	-	68	68
Interest-bearing loans and borrowings	142	1,287	827	259	-	1,429
Total financial liabilities	142	1,287	827	259	552	1,981
Weighted average interest rate		7.80%	7.98%	8.34%		
Net financial assets (liabilities)	743	742	(802)	(259)	(382)	1,128

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Note 38 Financial Instruments (cont.)

(c) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

Financial Instruments	Total carrying amount as per Statement of Financial Position		Aggregate net fair value	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	3,716	2,905	3,716	2,905
Trade and other receivables	331	140	331	140
Accrued income	85	64	85	64
Total financial assets	4,132	3,109	4,132	3,109
<i>Financial liabilities</i>				
Trade and other payables	660	484	660	484
Trust funds and deposits	68	68	68	68
Interest-bearing loans and borrowings	1,085	1,429	1,085	1,429
Total financial liabilities	1,814	1,981	1,814	1,981
Net financial assets (liabilities)	2,318	1,128	2,318	1,128

(d) Credit Risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Statement of Financial Position.

(e) Risks and mitigation

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Our loan borrowings are sourced from major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Planning and Community Development each year.

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Note 38 Financial Instruments (cont.)

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1989. We manage interest rate risk by adopting an investment policy that ensures:

- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our Statement of Financial Position. To help manage this risk:

- we have a practice for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is the Victorian Government. Apart from the Victorian Government we do not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

We may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 37.

Movement in Provisions for Doubtful Debts

	2012 \$'000	2011 \$'000
Balance at the beginning of the year	4	4
New Provisions recognised during the year	6	2
Amounts already provided for and written off as uncollectable	(1)	(1)
Amounts provided for but recovered during the year	-	(1)
Balance at end of year	9	4

Ageing of Trade and Other Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade & Other Receivables was:

	2012 \$'000	2011 \$'000
Current (not yet due)	278	130
Past due by up to 30 days	29	6
Past due between 31 and 180 days	24	4
Past due by more than 1 year	-	-
Total Trade & Other Receivables	331	140

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Note 38 Financial Instruments (cont.)

Ageing of individually impaired Trade and Other Receivables

The individually impaired debtors relate to general and sundry debtor and have been impaired as a result of their doubtful collection. At 30 June 2012 there were no debtors in this category.

Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial assets at all.

To help reduce these risks we:

- have a liquidity practice of establishing minimum working capital requirements when developing cash flow budgets;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Councils exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The table below lists the contractual maturities for Financial Liabilities.

These amounts represent undiscounted gross payments including both principal and interest amounts.

2012	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	660	-	-	-	-	660	660
Trust funds and deposits	10	1	10	6	-	27	68
Interest-bearing loans and borrowings	147	147	288	677	65	1,324	1,085
Total financial liabilities	818	148	298	683	65	2,011	1,814

2011	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	484	-	-	-	-	484	484
Trust funds and deposits	13	2	6	6	-	27	68
Interest-bearing loans and borrowings	288	147	295	754	279	1,763	1,429
Total financial liabilities	785	150	301	760	279	2,274	1,981

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Note 38 Financial Instruments (cont.)

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of + 1% and -2% in market interest rates (AUD) from year-end rates of 3.5%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the Council at year-end, if the above movements were to occur.

Carrying amount subject to interest		Interest rate risk			
		-2 %		+1 %	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2012	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	3,716	(74)	(74)	37	37
Trade and other receivables	24	-	-	-	-
Financial liabilities:					
Interest-bearing loans and borrowings	1,085	(22)	(22)	11	11

Carrying amount subject to interest		Interest rate risk			
		-2 %		+1 %	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2011	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	2,905	(58)	(58)	29	29
Trade and other receivables	35	(1)	(1)	-	-
Financial liabilities:					
Interest-bearing loans and borrowings	1,429	(29)	(29)	14	14

(g) Fair Value Hierarchy

There were no fair value adjustments to financial assets through the comprehensive income statement in 2011/12 (2010/11 : Nil).

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Note 39 Auditors' remuneration

	2012 \$'000	2011 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	24	24
Internal audit fees	24	22
Audit committee fees	3	4
	<u>51</u>	<u>50</u>

Note 40 Events occurring after balance date

Council has no reportable events occurring after balance date.

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Note 41 Related party transactions

(i) Responsible Persons

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

Councillors Councillor Bob Merriman (Councillor and Mayor 01/07/11 to current)
Councillor John Burgess (Councillor 01/07/11 to current)
Councillor David Mitchell (Councillor 01/07/11 to current)
Councillor Helene Butler (Councillor 01/07/11 to current)
Councillor Lloyd Davies (Councillor 01/07/11 to current)

Chief Executive Officer Leonard Jenner (Chief Executive Officer 01/07/11 to current)

(ii) Remuneration of Responsible Persons

The numbers of Responsible Officers, whose total remuneration from Council and any related entities fall within the following bands:

	2012 No.	2011 No.
\$10,000 - \$19,999	4	4
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	1	-
\$170,000 - \$179,999	-	1
\$190,000 - \$199,999	1	-
	<u>6</u>	<u>6</u>
	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	300	286

(iii) No retirement benefits have been made by the Council to a Responsible Person (2010/11, nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2010/11, nil).

(v) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2010/11, nil).

(vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$127,000.

The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:

	2012 No.	2011 No.
Income Range:		
<\$127,000	-	1
\$127,000 - \$129,999	1	-
\$130,000 - \$139,999	2	1
	<u>3</u>	<u>2</u>
Total Remuneration for the reporting year for Senior Officers included above, amounted to	228	253

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Note 42

Income, expenses and assets by function/activities

	Governance and External Relations		Finance and Audit		Tourism and Community Development		Community Services	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME								
Grants	296	228	-	-	64	32	393	373
Other	7	7	5,400	5,080	416	445	124	142
TOTAL	303	235	5,400	5,080	481	477	517	516
EXPENSES	(1,581)	(1,697)	(1,642)	(711)	(664)	(565)	(669)	(646)
SURPLUS (DEFICIT) FOR THE YEAR	(1,279)	(1,462)	3,758	4,369	(184)	(88)	(152)	(131)
ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*	4,228	4,129	23	17	7,728	7,543	764	717

	Building		Coastal and Environment		Environmental Health		Infrastructure Services	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME								
Grants	14	15	324	360	2	-	1,330	386
Other	12	18	1,434	1,254	33	24	91	75
TOTAL	26	33	1,757	1,614	35	24	1,421	461
EXPENSES	(85)	(79)	(1,002)	(1,125)	(92)	(52)	(1,702)	(1,914)
SURPLUS (DEFICIT) FOR THE YEAR	(59)	(46)	756	489	(57)	(28)	(281)	(1,453)
ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*	8	-	8,505	7,841	-	-	43,094	39,391

	Local Law Enforcement		Planning		Sustainability and Environment		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME								
Grants	12	12	10	10	20	-	2,464	1,417
Other	35	65	53	57	-	-	7,604	7,167
TOTAL	47	77	63	67	20	-	10,068	8,584
EXPENSES	(198)	(188)	(206)	(205)	(110)	(45)	(7,952)	(7,226)
SURPLUS (DEFICIT) FOR THE YEAR	(151)	(110)	(143)	(138)	(90)	(45)	2,116	1,358
ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*	30	24	-	-	-	-	64,381	59,663

*Assets have been attributed to functions/activities based on the control and/or custodianship of specific assets.

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Note 42 (cont) The activities relating to the municipality's key operational areas reported on in the Comprehensive Income Statement

Governance and External Relations

Operation and maintenance of the administration offices and the corporate costs of managing the municipality along with administration and management of external relationships including public relations, membership of municipal association, etc. Operation and maintenance of the council meeting areas and costs associated with mayoral and councillor allowances are also included under the governance function.

Finance and Audit

Rate revenue, principal and interest payments on loans, bank and rate collection charges, audit fees and insurance premiums are included within this function. Also included are employee costs in relation to finance, rates and risk management, as well as contract payments made in relation to information technology.

Tourism and Community Development

Consists of: library; arts, recreation and culture (including festivals and events and community grants for recreation, arts and youth); visitor information centre; tourism promotion; community and other human services (including senior citizens, community development grants, special events).

Community Services

Consists of: preschool centre; maternal and child health; aged and disabled services.

Building

Consists of: building control; heritage.

Coastal and Environment

Consists of: caravan parks and boat ramp; foreshore management and environmental protection.

Environmental Health

Consists of: registrations (including food, accommodation, hairdressers); inspections (including food premises); mosquito control.

Infrastructure Services

Consists of: engineering; road maintenance and works (including roads, kerb and channel, footpaths and cycleways, drainage, parks and gardens, street cleaning); foreshore (beach cleaning); powerline and tree clearance; street lighting; building maintenance program; waste disposal; public conveniences; building and infrastructure assets (including land under roads, sports complex, playground, bus shelters).

Local Law Enforcement

Consists of: local law enforcement (including parking, camping, alcohol consumption in public places); animal control; fire prevention and emergency management; school crossing supervision.

Planning

Consists of: strategic planning; town planning (including permits, land information certificates); development approvals and appeals; Point Lonsdale structure plan; review of planning scheme.

Sustainability and Environment

Initiatives including: climate change strategy; Council sustainability strategy; reducing emissions in the Borough.

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Note 43	Financial ratios (Performance indicators)	2012 \$'000	2012 (%)	2011 \$'000	2011 (%)	2010 \$'000	2010 (%)
(a)	Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)						
	<u>Debt servicing costs</u> Total revenue	$\frac{92}{10,044}$	= 0.92%	$\frac{115}{8,584}$	= 1.34%	$\frac{131}{7,754}$	= 1.69%
	Debt servicing costs refer to the payment of interest on loan borrowings, finance lease, and bank overdraft. The ratio expresses the amount of interest paid as a percentage of Council's total revenue.						
(b)	Debt commitment ratio (to identify Council's debt redemption strategy)						
	<u>Debt servicing & redemption costs</u> Rate revenue	$\frac{294}{5,357}$	= 5.50%	$\frac{333}{5,099}$	= 6.53%	$\frac{337}{4,796}$	= 7.04%
	The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.						
(c)	Revenue ratio (to identify Council's dependence on non-rate income)						
	<u>Rate revenue</u> Total revenue	$\frac{5,357}{10,044}$	= 53.33%	$\frac{5,099}{8,584}$	= 59.40%	$\frac{4,796}{7,754}$	= 61.85%
	The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.						
(d)	Debt exposure ratio (to identify Council's exposure to debt)						
	<u>Total indebtedness</u> Total realisable assets	$\frac{2,593}{51,262}$	= 5.06%	$\frac{2,362}{44,636}$	= 5.29%	$\frac{2,934}{44,385}$	= 6.61%
	For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.						
	Any liability represented by a restricted asset (note 33) is excluded from total indebtedness.						
	The following assets are excluded from total assets when calculating Council's realisable assets: land and buildings on Crown land; restricted assets; heritage assets; total infrastructure assets; and Council's investment in associate.						
	This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the percentage of total liabilities for each dollar of realisable assets.						

Financial Report: Financial Statements

Note 43 (cont)

(e) **Working capital ratio** (to assess Council's ability to meet current commitments)

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{4,310}{2,397} = 179.83\% \quad \frac{3,276}{2,389} = 137.12\% \quad \frac{2,550}{2,962} = 86.07\%$$

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

(f) **Adjusted working capital ratio** (to assess Council's ability to meet current commitments)

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{4,310}{1,179} = 365.42\% \quad \frac{3,276}{1,057} = 309.91\% \quad \frac{2,550}{1,362} = 187.14\%$$

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.

Current liabilities have also been reduced to reflect bank loans, which are shown as a current liability because the terms and conditions of each bank loan contains a review clause giving the bank the ability to demand payment should they elect to do so, but which do not fall due and are not likely to be fully re-paid within 12 months after the end of the period.

Financial Report: Financial Statements

	Note	2012 \$'000	2011 \$'000
Note 44			
Capital expenditure			
Capital expenditure areas			
Buildings		820	215
Caravan park cabins		18	69
Playground and park development		218	66
Roads		395	160
Footpaths and cycleways		41	25
Boat ramp upgrade		-	114
Recreational, leisure and community facilities		344	35
Plant, machinery and equipment		185	98
Kerb and channel		1	30
Drainage		8	35
Fixtures, fittings and furniture		18	22
Recreation equipment		34	32
Computers and telecommunications		87	22
Other		23	-
Total capital works		2,192	923
Represented by:			
Renewal	(a)	1,558	417
Upgrade	(b)	287	237
Expansion	(c)	-	-
New		347	269
Total capital works		2,192	923

Property, infrastructure, plant and equipment movement

The movement between the previous year and the current year in property, infrastructure, plant and equipment as shown in the Balance Sheet links to the net of the following items:

Total capital works	23	2,192	923
Asset revaluation movement	28(a)	4,284	4,414
Impairment losses recognised in profit or loss	17	-	(116)
Depreciation/amortisation	13	(799)	(745)
Written down value of assets sold	23	(78)	(26)
Net movement in property, infrastructure, plant and equipment	23	5,599	4,451

(a) Renewal

Expenditure on an existing asset which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

(b) Upgrade

Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base.

(c) Expansion

Expenditure which extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure which increases future operating and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group.

Financial Report: Financial Statements

Certification of the Financial Report

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Finance and Reporting) Regulations 2004*, Australian Accounting Standards and other mandatory professional reporting requirements.



Ev Wuchatsch FCPA
Principal Accounting Officer

Date : 19 September 2012
Queenscliff

In our opinion the accompanying financial statements present fairly the financial transactions of the Borough of Queenscliffe for the year ended 30 June 2012 and the financial position of the Council as at that date.

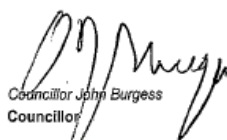
As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council on 19 September 2012 to certify the financial statements in their final form.



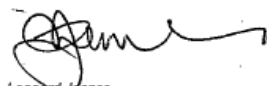
Councillor Bob Merriman
Councillor

Date : 19 September 2012
Queenscliff



Councillor John Burgess
Councillor

Date : 19 September 2012
Queenscliff



Leonard Jenner
Chief Executive Officer

Date : 19 September 2012
Queenscliff

Financial Report: Financial Statements

Performance Statement

This statement reviews Council's annual budget's key strategic activities performance targets against Council's actual performance for the year.

Each year a Community Satisfaction Survey is undertaken to provide information and responses to a series of questions on the community's perspective of the performance of Council on a range of services and activities. The results of this survey provide valuable feedback against those performance measures and targets set out in the Council Plan. The 2012 Community Satisfaction Survey conducted in June 2012 was a new survey in that the methodology and rating system was changed for the 2011/12 reporting year. The results no longer match the Performance measure stated in the original Council Plan which was prepared against the old rating measures and terminology. Survey responses in the categories: "very good, good and average" have been used to indicate "excellent, good or adequate" in an attempt to match the original intent of the performance measures.

Financial Report: Financial Statements

Performance Statement

STRATEGIC OBJECTIVE: Governance, Finance & External Relations

Providing accountable governance and long term sustainable financial management.

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
Successful achievement of Business Plan priority actions.	100%	100% achieved (all 12 actions completed).	Yes
Increase opportunities for community participation in Council decision making.	Conduct at least four public meetings each year	Portfolio Reference Group (PRG) meetings held (both the Governance and Planning & Heritage PRG meetings were conducted in July 2011). Budget presentations to the community held in Queenscliff and Hawthorn (April 2012).	Yes
Maintain working capital ratio greater than 100%.	Greater than 100%	Working capital ratio as at 30 June 2012 is 179.83% (2010-11: 137.12%)	Yes
Improve the risk rating for each of Council's insurance audits.	Improve by 5% each year	Result for Liability Mutual Insurance (public liability) audit is 58% - an improvement of 11.5% on the previous audit result of 52%. Note JMAPP property and MAV fidelity audits are due in November 2012.	Yes
Prepare and adopt annual Budget and Strategic Resource Plan in accordance with the Local Government Act 1989.	Adopt by 31 August 2011	Annual budget and strategic resource plan adopted by Council on 15 June 2011.	Yes
Review the long term Strategic Financial Plan.	30 April 2012	Plan reviewed and discussed by Council at a Council Budget Workshop on 06/02/12.	Yes
Prepare and lodge annual financial statements and standard statements in accordance with the Local Government Act 1989 .	Lodge by 30 September 2011	Annual financial report (financial statements, standard statements and performance statement) lodged with the Minister for Local Government on 26/09/11.	Yes
Annual Local Government Community Satisfaction Survey rating for overall performance generally of the council.	At least 70% of respondents say Council performance was excellent, good or adequate.	The 2012 survey rating system includes the following responses: very good, good, average, poor, very poor and can't say. Results for the 2012 survey indicate 90% of respondents have deemed the Borough as being very good, good or average with respect to overall performance.	Yes
Annual Local Government Community Satisfaction Survey rating for council's advocacy and community representation on key local issues.	At least 70% of respondents say Council performance was excellent, good or adequate.	Results for the 2012 survey indicate 68% of respondents have deemed the Borough as being very good, good or average with respect to lobbying on behalf of the community.	No
Annual Local Government Community Satisfaction Survey rating for council's engagement in decision making on key local issues.	At least 60% of respondents say Council performance was excellent, good or adequate.	Results for the 2012 survey indicate 80% of respondents have deemed the Borough as being very good, good or average with respect to community consultation and engagement.	Yes
Annual Local Government Community Satisfaction Survey rating for council's interaction and responsiveness in dealing with the public.	At least 75% of respondents say Council performance was excellent, good or adequate.	Responses in the categories: "very good, good and average" have been used to indicate 91% of respondents have deemed the Borough as being "excellent, good or adequate" with respect to contact/customer service and 88% with respect to informing the community.	Yes

Financial Report: Financial Statements

Performance Statement

STRATEGIC OBJECTIVE: Sustainability & Local Environment

Living sustainably and protecting and restoring our diverse environment.

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
Successful achievement of Business Plan priority actions.	100%	67% achieved (8 of 12 actions completed and 4 in progress).	No
Maintain Borough of Queenscliffe Council as a Waste Wise accredited organisation.	Accreditation maintained	Accreditation (bronze certification) achieved until program ceased in September 2011.	Yes
Achieve nett increase in street trees across the municipality.	Nett increase	15 street trees removed and replaced with 95 street trees across the Borough.	Yes
Annual Local Government Community Satisfaction Survey rating for council's overall performance in Waste Management.	At least 80% of respondents say Council performance was excellent, good or adequate.	Results for the 2012 survey indicate 93% of respondents have deemed the Borough as being very good, good or average with respect to waste management.	Yes

Financial Report: Financial Statements

Performance Statement

STRATEGIC OBJECTIVE: Business & Tourism

Supporting local businesses and tourism by providing an environment in which they can both flourish.

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
Successful achievement of Business Plan priority actions.	100%	89% achieved (8 of 9 actions completed, 1 in progress).	No
Increase number of people accessing Queenscliffe Visitor Information Centre.	Total number of people accessing the VIC in person, and via the phone and website increases each year.	Visitor Information Centre total visitations in 2011/12 = 134,188 comprising of : 44,257 walk in visitors; 2,744 phone calls; 167 email enquiries; 86,620 website hits and 400 heritage walk participants (2010/11: 117,880 total).	Yes
Maintain level of sponsorship and in-kind support provided to major tourism events.	Value of support maintained for regular tourism events.	\$33,500 Sponsorship and in-kind support provided for Queenscliff Music Festival, Busking for the Kids Easter Event, Australia Day celebrations and the Maritime weekend (2010/11 : \$27,500).	Yes
Number of food safety audit visits.	One inspection per registered food premises in accordance with the Food Act (exempting Class 4).	85 permanent food premises to be inspected, of which 85 food premises visits were conducted during the 2011/12 financial year.	Yes
Annual Local Government Community Satisfaction Survey rating for council's overall performance in Economic Development.	At least 70% of respondents say Council performance was excellent, good or adequate.	Results for the 2012 survey indicate 80% of respondents have deemed the Borough as being very good, good or average with respect to business and community development and tourism.	Yes

Financial Report: Financial Statements

Performance Statement

STRATEGIC OBJECTIVE: Community Development

Work in partnership with the community to build a strong, safe, inclusive and connected community.

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
Successful achievement of Business Plan priority actions	100%	74% achieved (14 of 19 actions completed, 2 in progress and 3 yet to commence).	No
Level of financial support to community initiatives and not-for-profit community groups and organisations.	Maintain value of grants	Total value of financial support to community initiatives & not-for-profit community groups and organisations = \$20,000 Community Grants (2010/11 : \$18,000 Community Grants)	Yes
Recognise and celebrate volunteer contributions in the Borough of Queenscliffe.	Conduct at least 2 events per annum	Australia Day Awards recognises outstanding volunteer contributions to the community. The Volunteer Celebration was held on 22/05/12 and over 130 people attended to celebrate the Volunteer contribution to the community. In addition, as part of Seniors Week, up to 8 residents (aged 60+) were invited to attend the Government House Reception held on 30/09/11 in recognition of their voluntary work in the community.	Yes
Annual Local Government Community Satisfaction Survey rating for council's overall performance in health and human services.	At least 90% of respondents say Council performance was excellent, good or adequate.	Responses in the survey indicate 96% of respondents who had directly received Elderly Support services deemed the Borough as being ""very good, good and average" (refer p. 65 of survey report) and 97% for those receiving Family Services (p. 61)	Yes
Annual Local Government Community Satisfaction Survey rating for council's overall performance in recreational facilities.	At least 80% of respondents say Council performance was excellent, good or adequate.	Results for the 2012 survey indicate 90% of respondents have deemed the Borough as being very good, good or average with respect to recreational facilities.	Yes

Financial Report: Financial Statements

Performance Statement

STRATEGIC OBJECTIVE: Planning, Heritage & Community Assets

Striving to ensure development sustains and enhances the character of the natural and built environment.

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
Successful achievement of Business Plan priority actions	100%	43% achieved (6 of 14 actions completed, 7 in progress and 1 yet to commence).	No
Complete review of Queenscliffe Planning Scheme and draft Planning Scheme Amendment.	Council endorsement of final report by 30 June 2012	Consultant's draft report received. Internal review completed. Peer review completed and community consultation plan subject of July Council report.	No
Number of planning applications processed within 60 statutory days	70%	69% of planning application decisions made within statutory timeframe (149 decisions made in total).	No
Annual Local Government Community Satisfaction Survey rating for council's overall performance in appearance of public areas.	At least 80% of respondents say Council performance was excellent, good or adequate.	Results for the 2012 survey indicate 94% of respondents have deemed the Borough as being very good, good or average with respect to the appearance of public areas and 85% with respect to the condition of local streets and footpaths.	Yes
Annual Local Government Community Satisfaction Survey rating for council's overall performance in traffic management and parking	At least 70% of respondents say Council performance was excellent, good or adequate.	Results for the 2012 survey indicate 87% of respondents have deemed the Borough as being very good, good or average with respect to traffic management, 82% with respect to parking facilities and 79% with respect to enforcement of local laws.	Yes
Annual Local Government Community Satisfaction Survey rating for council's overall performance in town planning policy and approvals.	At least 50% of respondents say Council performance was excellent, good or adequate.	Results for the 2012 survey indicate 73% of respondents have deemed the Borough as being very good, good or average with respect to Council's general town planning policy and 60% with respect to planning and building permits.	Yes

Financial Report: Financial Statements

Certification of the Performance Report

In our opinion, the accompanying performance statement of the Borough of Queenscliffe in respect of the 2011/2012 financial year is presented fairly in accordance with the Local Government Act 1989. The statement outlines the Key Strategic Activities set out in Council's Budget and describes the extent to which these activities were achieved in the year.

At the date of signing, we are not aware of any circumstances, which would render any particulars in the statement to be misleading or inaccurate.

On 19th September 2012 we were authorised by the Council to certify this performance statement in its final form on behalf of Council.


 Councillor Bob Merriman
 Councillor
 Date : 19 September 2012
 Queenscliff


 Councillor John Burgess
 Councillor
 Date : 19 September 2012
 Queenscliff


 Leonard Jenner
 Chief Executive Officer
 Date : 19 September 2012
 Queenscliff

Financial Report: Financial Statements

VAGO

Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Borough of Queenscliffe

The Performance Statement

The accompanying performance statement for the year ended 30 June 2012 of the Borough of Queenscliffe which comprises the statement, the related notes and the certification of the performance report has been audited.

The Councillors' Responsibility for the Performance Statement

The Councillors of the Borough of Queenscliffe are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the performance statement that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the performance statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditing in the Public Interest

Financial Report: Financial Statements

Independent Auditor's Report (continued)

Auditor's Opinion

In my opinion, the performance statement of the Borough of Queenscliffe in respect of the 30 June 2012 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the Borough of Queenscliffe for the year ended 30 June 2012 included both in the Borough of Queenscliffe's annual report and on the website. The Councillors of the Borough of Queenscliffe are responsible for the integrity of the Borough of Queenscliffe's website. I have not been engaged to report on the integrity of the Borough of Queenscliffe's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
21 September 2012


D D R Pearson
Auditor-General

Borough of Queenscliffe

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