

2008-09

Borough of Queenscliffe

ANNUAL REPORT





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Council's Vision

The Borough of Queenscliffe is an independent Local Government which will be loved by the people who live in it, admired by the people who visit and renowned for its heritage buildings, culture and coastal environment.

Council's Strategic Objectives

Governance & External Relations	Institute good governance through strong commitment and adherence to democratic processes, legislative requirements and Council's values. Advocate strongly on behalf of the community.
Community	Build a strong and vibrant community that values fairness, equity and diversity.
Education, Learning and the Arts	Support all Arts/Learning and Cultural Activities.
Business & Tourism	Encourage tourism/business whilst avoiding loss of local identity and amenity.
Coastal & Environment	Conserve and nurture the natural assets and ecology, utilising partnerships with the community and State authorities.
Built Environment	Formulate a Planning Scheme that reflects the needs, values and aspirations of the community, preserves heritage values and prevents inappropriate development.
Infrastructure	Maintain and build assets that fulfil the needs of the community.
Finance / Audit	Provide long-term sustainable financial management.

NOTE: *The Strategic Objectives outlined in the Council Plan 2009-13 adopted by the new Council will take effect from 1 July 2009.*

About this Report

The Borough of Queenscliffe Annual Report is presented as part of Council's commitment to open, transparent and accountable governance.

This annual report presents information for people with an interest in the organisation and reflects on the achievements and challenges experienced in the financial year.

It provides information about Council's operations in the 2008/09 financial year and an outline of Council's services and commitment to corporate governance.

It measures performance against the objectives set in the community plan; shows the audited financial statements for the financial year and contains other information required by the Local Government Act 1989 and other relevant legislation.



About the Borough of Queenscliffe

Location

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

The Borough is located approximately 105 kilometres southwest of Melbourne and 35 kilometres east of Geelong.

The Borough of Queenscliffe is comprised of the small seaside towns of Queenscliff and Point Lonsdale and is the smallest local government area in Victoria (10.83 square kilometres).

A Brief History

The predominantly urban Borough has remained intact since being created on 12th May 1863.

The area has a strong history of maritime and defence activities as Queenscliff was first and foremost built to provide postal, customs, health, telegraph, lighthouse and signal services, military and defence establishments and the sea pilots service.

The Borough of Queenscliffe also has a rich history of Aboriginal settlement, which contributes to the cultural and historical significance of the Borough.

Population

The Borough of Queenscliffe has a permanent population of around 3,256 and up to 12,000 in peak holiday times. Many property owners only holiday or live part-time in the Borough. The 53% of private dwellings unoccupied during the 2006 census is indicative of the large temporary population.

One of the Borough's main service deliveries is health and community services as a high percentage per population (32.2%) of residents are aged over 65.

Economy

Today, tourism accounts for 45% of the local economy with visitors attracted by beaches and coastal landscapes, boating, fishing and diving, heritage buildings, cafes and restaurants, local markets and museums, the Bellarine wineries, the Marine Discovery Centre, the Queenscliff Music Festival, the Eco Expo and easy access via the Queenscliff ferry.

Many visitor stays are in holiday homes, camping and caravan parks, hotels, and B&Bs which all add to the local economy.





Mayor's Report

It is my pleasure to introduce the 2008-09 Annual Report of the Borough of Queenscliffe. Not only is the Annual Report a legislative requirement, it is an opportunity for us to reflect and report on the past year.

Council has identified a number of key challenges and is confident that the new Council Plan will give us a framework and strategic focus that will better inform our decision making and resource allocation in the future.

KEY AIMS

We have worked hard to identify areas of key importance to our community and have grouped them into our five portfolio areas.

- Governance, Finance & External Relations;
- Sustainability and Local Environment;
- Business and Tourism;
- Community Development; and
- Planning, Heritage and Community Assets.

Engagement

Each portfolio has a reference group of community members, which is designed to encourage community participation and engagement.

Public question time at the Ordinary Council Meetings provides an opportunity to ask a question relating to any issues in which Council has a direct interest or responsibility.

Advocacy

Council have advocated for the community in a number of areas including the Point Lonsdale Primary School theatre proposal, Stocklands development, Victrack rail leases, Queenscliff Harbour & Monahan Centre redevelopments and the Point Lonsdale Structure Plan.

There have been numerous meetings with stakeholders and Government Departments to ensure the best outcome for the community and ongoing communications and meetings with various State and Federal members, including local State Member for Bellarine, Lisa Neville and the Federal Member for Corangamite, Darren

Cheeseman who has visited all proposed project sites in the Borough.

Infrastructure

In addressing our aim of improving community infrastructure, Council have initiated a number of projects including safety signage, boat ramp upgrades, new playgrounds, improvements to parks, upgraded and new public amenities and environmental works.

Community Projects and Events

There has also been an emphasis on encouraging community projects and supporting local events. These include the Indigenous Garden, Queenscliff Music Festival, Hesse Street Traders Christmas Party, Australia Day Celebrations, Queenscliff Seafood Feast, Reconciliation Week, Lighthouse Theatre Group's Sound of Music, Queenscliff Global Warming Eco Expo and the Great Victorian Bike Ride.

Promoting the Borough

We have also seen the Borough promoted on TV in programs like Coxy's Big Break, the Good Friday Appeal and Nine's Postcards.

Council is working closely with tourism organisations to secure funding for further destination marketing opportunities such as the 'Classic' branding of Point Lonsdale and Queenscliff.

THANK YOU

I would like to take this opportunity to acknowledge the previous council and administration for their service to the Borough community and thank my fellow Councillors for their efforts to this point of time.

There is a lot to be done and we look forward to achieving much over the life of this Council.

Bob Merriman
Mayor



CEO's Report

I am pleased to present the 2008/09 Annual Report for the Borough of Queenscliffe. It has been a year of significant change with a new Council elected in November 2008 and new staff team to plan and deliver services in the Borough.

It has been a very constructive and engaging year with various actions undertaken to complete the former Council Plan and a hive of activity involving residents and ratepayers to shape the new Council Plan that will take effect from 1 July 2009 for the next four years.

Increasing Council's capacity

I was appointed to the role of Chief Executive Officer in late October 2008 and I have found the role both rewarding and challenging. In 2009 I initiated key changes to Council's organizational structure, moving away from privately contracted roles delivered by external businesses to an increasing emphasis on Council staff appointments. This reduced the cost of providing services and allowed for increased staffing capacity in key areas, particularly town planning and infrastructure servicing.

There will be an ongoing emphasis on policy and procedural improvements to enable Council to provide efficient and quality focussed administration and services.

Planning for the Future

The new Council has placed a high priority on progressing the key projects that were identified through the community lighthouse planning project commenced in 2007. Funding has been secured to implement the Queenscliff Playspace project and the Hesse Street Revitalisation project.

Council also implemented a major study into the tourism infrastructure needs across the Borough of Queenscliffe. The final report, endorsed by Council in June 2009, provides a blueprint for future investment by Council in infrastructure that will improve the experience of both visitors to and residents of the Borough community.

Financial Management

Council was able to attract an increased level of government funding during the year. Government grants received that were not originally budgeted included:

- Bellarine Railway grant (\$125,000)
- Risk mitigation – improving beach signage (\$88,411) and assessing cliff safety at Point Lonsdale (\$41,000)
- Weed reduction (\$31,045)
- Maternal and child health (\$30,947)
- Regional playground development (\$100,000)
- Bus shelter replacement (\$60,000)
- Crown land caravan park improvement program (\$30,000)
- Boat ramp upgrade (\$27,940)

Given the timing of funding arrangements implementation of some of these projects will occur in 2009/10 and funds will be carried forward to achieve this.

Council finished the financial year ending 30 June 2009 with a surplus of \$.521M against the budget of \$.284M.

I would like to take the opportunity to express my appreciation to the Borough community and the significant input of volunteers in clubs and community groups and associations who play the pivotal role in developing a vibrant community.

I would also like to acknowledge the Mayor's and Councillors' leadership and commitment to good governance and decision-making.

Finally I would like to thank the dedicated and nimble staff team and highlight their contribution to building a healthy and sustainable Borough.



Lenny Jenner
CEO



Your Councillors



Cr. Bob Merriman AM – Mayor

Cr. Merriman was elected to Council in November 2008. Cr Merriman was elected Mayor on 4 December 2008.

He is actively involved with the community, particularly sporting clubs and organisations.

Cr Merriman is a former Australian Industrial Relations Commissioner whose professional background includes the vehicle building, electrical and civil construction industries.

Cr Merriman is a former chief of Cricket Australia, Councillor of Latrobe University and Trustee of the Bradman and Cats Foundations.

PORTFOLIO REFERENCE GROUPS

Governance, Finance and External Relations

COUNCIL DELEGATE TO:

G21 Region Alliance Board
Point Lonsdale Structure Plan Committee

Municipal Association of Victoria

Email:

bob.merriman@queenscliffe.vic.gov.au



Cr. John Burgess

Cr. Burgess was elected to Council in March 2001 and was re-elected for a third consecutive term in November 2008.

His personal interests include spending time with his family, travelling and golf.

Cr. Burgess is a Fellow of Certified Practising Accountants and the Australian Institute of Company Directors.

Cr. Burgess brings to Council his professional skills and a broad business background.

PORTFOLIO REFERENCE GROUPS

Business and Tourism

COUNCIL DELEGATE TO:

Barwon Region Waste Management
Geelong Otway Tourism Board

COUNCIL COMMITTEE

Audit Committee

Email:

john.burgess@queenscliffe.vic.gov.au



Cr. Helene Butler

Cr. Butler was elected to Council in November 2008.

Her interests include spending time with her children and family, reading, handicrafts and listening to music.

Cr. Butler has been actively involved with the Queenscliff Kindergarten, St Aloysius Primary School, Parents and Friends committees, Fundraising Auctions, Playgroups, Family and 'Children's Services' Network and the Queenscliff High School Site Steering Committee.

PORTFOLIO REFERENCE GROUPS

Community Development

COUNCIL DELEGATE TO:

Geelong Region Library Corporation

Email:

helene.butler@queenscliff.vic.gov.au



Cr. Lloyd Davies

Cr. Davies was elected to council in November 2008.

He is passionate about bringing the community's views to council and protecting the environment.

He works as a Civil Engineer and has a degree in Marine Biology.

His interests include SCUBA diving, research, hiking and beach cricket.

PORTFOLIO REFERENCE GROUPS

Sustainability and Local Environment

Email:

lloyd.davies@queenscliff.vic.gov.au



Cr. David Mitchell

Cr. Mitchell was elected to Council in November 2008.

His interests include facilitating greater community involvement, boating and enjoying Queenscliff and its unique natural environment.

Cr. Mitchell is a retired Corporate Banker, a past member of the Australian Institute of Chartered Accountants and has a Masters Degree in Urban Management.

PORTFOLIO REFERENCE GROUPS

Planning & Heritage

COUNCIL DELEGATE TO:

Association of Bayside Municipalities
Point Lonsdale Structure Plan Committee

COUNCIL COMMITTEE

Audit Committee

Email:

david.mitchell@queenscliff.vic.gov.au

Previous Councillors

Prior to the General Election in November 2008 the Borough of Queenscliff Councillors were: Cr Pat Semmens, Cr John Bugg, Cr John Burgess, Cr John Doull, Cr Val Lawrence JP, Cr Stephen Lee, and Cr Chris Player.



Your Council

Councillor Remuneration

In June 2009 Council resolved to set the Councillor Allowance at \$16,350 per annum and the Mayoral Allowance at \$35,150 per annum. The maximum allowed following State Government adoption of the Local Government (Councillor Remuneration Review) Panel Report 2008 was set at \$17,650 per annum for Councillors and \$52,756 per annum for Mayors.

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:

- Required by legislation;
- Legal requirements;
- Procedural matters;
- Council Policy matters.

An Ordinary Meeting of Council is held monthly, where the Council may determine decisions of primary concern for the good governance of the municipality.

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.

On occasion, additional Special Meetings of Council are called to consider specific matters.

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

Attendance at Meetings

Ordinary Meetings of Council

Councillor	Eligible to Attend	Attended
Cr. Bob Merriman	7	7
Cr. John Burgess	12	8
Cr. Helene Butler	7	7
Cr. Lloyd Davies	7	7
Cr. David Mitchell	7	7
Cr Pat Semmens	5	5
Cr. John Bugg	5	4
Cr. John Doull	5	4
Cr. Val Lawrence	5	4
Cr. Stephen Lee	5	5
Cr. Chris Player	5	5

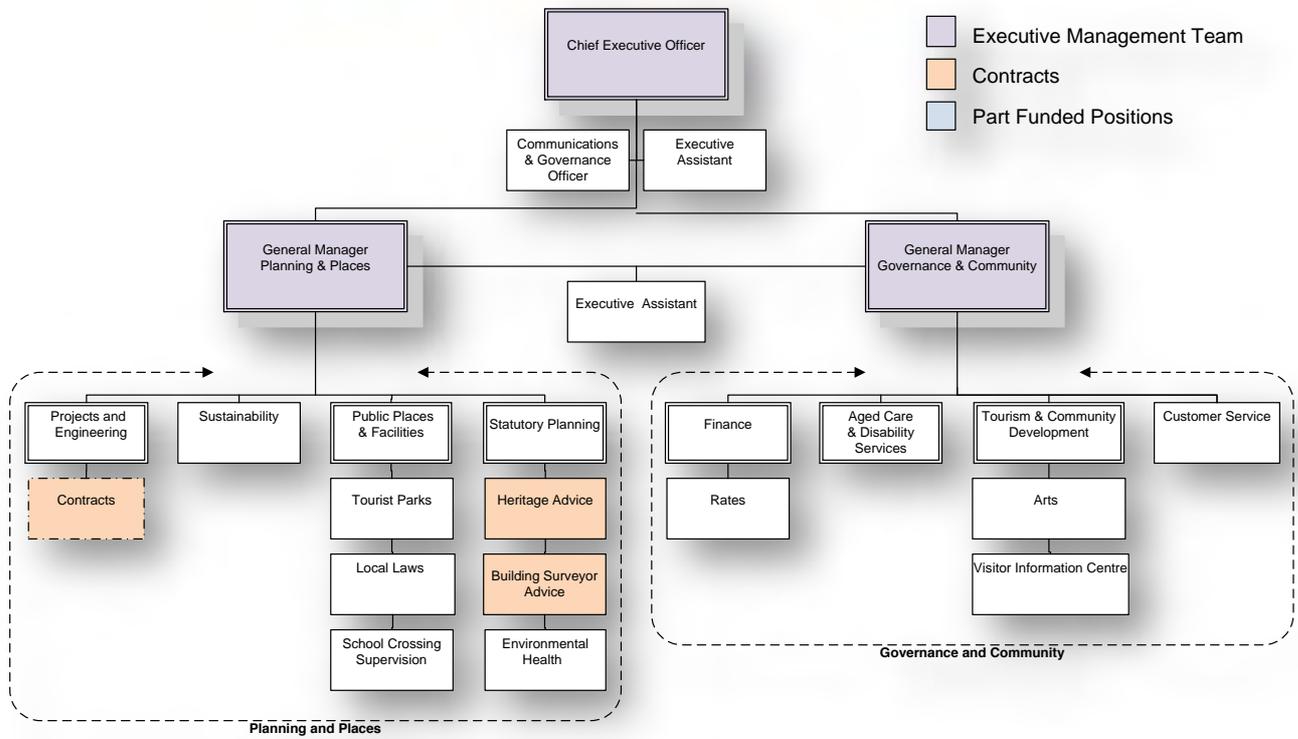
Special Meetings of Council

Councillor	Eligible to Attend	Attended
Cr. Bob Merriman	2	1
Cr. John Burgess	4	2
Cr. Helene Butler	2	2
Cr. Lloyd Davies	2	2
Cr. David Mitchell	2	2
Cr Pat Semmens	2	2
Cr. John Bugg	2	2
Cr. John Doull	2	2
Cr. Val Lawrence	2	1
Cr. Stephen Lee	2	2
Cr. Chris Player	2	2



Our Organisation

Organisation Administrative Structure





Our Organisation

Executive Management Team

Council's Executive Management Team is lead by the Chief Executive Officer and includes the General Manager of Planning and Places 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.

Prior to working at the Borough of Queenscliffe, Lenny spent 7 years as Manager, then Director of Community Services at Golden Plains Shire. Prior to local government Lenny worked with the State Government as the Regional Manager with Sport and Recreation Victoria and worked for five years as a Lecturer at RMIT.

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 of General Manager, Governance and Community in January 2009.

Prior to working at the Borough of Queenscliffe, Ev has spent 15 years working in local government providing consulting services to over 30 Councils through her own business and also had several years as Director of Corporate Services at Macedon Ranges Shire Council. Prior to local government Evelyn spent more than 20 years in the Defence manufacturing industry.

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 and Community, Ev is responsible to Council for several diverse portfolios including Corporate Services, Finance, Governance, Aged Care &

Disability Services, Community Development & Tourism, Arts & Culture, Customer Services and Records.

General Manager Planning & Places

Karen Hose was appointed to the position of General Manager Planning and Places in January 2009.

Karen has 22 years experience in local government, having worked for three previous councils in various statutory planning, strategic and statutory planning and economic development roles. Karen also has private sector and management experience in senior consulting and management roles.

Karen has a Bachelor of Arts Degree, a Graduate Diploma in Urban and Regional Planning and a Diploma in Frontline Management. Karen is also a member of the Victorian Planning and Environmental Law Association.

As General Manager of Planning and Places, Karen 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

There are 44 staff employed by the Borough of Queenscliffe.

Type of Employment	Female	Male
Full Time	9	6
Part Time	27	2
TOTAL	36	8



Governance and Statutory Information

A New Staff Team

A number of key changes to the staffing structure at the Borough of Queenscliffe Council were implemented in 2008-09, replacing privately contracted roles with Council staff appointments.

The cessation of contracts across the programs of engineering, infrastructure, financial planning and accounts, corporate services, statutory planning and public health has reduced expenditure while at the same time enabling staff positions to be established. This has increased local employment and over time these staff will build valuable knowledge and understanding of the most effective and sustainable approach to Council planning and service delivery.

Two General Manager roles were established to lead the key functions of the Council. Karen Hose was appointed as General Manager, Planning & Places and Ev Wuchatsch, General Manager, Governance and Community.

Additional staff resources have been allocated to the town planning functions and a new sustainability officer role will be established in the new financial year.

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, colours, 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 will now be 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 on Council's Web site: www.queenscliffe.vic.gov.au

Risk Management

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

An important component of the Risk Management Strategy 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 Department of Sustainability and Environment.



Governance and Statutory Information

Procurement Policy

Council has Procurement Procedures that outline 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.

Occupational Health and Safety

Council continues to recognise that it 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.

During the 2008/09 financial year, the Mayor, Councillor Bob Merriman registered interstate travel expenses in June 2009 in attending the National General Assembly of Local Government in Canberra at a cost of \$2,190

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 1 request during the financial year 2008-09, which was 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, Queenscliffe, 3225. A fee of \$22.70 is applicable to each application.

Whistleblower 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 2008/09 there were no disclosures made to the Borough of Queenscliffe.



Governance and Statutory Information

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 on 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;
- Annual Report including financial statements;

Information Privacy Act

The Victorian Information Privacy Act 2000 requires that Council follow information privacy principle when collecting, managing and using an individual's personal information.

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@queenscliff.vic.gov.au

National Competition Policy

The Borough of Queenscliff Council has complied with the requirements of the National Competition Policy (NCP) for the period 1 July 2008 to 30 June 2009, in accordance with the requirements outlined in National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002); with respect to Trade Practices, Local Laws and Competitive Neutrality Compliance.



Governance and Statutory Information

Local Laws

At June 30, 2009 the only local law current is Local Law No. 1, 2000. This local law covers a broad range of governance issues and became operative on Thursday, 4 January 2001.

It will be reviewed in 2010. Local Law No.1 (2000) is supported by the "Borough of Queenscliffe Policies and Procedures Manual".

INFRINGEMENT NOTICES	07/08	08/09
Parking Infringements	343	444
Animal Infringements	18	9
Local Law Infringements	5	15
Fire Prevention	1	6
TOTAL	367	474
Court Briefs	32	19

LOCAL LAW PERMITS	07/08	08/09
Consume Alcohol	16	16
Other	70	86
Major Events	14	14
Waste Bins	18	20
Disable Permits	194	66#
Out Door Eating Facilities	17	20
Goods for Sale	15	32
A Frame	58	56
Residential Parking	4	2
Boat Ramp	300	280
Weddings	21	30
TOTAL PERMITS	727	616

Issued for a three year period

Membership of Organisations

ORGANISATION	Contribution	
	2008/09	2007/08
Geelong Otway Tourism (GOT)	13,126	12,500
Municipal Association of Victoria (MAV)	6,234	5,567
G21 Regional Alliance	5,000	6,250
Association of Bayside Municipalities (ABM)	2,556	3,872
Victorian Caravan Parks Association (Vic Parks)	2,011	1,927
Victorian Employers' Chamber of Commerce and Industry (VECCI)	1,697	1,639
ICLEI	1,500	0
Local Government Professionals (LG Pro)	1,095	786
Local Government Managers Australia (LGMA)	450	450
Our Community	300	300
Risk Management Institute of Australia (RMIA)	294	280
Revenue Management Association (RMA)	90	80
AAA Tourism Advantage	0	318
Total Membership Contributions	34,354	33,969



Governance and Statutory Information

Grants and Donations to Local Organisations

Recipient	Purpose	Amount
Donation		
Queenscliff Music Festival	Support of the event	\$ 10,000
Queenscliff Reconciliation Week	Support of the event	\$ 500
St. Aloysius Primary School	Donation	\$ 325
Community Development Grants		
Queenscliff Neighbourhood House	Increase their connections in the community programs	\$ 2,000
Probus Club of Pt Lonsdale / Queenscliff	Purchase of community groups laptop computer	\$ 1,090
Queenscliff Cricket Club	Towards documenting history of Queenscliff Cricket Club	\$ 1,000
Marine Discovery Centre	Primary schools Program Ranger Program	\$ 909
Queenscliff Toy Library	For purchase and upgrade of the Library's toy collection	\$ 901
Queenscliff Sea Scouts	Purchase of four junior life jackets and helmets	\$ 509
Queenscliff Kindergarten	Landscaping materials to enhance outdoor play space	\$ 500
Point Lonsdale Golf Club	Primary school programs on the fundamentals of golf	\$ 479
Probus Club of Pt Lonsdale / Queenscliff	Establish a contingency account for equipment	\$ 250
Arts & Cultural Development Grants		
Stephen McEwan	'Family Fun Night' Choir Director / Artist fee	\$ 1,364
Queenscliff Cricket Club	Towards History of Queenscliff Cricket Club book	\$ 1,000
Queenscliff Lighthouse Theatre Group	Purchase of a microphone headset	\$ 930
The Arts are alive in postcode 3225'	An exhibition of local artists	\$ 700
Reconciliation Group	To screen films with Aboriginal themes	\$ 700
Bellarine Community Health	Day program creating pieces for community garden	\$ 673
Queenscliff Historical Museum	Purchase x2 DVD players	\$ 600
Tides of Welcome Soul and Gospel Choir	Towards expenses of recording and producing a C.D.	\$ 500
Susan Ardern	Artist in Residence for 'Great Scarecrow Fair'	\$ 455
Contribution to Operating Costs		
Queenscliff Maritime Museum	Contribution to operating costs	\$ 4,232
Youth Cultural Program		
Youth Cultural Program	Youth Music Event	\$ 3,220
Education Awards		
Bellarine Secondary College	Scholarship	\$ 2,000
Point Lonsdale Primary School	Scholarship	\$ 100
Queenscliff Primary School	Scholarship	\$ 100
St. Aloysius Primary School	Scholarship	\$ 100



Governance and Statutory Information

Grants and Subsidies Received by Council

Purpose	Grant Type	Source	Amount
General Grant	Grants Commission grant	Grants Commission Vic	\$202,977
Local Roads Grants Commission	Grants Commission grant	Grants Commission Vic	\$47,652
Home Care - Subsidy	Operating grant & subsidies	Dept Human Services Vic	\$174,369
Coastal Risk Mitigation Grant	Operating grant & subsidies	Vic State Government	\$129,411
Bellarine Railway Project Grant	Operating grant & subsidies	Regional Development Vic	\$125,000
Government Grant	Operating grant & subsidies	Dept Human Services Vic	\$71,782
BOQ Community Aged Care Packages	Operating grant & subsidies	Dept Health & Ageing Fed	\$52,188
Home Maintenance Subsidy	Operating grant & subsidies	Dept Human Services Vic	\$33,572
Museum Review Grant	Operating grant & subsidies	Regional Development Vic	\$28,542
Weed Action Plan Grant (2008/09)	Operating grant & subsidies	Vic State Government	\$26,045
DHS - Heat Wave Roll Out	Operating grant & subsidies	Dept Human Services Vic	\$25,000
C.S.O. Grant	Operating grant & subsidies	Dept Human Services Vic	\$18,698
Heritage Officer - Grant	Operating grant & subsidies	Vic State Government	\$14,000
Economic Dev Trainee Grant	Operating grant & subsidies	Regional Development Vic	\$12,500
School Crossing Subsidy	Operating grant & subsidies	Vic Roads	\$10,420
Coastal Mgt Plan Grant- Access Ramp Dog Beach	Operating grant & subsidies	Vic State Government	\$10,000
Beach Cleaning Subsidy	Operating grant & subsidies	Vic State Government	\$8,967
Tobacco Activity Program Grant	Operating grant & subsidies	Municipal Association Vic	\$7,347
Senior Citizens Centre Subsidy	Operating grant & subsidies	Dept Human Services Vic	\$7,271
Home Care Minor Works	Operating grant & subsidies	Dept Human Services Vic	\$7,127
DPCD Grant - Strategic Planning	Operating grant & subsidies	DPCD	\$5,000
Weed Action Plan Grant (2007/08)	Operating grant & subsidies	Vic State Government	\$5,000
Senior Citizens Week	Operating grant & subsidies	DPCD	\$2,750
DPCD Grant - Councillor Training	Operating grant & subsidies	DPCD	\$1,818

\$1,027,437

Infrastructure Federal Government	Grants - Capital	Dept Infrastructure Fed	\$100,000
Bus Shelter Grant DOI	Grants - Capital	Vic State Government	\$60,000
Point Lonsdale Bowls Clubhouse Facility	Grants - Capital	Sport & Recreation Vic	\$60,000
Crown Land Caravan Park Improvement Program	Grants - Capital	Vic State Government	\$30,000
Boat Ramp	Grants - Capital	Vic State Government	\$27,940
MAV MECC Equip Program Grant	Grants - Capital	Municipal Association Vic	\$3,394
Regional Playground Development- SRV	Grants - Capital	Sport & Recreation Vic	\$3,000

\$284,334



Strategic Objective

Governance & External Relations

G21 Region Alliance

The Borough of Queenscliffe was actively involved in the planning activities of the G21 Region Alliance.

Former Mayor Pat Semmens chaired the Affordable Housing Taskforce, current Mayor Bob Merriman, chaired the Sport and Recreation Planning Pillar and CEO Lenny Jenner, chaired the Health and Wellbeing Planning Pillar and the Public Transport Reference Group.

Councillors and senior staff also participated in many other activities to promote the priorities of the Borough.

Building Partnerships

Council has placed a high priority on working with local community groups to identify opportunities and wherever possible work with these groups to improve the health and sustainability of the Borough community.

Similarly, regular meetings are held with the Borough's service providers to identify opportunities to improve the planning and coordination of services. This has been particularly evident with the Bellarine Community Health Service, local schools, Department of Defence the Neighbourhood House and Queenscliff Music Festival.

Council has continued to build its relationship with and make an active contribution to the Geelong Regional Library Corporation, Geelong Region Waste Management Group, Association of Bayside Municipalities and the Municipal Association of Victoria.

This involvement and networking is important in profile building, highlighting issues and identifying opportunities to address the needs of the Borough community.

Communication with other tiers of Government, Members of Parliament and Departmental Officers has been implemented and this has generated greater confidence in seeking assistance and funding.

Survey of Council Performance

The Annual Community Satisfaction Survey collates residents' views on the performance of their Council and compares results with similar local government authorities across Victoria.

The scores indicate the percentage of respondents that were satisfied with Council's performance.

Nine areas of service delivery were assessed with the results highlighting that Council's health and human services and local roads and footpaths received the highest ranking in the state when compared to similar sized municipalities. Positive outcomes were also recorded in relation to waste management, enforcement of local laws and economic development that includes tourism development.

The results indicate that Council should focus on improvements in recreation facilities, traffic management, parking and town planning policy and approvals.

The Community Satisfaction Survey is a valuable form of evaluation given the depth of community consultation and the opportunity to assess performance against other similar organisations.

Local Government Indicators

	2006/07	2007/08	2008/09
Community satisfaction rating for overall performance of the council	64	65	66
Community satisfaction rating for advocacy and community representation on key local issues	60	63	61
Community satisfaction rating for council's engagement in decision making on key local issues	62	64	65
Community satisfaction rating for interaction and responsiveness in dealing with the public	75	77	75

Source: Local Government Community Satisfaction Survey 2009, Wallis Consulting Group



Strategic Objective

Community

Australia Day Celebration



Cr Helene Butler was master of ceremonies for the 2009 Australia Day Celebrations and official awards ceremony with over 300 people attending. This year the event moved from the Point Lonsdale Primary School Hall to the newly refurbished Queenscliff Town Hall.

The flag raising ceremony included a range of community groups, including two representatives from each local primary school – Point Lonsdale, Queenscliff and St Aloysius.

2008 Citizen of the Year John Murray, led the flag into the forecourt area where the Rev Charles Gallacher of the Queenscliff Point Lonsdale Uniting Church blessed it.

The Lions Club BBQ, Community Nursery stall and children's activities were all held near by with members of the Queenscliffe Community Association and Point Lonsdale Civic Association serving refreshments. Local musician Lisa Hanley with the support of her talented family provided music.

Once again the traditional Australia Day 'lamington' birthday cake was well received.

Volunteers Celebration 2008

On the 18th of November 2008 in the Uniting Church Hall the outgoing Mayor and Councillors hosted over 100 people for afternoon tea in recognition of their generous contribution of time and energy to local clubs, groups and associations. All enjoyed the afternoon and the music performed by cellist Lyndal Cardell.

Seniors Week 5-12 October 2008

Carmel Murphy coordinated this year's event with the assistance of community members from the Senior Citizens Club, Lighthouse Theatre, Red Cross, Probus, Bellarine Community Health, Lonsdale Lions and Rotary.

It was a busy and event packed week which began with a Seniors' Procession down Hesse Street followed by High Tea at the Vue Grand Hotel.

Events included the 'Live Well to 100!' Forum at the Bellarine Community Health Centre, a train ride to Suma Park with morning tea, a walking tour of the Queenscliff Cemetery and half price entry to all the local museums.

Cafes and participating hotels offered refreshments for 1/2 price and Murder at the Juice Joint with a 1920's theme, presented by members of the Lighthouse Theatre group, was a roaring success.

Music group, the Melodaires, provided free entertainment at the Senior Citizens Club and once again the Borough of Queenscliffe hosted an 'Over 80s' afternoon tea.



Community

Aged Care and Disability Services

The Aged Care & Disability Service provides a comprehensive and integrated range of support services for frail older people, people with physical, functional, sensory, intellectual or psychiatric disabilities, people with acquired brain injury, carers and their families under the Home & Community Care (HACC) program.

Services are provided to assist people to be more independent at home and in the community and to assist carers. The approach aims to prevent inappropriate admission to long-term residential care and enhance the client's quality of life.

Council employs 12 Community Care Workers, an Assessment Officer, an external home maintenance contractor and a service Coordinator that provide over 10,000 hours of direct service to clients under the HACC program. This includes home care, personal care, respite care, home maintenance, lawn mowing, social inclusion, assessment and care coordination.

The Australian Government Department of Health and Aging currently provides additional funding to Council for 5 Community Aged Care Packages (CACP). These provide high needs clients enhanced access to services and appropriate care management at significantly subsidised cost.

In 2008 Council's Aged Care & Disability Service was designated as a HACC assessment service due to our commitment and capacity to meet the criteria to deliver 'Living at Home' assessments.

Non-recurrent funding of \$15K was granted in 2008 to fund selected projects that support the development of partnerships, define state-wide protocols and client pathways for assessment. These changes are designed to maintain and improve client independence wherever possible.

Environmental Health Services

Council's Environmental Health Service undertakes a wide range of services each year to protect and promote public health. Below are some of the statistics for the 2008-09 financial year.

As well as the more well known tasks such as registering and inspecting premises, registering hairdressers, taking random food samples at festivals and investigating nuisance complaints, Council also monitors the sale of tobacco, is involved in the mosquito control program, and prepares and responds to pandemic and influenza plans.

The Environmental Health Officer is also responsible for public health education (e.g. the Bairnsdale ulcer program) and administers the Municipal Public Health Plan.

	2007-08	2008-09
Food Act Registrations	70	74
Food Act Assessments	40	24
Health Act Registrations	6	6
Prescribed Accommodation	17	17
Residential Tenancies Act Accommodation	6	6
Tobacco Act Inspections	8	5
Nuisance Complaints	-	30

Local Government Indicators

	2006/07	2007/08	2008/09
Community satisfaction rating for health and human services	77	79	81
Community satisfaction rating for recreational facilities	68	68	68

Source: Local Government Community Satisfaction Survey 2009, Wallis Consulting Group



Strategic Objective

Education, Learning and the Arts

The Sea of Words Literary Event

The 'Sea of Words', held in Queenscliff on 2 May 2009, had the flavor of a BIG BOOK CLUB with discussion, breakfast talk, poetic lunch, readings, a literary dinner and a panel discussion.

The selected reader for 2009 was 'Walking to the Moon' by first time novelist Kate Cole-Adams. The event also featured a book of poetry by Anne Gleeson, 'In between the dancing'.

Other writers who joined in the weekend activities were authors Paddy O'Reilly, Jane Watson, Janey Runci and Pam Baker reading their own work in 'Story-time for Adults'.

Howard Spicer who grew up in Queenscliff and who has written a book loosely based on his childhood experiences visited the local schools reading passages from his book and sharing anecdotes with the local children.

Queenscliff Rotary ran the 'Frank Mountford Literary Award' primary students essay competition. Charles Graeme from the Henry Handel Richardson Society spoke about the writer's life, highlighting the time she lived in Queenscliff.

Mayor Bob Meriman and actor Matt King shared passages from their favourite books and local writers had the opportunity to read their own work.

Our local suffragette Henrietta Dugdale

In 2008, the Borough of Queenscliffe received a grant as part of the celebrations marking 100 years since Victorian Women received the Vote in 1908. and funded a performance based on our very own suffragette Henrietta Dugdale.

The performance '*Our local suffragette, Henrietta Dugdale*', was written and directed by local resident Marion Melrose and follows her life from the early beginnings of Queenscliff to her eventual death and burial in Queenscliff cemetery. Dugdale is credited with sparking off the debate in the Melbourne Press in 1869 and

made an immense contribution towards obtaining the vote for females in Victoria.

Town Hall Foyer and Offices Open Day

On 3 October 2008 after 12 months in construction, 100's of local residents took the opportunity to take the tour of the new look Municipal offices and entrance foyer to the Town Hall designed as a contemporary interpretation of the original "Foresters Hall".

Youth Concert



In conjunction with the Youth Committee of the Queenscliff Music Festival, the Borough ran a music event for young people aged 13 to 18 years featuring headliner 'Lisa Mitchell' with support acts 'Loren' and 'the Little Stevies'.

This annual activity now in its sixth year is always well supported by our local young people who have the opportunity to hear high profile headliner acts locally.

This event provides a safe environment for young people to attend with a 'no passout', 'no smoking no alcohol' policy and it provides the Youth Committee the opportunity to test their stage management skills before the Music Festival.



Education, Learning and the Arts

Bellarine Peninsula Skate Park Series



Working with City of Greater Geelong Youth Services Unit, the Borough of Queenscliffe was again able to support this skate competition held fortnightly from January to April at skate parks across the Bellarine Peninsula including the Point Lonsdale skate park.

The Skate Series now in its fifth year, aims to create an opportunity for young people, ranging from the under 10 years Micro Minis, Under 13, Under 16 and Open to showcase their talents in a highly skilled sport, in their local community.

Teddy Bears Picnic

As part of Children's Week from 18-26 October 2008 the Borough, the Queenscliff Kindergarten and the local library ran a week long series of activities around the theme of Teddy Bears. This culminated with a family friendly **Teddy Bears Picnic** in the grounds of the kindergarten with story telling, songs, food and face painting.





Strategic Objective

Business & Tourism

Visitor Information Centre

The distinctive blue and yellow 'i' sign at the Visitor Information Centre still attracts a lot of enquiries, but it would appear from the statistics that the way people are finding out about Queenscliffe is changing.

More people are using the Internet with a 41% increase in website visits and fewer people phoning or making email enquiries.

	2007-08	2008-09
Walk In Visitors	64,503	62,738
Phone Enquiries	11,110	9,164
Email Enquiries	233	178
Heritage Walk Participants	779	638
Website Homepage Hits	35,471	51,226
Visitor Centre Homepage Hits	29,045	30,803

Accreditation

The Australian Tourism Accreditation Program (ATAP) is approved by the Tourism Accreditation Board of Victoria Inc. – an independent board established to certify the development of quality assurance programmes for the tourism industry.

Leading Australian tourism operators displaying the accreditation tick have met specific criteria ensuring they are committed to exceeding expectations with great customer service and the highest standards of business practice.



All businesses accredited through the Australian Tourism Accreditation Program meet the Australian Tourism Accreditation Standard.

The Visitor Information Centre is currently working through the process of accreditation.

The Visitor Information website was redeveloped during the year and now has improved links, resources and information, fact sheets, maps and guides. Visitation to www.queenscliff.org has also increased by 15,755 hits over the 2007-08 figures.

Business Excellence Awards

The Queenscliff Visitor information Centre participated in the 2009 Geelong Advertiser Business Excellence Awards and was a finalist in two of the three categories entered.

Entering the Awards was an opportunity for the Visitor Information Centre to review its processes and operations and have them assessed by independent judges. The Visitor Information Centre not only rated well, but is also a more efficient business as a consequence of being involved.

The Borough have been a major sponsor of the 2009 Geelong Business Excellence Awards and lead sponsor of the Tourism Award.

Information packs and emails were distributed to businesses to raise awareness of workshops to help Borough businesses write their award submissions.

Volunteer Involvement

The Visitor information Centre is currently maintained by two full time paid staff and a pool of 25 Customer Service Volunteers and seven Heritage Guides.

During the year eight volunteers – Betty Springall, Bev Lockwood, Ronda Symonds, Kay Hennesy, Sue Novalija, Pauline Goldstraw, Margaret Skeen, and Linda Cotton retired. We thank them for their invaluable contribution.

A review is underway of recruitment strategies and processes and anyone interested in becoming a tourism volunteer should contact Maree Greenwood on 5258 4843.



Business & Tourism

Economic Development

Council commissioned consultants to work with the community to prepare the Queenscliff Tourism Infrastructure Opportunities Study. The project commenced in December 2008 and was endorsed by Council in June 2009.

The Tourism study recommended a number of projects that can be progressed over the next 12 months.

A Strategic Projects Officer partly funded by Regional Development Victoria (RDV) was employed to implement key priority actions from the Borough's Economic Development Strategy.

Eight workshops have been held offering business mentoring solutions to assist businesses address seasonality issues and also work with local organisations to strengthen business planning.

Point Lonsdale & Queenscliff Classic Branding

A new brand is being developed for Queenscliff and Point Lonsdale. The branding will be available for all businesses to use in their own advertising, as well as for use in campaigns with Geelong Otway Tourism and Tourism Victoria.

It has been developed in partnership with Geelong Otway Tourism after considerable community and business consultation.

Tourism Victoria has funded the development of 200 'marketing collateral' packs that will be distributed to all Borough businesses.

Video Brand Project

Great Ocean Road Marketing, Tourism Victoria and the Borough of Queenscliff are producing a video promoting Queenscliff and Point Lonsdale.

The total value of the project is \$30,000 with the Borough contributing \$7,500 in-kind towards the project.

The video will be featured on youtube, visitvictoria.com and tourism and travel websites such as tripadvisor and woti.org.

It will also be distributed as video content to major event broadcasters as well as trade and media partners.

Events

In 2008-2009 Council continued support of the Queenscliff Couta Boat Festival, Queenscliff Music Festival and Hesse Street Traders Christmas Celebration as hallmark events.

Improved event documentation was developed and is now used to distribute the monthly events calendar. The online listing procedure was reviewed and made easier and communicated to event organisers to ensure all appropriate event information is effectively promoted through the website.

Shopfest was introduced and has been a great success with over 80% of traders actively participating and the associated competition attracting 1,016 entries.

Local Government Indicators

	2006/07	2007/08	2008/09
Community satisfaction rating for economic development	56	61	60
Community satisfaction rating for traffic management and parking	66	61	58

Source: Local Government Community Satisfaction Survey 2009, Wallis Consulting Group



Strategic Objective

Coastal and the Environment

Crown Land Management

Over the course of the year a number of outstanding Crown land projects were finalised.

The Borough was appointed Committee of Management for the Queenscliff Sea Pilots lease area and leasing issues were resolved for the Point Lonsdale Bowling Club, CFA Satellite Station at Point Lonsdale and the 'Cottage by the Sea'. Major infrastructure upgrades included resurfacing and fencing the Queenscliff Netball Courts to Netball Victoria standards and the construction of a concrete access ramp at the Dog Beach.

Council also received funding for two Coastal Risk Projects, Coastal Risk & Aquatic Safety Signage and the Point Lonsdale Cliff Safety Review.

Caravan Parks / Camping Improvements

Several significant infrastructure projects were completed in the parks including 4 new cabins (\$300k), a camp kitchen (\$100k), and installation of electric BBQs in Royal Park.

The replacement of the King Street amenities block was also completed (\$300k).

A new website for the parks has been established at queensclifftouristparks.com.au

Queenscliff Playspace

The site of the Playspace has been identified and approved by Council. A Cultural Heritage Management Plan has been prepared and approved and concept plans developed. Community consultation will be undertaken and construction completed by the end of the 2009-10 financial year.

Weed Control

The weed control program on the Coastal Moonah Woodlands in The Narrows is continuing. To date over 500 cubic metres of woody weeds has been removed from a one-hectare area. Work on the slope at the Terminal Scour (Dog Beach) has continued in partnership with the Bellarine Catchment Network.

A major focus on the Point Lonsdale Foreshore by Corrective Services teams has also made a significant contribution to the Borough's weed control efforts.

Partnerships

A number of ongoing partnerships have been strengthened during this year and continue to allow the Borough to maximise their contribution to the community. These include:

- **The Bellarine Catchment Network** – an ongoing environmental partnership focussing on community engagement and action in the region particularly in the Terminal Scour and The Narrows areas.
- **Greencorp** – the Borough sponsored a Greencorp team of young Victorians to develop skills in a practical environment. Major projects included weed removal in Tobin Drive and vegetation works in The Narrows.
- **Marine Discovery Centre** – a school-based partnership based on the Sand Dune Restoration Program.
- **Corrective Services** – this partnership has been considerably strengthened and is now a primary component in our weed control and coastal revegetation programs. Council pay a fee to cover the supervision costs for a crew of up to 12 people who undertake the work. This allows Council to maximise the available resources and prioritise works within the crew's capacity.



Coastal and the Environment

Emergency Management Exercise (SAREX)

This was a multi agency exercise involving the Borough, Police, Country Fire Authority, Department of Human Services, Coast Guard and Life Saving Victoria to test emergency response capacity and procedures.

It involved a simulated rescue from a charter fishing boat that had caught on fire. The exercise held in October 2008 involved over 100 people.

Port of Melbourne Navigation Aids

Two navigation aids – lead light and sector lights, were erected in Royal Park and on the foreshore above Camp Wyuna. The structures are approximately 12m high and 2m in diameter. Information about these and the other navigation aids around Point Lonsdale and Queenscliff is available from the Port of Melbourne Authority.

Registered Aboriginal Party (RAP) Appointed

The Wathaurung Corporation were appointed as the registered aboriginal party for the Geelong / Queenscliffe area under the Aboriginal Heritage Act 2006.

This is significant in that it is a new organisation and Councils in this area will need to consult with them on matters of aboriginal cultural and heritage significance.

The Borough also hosted a meeting of local Crown land managers to meet the RAP representatives and develop the structure to build an ongoing working relationship.

Queenscliff Boat Ramp

The preliminary design and environmental clearances required by Department of Sustainability and Environment and the Environmental Protection Agency have been obtained.

This included testing and analysis of the sediment to be removed. The results indicate that the material is within acceptable guidelines.

This was an important first step in gaining approval for the upgrade work that includes maintenance dredging, new pontoons and pile replacement.

The work is to be carried out in the 2009-10 financial year.

Local Government Indicators

	2006/07	2007/08	2008/09
Community satisfaction rating for council's appearance of public areas	71	70	71

Source: Local Government Community Satisfaction Survey 2008, Wallis Consulting Group



Strategic Objective

Built Environment

Queenscliffe Heritage Study Review

In June 2005 Council determined that a review of the existing Urban Conservation Study (1984) was required. The first stage of the review included a concise thematic environmental history, historical mapping and review of heritage places in the Queenscliffe Urban Conservation Study (1984).

Stage one commenced in earnest in early 2008 with the appointment of consultants, Lovell Chen. The total cost of stage one was \$129,000. Stage one is now complete in draft form and is being revised and corrected. A final draft is due by the end of September 2009.

Council will be considering stage two of the project as part of the deliberations for the 2010-11 budget process. If this project is confirmed, external sources of funding will be sought through Heritage Victoria grants.

Municipal Office Refurbishment

Council staff moved back into the refurbished town hall offices early in October 2008.

The refurbishment has improved the function of the building with the addition of rooms available for officers to meet with ratepayers.

Improved all abilities access, to the office. staff facilities that create a more comfortable and safer work environment Improved and upgraded security have been included in the construction.

Environmentally sustainable design features such as a building management system that controls the lighting and the climate in the offices has reduced energy use.

Point Lonsdale Structure Plan

The Point Lonsdale Structure Plan is a joint project between the City of Greater Geelong and the Borough of Queenscliffe.

The project was managed by a Project Control Group (PCG) comprising officers from Department of Planning and Community Development (DPCD), officers and two councillors from each municipality and an independent chair.

DPCD provided funding for the provision of an independent chair to facilitate the joint process between the two municipalities.

The Point Lonsdale Structure Plan is a strategic land use planning document for Point Lonsdale and will be used in the assessment of planning permits and planning scheme amendments.

The Structure Plan was exhibited for six weeks from 18 September to 30 October 2008. Approximately 120 submissions were received.

On 10 March 2009 the Project Control Group adopted a final structure plan following a number of changes to the draft structure plan in response to submissions.

In April 2009 the City of Greater Geelong adopted the Structure Plan. In July 2009 the Borough of Queenscliffe will consider the structure plan following negotiation with the City of Greater Geelong on a number of minor changes which will be progressed when the subsequent planning scheme amendment commences.



Built Environment

Planning and Development

	07/08	08/09
Number of Applications Lodged	176	166
Number of Applications Withdrawn	5	14
Number of Permit/Notice of Decisions Issued	122	161
Number of Subdivisions	16	20
Number of VCAT Appeals	6	6

Monahan Centre

This project will be staged over time, dependant on the availability of funding. Council engaged architect Baade Harbour Australia to develop the designs, which are now, complete and issued for tender.

The design for the new complex includes a new, larger gym that incorporates a spa and sauna, much improved facilities and change rooms for sporting clubs – including a commercial kitchen and a social room.

Community meeting rooms have been incorporated into the design as well as 'All Abilities Access' to all floors of the building (which was not the case previously).

The new complex will take full advantage of its surroundings boasting unmatched views of the heads along with improved views of the recreation reserve.

Local Government Indicators

	2006/07	2007/08	2008/09
Community satisfaction rating for town planning policy and approvals	50	52	52

Source: Local Government Community Satisfaction Survey 2008, Wallis Consulting Group



Strategic Objective

Infrastructure

Waste Management

Council is a partner in the Barwon Regional Waste Management Group (BRWMG) of Councils.

Throughout the year the BRWMG progressed a due diligence process to select a regional waste processing contractor.

The contract will be signed early in the 2009-10 financial year and commence operation at the beginning of 2010.

The new waste processing will dramatically reduce the amount of waste that is disposed of to landfill and introduce more efficient recycling and treatment of other wastes that traditionally end up as landfill.

Asset Management

Council participated in the MAV 'Step Program' which aims to continually improve the management of Council's assets and improve the understanding of the asset renewal gap.

The program covers all assets including: the road network, buildings and facilities, open space and urban storm water drainage. This dedicated process will ensure expenditure is being committed to maintaining all assets at the appropriate level of service over time.

Domestic Animal Management Plan

The Domestic Animal Management Plan of the Borough of Queenscliffe has been lodged with the Department of Primary Industries as per the legislative requirements of section 68A of the Domestic Animals Act (1994).

The Act requires Councils to produce a Domestic Animal Management Plan and review it every four years.

Benchmarking Council's existing animal management practices against other Councils and incorporating current best practice into the plan has been a key feature of the process.

The plan identifies the following key issues:

- Importance of education and provision of information to encourage responsible pet ownership;
- Value of microchipping and desexing pets;
- Need for a strategic approach to manage domestic animals in the community, and
- Performance, monitoring and evaluation processes.

Domestic Animals

The Act changed name last month from Domestic (Feral & Nuisance) Animal Act (1994) to Domestic Animal Act (1994).

The purpose of the Domestic Animal Act (1994) is to promote animal welfare, the responsible ownership of dogs and cats and the protection of the environment.

This includes things such as dog and cat registration, identification and control of dangerous dogs, menacing dogs and restricted breed dogs; and it helps protect the community and environment from feral and nuisance dogs and cats.

A summary of our activities under the Act are detailed below.

Domestic Animals	2007-08	2008-09
Total Animals Registered	819	809
Dogs	652	659
Cats	167	150
Impounded animals	11	10
Door Knocks (Streets)	32	23
Animal Warning Notices	8	105
Native Animals	16	9
After Hours Calls	55	26
After Hours Call-outs	8	2
Patrols		393



Infrastructure

Emergency Management

Fire prevention inspections were conducted in early November 2008 on all properties within the Borough of Queenscliffe. A total of 84 Fire Prevention Notices were issued on properties where it was deemed that the property presented a fire hazard.

Of the 84 properties issued with Fire Prevention Notices, a total of 8 owners failed to clear their property of the hazard. In accordance with the Country Fire Authority Act 1958, Council arranged for contractors to clear the fire hazard and infringement notices were issued to the property owners.

Inspections of properties will commence again in mid November 2009 with Fire Prevention Notices (FPN) issued to owners of properties that have a fire hazard. A compliance date of December 2009 will apply.

Follow up inspection on properties issued with a FPN will be conducted in early December 2009, with contractors to clear properties that do not comply with the FPN.

Weed removal has been conducted on Council managed areas located in Queenscliff and Point Lonsdale which reduces the risk of fire in the community.

FIRE PREVENTION	2007-08	2008-09
Notices issued	77	84
Non-Compliance with Fire Prevention Notices	7	8

Council is working with the emergency service organisations in the region to develop an Integrated Fire Management Plan (IFMP).

This is new initiative of the State Government and will be completed in 2009-10.

Council's Municipal Emergency Management Plan (MEMP) has been updated and was audited by the State Emergency Service on the 27 January 2009. Council's plan passed audit and was adopted by the Municipal Emergency Management Planning Committee and Council.

The Borough of Queenscliffe Municipal Emergency Management Plan has been produced pursuant to Section 20 (1) of the Emergency Management Act 1986.

This plan addresses the prevention of, response to and recovery from emergencies within the Borough of Queenscliffe and is the result of the co-operative efforts of the emergency management planning committee and assistance from Victoria State Emergency Service.

Local Government Indicators

	2006/07	2007/08	2008/09
Community satisfaction rating for waste management	75	75	73
Community satisfaction rating for enforcement of local laws	56	67	67
Community satisfaction rating for local roads and footpaths	62	62	61

Source: Local Government Community Satisfaction Survey 2008, Wallis Consulting Group



Strategic Objective

Finance / Audit

Audit Committee

The Audit Committee is an independent advisory committee that assists Council in the effective conduct of its responsibilities for financial reporting, risk management, internal controls and facilitating the organisation's ethical development.

The Audit Committee is composed of independent chairman, Mr Richard Bull, independent member, Mr Fergus MacKee and two Councillors.

Councillor Mitchell replaced Councillors Bugg and Semmens after the General Elections whilst Councillor Burgess remains on the committee.

Councillor	Eligible to Attend	Attended
Mr Richard Bull	3	3
Mr Fergus MacKee	3	1
Cr Pat Semmens	2	2
Cr. John Bugg	2	2
Cr. John Burgess	3	2
Cr. David Mitchell	1	1

Property Revaluation

In accordance with the Valuation of Land Act, Council last undertook its bi-annual revaluation of all properties in the Borough of Queenscliffe, as at 1 January 2008.

This level of property valuations will be used for rating purposes for the 2009/10 rating year. Council's contracted valuers, Landlink Opteon (formerly known as Southern Cross Property Services) conducted the biennial revaluation of properties in the Borough.

This legislative process under the Valuation of Land Act (1960) will next be completed early in 2010 in time for rate modelling and budget planning for the 2010/11 financial year. Councils are required to conduct a revaluation biennially.

This method of valuation was introduced 11 years ago and initiated to keep ratings reflective of current property values. All Victorian Councils undertake this process at the same time.

Simple Guide to the Financial Reports

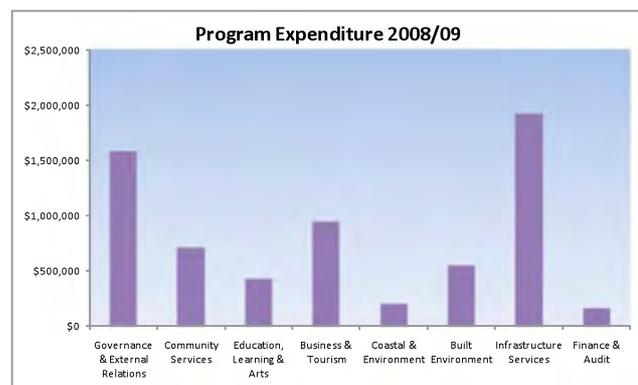
The Financial Report is a general purpose financial report that consists of an Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes accompanying the financial statements. This Annual Report includes a section called 'Understanding the Financial Report'. This is provided in 'laymans terms' to assist in understanding what each of the statements represent.

The Income Statement for the financial year ending 30 June 2009 shows a surplus of \$.521M against the previous years result of \$.044M.

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 is deducted.

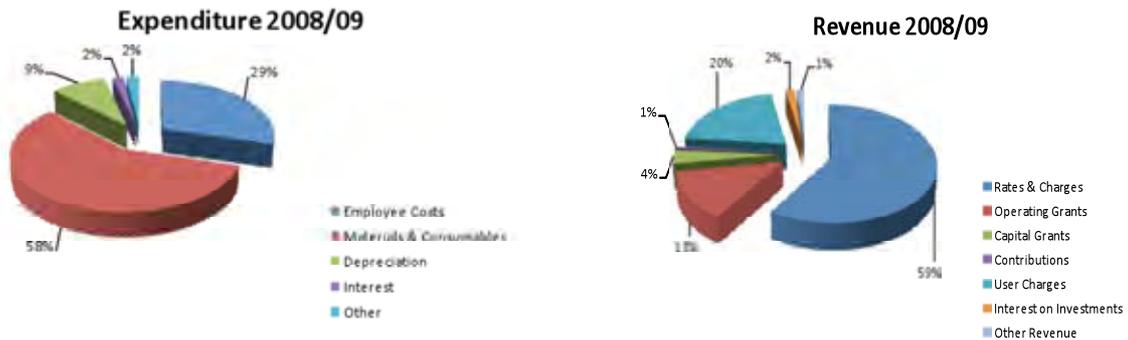
Whilst this does not comply with current accounting standards and therefore cannot be disclosed in this manner in the audited statements for the Annual Report, it is deemed a valuable method of determining a purely operational result for the financial year. This is done on the basis that capital expenditure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

The underlying operational result net of capital income is a surplus of \$181,000. However it must be noted that this figure includes funding received in advance (Government grants), where the matching expenditure will not occur until the 2009-10 year.





Finance / Audit



Performance Snapshot

Local Government Performance Indicators	2006/07	2007/08	2008/09
Affordability / Cost of Governance			
Average Rates and Charges per Assessment	\$1,342.95	\$1,419.40	\$1,528.55
Average Rates and Charges per Residential Assessment	\$1,291.79	\$1,354.18	\$1,482.94
Sustainability			
Average Liabilities per Assessment	\$809.59	\$1,029.37	\$966.24
Operating Result per Assessment	\$363.45	\$15.03	\$176.23
Services			
Average Operating Expenditure per Assessment	\$2,069.15	\$2,330.60	\$2,412.34
Community Satisfaction Rating for Overall Performance generally of the Council	64	65	66
Infrastructure			
Average Capital Expenditure per Assessment	\$203.61	\$476.43	\$764.60
Investment Gap	111%	270%	341%
Renewal and Maintenance Gap	108%	216%	251%
Governance			
Community Satisfaction Rating for Council's Advocacy and Community Representation on Key Local Issues	60	63	61
Community Satisfaction Rating for Council's Engagement in Decision Making on Key Local Issues	62	64	65
Additional Sustainability Data			
Operating Surplus per Income statement	\$1,046,000	\$101,000	\$521,000
Underlying Operating Surplus (Capital Income and other abnormals removed)	\$359,000	(\$22,000)	\$181,000

(Note: the underlying operating result removes capital income on the basis that there is no matching capital expenditure included. Other abnormals removed include non-monetary developer contributions. This measure is used to ascertain a more realistic result of operating activities.)



UNDERSTANDING THE FINANCIAL REPORT

The Financial Report shows how Council performed financially during the 2008-09 financial year and the overall position at the end of the financial year (30 June 2009).

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 model accounts which are designed to standardise financial reporting for local government bodies throughout Victoria.

The Victorian Auditor General's agent audits the statements before being approved in principle by Council's Internal Audit Committee and Council itself. The Financial Statements are then forwarded to the Auditor General for final approval. Once approval has been received, the Statements are made available for public inspection, usually in the first two weeks of October each year.

The Financial Statements are made up of four key financial reports:

- Income Statement
- Balance Sheet
- 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:

- 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.

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.



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.
Interest-Bearing Loans and Borrowings	The outstanding balance Council owes on bank loans. Current borrowings represent the amount to be repaid in 2008-09.

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 2009.

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 38);
- The breakdown of expenses, revenues, reserves and other assets (refer Notes 2 to 24);
- Contingent liabilities and contingent assets (refer Note 34);
- Transactions with persons related to Council (refer Note 37); and
- Superannuation (refer Note 31).

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.

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.



Borough of Queenscliffe
Annual Financial Report
For the Year Ended 30 June 2009



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*Borough of Queenscliffe
2008/2009 Financial Report*

Income Statement			
For the year ended 30 June 2009			
	Note	2009 \$'000	2008 \$'000
Revenue			
Rates and charges	2	4,523	4,156
Statutory fees and fines	3	157	149
User fees	4	1,399	1,388
Grants - Recurrent	5	697	669
Grants - Non-recurrent	5	615	221
Contributions - Cash	6	44	-
Reimbursements	7	48	37
Other revenue	8	173	305
Total revenue		<u>7,656</u>	<u>6,925</u>
Expenses			
Employee benefits	9	(2,103)	(1,820)
Materials and services	10	(4,139)	(4,185)
Bad and doubtful debts	11	(2)	-
Depreciation and amortisation	12	(630)	(596)
Finance costs	13	(123)	(103)
Other expenses	14	(141)	(120)
Total expenses		<u>(7,138)</u>	<u>(6,824)</u>
Net gain/(loss) on disposal of property, plant and equipment, infrastructure		(9)	-
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	15	12	18
Net asset revaluation increment / (decrement) on infrastructure	20	-	(75)
Surplus/(deficit) for the year		<u>521</u>	<u>44</u>

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



*Borough of Queenscliffe
2008/2009 Financial Report*

Balance Sheet
For the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
Assets			
Current assets			
Cash and cash equivalents	16	1,679	2,976
Trade and other receivables	17	258	290
Inventories	18	13	7
Other assets	19	231	114
Total current assets		<u>2,181</u>	<u>3,387</u>
Non-current assets			
Trade and other receivables	17	7	20
Investments in associates accounted for using the equity method	15	246	234
Property, plant and equipment, infrastructure	20	54,671	39,978
Total non-current assets		<u>54,924</u>	<u>40,232</u>
Total assets		<u>57,105</u>	<u>43,619</u>
Liabilities			
Current liabilities			
Trade and other payables	21	645	596
Trust funds and deposits	22	77	65
Provisions	23	364	348
Interest-bearing loans and borrowings	24	206	199
Total current liabilities		<u>1,292</u>	<u>1,208</u>
Non-current liabilities			
Provisions	23	24	24
Interest-bearing loans and borrowings	24	1,620	1,847
Total non-current liabilities		<u>1,644</u>	<u>1,871</u>
Total liabilities		<u>2,936</u>	<u>3,079</u>
Net Assets		<u>54,169</u>	<u>40,540</u>
Equity			
Accumulated surplus		28,961	14,636
Reserves	25	25,208	25,904
Total Equity		<u>54,169</u>	<u>40,540</u>

The above balance sheet should be read with the accompanying notes.



*Borough of Queenscliffe
2008/2009 Financial Report*

Income Statement
For the year ended 30 June 2009

	Note	Total 2009 \$'000	Accumulated Surplus 2009 \$'000	Asset Revaluation Reserve 2009 \$'000	Other Reserves 2009 \$'000
2009					
Balance at beginning of the financial year		40,540	14,636	24,219	1,685
Adjustment on change in accounting policy					
- Land under roads	26	13,108	13,108	-	-
Surplus(deficit) for the year		521	521	-	-
Net asset revaluation increment(decrement)	25(a)	-	-	-	-
Transfers to other reserves	25(b)	-	(999)	-	999
Transfers from other reserves	25(b)	-	1,695	-	(1,695)
Balance at end of the financial year		54,169	28,961	24,219	989

		Total 2008 \$'000	Accumulated Surplus 2008 \$'000	Asset Revaluation Reserve 2008 \$'000	Other Reserves 2008 \$'000
2008					
Balance at beginning of the financial year		44,558	14,302	28,281	1,975
Adjustment on change in accounting policy					
- Land under roads	26	-	-	-	-
Surplus(deficit) for the year		44	44	-	-
Net asset revaluation increment(decrement)	25(a)	(4,062)	-	(4,062)	-
Transfers to other reserves	25(b)	-	(388)	-	388
Transfers from other reserves	25(b)	-	678	-	(678)
Balance at end of the financial year		40,540	14,636	24,219	1,685

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



Cash Flow Statement
For the year ended 30 June 2009

	Note	2009 Inflows/ (Outflows) \$'000	2008 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		4,531	4,140
Statutory fees and fines		154	149
User charges and other fines (inclusive of GST)		1,629	1,362
Grants (inclusive of GST)		1,312	959
Interest		110	236
Other receipts (inclusive of GST)		12	32
Net GST refund/(payment)		530	399
Payments to suppliers (inclusive of GST)		(4,806)	(4,571)
Payments to employees (including redundancies)		(2,087)	(1,765)
Other payments		(140)	(202)
Net cash provided by (used in) operating activities	27	<u>1,245</u>	<u>739</u>
Cash flows from investing activities			
Payments for property, plant and equipment, infrastructure		(2,262)	(1,193)
Proceeds from sale of property, plant and equipment, infrastructure		38	350
Repayment of loans and advances from community organisations		13	21
Net cash provided by (used in) investing activities		<u>(2,211)</u>	<u>(822)</u>
Cash flows from financing activities			
Finance costs		(123)	(103)
Trust funds and deposits		12	(7)
Proceeds from interest bearing loans and borrowings		-	600
Repayment of interest bearing loans and borrowings		(220)	(215)
Net cash provided by (used in) financing activities		<u>(331)</u>	<u>275</u>
Net increase (decrease) in cash and cash equivalents		(1,297)	192
Cash and cash equivalents at the beginning of the financial year		2,976	2,784
Cash and cash equivalents at the end of the financial year	16	<u>1,679</u>	<u>2,976</u>
Financing arrangements	24	-	-
Restrictions on cash assets	30	569	1,354

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



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 - AFS & Associates

Solicitors - Hardwood 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 an Income Statement, Balance Sheet, 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 base

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.

(b) Change in accounting policies

Land under roads - Council has elected to value all land under roads, at cost, as detailed in note 1(h).



Note 1 *Significant accounting policies (cont.)*

(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, plant and equipment, infrastructure

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

Interest and rents

Interest and rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

(d) **Inventories**

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



Note 1 *Significant accounting policies (cont.)*

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

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.

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	40-200 years
caravan park cabins	15 years
<u>Plant and Equipment</u>	
plant, machinery and equipment	5-10 years
fixtures, fittings and furniture	10 years
computers and telecommunications	3 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
pipes	50-80 years
drainage pits	50 years
drainage pumps	20 years
kerb and channel	60-80 years
playground equipment	12.5 years
sea wall	50 years

Caravan park cabins has been listed above for the first time in 2008/09, with a useful life estimated at 15 years.

(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.



Note 1 *Significant accounting policies (cont.)*

(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 20. 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:

		<u>Threshold Limit</u>
		\$'000
	<u>Property</u>	
	Land	
	land under roads	5
	land improvements	5
	Buildings	
	buildings	10
	building improvements	10
	caravan park cabins	10
		<u>Threshold Limit</u>
		\$'000
2008	<u>Property</u>	
	Land	
	land under roads	5
	land improvements	2,975
	Buildings	
	buildings	32
	building improvements	10
		2,046
	<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	10
	road kerb, channel and minor culverts	10
	footpaths and cycleways	10
	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, 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 every three years. The valuation is performed either by experienced council officers or independent experts.



Note 1 *Significant accounting policies (cont.)*

(h) **Recognition and measurement of assets (cont.)**

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve 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 reserve 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 recognised the value of land under roads it controlled as at 30 June 2008 at deemed cost. Land under roads acquired after 30 June 2008 is brought to account using the cost basis.

(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 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 22).



Note 1 *Significant accounting policies (cont.)*

(m) **Employee benefits**

Wages and salaries

Liabilities for wages and salaries and rostered days off 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

A liability is recognised in respect of Council's present obligation to meet the unfunded obligations of defined benefit superannuation schemes to which its employees are members. The liability is defined as the Council's share of the scheme's unfunded position, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. The liability also includes applicable contributions tax of 17.25 %.

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 together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 31.



Note 1 *Significant accounting policies (cont.)*

(n) **Leases**

Operating leases

Lease payments for operating leases are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Council.

(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 balance sheet. Such agreements are recognised on an 'as incurred' basis.

(q) **Web site 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 balance sheet 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 income statement.

(t) **Rounding**

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars.



Note 1 *Significant accounting policies (cont.)*

(u) 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.

AASB amendment	Standards Affected	Outline of amendment	App. date of Std	App. date for Council
AASB 2008 - 11	AASB 3 Business Combinations	Amends an earlier version of AASB 3 issued in July 2004. However, before the mandatory application of this Standard the Australian Accounting Standards Board will consider the suitability of this Standard for combinations in the not for profit sector. This may result in further amendments to this Standard or an additional scope exclusion. Consequently, it is not possible to assess the likely impact of this Standard on Council.	1-Jul-09	1-Jul-09
AASB 2007 - 06	AASB 101 Presentation of Financial Statements	Amends an earlier version of AASB 101 issued in July 2006. This Standard introduces the concept of a "complete set of financial statements" and amends the title of some statements in the accounts. The other change of some relevance to Council relates to reporting owner changes in equity and comprehensive income. No significant impacts are expected to arise from this Standard.	1-Jan-09	1-Jan-09
AASB 2007 - 08	AASB 123 Borrowing Costs	Amends an earlier version of AASB 123 issued in July 2004. This Standard requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised. Previously, entities had the option of expensing such costs. Subject to the existence of borrowings for the purpose of funding capital expenditure, this standard will require related borrowing costs to be capitalised rather than expensed. It is not expected that this will have a material impact on the reported financial performance or position of Council.	1-Jan-09	1-Jan-09
AASB 2008 - 5	AASB 127 Consolidated and Separate Financial Statements	Amends an earlier version of AASB 127 issued in July 2004. This standard makes various relatively minor changes. This Standard is not expected to have any impact on Council.	1-Jul-09	1-Jul-09
AASB 2008-1, AASB 2008-2, AASB 2008-3, AASB 2008-5, AASB 2008-6 AASB 2008-7	Various	These standards make revisions, which are generally minor, to a range of other accounting standards. It is not expected that these Standards will have any significant impact on Council.	1-Jan-09	1-Jan-09



Borough of Queenscliffe
Notes to the Financial Report
For the year ended 30 June 2009

Note 2 Rates and charges

Council uses capital improved value as the basis of valuation of all properties within the municipal district. The capital improved value of a property is the total market value of the property including all land and all improvements.

The valuation base used to calculate general rates for 2008/2009 was \$1,839 million (2007-2008 \$1,674 million). The 2008/2009 rate in the capital improved value dollar was 0.002401 (2007-2008, 0.002405).

	2009	2008
	\$'000	\$'000
Residential	4,041	3,677
Commercial	464	465
Supplementary rates and rate adjustments	4	-
Garbage charge	7	7
Special rates and charges	7	7
	<u>4,523</u>	<u>4,156</u>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2008, and the valuation will be first applied in the rating year commencing 1 July 2008.

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2006, and the valuation first applied to the rating period commencing 1 July 2006.

Note 3 Statutory fees and fines

	2009	2008
	\$'000	\$'000
Town planning fees	60	54
Infringements and costs	35	33
PERIN court recoveries	6	4
Health registrations	20	17
Animal registrations	16	16
Permits	14	13
Land information certificates	6	12
	<u>157</u>	<u>149</u>

Note 4 User fees

	2009	2008
	\$'000	\$'000
(a) Caravan park fees	1,195	1,119
Boat ramp fees - ticket machine	83	83
Aged services fees	85	94
Tourism	17	20
Building services fees	9	14
Valuation fees/supplementary charges	3	41
Road occupancy charges	3	5
Other fees and charges	4	12
	<u>1,399</u>	<u>1,388</u>

(b) Ageing analysis of contractual receivables

Please refer to table (b) in Note 35 for the ageing analysis of contractual receivables.



Borough of Queenscliffe
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For the year ended 30 June 2009

Note 5

Grants

Grants were received in respect of the following:

Summary of grants	2009 \$'000	2008 \$'000
Federally funded grants	152	162
State funded grants	1,149	721
Others	11	7
Total	1,276	845

Recurrent

Home help/linkages	215	228
Victoria Grants Commission - unallocated	203	125
Maternal and child health	72	44
Community aged care packages	52	48
Victoria Grants Commission - local roads	48	45
Weed management	31	24
Community services officer	19	18
Heritage	14	12
School crossing supervisors	10	10
Beach cleaning	9	7
Community health - tobacco activity program	7	7
Senior citizen centres	7	7
Planning and development	5	-
Senior citizen week	3	2
Councillor training	2	-
Commonwealth Government - Roads to recovery	-	75
Kerbside recycling program	-	9
National competition policy	-	8
Total recurrent	697	66

Non-recurrent

Coastal risk management project	129	20
Bellarine railway project	125	-
Regional playground development	103	-
Bus shelters	60	48
Point Lonsdale sports clubhouse	60	-
Caravan park improvement program	30	-
Tourism opportunities study	29	-
Boat ramp pontoons	28	-
Heat wave	25	-
Strategic projects officer	13	13
Access ramp dog beach	10	-
Municipal emergency management equipment	3	-
Caravan park camp kitchen	-	43
Climate change	-	35
Drought relief	-	28
Great Ocean Road web design	-	19
High school site master plan	-	10
Street life	-	5
Total non-recurrent	615	221



Borough of Queenscliffe
Notes to the Financial Report
For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Note 5		
<i>Grants (cont.)</i>		
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:		
Coastal risk management project	129	-
Regional playground development	103	-
Victoria Grants Commission - unallocated	51	-
Caravan park improvement program	30	-
Maternal and child health	30	-
Bus shelters	18	-
Boat ramp pontoons	14	-
Heat wave	5	-
Planning and development	5	-
Caravan park camp kitchen	-	43
Climate change	-	30
	<u>385</u>	<u>73</u>
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Caravan park camp kitchen	43	-
Commonwealth Government - Roads to recovery	-	30
Drought relief	-	32
Small town development fund	-	125
Economic development strategy	-	10
	<u>43</u>	<u>197</u>
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	<u>342</u>	<u>(124)</u>
Note 6		
Contributions		
Cash		
Recreational, leisure and community facilities	44	-
	<u>44</u>	<u>-</u>
Note 7		
Reimbursements		
Workcover	46	36
Other	2	1
	<u>48</u>	<u>37</u>
Note 8		
Other revenue		
Interest	113	236
Interest on rates	8	7
Other rent - lease of Crown Land properties	45	57
Other	7	5
	<u>173</u>	<u>305</u>



Borough of Queenscliffe
Notes to the Financial Report
For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Note 9		
Employee benefits		
Wages and salaries	1,704	1,421
Workcover	67	65
Annual leave and long service leave	139	168
Superannuation	162	149
Fringe benefits tax	31	18
	<u>2,103</u>	<u>1,820</u>
Note 10		
Materials and services		
Materials and services	1,087	1,295
Contract payments - staff (accounting, engineering, health, building, planning, heritage)	567	498
Contract payments - road maintenance and works	529	516
Contract payments - waste disposal	424	390
Contract payments - public conveniences	91	84
Contract payments - maternal and child health	58	54
Contract payments - other	79	141
Building maintenance	240	237
Works maintenance program	176	181
Contribution to Geelong regional library corporation	159	136
Utilities	136	108
Bellarine tourist railway	126	145
Plant and equipment maintenance	114	124
Heritage	120	-
Insurance	119	123
Temporary office relocation	64	122
Council elections and electoral review	50	32
	<u>4,139</u>	<u>4,185</u>
Note 11		
Bad and doubtful debts		
Parking fine debtors	2	-
	<u>2</u>	<u>-</u>
Note 12		
Depreciation and amortisation		
Property		
Buildings		
Buildings	173	162
Caravan park cabins	11	-
Plant and Equipment		
Plant, machinery and equipment	37	37
Fixtures, fittings and furniture	50	40
Recreation equipment	34	30
Infrastructure		
Roads	204	201
Kerb and channel	34	34
Footpaths and cycleways	25	26
Drainage	45	49
Sea wall	17	17
	<u>630</u>	<u>596</u>



Borough of Queenscliffe
Notes to the Financial Report
For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Note 13	Finance costs	
	Interest - Borrowings	103
		<u>123</u>
Note 14	Other expenses	
	Auditors' remuneration	25
	Councillors' allowances	54
	Operating lease rentals	21
	Contribution to community nursery	-
	Other	20
		<u>141</u>
Note 15	Investment in associates	
	Investments in associates accounted for by the equity method are:	
	- Geelong regional library corporation	234
		<u>246</u>
	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 2009. 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.	
	Council's share of accumulated surplus (deficit)	
	Council's share of accumulated surplus (deficit) at start of year	216
	Reported surplus (deficit) for year	18
	Council's share of accumulated surplus (deficit) at end of year	<u>234</u>
Note 16	Cash and cash equivalents	
	Cash at bank	371
	Cash on hand	1
	Bank bills	2,604
		<u>1,679</u>

Users of the financial report should refer to Note 30 for details of restrictions on cash assets and note 32 for details of existing Council commitments



Borough of Queenscliffe
 Notes to the Financial Report
 For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Note 17		
Trade and other receivables		
<i>Current</i>		
Rates debtors	57	65
Parking infringement debtors	12	11
Provision for doubtful debts - parking infringements	(7)	(9)
Loans and advances to community organisations	13	13
Pensioner concession rebate	40	-
Crown Land amenities	33	-
Point Lonsdale Bowls Clubhouse facility upgrade funding	13	-
Aged and disabled service user fees	11	10
Salary recharge	7	4
Bus shelter replacement funding	-	48
Valuation contribution	-	37
Caravan park accomodation	-	30
Other debtors	23	20
Net GST receivable	56	60
	258	290
<i>Non-current</i>		
Loans and advances to community organisations	7	20
	7	20
Total	<u>265</u>	<u>310</u>
Note 18		
Inventories		
Inventories held for sale	13	7
	<u>13</u>	<u>7</u>
Note 19		
Other assets		
<i>Current</i>		
Prepayments	159	101
Accrued income	72	13
	<u>231</u>	<u>114</u>



Borough of Queenscliffe
Notes to the Financial Report
For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Note 20		
<i>Property, plant, equipment and infrastructure</i>		
<i>Summary</i>		
at cost	18,404	3,123
Less accumulated depreciation	847	735
	<u>17,557</u>	<u>2,388</u>
at fair value as at 1 July 2007	16,059	16,059
Less accumulated depreciation	6,963	6,642
	<u>9,096</u>	<u>9,417</u>
at fair value as at 30 June 2008	33,963	33,963
Less accumulated depreciation	5,945	5,790
	<u>28,018</u>	<u>28,173</u>
Total	<u>54,671</u>	<u>39,978</u>
<i>Property</i>		
<i>Land</i>		
at fair value as at 30 June 2008	18,952	18,952
	<u>18,952</u>	<u>18,952</u>
<i>Land under roads</i>		
at cost at 30 June 2008	13,108	-
	<u>13,108</u>	<u>-</u>
Total Land	<u>32,060</u>	<u>18,952</u>
<i>Buildings</i>		
at cost	2,742	50
Less accumulated depreciation	18	-
	<u>2,724</u>	<u>50</u>
at fair value as at 30 June 2008	15,011	15,011
Less accumulated depreciation	5,945	5,790
	<u>9,066</u>	<u>9,221</u>
	<u>11,790</u>	<u>9,271</u>
Caravan park cabins		
at cost	323	-
Less accumulated depreciation	11	-
	<u>312</u>	<u>-</u>
Total Buildings	<u>12,102</u>	<u>9,271</u>
Total Property	<u>44,162</u>	<u>28,223</u>

Valuation of land (excluding land under roads) and buildings were undertaken by a qualified independent valuer Mr. Chris Barrett, Certified Practising Valuer, AAPI. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. 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 valued at deemed cost. Deemed cost is based on Council valuations at 30 June 2008 for land under roads in existence at that date and at the date acquired for subsequent acquisitions 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.



Borough of Queenscliffe
Notes to the Financial Report
For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Note 20		
<i>Property, plant, equipment and infrastructure (cont)</i>		
<u>Plant and Equipment</u>		
Plant, machinery and equipment		
at cost	365	337
Less accumulated depreciation	180	184
	<u>185</u>	<u>153</u>
Fixtures, fittings and furniture		
at cost	649	448
Less accumulated depreciation	374	324
	<u>275</u>	<u>124</u>
Recreation equipment		
at cost	507	462
Less accumulated depreciation	259	226
	<u>248</u>	<u>236</u>
<u>Total Plant and Equipment</u>	<u>708</u>	<u>513</u>
<u>Infrastructure</u>		
Roads		
at cost	278	108
Less accumulated depreciation	5	1
	<u>273</u>	<u>107</u>
at fair value as at 1 July 2007	9,371	9,371
Less accumulated depreciation	3,589	3,389
	<u>5,782</u>	<u>5,982</u>
	<u>6,055</u>	<u>6,089</u>
Kerb and channel		
at fair value as at 1 July 2007	2,084	2,084
Less accumulated depreciation	839	805
	<u>1,245</u>	<u>1,279</u>
Footpaths and cycleways		
at fair value as at 1 July 2007	1,041	1,041
Less accumulated depreciation	431	406
	<u>610</u>	<u>635</u>
Drainage		
at cost	8	-
Less accumulated depreciation	-	-
	<u>8</u>	<u>-</u>
at fair value as at 1 July 2007	2,743	2,743
Less accumulated depreciation	1,907	1,862
	<u>836</u>	<u>881</u>
	<u>844</u>	<u>881</u>
Sea walls		
at fair value as at 1 July 2007	820	820
Less accumulated depreciation	197	180
	<u>623</u>	<u>640</u>
<u>Total Infrastructure</u>	<u>9,377</u>	<u>9,524</u>

Valuation of infrastructure assets 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 2007. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.



Borough of Queenscliffe
 Notes to the Financial Report
 For the year ended 30 June 2009

	2009	2008
	\$'000	\$'000
Note 20		
<i>Property, plant, equipment and infrastructure (cont)</i>		
Works in progress		
Buildings at cost	220	1,545
Roads at cost	21	108
Land Development at cost	63	-
Electronic Records System at cost	50	-
Other at cost	70	65
Total Works in progress	<u>424</u>	<u>1,718</u>
Total Property, Plant and Equipment, Infrastructure	<u>54,671</u>	<u>39,978</u>



Borough of Queenscliffe
Notes to the Financial Report
For the year ended 30 June 2009

Note 20 *Property, plant and equipment, infrastructure (cont.)*

2009	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Impairment losses recognised in profit or loss	Transfers	Balance at end of financial year
			(note 25)	(note 14)		(a)		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property								
land	18,952	-	-	-	-	-	-	18,952
land under roads	13,108							13,108
Total land	32,060	-	-	-	-	-	-	32,060
buildings	9,271	60	-	173	-	-	2,632	11,790
caravan park cabins	-	-	-	11	-	-	323	312
Total buildings	9,271	60	-	184	-	-	2,955	12,102
Total property	41,331	60	-	184	-	-	2,955	44,162
Plant and Equipment								
plant, machinery and equipment	153	116	-	37	47	-	-	185
fixtures, fittings and furniture	124	16	-	50	-	-	185	275
recreation equipment	236	46	-	34	-	-	-	248
Total plant and equipment	513	178	-	121	47	-	185	708
Infrastructure								
roads	6,089	60	-	204	-	-	110	6,055
kerb and channel	1,279	-	-	34	-	-	-	1,245
footpaths and cycleways	635	-	-	25	-	-	-	610
drainage	881	8	-	45	-	-	-	844
sea wall	640	-	-	17	-	-	-	623
Total infrastructure	9,524	68	-	325	-	-	110	9,377
Works in progress								
buildings	1,545	1,815	-	-	-	-	(3,140)	220
roads	108	23	-	-	-	-	(110)	21
land development	60	3	-	-	-	-	-	63
electronic records system	-	50	-	-	-	-	-	50
other	5	65	-	-	-	-	-	70
Total works in progress	1,718	1,956	-	-	-	-	(3,250)	424
Total property, plant and equipment, infrastructure	53,086	2,262	-	630	47	-	0	54,671

(a) **Impairment losses** Impairment losses are recognised in the income statement under other expenses. Reversals of impairment losses are recognised in the income statement under other revenue.



Borough of Queenscliffe
Notes to the Financial Report
For the year ended 30 June 2009

Note 20 *Property, plant and equipment, infrastructure (cont.)*

2008	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Impairment losses recognised in profit or loss	Transfers	Balance at end of financial year
			(note 25)	(note 14)		(a)		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property								
land	23,195	-	(4,243)	-	-	-	-	18,952
land under roads	-	-	-	-	-	-	-	18,952
Total land	23,195	-	(4,243)	-	-	-	-	18,952
buildings	9,177	50	181	162	-	-	25	9,271
caravan park cabins	-	-	-	-	-	-	-	-
Total buildings	9,177	50	181	162	-	-	25	9,271
Total property	32,372	50	(4,062)	162	-	-	25	28,223
Plant and Equipment								
plant, machinery and equipment	164	26	-	37	-	-	-	153
fixtures, fittings and furniture	108	56	-	40	-	-	-	124
recreation equipment	266	-	-	30	-	-	-	236
Total plant and equipment	538	82	-	107	-	-	-	513
Infrastructure								
roads	6,140	108	-	201	-	35	7	6,089
kerb and channel	1,326	=	=	34	-	(13)	-	1,279
footpaths and cycleways	708	-	-	26	-	(47)	-	635
drainage	1,027	-	-	49	-	(106)	9	881
sea wall	601	-	-	17	-	56	-	640
Total infrastructure	9,802	108	-	327	-	(75)	16	9,524
Works in progress								
buildings	370	1,205	-	-	-	-	(30)	1,545
roads	102	13	-	-	-	-	(7)	108
land development	44	16	-	-	-	-	-	60
electronic records system	-	-	-	-	-	-	-	-
other	6	3	-	-	-	-	(4)	5
Total works in progress	522	1,237	-	-	-	-	(41)	1,718
Total property, plant and equipment, infrastructure	43,234	1,477	(4,062)	596	-	(75)	-	39,978

(a) **Impairment losses** Impairment losses are recognised in the income statement under other expenses.
Reversals of impairment losses are recognised in the income statement under other revenue.



Borough of Queenscliffe
 Notes to the Financial Report
 For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Note 21		
Trade and other payable		
Trade payables	423	511
Accrued expenses	222	85
	<u>645</u>	<u>596</u>
Note 22		
Trust funds and deposits		
Refundable civic facilities deposits	42	41
Community nursery	19	-
Retention amounts	7	-
Refundable key deposits	3	3
Other refundable deposits	6	5
Refundable contract deposits	-	4
Refundable tender deposits	-	12
	<u>77</u>	<u>65</u>

The above monies are held in six separate ledger accounts as follows : Restoration Fund \$41k, Community Nursery \$19k, Refundable Security Deposits \$13k, Visitor Information Centre \$2k, National Reconciliation Week \$1k and Museum Sign \$1k.



Borough of Queenscliffe
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For the year ended 30 June 2009

Note 23	Provisions	Annual	Long Service	Landfill	Total
		Leave	Leave	Restoration	
		\$ '000	\$ '000	\$ '000	\$ '000
	2009				
	Balance at beginning of the financial year	149	223	-	372
	Additional provisions	91	103	-	194
	Amounts used	(63)	(115)	-	(178)
	Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-	-
	Balance at the end of the financial year	<u>177</u>	<u>211</u>	-	<u>388</u>
	2008				
	Balance at beginning of the financial year	135	186	65	386
	Additional provisions	132	79	-	211
	Amounts used	(118)	(42)	(65)	(225)
	Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-	-
	Balance at the end of the financial year	<u>149</u>	<u>223</u>	-	<u>372</u>
				2009	2008
				\$'000	\$'000
	(a) Employee benefits				
	Current (i)				
	Annual leave			177	149
	Long service leave			187	199
				<u>364</u>	<u>348</u>
	Non-current (ii)				
	Long service leave			24	24
				<u>24</u>	<u>24</u>
	Aggregate carrying amount of employee benefits:				
	Current			364	348
	Non-current			24	24
				<u>388</u>	<u>372</u>
	The following assumptions were adopted in measuring the present value of employee benefits:				
	Weighted average increase in employee costs			4.45%	4.75%
	Weighted average discount rates			5.22%	6.51%
	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 of continuous service				
	- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value			177	149
	- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value			187	199
				<u>364</u>	<u>348</u>
	(ii) Non-current				
	Long service leave representing less than five years of continuous service measured at present value			<u>24</u>	<u>24</u>
	(b) Land fill restoration				
	Landfill restoration was completed during the 2007/08 financial year, with no further works in 2008/09.				



Borough of Queenscliffe
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Note 24	Interest-bearing loans and borrowings	2009	2008
		\$'000	\$'000
	<i>Current</i>		
	Borrowings - secured	206	199
		<u>206</u>	<u>199</u>
	<i>Non-current</i>		
	Borrowings - secured	1,506	1,716
	Superannuation - liability	114	131
		<u>1,620</u>	<u>1,847</u>
	Total	<u>1,826</u>	<u>2,046</u>
	The maturity profile for Council's borrowings is:		
	Not later than one year	206	199
	Later than one year and not later than five years	946	880
	Later than five years	674	967
		<u>1,826</u>	<u>2,046</u>

Bank overdraft

Council did not make use of a bank overdraft facility during the 2008/09 financial year (2007/08 not used)

Finance leases

Council had no finance leases at year-end.



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Note 25	Reserves	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
		\$'000	\$'000	\$'000
	(a) Asset revaluation reserves	\$'000	\$'000	\$'000
	2009			
	Property			
	Land	17,349		17,349
	Buildings	6,870		6,870
	Total Asset revaluation reserves	<u>24,219</u>		<u>24,219</u>
	2008			
	Property			
	Land	21,592	(4,243)	17,349
	Buildings	6,689	181	6,870
	Total Asset revaluation reserves	<u>28,281</u>	<u>(4,062)</u>	<u>24,219</u>

The asset revaluation reserve 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. The next revaluation of land and buildings is due in January 2010.

(b) Other reserves	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
2009				
Crown Land Reserves	1,167	413	(1,177)	403
Office Refurbishment	518	-	(518)	-
Incomplete Capital Works	-	328	-	328
Incomplete Operating Works	-	258	-	258
Total Other reserves	<u>1,685</u>	<u>999</u>	<u>(1,695)</u>	<u>989</u>
2008				
Crown Land Reserves	975	388	(196)	1,167
Office Refurbishment	1,000	-	(482)	518
Incomplete Capital Works	-	-	-	-
Incomplete Operating Works	-	-	-	-
Total Other reserves	<u>1,975</u>	<u>388</u>	<u>(678)</u>	<u>1,685</u>

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.

Office Refurbishment Reserve - balance of funds used up during 2008/09 to fund completion of the office refurbishment project.

Incomplete Works Reserves (capital and operating) represent those projects which have been allocated budgets but have not yet been completed, with some of the capital projects recorded as Works in Progress (Note 20) whilst others have not yet commenced.

There is some grant funding of capital projects included here, with further details of each project for which grants remain to be expended at Note 5.



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	2009 \$'000	2008 \$'000
Note 26	Adjustments directly to equity	
	Adjustment arising from recognising land under roads	13,108
	13,108	-
Note 27	Reconciliation of cash flows from operating activities to surplus (deficit)	
	Surplus/(deficit) for the year	521
	Depreciation/amortisation	630
	(Profit)/loss on disposal of property, plant and equipment, infrastructure	9
	Finance costs	123
	Net asset revaluation/(decrement) of infrastructure	-
	<i>Change in assets and liabilities:</i>	
	(Increase)/decrease in trade and other receivables	32
	(Increase)/decrease in inventories	(6)
	(Increase)/decrease in prepayments	(58)
	(Increase)/decrease in accrued income	(59)
	(Increase)/decrease in regional library equity	(12)
	Increase/(decrease) in other assets	-
	Increase/(decrease) in trade and other payables	(88)
	Increase/(decrease) in accrued expenses	137
	Increase/(decrease) in provisions	16
	Net cash provided by/(used in) operating activities	1,245
Note 28	Reconciliation of cash and cash equivalents	
	Cash and cash equivalents (see note 16)	1,679
	Less bank overdraft	-
	1,679	2,976
Note 29	Financing arrangements	
	Bank overdraft	50
	Used facilities	-
	Unused facilities	50
Note 30	Restricted assets	
	Council has cash and cash equivalents (note 16) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave) and reserve funds (Crown Land Reserves).	
	Long service leave (note 23)	166
	Reserve funds (note 25)	403
	569	1,354

* Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability disclosed in note 23 due to a different basis of calculation prescribed by the regulation.



Note 31 Superannuation

Post-employment Benefit

Council 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.

Council 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 2008, Council 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);

Fund surplus or deficit (ie the difference between fund assets and liabilities) are 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 a council's financial statements. AAS 25 requires that the present value of the benefit liability which is calculated in respect of membership completed at the calculation date makes no allowance for future benefits that may accrue. The actuarial investigation concluded that although the Net Market Value of Assets was in excess of Accrued Benefits at 31 December 2008, based on the assumptions adopted, there was a shortfall of \$71 million when the funding of future benefits was also considered. However, the council has been advised that no additional contributions will be required as at 30 June 2009. The Actuary will undertake the next actuarial investigation as at 30 June 2010 to ascertain if additional contributions are required.

Accounting Standard Disclosure

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2008 pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

	31-Dec-08
	\$'000
Net Market Value of Assets	3,630,432
Accrued Benefits	3,616,422
Difference between Assets and Accrued Benefits	<u>14,010</u>
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	<u>3,561,588</u>

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:

Net Investment Return	8.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.



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Note 31 *Superannuation (cont)*

Council also makes employer superannuation contributions in respect of its employees to a variety of employee nominated accumulation funds (REI, Hostplus, HESTA, MLC and Wuchatsch).

Obligations for contributions are recognised as an expense in profit or loss when they are due.

	2009 \$'000	2008 \$'000
Fund		
Defined benefit plan		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1	22
	<u>1</u>	<u>22</u>
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	114	131
	<u>114</u>	<u>131</u>
Accumulation fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	145	114
Employer contributions to REI, Hostplus, HESTA, MLC and Wuchatsch	16	13
	<u>161</u>	<u>127</u>



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Note 32 Commitments

The Council has entered into the following commitments

2009	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	Later than 5 years \$'000	Total \$'000
<i>Operating</i>					
Recycling	9	-	-	-	9
Garbage collection	384	-	-	-	384
Cleaning contracts for council buildings	15	-	-	-	15
Roads, parks and reserves maintenance	714	714	714	-	2,142
Property maintenance services	1	-	-	-	1
Engineering services	5	-	-	-	5
	<u>1,128</u>	<u>714</u>	<u>714</u>	-	<u>2,556</u>
<i>Capital</i>					
Buildings	51	-	-	-	51
Roads	33	-	-	-	33
	<u>84</u>	-	-	-	<u>84</u>
Total	<u>1,212</u>	<u>714</u>	<u>714</u>	-	<u>2,640</u>

2008	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	Later than 5 years \$'000	Total \$'000
<i>Operating</i>					
Garbage collection	105	-	-	-	105
Cleaning contracts for council buildings	53	15	-	-	68
Financial and accounting services	39	-	-	-	39
Roads, parks and reserves maintenance	431	-	-	-	431
Property maintenance services	3	-	-	-	3
Engineering services	195	-	-	-	195
	<u>826</u>	<u>15</u>	-	-	<u>841</u>
<i>Capital</i>					
Buildings	816	-	-	-	816
	<u>816</u>	-	-	-	<u>816</u>
Total	<u>1,642</u>	<u>15</u>	-	-	<u>1,657</u>



	2009 \$'000	2008 \$'000
Note 33		
Operating lease		
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	41	21
Later than one year and not later than five years	40	42
	<u>81</u>	<u>63</u>

Note 34		
Contingent liabilities		
The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors.		
As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.		
Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the increased volatility in financial markets the likelihood of making such contributions in future periods has increased. At this point in time it is not known if additional contributions will be required, their timing or potential amount		
Guarantees for loans to other entities	<u>31</u>	<u>41</u>

In March 2007 Council agreed to act as guarantor for a loan to the Queenscliffe 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 balance at 30 June 2009 is \$31,382 (2007/08 \$40,692).



Note 35 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	16	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues. Investments and bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue. Managed funds are measured at market value.	On call deposits returned a floating interest rate of 3.40% (7.56% in 2007/2008). The interest rate at balance date was 2.25% (7.68% in 2007/2008). Funds returned fixed interest rate of between 3.12% and 7.85% (6.34% and 7.83% in 2007/2008). Nil managed funds for 2008/09 (2007/08 Nil)
Trade and other receivables			
Other debtors	17	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. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured credit terms are based on 30 days.
Financial Liabilities			
Trade and other payables	21	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.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings	24	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. Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 7.72% (7.70% in 2007/2008). Nil finance leases for 2008/09 (2007/08 Nil)
Bank overdraft	24	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	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 2008/09 (2007/08 Nil). The interest rate as at balance date was 8.64% (9.50% in 2007/2008).



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Note 35 *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:

2009

	Floating Interest \$'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	678	1,000	-	-	1	1,679
Trade and other receivables	-	13	7	-	183	203
Accrued income	-	-	-	-	72	72
Total financial assets	678	1,013	7	-	256	1,954
Weighted average interest rate	2.25%	3.40%				
Financial liabilities						
Trade and other payables	-	-	-	-	645	645
Trust funds and deposits	-	-	-	-	77	77
Interest-bearing loans and borrowings	114	206	863	643	-	1,826
Total financial liabilities	114	206	863	643	722	2,548
Weighted average interest rate		7.74%	7.81%	8.00%		
Net financial assets (liabilities)	564	807	(856)	(643)	(466)	(594)

2008

	Floating Interest \$'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	371	2,604	-	-	1	2,976
Trade and other receivables	-	13	20	-	209	241
Other assets	-	-	-	-	13	13
Total financial assets	371	2,617	20	-	223	3,230
Weighted average interest rate	6.00%	7.56%				
Financial liabilities						
Trade and other payables	-	-	-	-	596	596
Trust funds and deposits	-	-	-	-	65	65
Interest-bearing loans and borrowings	131	199	880	836	-	2,046
Total financial liabilities	131	199	880	836	661	2,707
Weighted average interest rate		7.25%	7.70%	7.95%		
Net financial assets (liabilities)	240	2,418	(860)	(836)	(438)	523



Note 35 *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:

	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial Instruments				
<i>Financial assets</i>				
Cash and cash equivalents	1,679	2,976	1,679	2,976
Trade and other receivables	203	241	203	241
Accrued income	72	13	72	13
Total Financial Assets	1,955	3,230	1,955	3,230
<i>Financial liabilities</i>				
Trade and other payables	645	596	645	596
Trust funds and deposits	77	65	77	65
Interest-bearing loans and borrowings	1,826	2,046	1,826	2,046
Total Financial Liabilities	2,548	2,707	2,548	2,707
Net financial assets (liabilities)	(594)	523	(594)	523

(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 Balance Sheet.

(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.



Note 35 *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 balance sheet. 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 balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 34.

Movement in Provisions for Doubtful Debts	2009	2008
	\$'000	\$'000
Balance at the beginning of the year	9	9
New Provisions recognised during the year	3	3
Amounts already provided for and written off as uncollectible	-	-
Amounts provided for but recovered during the year	(5)	(5)
<i>Balance at end of year</i>	7	6



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Note 35 *Financial Instruments (cont.)*

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:

	2009 \$'000	2008 \$'000
Current (not yet due)	164	217
Past due by up to 30 days	20	-
Past due between 31 and 180 days	1	4
Past due by more than 1 year	18	13
Total Trade & Other Receivables	203	233

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 2009 there were no debtors in this category.

	2009 \$'000	2008 \$'000
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	-	-
Total Trade & Other Receivables	-	-



Note 35 *Financial Instruments (cont.)*

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 requirement 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

2009	6 mths	6-12	1-2	2-5	>5	Contracted	Carrying
	or less	months	years	years	years		
	\$'000	\$'000	\$'000	\$'000	\$'000	Cash Flow	Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	645	-	-	-	-	645	645
Trust funds and deposits	17	6	6	7	-	36	77
Interest-bearing loans and borrowings	167	167	332	882	742	2,290	1,826
Total financial liabilities	829	173	338	889	742	2,971	2,548
2008	6 mths	6-12	1-2	2-5	>5	Contracted	Carrying
	or less	months	years	years	years		
	\$'000	\$'000	\$'000	\$'000	\$'000	Cash Flow	Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	596	-	-	-	-	596	596
Trust funds and deposits	24	-	-	-	-	24	65
Interest-bearing loans and borrowings	167	167	335	932	1,023	2,624	2,046
Total financial liabilities	786	167	335	932	1,023	3,243	2,707



Note 37 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 elected 29/11/08, Mayor 04/12/08 to current)
Councillor Pat Semmens	(Mayor 01/07/08 to 29/11/08)
Councillor John Burgess	(Councillor 01/07/08 to current)
Councillor John Bugg	(Councillor 01/07/08 to 29/11/08)
Councillor John Doull	(Councillor 01/07/08 to 29/11/08)
Councillor Val Lawrence	(Councillor 01/07/08 to 29/11/08)
Councillor Stephen Lee	(Councillor 01/07/08 to 29/11/08)
Councillor Chris Player	(Councillor 01/07/08 to 29/11/08)
Councillor David Mitchell	(Councillor elected 29/11/08 to current)
Councillor Helene Butler	(Councillor elected 29/11/08 to current)
Councillor Lloyd Davies	(Councillor elected 29/11/08 to current)

Chief Executive Officer

Kaylene Conrick	(Chief Executive Officer 01/07/08 to 25/07/08)
Natalie Walker	(Acting Chief Executive Officer 29/07/08 to 19/10/08)
Leonard Jenner	(Chief Executive Officer 20/10/08 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:

	2009 No.	2008 No.
\$1 - \$ 9,999	10	6
\$10,000 - \$19,999	1	1
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	1	-
\$100,000 - \$109,999	1	-
\$120,000 - \$129,999	-	1
	14	8
	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	242	206

(iii) No retirement benefits have been made by the Council to a Responsible Person (2007/08, nil)

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2007/08, 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 (2007/08, 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 \$100,000.

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

Income Range:	2009 No.	2008 No.
<\$100,000	4	3
\$100,000 - \$109,999	-	1
	4	4
	\$'000	\$'000
Total Remuneration for the reporting year, for Senior Officers included above, amounted to	140	195



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Note 38 Income, expenses and assets by function/activities

	Governance and External Relationships		Community Services		Education, Learning and Arts		Business and Tourism	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
INCOME								
Grants	206	125	371	354	154	0	70	79
Other	4,429	4,225	134	133	3	55	1,449	1,221
TOTAL	4,635	4,350	505	487	157	55	1,519	1,300
EXPENSES	(1,750)	(1,602)	(714)	(857)	(419)	(374)	(1,014)	(964)
SURPLUS (DEFICIT) FOR THE YEAR	2,885	2,748	(209)	(370)	(262)	(319)	505	336
ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*	6,749	6,403	13,581	13,681	246	234	7,834	7,754

	Coastal And Environment		Built Environment		Infrastructure Services		Finance and Audit	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
INCOME								
Grants	170	78	19	22	322	232	0	0
Other	0	0	69	68	139	90	121	243
TOTAL	170	78	88	90	461	322	121	243
EXPENSES	(228)	(83)	(553)	(489)	(2,286)	(2,364)	(171)	(148)
SURPLUS (DEFICIT) FOR THE YEAR	(58)	(5)	(465)	(399)	(1,825)	(2,042)	(50)	95
ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*	11	0	14	14	28,671	15,533	0	0

Total	2009 \$'000	2008 \$'000
INCOME		
Grants	1,312	890
Other	6,344	6,035
TOTAL	7,656	6,925
EXPENSES	(7,135)	(6,881)
SURPLUS (DEFICIT) FOR THE YEAR	521	44
ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*	57,105	43,619

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



Note 38 *Income, expenses and assets by function/activities (cont.)*

The activities relating to the municipality's key operational areas reported on in the Income Statement are as follows:

Governance and External Relationships

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

Community Services

Consists of:

Maternal and Child Health

Preschool Centre

Aged and Disabled Services

Community and other Human Services (including senior citizens, community development grants, special events)

Education, Learning and Arts

Consists of:

Library

Arts, Recreation and Culture (including festivals and events, community grants for recreation, arts and youth)

Business and Tourism

Consists of:

Caravan Parks and Boat Ramp

Visitor Information Centre

Tourism and Economic Development Promotion

Coastal and Environment

Foreshore management and environmental protection

Built Environment

Consists of:

Heritage

Planning and Development Control

Building Control

Infrastructure Services

Consists of:

Engineering

Road Maintenance and Works (including roads, kerb & channel, footpaths & cycleways, drainage, parks & gardens, street cleaning)

Foreshore (beach cleaning)

Powerline and tree clearance

Street lighting

Building maintenance program

Waste disposal

Public conveniences

Local law enforcement

Environmental health inspection

Building and Infrastructure Assets (including land under roads, sports complex, playground, bus shelters)

Finance and Audit

Principal and interest payments on loans, bank & rate collection charges and audit fees are included within this function.



Note 39 Financial ratios (Performance indicators)

	2009	2009	2008	2008	2007	2007
	\$'000	(%)	\$'000	(%)	\$'000	(%)
(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)						
<u>Debt servicing costs</u>	<u>123</u>	= 1.60%	<u>103</u>	= 1.49%	<u>58</u>	= 0.83%
Total revenue	7,656		6,925		6,967	

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>	<u>343</u>	= 7.59%	<u>318</u>	= 7.65%	<u>178</u>	= 4.61%
Rate revenue	4,523		4,156		3,865	

The strategy involves the payment of loan principal and interest, finance lease principal and interest. 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>	<u>4,523</u>	= 59.07%	<u>4,156</u>	= 60.01%	<u>3,865</u>	= 55.48%
Total revenue	7,656		6,925		6,967	

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>	<u>2,770</u>	= 5.87%	<u>2,893</u>	= 8.83%	<u>2,215</u>	= 6.15%
Total realisable assets	47,159		32,741		35,996	

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 30) 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.



Note 39 *Financial ratios (Performance indicators) (cont)*

	2009		2008		2007	
	\$'000	(%)	\$'000	(%)	\$'000	(%)
(e) Working capital ratio						
(to assess Council's ability to meet current commitments)						
<u>Current assets</u>	<u>2,181</u>	= 168.79%	<u>3,387</u>	= 280.38%	<u>3,476</u>	= 377.01%
Current liabilities	1,292		1,208		922	

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)						
<u>Current assets</u>	<u>2,181</u>	= 197.46%	<u>3,387</u>	= 335.68%	<u>3,476</u>	= 461.01%
Current liabilities	1,105		1,009		754	

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.

Other ratios may be included where appropriate



Borough of Queenscliffe
Notes to the Financial Report
For the year ended 30 June 2009

Note 40	Capital expenditure	Note	2009 \$'000	2008 \$'000
	Capital expenditure areas			
	Roads		81	114
	Drainage		9	6
	Recreation equipment		71	3
	Land		3	16
	Buildings		1,368	1,253
	Caravan park cabins		320	3
	Plant and equipment		116	26
	Fixtures, fittings and furniture		201	56
	Electronic records system		50	-
	Other		43	-
	Total capital works		<u>2,262</u>	<u>1,477</u>
	Represented by:			
	Renewal of infrastructure	(a)	1,448	1,367
	Upgrade of infrastructure	(b)	-	-
	Expansion of infrastructure	(c)	-	-
	New infrastructure		81	12
	New caravan park cabins		320	-
	New plant and equipment		317	82
	Other		96	16
	Total capital works		<u>2,262</u>	<u>1,477</u>
	Property, plant and equipment, infrastructure movement			
	The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:			
	Total capital works		2,262	1,477
	Adjustment arising from recognising land under roads	26	13,108	-
	Asset revaluation movement	25(a)	-	(4,062)
	Depreciation/amortisation	12	(630)	(596)
	Written down value of assets sold	20	(47)	-
	Impairment losses recognised in profit or loss	20	-	(75)
	Net movement in property, plant and equipment, infrastructure	20	<u>14,693</u>	<u>(3,256)</u>

(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.



Borough of Queenscliffe
Notes to the Financial Report
For the year ended 30 June 2009

Note 41	Events occurring after balance date	2009	2008
		\$'000	\$'000
	Council has no reportable events occurring after balance date	-	-



Borough of Queenscliffe
Notes to the Financial Report
For the year ended 30 June 2009

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
Principal Accounting Officer
Dated: 21 September 2009

In our opinion the accompanying financial statements present fairly the financial transactions of the Borough of Queenscliffe for the year ended 30 June 2009 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 August 2009 to certify the financial statements in their final form.

Councillor Bob Merriman
Dated: 21 September 2009

Councillor John Burgess
Dated: 21 September 2009

Leonard Jenner
Chief Executive Officer
Dated: 21 September 2009



VAGO

Victorian Auditor-General's Office INDEPENDENT AUDITOR'S REPORT

To the Councillors, Borough of Queenscliffe

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2009 of Borough of Queenscliffe which comprises of income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2009 of the Council which comprises of standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statements have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

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

- the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in note 1 of the statements and the requirements of the *Local Government Act 1989*.

This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report and standard statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report and standard statements 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 financial report and standard statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and standard statements. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report and standard statements, 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 financial report and standard statements 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, and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report and standard statements.

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Auditing in the Public Interest



VAGO

Victorian Auditor-General's Office

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.

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

This auditor's report relates to the financial report and standard statements published in both the annual report and on the website of the Borough of Queenscliffe for the year ended 30 June 2009. The Councillors of the Borough of Queenscliffe are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Council's website.

Independence

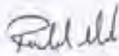
The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with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

Auditor's Opinion

In my opinion:

- the financial report presents fairly, in all material respects, the financial position of Borough of Queenscliffe as at 30 June 2009 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- 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*.

MELBOURNE
22 September 2009


D D R Pearson
Auditor-General

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Auditing in the Public Interest



Borough of Queenscliffe
Standard Statements
For the Year Ended 30 June 2009



Notes To The Standard Statements

For the year ending 30 June 2009

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

1. 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.

These 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 result 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 XX to XX 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 17 June 2008. 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 XX to XX. The detailed budget can be obtained by contacting council or through the council's website. The Standard Statements must be read with reference to these documents.



Borough of Queenscliffe
 Standard Statements
 For the year ended 30 June 2009

Standard Income Statement – Comparison Report

	Budget 2009	Variances			Actuals 2009
	\$'000	\$	%	Note	\$'000
Revenues from ordinary activities					
- Rates & charges	4,503	20	0.4%		4,523
- Grants - Operating	536	492	91.9%	1	1,028
- Grants - Capital	60	224	373.9%	2	284
- User fees & charges	1,689	(85)	(5.0%)		1,604
- Contributions	325	(281)	(86.5%)	3	44
- Interest on investments	115	6	5.1%		121
- Other revenue	56	(4)	(6.4%)		52
Total revenues	7,284				7,656
Expenses from ordinary activities					
- Employee benefits	2,117	(46)	(2.2%)		2,163
- Materials and services	4,024	(136)	(3.4%)		4,160
- Depreciation and amortisation	650	20	3.0%		630
- Finance costs	158	35	22.3%	4	123
- Other expenses	51	(11)	(21.5%)	5	62
Total expenses	7,000				7,138
Net gain/(loss) on disposal of property, plant and equipment, infrastructure		(9)			(9)
Increase in Equity in Regional Library		12			12
Surplus (deficit) for the year	284				521



Variance Explanation Report

Ref	Item	Explanation
1	Operating grants	Actual is higher than budget as a result of the following grants being received that were not anticipated at budget time: Bellarine Railway \$125,000, risk mitigation aquatic signage \$88,411, risk mitigation Point Lonsdale cliff safety \$41,000, Victoria Grants Commission \$74,377 (of which \$50,780 is for 2009/10 grant brought forward to June 2009, as advised by Victoria Grants Commission in May 2009) weed action plan \$31,045, maternal and child health \$30,947 and heat wave funding \$25,000. In addition to this, the budget provided for community aged care packages income within user fees and charges and this is now shown instead as government grant income of \$50,288.
2	Capital grants	Actual is higher than budget as a result of the following grants being received that were not anticipated at budget time: regional playground development \$100,000, bus shelter replacement \$60,000, crown land caravan park improvement program \$30,000 and boat ramp area upgrade \$27,940.
3	Contributions	Contributions received are lower than budget as a result of delayed timelines for the following capital works: Monahan Centre \$227,259 and Point Lonsdale Bowls Clubhouse facility upgrade \$30,791.
4	Finance costs	Lower than budget as a result of the following: credit adjustment for unfunded superannuation liability \$17,226, no repayment of unfunded superannuation liability during the year \$12,000 and finance lease not entered into \$7,500.
5	Other expenses	Contribution to community nursery \$18,657 included as a liability, not previously recognised.



Borough of Queenscliffe
 Standard Statements
 For the year ended 30 June 2009

Standard Balance Sheet

	Budget 2009	Variances			Actuals 2009
	\$'000	\$	%	Note	\$'000
Current assets					
Cash and cash equivalents	2,695	(1,016)	(37.7%)	6	1,679
Trade and other receivables	152	106	69.4%	7	258
Other financial assets	166	78	46.8%	8	244
Total current assets	3,013				2,181
Non-current assets					
Trade and other receivables	33	(26)	(78.5%)	9	7
Property, plant & equipment, infrastructure	44,322	10,349	23.3%	10	54,671
Other financial assets		246	0.0%	11	246
Total non-current assets	44,355				54,924
Total assets	47,367				57,105
Current liabilities					
Trade and other payables	260	(385)	(148.1%)	12	645
Interest-bearing liabilities	229	23	9.9%		206
Provisions	302	(62)	(20.6%)	13	364
Trusts	71	(6)	(8.0%)		77
Total current liabilities	862				1,292
Non-current liabilities					
Interest-bearing liabilities	1,701	81	4.8%		1,620
Provisions	18	(6)	(32.7%)	14	24
Total non-current liabilities	1,719				1,644
Total liabilities	2,581				2,936
Net assets	44,786				54,169
Equity					
Accumulated surplus	16,130	12,831	79.5%	15	28,961
Asset revaluation reserve	28,281	(4,062)	(14.4%)	16	24,219
Other reserves	375	614	163.8%	17	989
Total equity	44,786				54,169



Standard Balance Sheet – Variance Explanation Report

Ref.	Item	Explanation
6	Cash and cash equivalents	Lower than budget, largely as a result of completion of the office refurbishment (budgeted prior year).
7	Trade and other receivables	Consistent with prior year balance, comprised of the following debtors : rates \$74,966, net GST receivable \$67,624, government grant income \$46,200 and pensioner concession rebate \$39,555.
8	Other financial assets	Higher than budget, comprising prepaid expenditure \$159,308 (which includes insurance renewal premiums \$93,586 and information technology contracts and licences \$57,306) and accrued income \$71,614 (including community contribution to Point Lonsdale Bowls Clubhouse facility upgrade \$44,009).
9	Trade and other receivables - non current	Heritage debtors balance reduced, with a majority of the remaining balance in current debtors.
10	Property, plant & equipment, infrastructure	Higher than budget as a result of land under roads valuation included in accounts for the first time \$13,108,000. This is offset in part by the revaluation of land and building assets as at 1 January 2008 which was completed as part of the 2007/08 year end process and was therefore not known when the 2008/09 budget was prepared \$4,062,000. The balance reflects \$2,262,000 of capital works expenditure during 2008/09 offset by \$630,000 depreciation charge for the financial year.
11	Other financial assets - non current	Council's equity in the Geelong Regional Library Corporation was not considered in the 2008/09 budget.
12	Trade and other payables	Consistent with prior year balance and based on a large number of invoices received from creditors in July 2009 which relate to the 2008/09 financial year.
13	Provisions	Higher than budget as a result of four staff members joining Council during the year who had provisions transferred to Council from their previous employer. Also due to the impact of lower discount rates applied in the calculation of long service liability.
14	Provisions - non current	Higher than budget due to the impact of lower discount rates applied in the calculation of long service leave liability.
15	Accumulated surplus	Higher than budget, largely as a result of land under roads valuation included in accounts for the first time \$13,108,000.
16	Asset revaluation reserve	Revaluation of land and building assets as at 1 January 2008 which was completed as part of the 2007/08 year end process and was therefore not known when the 2008/09 budget was prepared.
17	Other reserves	Higher than budget as a result of : works either not commenced or not completed \$218,724 (includes Hesse Sreet drainage \$92,800, climate change \$35,000 and Hesse Street revitalisation \$30,000). Also grant income received for which expenditure is still to be incurred \$384,801. This includes playground development \$100,000, risk mitigation aquatic signage \$88,411, Victoria Grants Commission \$50,780, risk mitigation Point Lonsdale cliff safety \$41,000, maternal and child health \$30,000 and caravan park improvement program \$30,000.



Borough of Queenscliffe
Standard Statements
For the year ended 30 June 2009

Standard Cash Flow Statement

	Budget 2009	Variances			Actuals 2009
	\$'000	\$	%	Note	\$'000
Cash flows from operating activities					
<i>Receipts</i>					
General rates	4,503	28	0.6%		4,531
Operating grants and contributions	536	492	91.9%	18	1,028
Capital grants and contributions	60	224	373.9%	19	284
Interest	115	(5)	(4.7%)		110
User charges	1,689	94	5.5%		1,783
Other revenue	381	161	42.3%	20	542
	7,284				8,278
<i>Payments</i>					
Employee costs	(2,117)	30	(1.4%)		(2,087)
Materials, contracts and consumables	(4,024)	(782)	19.4%	21	(4,806)
Finance costs	(158)	158	(100.0%)	22	-
Other expenses	(51)	(89)	175.0%	23	(140)
	(6,350)				(7,033)
Net cash provided by operating activities	934				1,245
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	2,054	(2,016)	(98.2%)	24	38
Payments for property, plant and equipment	(2,177)	(85)	3.9%		(2,262)
Repayment of loans and advances from community organisations	-	13	0.0%		13
Net cash used in investing activities	(124)				(2,211)
Cash flows from financing activities					
Finance costs	-	(123)	0.0%	22	(123)
Trust funds and deposits	-	12	0.0%		12
Proceeds from borrowings	75	(75)	(100.0%)	25	-
Repayment of borrowings	(214)	(6)	3.0%		(220)
Net cash provided by (used in) financing activities	(139)				(331)
Net increase (decrease) in cash and cash equivalents	671	(1)	(0.1%)		(1,297)
Cash and cash equivalents at beginning of year	2,023	953	47.1%		2,976
Cash and cash equivalents at end of year	2,695				1,679
Reconciliation of Operating Result and Net Cash Flows from Operating Activities For the year ending 30 June 2009					
Net surplus from operations	284	237	83.6%		521
Depreciation and amortisation	650	(20)	(3.0%)		630
Net movement in assets and liabilities	-	(38)	0.0%		(38)
(Profit)/loss on disposal of property, plant and equipment, infrastructure	-	9	0.0%		9
Finance costs	-	123	0.0%		123
Net cash inflow from operating activities	934				1,245



Standard Cash Flow Statement – Variance Explanation Report

Ref.	Item	Explanation
18	Operating grants and contributions	Actual is higher than budget as a result of the following grants being received that were not anticipated at budget time: Bellarine Railway \$125,000, risk mitigation aquatic signage \$88,411, risk mitigation Point Lonsdale cliff safety \$41,000, Victoria Grants Commission \$74,377 (of which \$50,780 is for 2009/10 grant brought forward to June 2009, as advised by Victoria Grants Commission in May 2009) weed action plan \$31,045, maternal and child health \$30,947 and heat wave funding \$25,000. In addition to this, the budget provided for community aged care packages income within user fees and charges and this is now shown instead as government grant income of \$50,288.
19	Capital grants and contributions	Actual is higher than budget as a result of the following grants being received that were not anticipated at budget time : regional playground development \$100,000, bus shelter replacement \$60,000, crown land caravan park improvement program \$30,000 and boat ramp area upgrade \$27,940.
20	Other revenue	Higher than budget as a result of GST receivable on additional materials, contracts and consumables (see Ref 21 below).
21	Materials, contracts and consumables	Higher than budget as a result of expenditure required in relation to additional grant income received during 2008/09 (see Ref 18 & 19 above). Also includes completion of capital works carried over from 2007/08 (office refurbishment, caravan park camp kitchen, netball courts and Point Lonsdale streetscape undergrounding of power).
22	Finance costs	Originally budgeted within Operating activities, now moved to Financing activities. Lower than budget as a result of the following : credit adjustment for unfunded superannuation liability \$17,226, no repayment of unfunded superannuation liability during the year \$12,000 and finance lease not entered into \$7,500.
23	Other expenses	Higher than budget as a result of : Mayor and councillor allowances budgeted within Employee costs but actuals shown within Other expenses \$59,998 and contribution to community nursery not previously recognised \$18,657
24	Proceeds from sale of property, plant and equipment	Lower than budget as a result of delay in the sale of Murray Road land property owned by Council.
25	Proceeds from borrowings	Lower than budget as finance lease was not entered into \$75,000.



Borough of Queenscliffe
 Standard Statements
 For the year ended 30 June 2009

Standard Statement of Capital Works

	Budget 2009	Variances			Actuals 2009
	\$'000	\$	%	Note	\$'000
Capital Works Areas					
Roads	62	19	31.3	26	81
Drains	90	81	89.8	27	9
Open space	50	(25)	(49.2)	28	75
Buildings	1,679				1,688
Plant, equipment and other	297	(112)	(37.8)	29	409
Total capital works	2,177		-		2,262
Represented by:					
Renewal	1,591	143	9.0		1,448
Upgrade	95	95	-		-
Expansion	-	-	-		-
New assets	491	(227)	(46.3)		718
Other	-	(96)	-		96
Total capital works	2,177		-		2,262

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 Statement of Financial Position links to the net of the following items:				
Total capital works	2,177	85	3.9	2,262
Asset revaluation movement	-	-	-	-
Depreciation and amortisation	(650)	20	(3.0)	(630)
Adjustment arising from recognising land under roads	-	13,108	-	13,108
Written down value of assets sold	(2,054)	2,007	(97.7)	(47)
Net movement in property, infrastructure, plant and equipment	(526)		-	14,693



Borough of Queenscliffe
 Standard Statements
 For the year ended 30 June 2009

Standard Statement of Capital Works – Variance Explanation Report

Ref.	Item	Explanation
26	Roads	Higher than budget as a result of Point Lonsdale streetscape, for the undergrounding of power, completed during 2008/09 (carried over from the 2007/08 budget).
27	Drainage	Lower than budget as a result of delay in construction of the Hesse drainage project.
28	Open space	Higher than budget as a result of expenditure on netball courts, funded from the Crown Land Reserve, which was not considered in the 2008/09 budget \$44,940.
29	Plant, equipment and other	Higher than budget as a result of the camp kitchen at the recreation reserve being completed during 2008/09, funded from the Crown Land Reserve (carried over from the 2007/08 budget).



Borough of Queenscliffe
Standard Statements
For the year ended 30 June 2009

Certification of the Standard Statement

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
Principal Accounting Officer

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 16 September 2009, to certify the standard statements in their final form.

Bob Merriman
Mayor

David Mitchell
Councillor

Leonard Jenner
Chief Executive Officer



Borough of Queenscliffe
Performance Statements
For the Year Ended 30 June 2009



Performance Statement

For the year ending 30 June 2009

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

STRATEGIC OBJECTIVE: Governance / External Relations

- *Institute good governance through strong commitment and adherence to democratic processes, legislative requirements and Council's values.*
- *Advocate strongly on behalf of the community.*

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
Improve Council's satisfaction rating in the area of advocacy.	Increase indexed measure in Satisfaction Survey to 62.	The Borough of Queenscliffe Community Satisfaction Survey rating score for the Council's advocacy and community representation on key local issues was 61.	No

STRATEGIC OBJECTIVE: Community Services

- *Build a strong and vibrant community that values fairness, equity and diversity.*

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
Continue to provide a high level of Aged and Disabled Care Service without having a waiting list.	No waiting list at 30 June 2009.	High level of aged and disabled care services provided throughout the year. Services provided in a responsive manner with no waiting list.	Yes

STRATEGIC OBJECTIVE: Education, Learning and the Arts

- Support all Arts/Learning and Cultural Activities.

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
Completion of museum opportunity study.	Study Completed by December 2008.	Council received matching funding from the State Government to complete the Queenscliffe Tourism Infrastructure Opportunities Study incorporating a study of museums in the Borough. The Study was completed in May 2009 with Council formally adopting the Study at its June 2009 meeting.	No - project was completed in the 2008/09 financial year however project delays resulted from management changes.



Borough of Queenscliffe
 Performance Statement
 For the year ended 30 June 2009

STRATEGIC OBJECTIVE: Business and Tourism

- Encourage tourism/business whilst avoiding loss of local identity and amenity.

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
Install cabins at Queenscliff Recreation Reserve to generate higher off-season visitation.	Three cabins ready for occupation by January 2009.	Four cabins installed and ready for occupation at Queenscliff Recreation Reserve by January 2009. Bookings and usage occurred from 1 January 2009.	Yes

STRATEGIC OBJECTIVE: Coastal and Environment

- Conserve and nurture the natural assets and ecology, utilizing partnerships with the community and State authorities.

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
Develop and implement a risk management strategy to identify and rapidly deal with safety issues. Include high priority actions from relevant reviews including the Life Saving Victoria report (2004), and arborist and cliff safety reports.	Strategy Completed by June 2009.	In relation to Life Saving Victoria report, Coastal Risk Mitigation funding from State Government received to implement the recommendations related to addressing risks through improved beach access signage. Preliminary draft of the Tree Management, Removal and Replacement Strategy prepared for public consultation with completion expected in September 2010. Council received State Government funding under the Coastal Risk Mitigation program to undertake a geo-technical assessment of the cliffs adjacent to Point Lonsdale front beach. Anticipated completion in September 2010. Walking track diverted from the cliff area to address identified risks.	No - all elements of the target have been progressed and will be completed in 2009/10 financial year. Delays resulted from the complexity of the projects and the project management capacity of a small municipality.

STRATEGIC OBJECTIVE: Built Environment

- Formulate a Planning Scheme that reflects the needs, values and aspirations of the community, preserves heritage values and prevents inappropriate development.

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
Complete review of Borough of Queenscliffe Heritage Study.	Review completed and adopted by Council by January 2009.	Council commissioned Lovell Chen to undertake a review of the Borough of Queenscliffe Heritage Study. A draft final report will be provided to Council in August 2009.	No - project will be completed in the 2009/10 financial year. Project delays resulted from management and staff changes.



Borough of Queenscliffe
 Performance Statement
 For the year ended 30 June 2009

STRATEGIC OBJECTIVE: Infrastructure Services

- Maintain and build assets that fulfill the need of the community.

<u>Key Strategic Activities</u>	<u>Performance Measure</u>	<u>Actual Performance</u>	<u>Target Achieved</u>
Work with the Sports Club to upgrade the Monahan Centre.	Council completes the building upgrade of the Monahan Centre before the 30 June 2009.	Monahan Centre building design completed in consultation with the Queenscliff Sports Club in May 2009. Expressions of Interest tenders advertised and closed prior to 30 June 2009. Additional funding applications submitted by Council to the Federal Government. Anticipated completion date prior to 30 June 2010.	No - project will be completed in 2009/10. Delays resulted from Council pursuing additional funding opportunities from the Federal Government.

STRATEGIC OBJECTIVE: Finance and Audit

- Provide long-term sustainable financial management.

<u>Key Strategic Activities</u>	<u>Performance Measure</u>	<u>Actual Performance</u>	<u>Target Achieved</u>
Conduct two internal audit visits each year.	Two internal audit reports presented to Council during the year.	Reports presented November 2008 and June 2009	Yes



Borough of Queenscliffe
Performance Statement
For the year ended 30 June 2009

Council Approval of the Performance Statement

In our opinion, the accompanying performance statement of the Borough of Queenscliff in respect to the 2008/2009 financial year is presented fairly in accordance with the Local government Act 1989. The statement outlines the Key Strategic Activities set out in the Council's Budget and describes the extent to which these activities were achieved in the year.

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

On 16 September 2009 we were authorised by the Council to certify this performance statement in its final form on behalf of Council.

Bob Merriman
Mayor

David Mitchell
Councillor

Leonard Jenner
Chief Executive Officer



VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Borough of Queenscliffe

The Performance Statement

The accompanying performance statement for the year ended 30 June 2009 of the Borough of Queenscliffe which comprises the statement, the related notes and the council approval of the performance statement 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.

Matters Relating to the Electronic Presentation of the Audited Performance Statement

This auditor's report relates to the performance statement published in both the annual report and on the website of the Borough of Queenscliffe for the year ended 30 June 2009. The Councillors are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance statement to confirm the information included in the audited performance statement presented on the Council's website.

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Auditing in the Public Interest



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Victorian Auditor-General's Office

Independent Auditor's Report (continued)

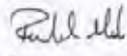
Independence

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.

Auditor's Opinion

In my opinion, the performance statement of the Borough of Queenscliffe in respect of the 30 June 2009 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
22 September 2009


D R Pearson
Auditor-General

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Auditing in the Public Interest