



Appendix 4

16.3 Budget 2022–23 & Financial Plan 2022–23 to 2031–32

Financial Plan 2022–23 to 2031–32

Ordinary Meeting of Council

Wednesday 22 June 2022 at 7:00pm

Queenscliff Town Hall

Financial Plan 2022/23 to 2031/32



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Introduction

1.1 Financial Plan

The *Local Government Act 2020* has introduced a requirement for Council to prepare a rolling 10-year Financial Plan. The Financial Plan provides a strategic overview of the financial resources available to Council over the next 10 years and sets out how the resources will be used to implement the actions of the Council Plan and achieve the Community Vision.

The purpose of the Financial Plan is to provide stability, predictability and to establish a framework for the effective mitigation and management of strategic financial risk. Importantly, the Plan should show how the viability and financial sustainability of Council will be achieved and maintained over the 10-year period.

1.2 Strategic Planning Principles

The Financial Plan is developed in the context of the following strategic planning principles:

- Council has an integrated approach to planning, monitoring and performance reporting;
- The Financial Plan addresses the Community Vision by funding the aspirations of the Council Plan. The Council Plan aspirations and actions are formulated in the context of the Community Vision;
- The Financial Plan statements articulate the 10-year financial resources necessary to implement the goals and aspirations of the Council Plan to achieve the Community Vision;
- Council's strategic planning principles identify and address the risks to effective implementation of the Financial Plan. The financial risks are included at section 2.4 below;
- The Financial Plan provides for the strategic planning principles of progress monitoring and reviews to identify and adapt to changing circumstances.

1.3 Financial Management Principles

Council manages significant funds on behalf of its community. The responsible management of these finances is essential in order for Council to continue meeting its legislative responsibilities and to keep providing services and facilities needed by the community.

Section 101 of the *Local Government Act 2020* provides four principles of sound financial management, which all councils are required to implement within their financial planning and reporting frameworks. They are:

- Revenue, expenses, assets, liabilities, investments and financial transactions must be managed in accordance with Council's financial policies and strategic plans;
- Financial risks must be monitored and managed prudently, having regard to economic circumstances;
- Financial policies and strategic plans, including the Revenue and Rating Plan, must seek to provide stability and predictability in the financial impact on the municipal community;
- Accounts and records that explain the financial operations and financial position of the Council must be kept.

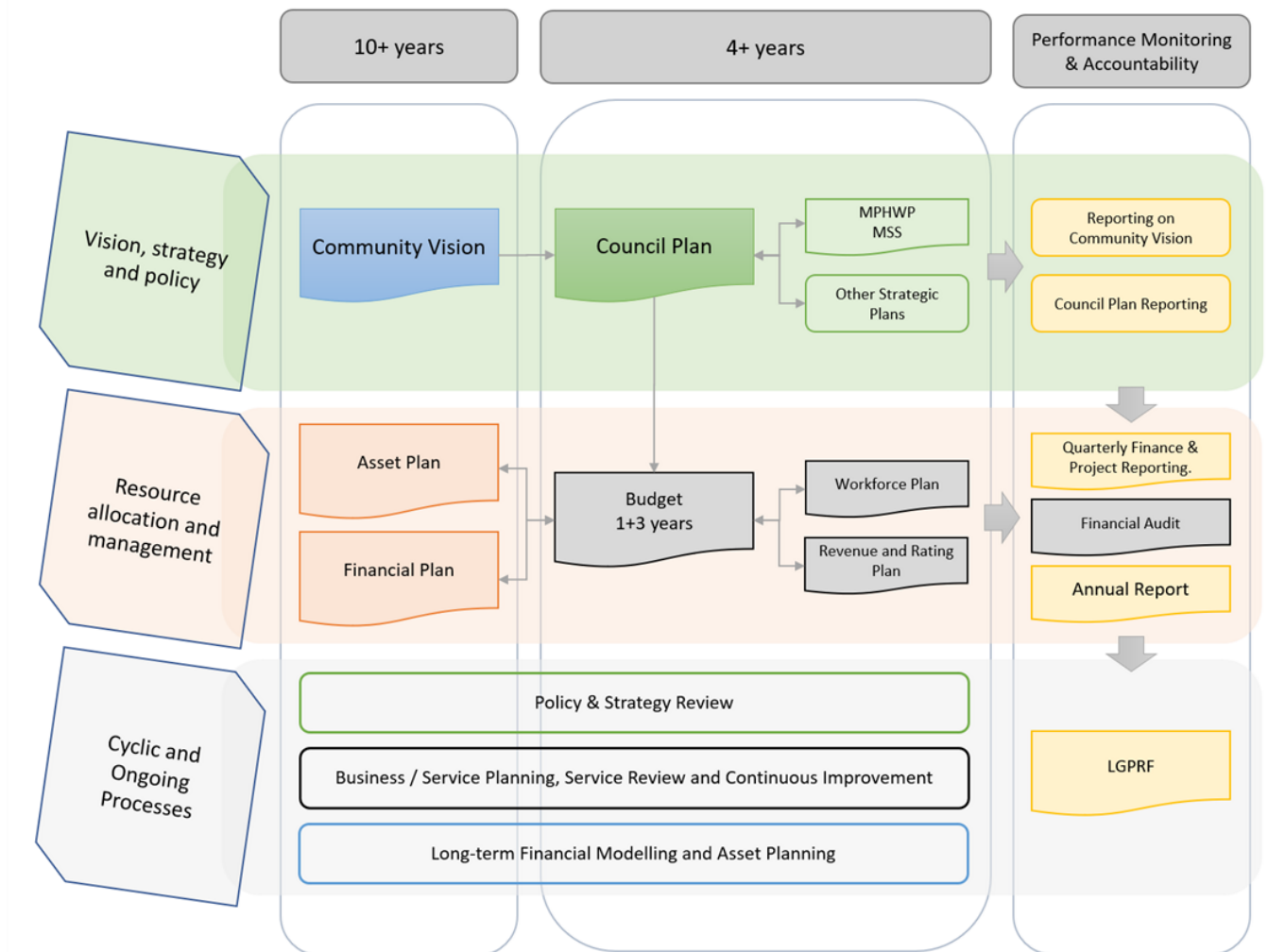
For the purposes of the financial management principles, financial risk includes any risk relating to the following:

- the financial viability of the Council;
- the management of current and future liabilities of the Council;
- the beneficial enterprises of the Council.

1.4 Legislative Requirements

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

The following diagram provides an overview of the core legislated elements of an integrated strategic planning and reporting framework.



Source: Department of Jobs, Precincts and Regions

1.5 Service Performance Principles

Council services are designed to have purpose, to provide value for money and be targeted to community needs. The service performance principles are listed below:

- Services are provided in an equitable manner and are responsive to the diverse needs of the community. The Council Plan is designed to identify the key services and projects to be delivered to the community. The Financial Plan provides the mechanism to demonstrate how the service aspirations within the Council Plan may be funded;
- Services are accessible to the relevant users within the community;
- Council provides quality services that provide value for money to the community. The Local Government Performance Reporting Framework (LGPRF) is designed to communicate Council's performance regarding the provision of quality and efficient services;

- Council has a performance monitoring framework to continuously improve its service delivery standards;
- Council has a service delivery framework that considers and responds to community feedback and complaints regarding service provision.

1.6 Asset Plan Integration

Reciprocal integration between the Asset Plan and the Financial Plan is a key principle of Council's strategic financial planning principles. The purpose of this integration is to ensure that future funding is allocated in a manner that supports service delivery for the effective management of Council's assets into the future.

The Asset Plan identifies the operational and strategic practices which will ensure that Council manages assets across their life cycle in a financially sustainable manner. The Asset Plan, and associated asset management policies, provide Council with a sound base to understand the risk associated with managing its assets for the community's benefit.

The Asset Plan is designed to inform the 10-year Financial Plan by identifying the amount of capital renewal, backlog and maintenance funding that is required over the life of each asset category. The level of allocated funding will incorporate knowledge of asset condition, the risk assessment issues, as well as the impact of reviewing and setting intervention and service levels for each asset class.

In addition to identifying the operational and strategic practices that ensure that Council manages assets across their life cycle in a financially sustainable manner, the Asset Plan quantifies the asset portfolio and the financial implications of those practices. Together, the Financial Plan and Asset Plan seek to balance projected investment requirements against projected financial resources and budgets.

Council is in the process of reviewing its Asset Plan in line with the requirements of the *Local Government Act 2020*.

Asset renewal demand projections included in this Financial Plan generally reflect the expenditure identified in the following asset management documents:

- Roads expenditure follows the recommendations in the 2019 Road Condition and Renewal Modelling Report;
- Buildings expenditure reflect the 2018 Building Condition Assessment Modelling Report;
- Storm water drainage reflect the 2019 Asset Management Plan;
- Open space reflect the 2019 Open Space Asset Management Plan in combination with the Playground Strategy.

The current Asset Plan does not cover all asset categories managed by Council. However, the new Asset Plan will cover all asset categories, and once completed, the Financial Plan will be reviewed and updated.

Financial Plan Context

2.1 Financial Policy Statement (Financial Sustainability Indicators)

The Council Plan has specified the following measures to demonstrate Council's ability to fund the aspirations of the Community Vision and the Council Plan in a financially sustainable manner.

Policy Statement	Measure	BoQ Target	Comment
Consistent operating results	Our adjusted underlying result: The difference between recurrent income and recurrent expenses	Greater than \$0	Adjusted for the timing of recurring operating grants, one-off operating projects (including operating grants if applicable), assets write-offs and any other non-recurrent transactions
Ensure Council maintains sufficient working capital to meet its obligations as they fall due	Current assets vs current liabilities: The value of our current assets divided by our current liabilities	Greater than 1	Excludes non-current assets classified as held for sale
Council maintains sufficient unrestricted cash to ensure ongoing liquidity as well as to address unforeseen cash imposts if required	Level of unrestricted cash reserve against current liabilities: Our current liabilities as a percentage of our unrestricted cash reserves (based on the remaining maturity)	Greater than 100%	Cash and cash equivalents include all items at call and short-term deposits with remaining maturity of less than three months
That Council applies loan funding to new capital and maintains total borrowings in line with rate income and growth of the municipality	Total borrowings against rate revenue: Our total borrowings as a percentage of our rate revenue	Less than 15%	Target is in line with Council Policy CP040: Borrowings
Allocate adequate funds towards renewal capital in order to replace assets and infrastructure as they reach the end of their service life	Asset renewal and upgrade expenses against depreciation: The financial investment in asset renewal and upgrade work divided by the cost of depreciation (based on a three-year rolling average)	Greater than 100%	Three years rolling average takes into the consideration BoQ'S dependency on external funding for major capital projects
Council generates sufficient revenue from rates plus fees and charges to ensure a consistent funding for renewal capital	Council's contribution to asset renewal and upgrade: Council's contribution to asset renewal and upgrade expenses as a percentage of own-source revenue	Greater than 10%	Based on the net contribution from Council for asset renewal and upgrade work

2.2 Strategic Actions

Council has identified the following strategic actions that will support the aspirations of the Council Plan.

The Financial Plan has been developed based on these strategic actions:

- Prioritise capital expenditure for investment in renewal capital to reduce the escalating risk and maintenance costs of aging infrastructure;
- Avoid or minimise capital projects that will create new assets resulting in additional asset renewal requirements in the future;
- Only applying proceeds from asset sales to invest in projects that will generate additional revenue streams;
- Debt funding to be applied only to projects that will generate additional revenue streams;
- Additional funding to address actions that mitigate, or adapt to, the impacts of climate change;
- Manage salaries and wages growth in line with the rate cap;
- Emphasis on innovation, productivity and efficiencies that lead to reduced costs or the minimisation of waste and duplication (invest to save);
- Maintaining current service levels until Council completes a full review of its service delivery programs;
- Council needs support from the State Government to maintain the upgraded boat ramp which is a regional facility (Council has lost annual income of \$115,000 due to abolition of boat ramp parking fees);
- Council needs to preserve the income generating capacity of its tourist parks and make further investments to enhance it (tourist parks provide the only income source where Council can make a direct influence).

2.3 Assumptions to the Financial Plan Statements

The Financial Plan is updated annually as a part of the annual budget process following a review of internal financial results and changes in the external environment. The financial information used for 2022–23 (the base year) is based on the 2022–23 financial budget.

The following table provides a detailed explanation of planning assumptions. The Financial Plan outcomes are disclosed in the Financial Statements section.

Key Elements	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32
Consumer Price Index (CPI)	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.50	2.50
	Based on Federal Budget 2022–23, economic assumptions.									
Rates cap – ESC recommended methodology	1.75	2.25	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
	Rates cap is linked to the CPI forecast from the Department of Treasury and Finance (2021–22 Budget Update in December 2021). However, there remains some uncertainty regarding the level of the rates cap in future years.									
Growth in the rate base	0.38	0.49	0.45	0.20	0.05	0.05	0.05	0.05	0.05	0.05
	No material growth in population is expected for the next 10 years. Predominantly, BoQ has a stagnated rate base. Have factored in potential property developments based on the development applications are being presented.									
User fees and charges – Tourist parks income	-1.36	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.50	2.50
	2022–23 negative growth of 1.36% (11.36%) is due to the closure of 26 sites at Victoria Park. Revenue to grow at least in line with CPI from the year 2023–24 onwards.									
User fees and charges – Others	Other user fees and charges are linked to the CPI.									
Interest income	1.00	2.00	2.00	2.40	2.40	2.40	2.40	2.40	2.40	2.40
	Council expects interest rates to rise closer to pre-COVID levels by the year 2023–24.									
Government Grants	Ongoing grants are steady with CPI indexation. Capital grants are estimated based on funding requirements of major capital renewal/upgrade projects.									
Employee costs	2.50	2.50	2.50	2.50	2.00	2.00	2.00	2.00	2.00	2.00
	Current Enterprise Bargaining Agreement ends in the financial year 2021–22. New EBA not yet finalised. The budget assumes a minimum increase of 2% or 0.5% below the rates cap (whichever amount is higher) as per the current EBA.									

Key Elements	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32
Insurance	5.00	4.00	2.80	2.50	2.50	2.50	2.50	2.50	2.50	2.50
	Insurance premium is predominantly influenced by the performance of the overall insurance industry. Financial Plan is based on historical increases and assuming hard market conditions to continue.									
Other operating cost	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.50	2.50
	Expenses linked to grow in line with CPI.									
Borrowing	Zero borrowings; new borrowing (if any) in the future only for projects that will generate additional revenue streams.									
Waste management charges (residential property)	3.50	6.20	3.00	2.20	0.82	-3.13	2.32	2.32	2.41	2.42
	Continue with the full cost recovery strategy. The increase in charges are due to the implementation of kerbside waste management transition initiatives. Cost associated with the rollout of kerbside waste management transition will be recovered over a period of 5 years.									
Capital projects	Prioritised renewal and upgrade work. The exact scope and timing of capital projects will be finalised after community consultations as appropriate.									
Asset sales/proceeds	No new property sale is planned except for annual replacement of motor vehicles. Have not identified investment opportunities for sales proceeds from the Murray Road land in the Plan.									

Note to waste management cost/charges assumptions:

The following assumptions have been used in determining waste management costs:

- The kerbside transition plan will be implemented with Food Organics & Garden Organics (FOGO) collection operational from 1 August in 2022–23. The glass collection service will be operational in 2023–24;
- Diversion of 70% of the organics in the waste bin to the FOGO service will be achieved;
- A 20% increase of garden organics collected due to an increased frequency of collection;
- State Government Landfill Levy will increase by only CPI from 2023–24 onward;
- Diversion of 80% of glass from the commingled recycling bin to the new glass service is achieved from 2023–24 onward;
- Kerbside material disposal and processing costs are based on historic volumes and 2021 waste audits;
- Impacts of a Container Deposit Scheme (CDS) have not been incorporated into this Plan. A review will be undertaken when details of the CDS are finalised.

2.4 Financial Risk

There are many financial risks that Council must mitigate to remain financially sustainable. One of the most significant financial risks is the impact of rate capping. Our sound financial position – zero debt and a healthy reserve balance – will enable Council to respond to these financial risks over the rolling 10-year period. The following table highlights the financial risks and their impact to Council.

Risk	Level of Risk	Mitigation
Commonwealth and State governments transfer program or service responsibilities to local government with insufficient funding, or provide grants that don't keep pace with the actual delivery costs incurred by councils (cost shifting)	Medium	Continuous lobbying and actively working with other government agencies to achieve financial sustainability of relevant activities/projects
Impacts of COVID-19 (immediate, medium and long term)	Medium	The development of current and future budgets has been modelled and assumptions are constantly reviewed. Active monitoring of financial performance
Failure to close asset management gap	Medium	Monitor and seek new grants opportunities for renewal and upgrade work. Development of a comprehensive asset plan in line with the <i>Local Government Act 2020</i> , covering all assets categories
Lower rate cap (lower than CPI)	Medium	Financial levers adjusted to ensure Council is financially sustainable. Service reviews if required
EBA outcomes could be greater than CPI	Medium	EBA to link with CPI and any upward deviation to be subjected to efficiencies in operational expenses elsewhere
Tourist parks revenue downturn / Council loses ability to manage and control coastal Crown land	Medium	Review of caravan park operations for a more effective and efficient management model. Additional investments in caravan parks to enhance revenue potential / continue to lobby and work with State Government to ensure Council's ability to continue to manage coastal Crown land
Not realising full benefits of current initiatives to achieve efficiency improvements (new organisational structure, new corporate system)	Medium	Implement proper governance framework including progress tracking framework with report to Council and Executive team
Future unfunded defined benefits superannuation call occurring	Low	Monitors the Vested Benefits index on a quarterly basis to avoid material shortfall calls. Maintain a separate reserve to manage any potential impact

Financial snapshot

Our decision-making reflects the principles of sound financial management. This Financial Plan assesses our financial performance using key financial indicators specified in the Council Plan. Refer to the Financial Policy Statement section (2.1) for more details about the indicators used to assess the financial outcome of the Borough over the planning period covered in this Financial Plan.

Cash surplus/deficit

This is a measure of the cash inflows from all sources of revenue and the cash outflows for all expenditure (capital and operating expenditure). The Financial Plan presents a balanced budget over the 10-year horizon.

Adjusted underlying result

An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives, the underlying result is calculated by deducting non-recurrent capital funding (grants and contributions) from the operating surplus/(deficit) for the year.

The adjusted underlying result excludes the impact of one-off transactions. This methodology is explained in the Financial Policy Statement section (2.1).

Council is projecting an underlying deficit for each year over the 10-year planning horizon. A cumulative underlying deficit of \$2.0 million (based on the Council Plan measure) is projected for the next ten years, which is an average \$204,000 deficit each year.

Loss of income from tourist parks due to the anticipated closure of 26 camping sites (approximately \$106,000 a year), additional operating cost and depreciation expenses associated with new and upgraded assets and loss of income from boat ramp parking fees (approximately \$115,000 a year) are the key influences of the projected underlying deficits.

However, there may be some opportunities for Council to achieve operational efficiencies and additional ongoing income as a result of ongoing initiatives and projects (new operating model to manage tourist parks, BoQ ICT transformation, future investment in amenities in tourist parks to enhance visitor experience, etc.). Details of cost efficiencies and additional income figures are not possible to estimate until project plans and operational requirements are further developed.

Council needs to be careful about creating or acquiring new and significantly upgraded assets which will result in significant additional ongoing cost commitments. For instance, Council is now required to maintain and manage the upgraded Queenscliff Boat Ramp, which is in effect a regional asset.

The long-term outlook for Council will depend on careful and prudent planning, in particular when considering the need and ongoing management of new assets. The impacts of rate capping, limited opportunities for rate income growth, community expectations about service levels and the ongoing management of existing assets will continue to provide financial challenges for the Borough in the coming years.

Working capital

This is a measure of current assets to current liabilities (our ability to pay existing liabilities that fall within the next 12 months). The Financial Plan expects this measure to stay well above 1 (100 percent) over the 10-year horizon.

Borrowings

No borrowings are planned over the 10-year horizon.

Asset renewal and upgrade expenses (Capital projects)

Asset renewal and upgrade expenses against depreciation, a ratio of 100 per cent or higher shows that spending on existing assets is moving at a faster rate than asset deterioration. The Financial Plan forecasts significant investment in existing assets over the next 10 years, subject to external grant funding. Key asset renewal and upgrade projects considered over the 10-year horizon are listed below. However, only high-level cost estimates have been used in the Plan and the scope and timing of these projects are subject to community consultations and detailed feasibility assessments.

Capital projects included in the 2022–23 Budget

- Completion of Queenscliffe Hub
- Completion of Queenscliff Sports and Recreation Precinct development
- Completion of Point Lonsdale Lighthouse Reserve upgrade
- ICT transformation project phase 2
- Design stage – Princess Park kiosk toilet upgrade
- Design stage – Weeroona Parade toilet renewal
- New toilet in Hobson Street
- New fence at Narrows Beach
- Edgewater Close drainage upgrade
- Implementation of a new tree management system

Potential new capital projects considered in the Financial Plan

- Construction stage – Princess Park toilet facilities
- Construction stage – Royal Park oval and changing rooms upgrade
- Construction stage – Weeroona Parade toilet facilities renewal
- Construction stage – Toc H toilet facilities renewal
- Royal Park oval facility upgrade
- Additional electric vehicle (EV) charging stations
- Paths and walking tracks (based on the Active Transport Strategy)
- Convert to solar generation and install battery storage on council buildings
- Fast track transition of Council fleet to EVs
- Restoration and upgrade of P1 huts at Point Lonsdale Lighthouse Reserve
- Construction stage – New skate and bike park
- Murray Road shared path
- Upgrade of Town Hall
- Soak pit upgrade and ocean outfall improvements (ongoing)

Financial sustainability indicators – Council Plan

Council's projected financial performance against the financial sustainability indicators identified in the Council Plan is summarised below. Overall, based on the 10-year average, Council's financial plan 2022–23 to 2031–32 satisfies all financial sustainability indicators except for the adjusted underlying result.

Indicator	Target	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	Average 10-year horizon
Sustainable operating result												
Our adjusted underlying result	> \$0	-\$382	-\$169	-\$187	-\$184	-\$182	-\$220	-\$224	-\$218	-\$185	-\$84	-\$204
Working capital												
Current assets vs current liabilities	> 1.0	3.80	2.97	3.20	3.02	3.00	3.16	3.32	3.45	3.51	3.74	3.32
Level of unrestricted cash reserve against current liabilities	> 100%	357%	282%	299%	279%	274%	290%	307%	319%	326%	350%	308%
Borrowings												
Total borrowings against rate revenue	< 15%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Commitment for asset renewals												
Asset renewal and upgrade expenses against depreciation	> 100%	300%	292%	166%	171%	160%	134%	97%	88%	107%	112%	163%
Council's contribution to asset renewal and upgrade	> 10%	19%	26%	10%	12%	11%	10%	9%	10%	11%	8%	13%

Crown land management

Except for very few assets, all buildings and infrastructure assets (including roads) managed by Council to provide various services to the community are located or built on Crown land.

Based on the value of land Council manages, 60% is Crown land and 17% is land under roads. Only 23% of land is owned freehold by the Borough.

Council's current record-keeping and accounting systems are not designed to separate the expenditure associated with Crown land and other land types. However, indicative values provided below satisfy the requirement that revenue generated from Crown land is applied in full to meet expenditure requirements for managing Crown land.

Description	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32
Net contribution from Crown land										
Surplus projected from tourist parks	699	760	781	802	824	846	871	896	919	946
Lease income projected from Crown land properties	124	127	131	134	137	141	144	148	151	155
Net contribution from Crown land	823	887	911	936	961	987	1,015	1,043	1,070	1,101
Used to fund services in Crown land										
Net projected net expenditure on asset management and appearance of public places on Crown land	(835)	(878)	(902)	(924)	(947)	(970)	(993)	(1,018)	(1,042)	(1,068)
Net expenditure on coastal protection	(249)	(254)	(259)	(265)	(269)	(274)	(279)	(284)	(289)	(294)
Net deficit funded via rates and operating grant	(261)	(244)	(250)	(253)	(255)	(257)	(257)	(258)	(261)	(261)

The projected surplus from tourist parks includes the net contribution from Golightly Park as well. Council's current financial system is not designed to record the operating expenses of Golightly Park separately to ascertain the net contribution from Golightly Park alone. However, if apportioned based on the gross income, 22% of the projected surplus can be attributable to Golightly Park for 2022–23.

Projected net expenditure on asset management and appearance of public places on Crown land does not include any asset renewal and upgrade expenditure. Further, the projected net expenditure does not include any expenditure associated with road, drainage and footpath infrastructure.

Financial statements

3.1 Comprehensive Income Statement

Comprehensive Income Statement	2022–23 Budget	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income										
Rates and charges	8,134	8,373	8,622	8,849	9,052	9,210	9,442	9,680	9,925	10,176
Statutory fees and fines	134	138	141	145	149	152	156	160	164	168
User fees	1,910	1,963	2,016	2,067	2,119	2,172	2,226	2,281	2,338	2,397
Grants – operating	649	1,040	1,174	1,166	1,195	1,214	1,245	1,276	1,308	1,341
Grants – capital	1,583	555	1,261	1,580	1,130	230	230	793	1,165	603
Contributions – monetary – capital	35	0	0	0	0	0	0	0	0	0
Other income	261	373	362	394	403	413	429	447	463	481
Total income	12,705	12,441	13,577	14,201	14,047	13,391	13,727	14,636	15,363	15,165
Expenses										
Employee costs	4,978	5,039	5,165	5,294	5,400	5,508	5,619	5,731	5,846	5,964
Materials and services	5,780	5,623	5,489	5,628	5,728	5,847	6,005	6,136	6,297	6,428
Depreciation	1,456	1,394	1,420	1,459	1,576	1,660	1,741	1,808	1,863	1,849
Bad and doubtful debts	3	3	3	3	3	3	3	3	3	3
Other expenses	357	366	376	386	395	404	414	424	434	445
Total expenses	12,574	12,425	12,452	12,770	13,101	13,422	13,782	14,103	14,444	14,688
Surplus / (deficit) for the year	132	15	1,125	1,431	946	(31)	(55)	533	919	477
Other comprehensive income	0	0	0	0	0	0	0	0	0	0
Total comprehensive result	132	15	1,125	1,431	946	(31)	(55)	533	919	477

3.2 Balance Sheet

Balance Sheet	2022-23 Budget	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets										
Current assets										
Cash and cash equivalents	6,796	4,720	4,740	4,817	4,944	5,191	5,659	6,050	6,306	6,999
Other financial assets	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Trade and other receivables	255	330	330	330	330	330	330	330	330	330
Inventories	5	5	5	5	5	5	5	5	5	5
Other assets	225	225	225	225	225	225	225	225	225	225
Total current assets	8,281	6,280	6,300	6,377	6,504	6,751	7,219	7,610	7,866	8,559
Non-current assets										
Investments in associates	165	165	165	165	165	165	165	165	165	165
Property, infrastructure, plant and equipment	143,294	145,248	146,214	147,708	148,592	148,280	147,799	147,979	148,681	148,513
Total non-current assets	143,459	145,413	146,378	147,873	148,757	148,445	147,964	148,144	148,846	148,678
Total assets	151,740	151,693	152,679	154,250	155,261	155,196	155,183	155,755	156,712	157,237
Liabilities										
Current liabilities										
Trade and other payables	948	856	685	793	826	758	766	769	770	781
Trust funds and deposits	47	47	47	47	47	47	47	47	47	47
Provisions	1,104	1,131	1,159	1,188	1,218	1,249	1,280	1,312	1,345	1,378
Unearned income	80	80	80	80	80	80	80	80	80	80
Total current liabilities	2,178	2,114	1,971	2,108	2,171	2,133	2,172	2,207	2,241	2,286
Non-current liabilities										
Provisions	109	112	115	117	120	123	127	130	133	136
Total non-current liabilities	109	112	115	117	120	123	127	130	133	136
Total liabilities	2,287	2,225	2,086	2,226	2,291	2,257	2,299	2,337	2,374	2,422
Net assets	149,453	149,468	150,593	152,025	152,970	152,939	152,885	153,418	154,337	154,815
Equity										
Accumulated surplus	99,967	101,939	102,978	104,390	105,277	104,968	104,490	104,674	105,379	105,213
Revaluation Reserve	43,498	43,498	43,498	43,498	43,498	43,498	43,498	43,498	43,498	43,498
Other reserves	5,988	4,032	4,117	4,136	4,195	4,473	4,896	5,246	5,461	6,104
Total equity	149,453	149,468	150,593	152,025	152,970	152,940	152,885	153,418	154,337	154,815

3.3 Statement of Changes in Equity

Statement of Changes in Equity	2022–23 Budget \$'000	2023–24 \$'000	2024–25 \$'000	2025–26 \$'000	2026–27 \$'000	2027–28 \$'000	2028–29 \$'000	2029–30 \$'000	2030–31 \$'000	2031–32 \$'000
Accumulated Surplus										
Opening Balance 1st July	98,674	99,967	101,939	102,978	104,390	105,277	104,968	104,490	104,674	105,379
Surplus / (deficit) for the year	132	15	1,125	1,431	946	(31)	(55)	533	919	477
Transfer to other reserves	(22)	0	(86)	(86)	(69)	(400)	(460)	(370)	(214)	(643)
Transfer from other reserves	1,184	1,956	0	67	10	122	37	20	0	0
Closing Balance 30th June – Accumulated Surplus	99,967	101,939	102,978	104,390	105,277	104,968	104,490	104,674	105,379	105,213
Revaluation Reserve										
Opening Balance 1st July	43,498	43,498	43,498	43,498	43,498	43,498	43,498	43,498	43,498	43,498
Closing Balance 30th June – Revaluation Reserve	43,498	43,498	43,498	43,498	43,498	43,498	43,498	43,498	43,498	43,498
Other Reserves										
Opening Balance 1st July	7,149	5,988	4,032	4,117	4,136	4,195	4,473	4,896	5,246	5,461
Transfer to other reserves	22	0	86	86	69	400	460	370	214	643
Transfer from other reserves	(1,184)	(1,956)	0	(67)	(10)	(122)	(37)	(20)	0	0
Closing Balance 30th June – Other Reserves	5,988	4,032	4,117	4,136	4,195	4,473	4,896	5,246	5,461	6,104
Total Equity										
Opening Balance 1st July	149,321	149,453	149,468	150,593	152,025	152,970	152,940	152,885	153,418	154,337
Surplus / (deficit) for the year	132	15	1,125	1,431	946	(31)	(55)	533	919	477
Closing Balance 30th June – Total Equity	149,453	149,468	150,593	152,025	152,970	152,940	152,885	153,418	154,337	154,815

3.4 Statement of Cash Flows

Statement of Cash Flows	2022–23 Budget \$'000	2023–24 \$'000	2024–25 \$'000	2025–26 \$'000	2026–27 \$'000	2027–28 \$'000	2028–29 \$'000	2029–30 \$'000	2030–31 \$'000	2031–32 \$'000
Cash flows from operating activities										
<i>Receipts</i>										
Rates and charges	8,134	8,273	8,622	8,849	9,052	9,210	9,442	9,680	9,925	10,176
Statutory fees and fines	134	138	141	145	149	152	156	160	164	168
User fees	1,910	1,963	2,016	2,067	2,119	2,172	2,226	2,281	2,338	2,397
Grants – Operating	649	1,065	1,174	1,166	1,195	1,214	1,245	1,276	1,308	1,341
Grants – Capital	1,583	555	1,261	1,580	1,130	230	230	793	1,165	603
Contributions – monetary – capital	35	0	0	0	0	0	0	0	0	0
Interest received	30	136	119	145	147	152	161	173	183	195
Other receipts	231	237	243	249	255	261	267	274	280	287
Total receipts	12,705	12,366	13,577	14,201	14,047	13,391	13,727	14,636	15,363	15,165
<i>Payments</i>										
Employee costs	(4,949)	(5,008)	(5,134)	(5,262)	(5,367)	(5,475)	(5,584)	(5,696)	(5,810)	(5,927)
Materials and services	(5,788)	(5,620)	(5,483)	(5,595)	(5,698)	(5,814)	(5,968)	(6,101)	(6,259)	(6,392)
Short-term, low value and variable lease payments	(18)	(18)	(19)	(19)	(20)	(20)	(21)	(22)	(22)	(23)
Other payments	(357)	(365)	(375)	(385)	(394)	(404)	(413)	(423)	(433)	(444)
Total payments	(11,112)	(11,012)	(11,011)	(11,261)	(11,479)	(11,713)	(11,987)	(12,242)	(12,525)	(12,785)
Net cash provided by operating activities	1,593	1,353	2,566	2,940	2,568	1,678	1,740	2,394	2,839	2,380
Cash flows from investing activities										
Payments for property, infrastructure, plant and equipment	(4,207)	(3,480)	(2,576)	(2,864)	(2,441)	(1,463)	(1,298)	(2,003)	(2,604)	(1,695)
Proceeds from sale of property, infrastructure, plant and equipment	29	52	30	0	0	32	26	0	21	8
Net cash provided by / (used in) investing activities	(4,178)	(3,429)	(2,546)	(2,864)	(2,441)	(1,431)	(1,272)	(2,003)	(2,583)	(1,687)
Cash flows from financing activities										
Net cash provided by / (used in) financing activities	0	0	0	0	0	0	0	0	0	0
Net increase / (decrease) in cash and cash equivalents	(2,585)	(2,076)	20	76	127	247	468	391	255	694
Cash and cash equivalents at the beginning of the financial year	9,380	6,796	4,720	4,740	4,817	4,944	5,191	5,659	6,050	6,306
Cash and cash equivalents at the end of the financial year	6,796	4,720	4,740	4,817	4,944	5,191	5,659	6,050	6,306	6,999

3.5 Statement of Capital Works

Statement of Capital Works	2022–23 Budget \$'000	2023–24 \$'000	2024–25 \$'000	2025–26 \$'000	2026–27 \$'000	2027–28 \$'000	2028–29 \$'000	2029–30 \$'000	2030–31 \$'000	2031–32 \$'000
Property										
Buildings	1,947	1,190	767	774	531	287	294	1,051	1,808	1,066
Total buildings	1,947	1,190	767	774	531	287	294	1,051	1,808	1,066
Total property	1,947	1,190	767	774	531	287	294	1,051	1,808	1,066
Plant and equipment										
Plant, machinery and equipment	126	267	180	11	11	187	164	12	96	45
Fixtures, fittings and furniture	5	5	5	5	6	6	6	6	6	6
Computers and telecommunications	324	185	48	49	50	51	52	54	55	56
Total plant and equipment	455	458	232	65	67	244	222	72	157	107
Infrastructure										
Roads	133	113	116	119	122	125	128	131	135	138
Footpaths and cycleways	20	104	701	360	148	23	23	139	141	25
Drainage	115	103	206	158	111	234	147	119	122	125
Recreational, leisure and community facilities	496	936	103	1,186	1,188	371	373	375	118	121
Parks, open space and streetscapes	417	79	81	83	85	88	90	92	94	97
Other infrastructure	10	420	211	211	211	11	12	12	12	13
Total infrastructure	1,190	1,755	1,418	2,118	1,865	851	772	869	623	518
Total capital works expenditure	3,592	3,403	2,418	2,957	2,462	1,382	1,288	1,992	2,589	1,691
Represented by:										
New asset expenditure	1,116	988	231	231	232	33	33	34	35	35
Asset renewal expenditure	1,036	1,909	1,389	1,238	1,006	950	945	813	917	885
Asset upgrade expenditure	1,440	506	798	1,488	1,225	400	310	1,145	1,637	771
Total capital works expenditure	3,592	3,403	2,418	2,957	2,462	1,382	1,288	1,992	2,589	1,691
Funding sources represented by:										
Grants	1,583	555	1,261	1,580	1,130	230	230	793	1,165	603
Contributions	35	0	0	0	0	0	0	0	0	0
Council reserves	838	1,260	0	67	10	122	37	20	0	0
Council cash	1,137	1,588	1,157	1,310	1,322	1,030	1,021	1,179	1,424	1,089
Total capital works expenditure	3,592	3,403	2,418	2,957	2,462	1,382	1,288	1,992	2,589	1,691

3.6 Statement of Human Resources

Staff expenditure	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32
	\$'000	\$'000	\$'000	\$'000	\$'001	\$'002	\$'003	\$'004	\$'005	\$'006
Staff expenditure										
Employee costs – operating	4,978	5,039	5,165	5,294	5,400	5,508	5,618	5,730	5,845	5,962
Employee costs – capital	116	119	122	125	128	130	133	135	138	141
Total staff expenditure	5,094	5,158	5,287	5,419	5,527	5,638	5,751	5,866	5,983	6,103
Staff numbers										
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
Staff numbers										
Employees	45.3	44.8	44.8	44.8	44.8	44.8	44.8	44.8	44.8	44.8
Total staff numbers	45.3	44.8	44.8	44.8	44.8	44.8	44.8	44.8	44.8	44.8

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

Department	Budget 2022-23 \$'000	Comprises			
		Permanent		Casual \$'000	Temporary \$'000
		Full Time \$'000	Part time \$'000		
Health and Wellbeing	1,198	379	703	57	59
Environment	313	168	81	-	64
Local Economy	731	436	191	105	-
Heritage, Planning and Infrastructure	851	651	165	35	-
Governance and Finance	1,841	1,100	686	55	-
Total permanent staff expenditure	4,934	2,733	1,826	252	123
Other employee related expenditure	45				
Capitalised labour costs	116				
Total staff expenditure	5,094				

3.6 Statement of Human Resources – cont.

A summary of the number of full time equivalent (FTE) Council staff in relation to the above expenditure is included below:

Department	Budget 2022-23 FTE	Comprises			
		Permanent		Casual	Temporary
		Full Time FTE	Part time FTE	FTE	FTE
Health and Wellbeing	12.7	3.3	8.4	0.6	0.5
Environment	2.9	1.5	0.8	-	0.6
Local Economy	7.2	4.1	2.3	0.8	-
Heritage, Planning and Infrastructure	7.1	5.5	1.3	0.3	-
Governance and Finance	15.5	8.0	6.9	0.6	-
Total staff	45.3	22.4	19.7	2.2	1.1

3.7 Planned Human Resource Expenditure

Description	2022–23 \$'000	2023–24 \$'000	2024–25 \$'000	2025–26 \$'000	2026–27 \$'000	2027–28 \$'000	2028–29 \$'000	2029–30 \$'000	2030–31 \$'000	2031–32 \$'000
Health and Wellbeing										
Permanent – Full time	379	388	398	408	416	424	433	441	450	459
Women	46	47	48	49	50	51	52	53	54	55
Men	272	278	285	292	298	304	310	317	323	329
Vacant/new positions	61	63	64	66	67	69	70	71	73	74
Permanent – Part time	703	783	802	822	839	856	873	890	908	926
Women	678	757	776	795	811	827	844	861	878	895
Men	25	26	26	27	28	28	29	29	30	30
Vacant/new positions	0	0	0	0	0	0	0	0	0	0
Total Health and Wellbeing	1,081	1,171	1,200	1,230	1,255	1,280	1,305	1,332	1,358	1,385
Environment										
Permanent – Full time	168	172	176	181	184	188	192	195	199	203
Women	0	0	0	0	0	0	0	0	0	0
Men	57	59	60	62	63	64	65	67	68	69
Vacant/new positions	110	113	116	119	121	124	126	129	131	134
Permanent – Part time	81	83	85	87	89	91	93	95	97	98
Women	81	83	85	87	89	91	93	95	97	98
Men	0	0	0	0	0	0	0	0	0	0
Vacant/new positions	0	0	0	0	0	0	0	0	0	0
Total Environment	249	255	261	268	273	279	284	290	296	302
Local Economy										
Permanent – Full time	436	447	458	469	479	488	498	508	518	528
Women	320	328	336	344	351	358	365	373	380	388
Men	0	0	0	0	0	0	0	0	0	0
Vacant/new positions	116	119	122	125	127	130	133	135	138	141
Permanent – Part time	191	195	200	205	209	214	218	222	227	231
Women	115	117	120	123	126	128	131	134	136	139
Men	76	78	80	82	83	85	87	89	90	92
Vacant/new positions	0	0	0	0	0	0	0	0	0	0
Total Local Economy	626	642	658	674	688	702	716	730	745	760
Heritage, Planning and Infrastructure										

Description	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000	2027-28 \$'000	2028-29 \$'000	2029-30 \$'000	2030-31 \$'000	2031-32 \$'000
Permanent – Full time	651	667	684	701	715	730	744	759	774	790
Women	136	139	143	146	149	152	155	158	161	165
Men	219	224	230	236	241	245	250	255	260	266
Vacant/new positions	296	304	311	319	326	332	339	346	352	360
Permanent – Part time	165	169	173	178	181	185	188	192	196	200
Women	66	68	70	72	73	74	76	77	79	81
Men	98	101	103	106	108	110	113	115	117	119
Vacant/new positions	0	0	0	0	0	0	0	0	0	0
Total Heritage, Planning and Infrastructure	816	837	857	879	896	914	933	951	970	990
Governance and Finance										
Permanent – Full time	1,100	1,128	1,156	1,185	1,209	1,233	1,257	1,283	1,308	1,334
Women	415	425	436	447	456	465	474	484	493	503
Men	685	703	720	738	753	768	783	799	815	831
Vacant/new positions	0	0	0	0	0	0	0	0	0	0
Permanent – Part time	686	703	721	739	753	769	784	800	816	832
Women	572	587	601	616	629	641	654	667	681	694
Men	0	0	0	0	0	0	0	0	0	0
Vacant/new positions	114	116	119	122	125	127	130	132	135	138
Total Governance and Finance	1,786	1,831	1,877	1,924	1,962	2,001	2,041	2,082	2,124	2,166
Casuals, temporary and other expenditure	419	303	311	319	325	332	338	345	352	359
Capitalised labour costs	116	119	122	125	128	130	133	135	138	141
Total staff expenditure	5,094	5,158	5,287	5,419	5,527	5,638	5,751	5,866	5,983	6,103

* Council currently do not have any staff members identified as a persons of self-described gender.

3.7 Planned Human Resource Expenditure – cont.

Staff numbers	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
Health and Wellbeing										
Permanent – Full time	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Women	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Men	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Vacant/new positions	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Permanent – Part time	8.4	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9
Women	8.0	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6
Men	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Vacant/new positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Health and Wellbeing	11.7	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2
Environment										
Permanent – Full time	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Women	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Men	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Vacant/new positions	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Permanent – Part time	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Women	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Men	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vacant/new positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Environment	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Local Economy										
Permanent – Full time	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Women	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Men	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vacant/new positions	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Permanent – Part time	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Women	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Men	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Vacant/new positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Local Economy	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Heritage, Planning and Infrastructure										

Staff numbers	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
Permanent – Full time	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Women	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Men	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Vacant/new positions	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Permanent – Part time	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Women	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Men	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Vacant/new positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Heritage, Planning and Infrastructure	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Governance and Finance										
Permanent – Full time	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Women	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Men	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Vacant/new positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Permanent – Part time	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Women	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Men	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vacant/new positions	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Total Governance and Finance	14.9	14.9	14.9	14.9	14.9	14.9	14.9	14.9	14.9	14.9
Casuals, temporary and other expenditure	3.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Capitalised labour costs	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total staff expenditure	45.3	44.8	44.8	44.8	44.8	44.8	44.8	44.8	44.8	44.8

* Council currently do not have any staff members identified as a persons of self-described gender.

Financial Performance Indicators

The following table highlights Council's projected performance across a range of key financial performance indicators. These indicators provide an analysis of Council's 10 year financial projections and should be interpreted in the context of the organisation's objectives and financial management principles.

Indicator	Measure	Note	Expected Range	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Trend +/-
				Budget										
				\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Operating position														
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-20% to 20%	-13.40%	-4.54%	-0.78%	-0.86%	-1.11%	-1.67%	-1.81%	-1.58%	-1.44%	-0.58%	+
Liquidity														
Working capital	Current assets / current liabilities		100% to 400%	377.04%	289.67%	304.77%	292.98%	296.71%	315.95%	331.84%	335.59%	334.04%	365.69%	o
Unrestricted cash	Unrestricted cash / current liabilities	2	10% to 300%	107.00%	41.00%	46.37%	46.01%	48.74%	60.47%	80.90%	97.39%	106.71%	134.31%	+
Obligations														
Loans and borrowings	Interest bearing loans and borrowings / rate revenue		0% to 70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	o
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		0% to 20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	o
Indebtedness	Non-current liabilities / own source revenue		2% to 70%	1.05%	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%	o
Asset renewal and upgrade	Non-current liabilities / own source revenue	3	40% to 130%	170.06%	173.21%	154.07%	186.82%	141.54%	81.33%	72.10%	108.28%	137.09%	89.58%	-
Stability														
Rates concentration	Rate revenue / adjusted underlying revenue		30% to 80%	73.36%	70.44%	69.77%	69.89%	69.86%	69.76%	69.75%	69.72%	69.70%	69.69%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.15% to 0.75%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	o
Efficiency														
Expenditure level	Total expenses/ no. of property assessments	4	\$2,000 to \$5,000	\$4,037	\$3,989	\$3,998	\$4,099	\$4,206	\$4,309	\$4,424	\$4,527	\$4,637	\$4,715	-
Revenue level	Total rate revenue / no. of property assessments	5	\$700 to \$2,000	\$2,231	\$2,293	\$2,361	\$2,425	\$2,487	\$2,550	\$2,615	\$2,682	\$2,750	\$2,820	-

Key to Forecast Trend:

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

Notes to indicators

1. **Adjusted underlying result** – This is an important measure of financial sustainability and an indicator of the operating result required to enable Council to continue to provide core services and meet its objectives.

In most instances, the reported underlying result is impacted by the timing of recurrent operating grants (especially FAGs), non-recurrent operating grants and non-recurrent operating projects included in the budget of a particular year. As a result, the underlying result is more meaningful when it is assessed excluding the impact of non-recurrent operating income and expense items, and adjusted for the timing of recurrent operating grants where applicable as defined in the Council Plan of the Borough.

Council is projecting an underlying deficit for each year over the 10-year planning horizon. A cumulative underlying deficit of \$2.0 million (based on the Council Plan measure) is projected for the next ten years, which is an average \$204,000 deficit each year.

Loss of income from tourist parks due to the anticipated closure of 26 camping sites (approximately \$106,000 a year), additional operating cost and depreciation expenses associated with new and upgraded assets and loss of income from boat ramp parking fees (approximately \$115,000 a year) are the key influences of the projected underlying deficits.

2. **Unrestricted cash** – Term deposits with original maturities of more than 90 days, are considered restricted cash. However, the Financial Plan indicates that Council will have sufficient cash not restricted by any external obligation to cover its current liabilities. The Financial Plan is prepared based on the assumption that Council will invest in term deposits with original maturities of more than 90 days to optimise interest income in line with Council Policy CP011: Investment of Available Funds.
3. **Asset renewal** – Though the asset renewal ratio is below 100% for some years during the 10-year planning horizon, Council will achieve above 100% asset renewal ratio for all years except for 2028–29 and 2029–30, based on the 3-year rolling average as detailed in the “Financial Policy Statement (Financial Sustainability Indicators)” section of this Financial Plan.
4. **Expenditure level** – The majority of expenditure incurred by Queenscliffe is non-discretionary and part of managing the services expected of a local council. Given the very small ratepayer base, this translates into a level of expenditure per property assessment which is higher than the outcome for most of the other local councils.
5. **Revenue level** – Rate revenue represents a high proportion of Queenscliffe's revenue. Given the very small ratepayer base, this translates into a level of rate revenue per property assessment which is higher than the outcome for most other local councils.

Strategies and Plans

5.1 Borrowing Strategy

[Council Policy CP040: Borrowings](#) establishes objectives and principles that outline when it is appropriate for Council to undertake borrowing.

Any new borrowings to be considered by Council will be used for:

- Investing in specific major infrastructure, which is inter-generational (long-term);
- Investing in projects which generate income; and/or
- Matching government grants for priority capital projects.

To ensure the overall sustainability of Council, total borrowings of Council will be subject to the following limits (ratios):

Indicator	Measure	BoQ target
Indebtedness (%)	Non-current liabilities / own sourced revenue	10% or less
Loans and borrowings compared to rates (%)	Interest bearing loans and borrowings / Rate revenue	15% or less
Loans and borrowings repayments compared to rates	Interest and principal repayments on interest bearing loans and borrowings / Rate revenue	2% or less

No new borrowings are planned during the 10-year planning horizon covered in this Plan.

5.2 Reserves Strategy

[Council Policy CP039: Discretionary Reserves](#) provides for responsible financial management of general revenue allocations for specific reserves, as well as tied government grants and community contributions that have not been utilised in the year of receipt.

The Borough of Queenscliffe holds a range of discretionary reserves within Equity on its Balance Sheet.

Carry forward reserves

The bulk of funds held in discretionary reserves each financial year is with respect to operating and capital projects to be carried forward for completion in future years.

Asset replacement reserve (allocated)

Funds are held in this reserve to meet future asset renewal requirements for specific projects earmarked by Council. A minimum allocation for a transfer to reserve of \$40,000 p.a. (approximately 5% of annual asset renewal budget) is included in Council's Adopted Budget.

General/unallocated cash reserve

This reserve comprises of the cash surpluses achieved in previous financial years that have not yet been allocated by Council to specific projects within the Annual Budget. Council aims to hold a minimum of \$500,000 (approximately 5% of annual cash operating expenses) in this reserve.

Waste management reserves

For each of the kerbside and public waste streams, the costs incurred by Council, net of any income received with respect to the particular waste service, is compared with the waste charges collected from ratepayers for that waste service. The resulting net surplus/ (deficit) calculated at the end of each financial year and is adjusted against existing waste reserve balances.

Council will consider the year-end forecast balance of each waste management reserve as part of its annual budget preparation process, to determine what (if any) balance will be transferred from waste reserves to offset the costs of each waste service, before providing direction to officers regarding the amount of waste management charges to be applied in the next financial year to ensure achievement of full cost recovery of each of the three waste services provided by Council to its ratepayers.

Unfunded superannuation liability reserve

Council set aside \$20,000 in each of the 2014–15 and 2015–16 budget years as a hedge against future calls which may be made by Vision Super on the unfunded superannuation liability (defined benefits scheme).

Council monitors the likelihood of a call on this scheme via quarterly finance reports. The current balance held in this reserve totals \$40,000 (the last call on the fund was \$218,000 in 2011–12).

Sales Proceeds – Murray Road land

Proceeds from the sale of the Murray Road land is kept in this reserve until Council identify potential investment opportunities in line with [Council Policy CP044: Sale, Exchange or Transfer of Council Land](#).

Investment opportunities have not been identified for the proceeds from the sale of Murray Road land in this Plan. The Financial Plan will be updated when Council makes a decision.

Reserve Usage Projections

Reserves	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Discretionary Reserves										
Carry Forward Reserves										
Opening balance	1,399	642	82	82	82	82	82	82	82	82
Transfer to reserve	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(757)	(561)	0	0	0	0	0	0	0	0
Closing balance	642	82	82	82	82	82	82	82	82	82
Asset Replacement Reserve (Allocated)										
Opening balance	955	977	377	377	377	377	377	538	908	977
Transfer to reserve	22	0	0	0	0	0	161	370	69	0
Transfer from reserve	0	(600)	0	0	0	0	0	0	0	0
Closing balance	977	377	377	377	377	377	538	908	977	977
Unallocated Cash (General) Reserve										
Opening balance	1,264	973	274	274	207	197	475	737	717	862
Transfer to reserve	0	0	0	0	0	400	299	0	145	643
Transfer from reserve	(291)	(699)	0	(67)	(10)	(122)	(37)	(20)	0	0
Closing balance	973	274	274	207	197	475	737	717	862	1,505
Discretionary Reserves Summary										
Opening balance	3,618	2,593	733	733	666	656	934	1,357	1,707	1,921
Transfer to reserve	22	0	0	0	0	400	460	370	214	643
Transfer from reserve	(1,047)	(1,860)	0	(67)	(10)	(122)	(37)	(20)	0	0
Closing balance	2,593	733	733	666	656	934	1,357	1,707	1,921	2,564

	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32
Reserves	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Restricted Reserves										
Waste Management Reserves										
Opening balance	(9)	(145)	(241)	(156)	(69)	(0)	(0)	(0)	(0)	(0)
Transfer to reserve	0	0	86	86	69	0	0	0	0	0
Transfer from reserve	(136)	(96)	0	0	0	0	0	0	0	0
Closing balance	(145)	(241)	(156)	(69)	0	0	0	0	0	0
Unfunded Superannuation Liability Reserve										
Opening balance	40	40	40	40	40	40	40	40	40	40
Transfer to reserve	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	0	0	0	0	0	0	0	0	0	0
Closing balance	40	40	40	40	40	40	40	40	40	40
Sales Proceeds – Murray Road Land										
Opening balance	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Transfer to reserve	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	0	0	0	0	0	0	0	0	0	0
Closing balance	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Restricted Reserves Summary										
Opening balance	3,531	3,395	3,299	3,384	3,471	3,540	3,540	3,540	3,540	3,540
Transfer to reserve	0	0	86	86	69	0	0	0	0	0
Transfer from reserve	(136)	(96)	0	0	0	0	0	0	0	0
Closing balance	3,395	3,299	3,384	3,471	3,540	3,540	3,540	3,540	3,540	3,540
Discretionary and Restricted Reserves Summary										
Opening balance	7,149	5,988	4,032	4,117	4,136	4,195	4,473	4,896	5,246	5,461
Transfer to reserve	22	0	86	86	69	400	460	370	214	643
Transfer from reserve	(1,184)	(1,956)	0	(67)	(10)	(122)	(37)	(20)	0	0
Closing balance	5,988	4,032	4,117	4,136	4,195	4,473	4,896	5,246	5,461	6,104

5.3 Revenue and Rating Plan

The [Revenue and Rating Plan](#) determines the most appropriate and affordable revenue and rating approach for the Borough of Queenscliffe, which in conjunction with other income sources will adequately finance the objectives in the Council Plan.

Taking into consideration the impact on the ratepayers in the municipality, Council will always endeavour to maintain future rates increases at or within the capped rate as determined by the Minister for Local Government.

With the introduction of State Government rate-capping legislation from 1 July 2016, capped rate increases as determined by the Minister for Local Government have been applied to Borough of Queenscliffe rate budgets. The rate cap has a significant impact on the resources available to fund operating budgets, major projects and capital works.

The challenge faced by the Borough, as with many small rural councils, is the low growth in rateable properties (and therefore rate income), and unavoidable increases in costs related to meeting legislative compliance requirements, increasing expectations and demand for Council services and the challenge of meeting infrastructure renewal needs.

More recently, the State Government election commitment to remove boat ramp parking fees has had a significant impact on Council, with a total loss of income to Council above one million dollars over ten years.

Council's annual rate setting objective is developed within a framework that takes into account the projects and services that implement the strategic objectives set out in the Council Plan, and the resources required to deliver statutory services. The rate setting also considers the objectives of the Financial Plan, and the resources required to manage and renew our assets and infrastructure.

5.4 Waste Management Strategy

[Council Policy CP038: Waste Management](#) outlines the arrangements for waste management services provided to properties in the Borough of Queenscliffe that are entitled to receive such services and to raise revenue in an equitable manner, to fully recover the cost of Council's kerbside, green and public waste services.

5.5 Workforce Plan

Council has developed a Workforce Plan in line with the requirements of the *Local Government Act 2020*. The Workforce Plan is an operational document used by Council's administration. The Workforce Plan responds to, and is informed by the objectives set out in the documents that make up Council's Integrated Strategic Framework Plan. The Workforce Plan identifies the staff resources required to deliver these objectives.

End of the Financial Plan document.