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about to begin**



# Borough of Queenscliffe

# Draft Budget 2023-24

**Capital expenditure**  
Council is committed to the continued investment in its property, plant and equipment, and infrastructure assets, both in terms of maintaining, renewing and upgrading its existing assets as well as creating new assets that will assist in the achievement of service delivery to the community. Council will deliver \$3.8 million of capital works in 2022-23, including capital projects carried forward from 2021-22 totalling to \$2.9 million. This capital works budget also includes Council's commitment of \$728,000 to asset renewal funding based on asset management plans of Council.

In the 2022-23 budget, Council has allocated \$1.2 million of the total operating income for capital works, and a further \$1 million has been transferred from carry forward reserves. Council will use \$1.6 million in capital grants for the budgeted capital work.



- Carry forward capital projects**
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**New capital projects**

- \$250,000: New toilet in Hobson Street;
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  - \$15,000: Edgewater Close drainage upgrade.
- The increase in annual recurrent operating expenses and asset renewal demands for the foreseeable future as a result of the new projects above are estimated to be approximately \$34,650.

Where \$100 of income is spent by Council

## How your rates are spent



# Borough of Queenscliffe

**2023-24 Draft budget**

Mayor

Cr. Isabelle Tolhurst



# Tonight's agenda

- **2023 -24 Draft budget objectives – Martin Gill – CEO**
- **2023 -24 Draft budget - Jodie Hunt - Financial Services Coordinator**
- **Council's capital works update - Martin Gill – CEO**
- **Using your feedback – Makenna Bryon – Communications Coordinator**
- **Audience Q & A – Makenna Bryon – Communications Coordinator**



# 2023-24

# Draft budget objectives

Martin Gill

CEO



# Preparing a Draft Budget

## What has been done up to this point?

Work on the budget commenced in November 2022

Budget Survey seeking early community input

Six workshops with Councillors

Preparing end of Financial Year forecasts

Budget initiative process



# Budget Inputs

What has been taken account when preparing the budget?

Budget – Community Survey

Rate cap - 3.5%

Impact of inflationary pressures on materials, goods, and services

Implementation of asset management plans

Government grants



# Budget Inputs

## A Starting Point

Each year 80% of the budget allocation is non-discretionary expenditure

*These are the funds required to manage our regulatory responsibilities and provide the services expected of a local council are essentially set.*



# Key objectives

## The other inputs

Achieving a balanced budget

Improving long term financial sustainability

Allocating appropriate funds to maintain our assets

Meeting our statutory and legislative responsibilities

Furthering the objectives of the Council Plan

**Implementing the Community Vision**



# Draft budget Outcomes

## Key outcomes

Responsible but responsive

Balanced Budget

Improving long term financial sustainability

New initiatives



# New initiatives

## Operating Initiatives

Golightly Development Plan and supporting engagement plan

Disability Action Plan

Wadawurrung cultural heritage

Ganes Reserve – desilting works

Integrated Water Management Plan





# 2023-24 Draft Budget Financials

Jodie Hunt  
Financial Services Coordinator



# Critical assumption

## CPI/ inflation

The average CPI for 2023–24 to be 5.2%

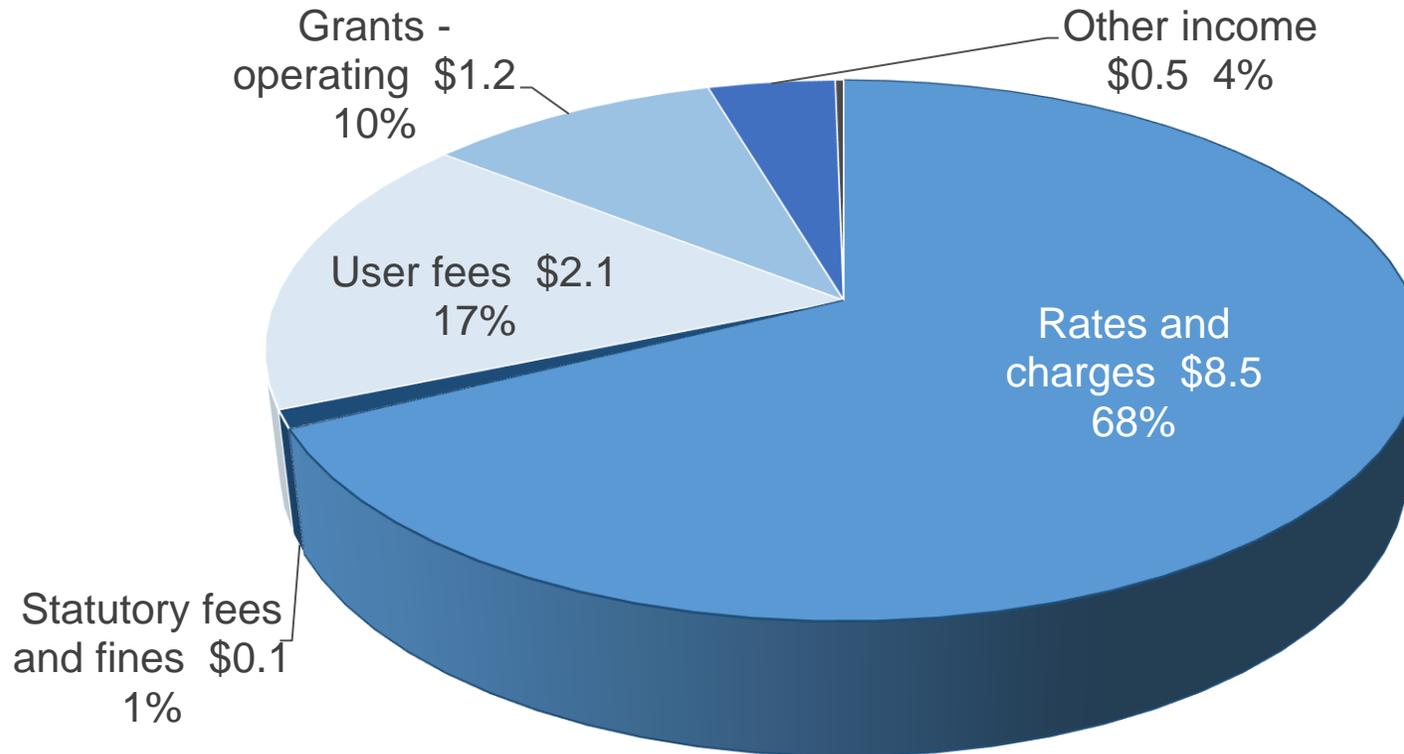


# Draft 2023-24 budget at a glance

- A total breakeven Budget of \$16.4 million
- Operating expenditure budget of \$13.6 million
- Capital works program of \$2.8 million
- New capital works of \$1.4 million
- New operating initiatives of \$723,000
- 3.5% increase in rates
- 7.3% increase in waste management charges for a residential property
- Zero borrowings, debt free balance sheet
- Draft Budget does not draw any funds out from the general reserve



# \$12.6 million operating income



\*With Financial Assistance Grant, total operating income of \$12.7m



# \$7.2 million income from rates for 2023-24

Rates	2022-23	2023-24	Change	
	\$	\$	\$	%
<b>Total amount to be raised by general rates</b> - Note 4.1.1 (c) in the detailed budget document	6,920,907	7,183,146	262,239	3.8%

<b>Annualised rates</b> - Note 4.1.1 (c) in the detailed budget document	6,940,253	7,183,146	242,893	3.5%
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# How rates of an individual property are calculated

Total rates for the municipality



Councils determine Rates revenue needed within cap



Divided by Combined value of all rateable properties

=



To get The rate in the dollar



What you pay



To calculate Your rates for the year

=



Multiply The value of your property

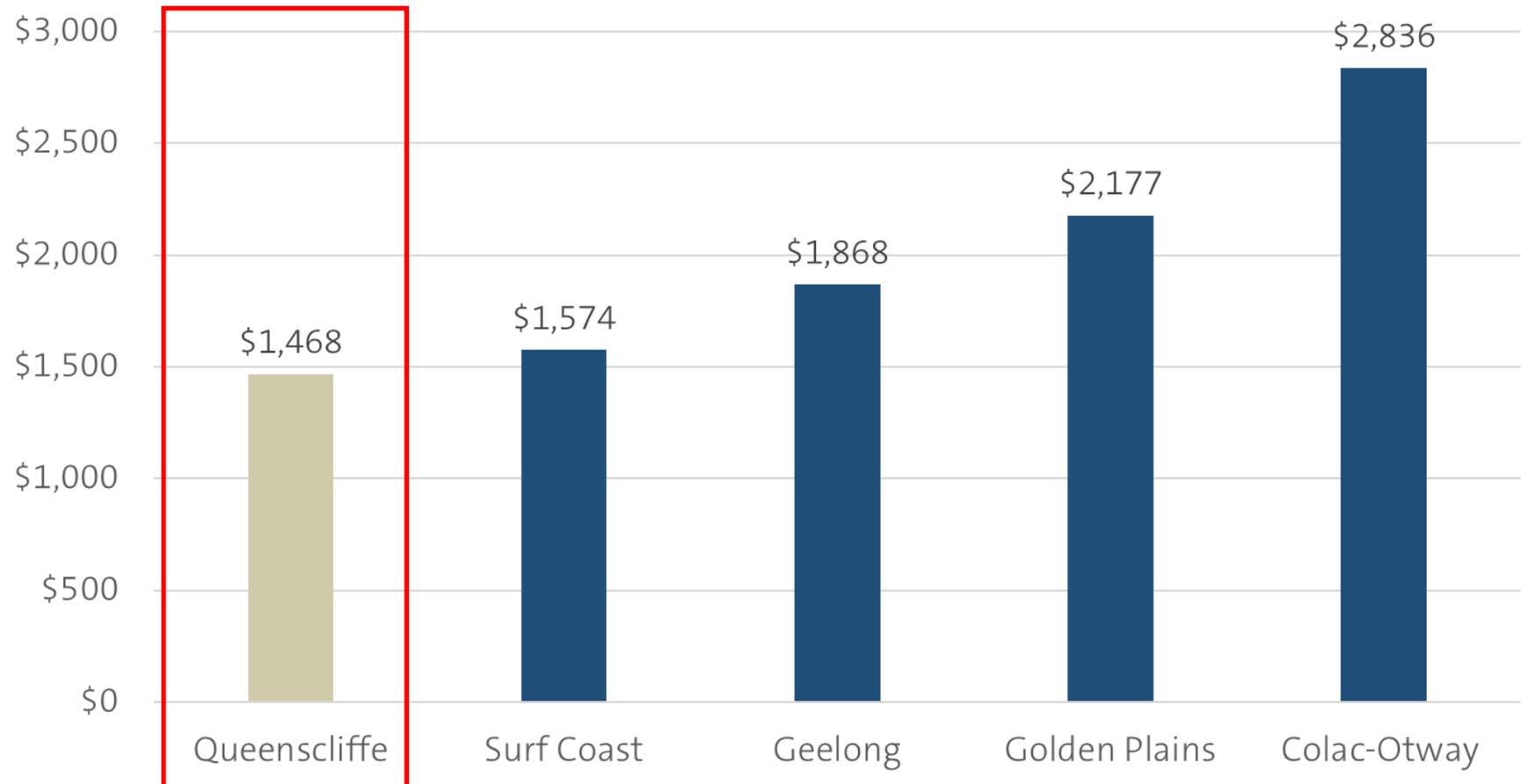
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By The rate in the dollar



# Rates payable in each Council within G21 for 2023-24 for a property valued at \$1 million



# Waste management charge

## *Full Cost Recovery Strategy*

- Two types of waste services:
  - Standard kerbside waste
  - Public waste
- Key change in the 2023-24 budget:
  - Starting to recover direct employee costs through waste charges.



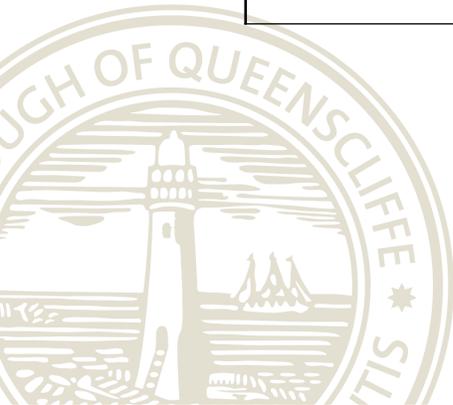
# Standard kerbside waste management expenses

Description	Forecast Actual 2022–23 (\$)	Draft Budget 2023–24 (\$)	Change	
			(\$)	%
Total standard kerbside waste costs – operational	774,240	947,948	173,709	22.4%
Kerbside transition project – net of grant	143,600	0		
<b>Total standard kerbside waste costs</b>	<b>917,840</b>	<b>947,948</b>	<b>30,109</b>	<b>3.3%</b>



# Public waste management expenses

Description	Forecast Actual 2022–23 (\$)	Draft Budget 2023–24 (\$)	Change	
			(\$)	%
<b>Total public waste costs</b>	<b>345,025</b>	<b>367,566</b>	<b>22,541</b>	<b>6.5%</b>



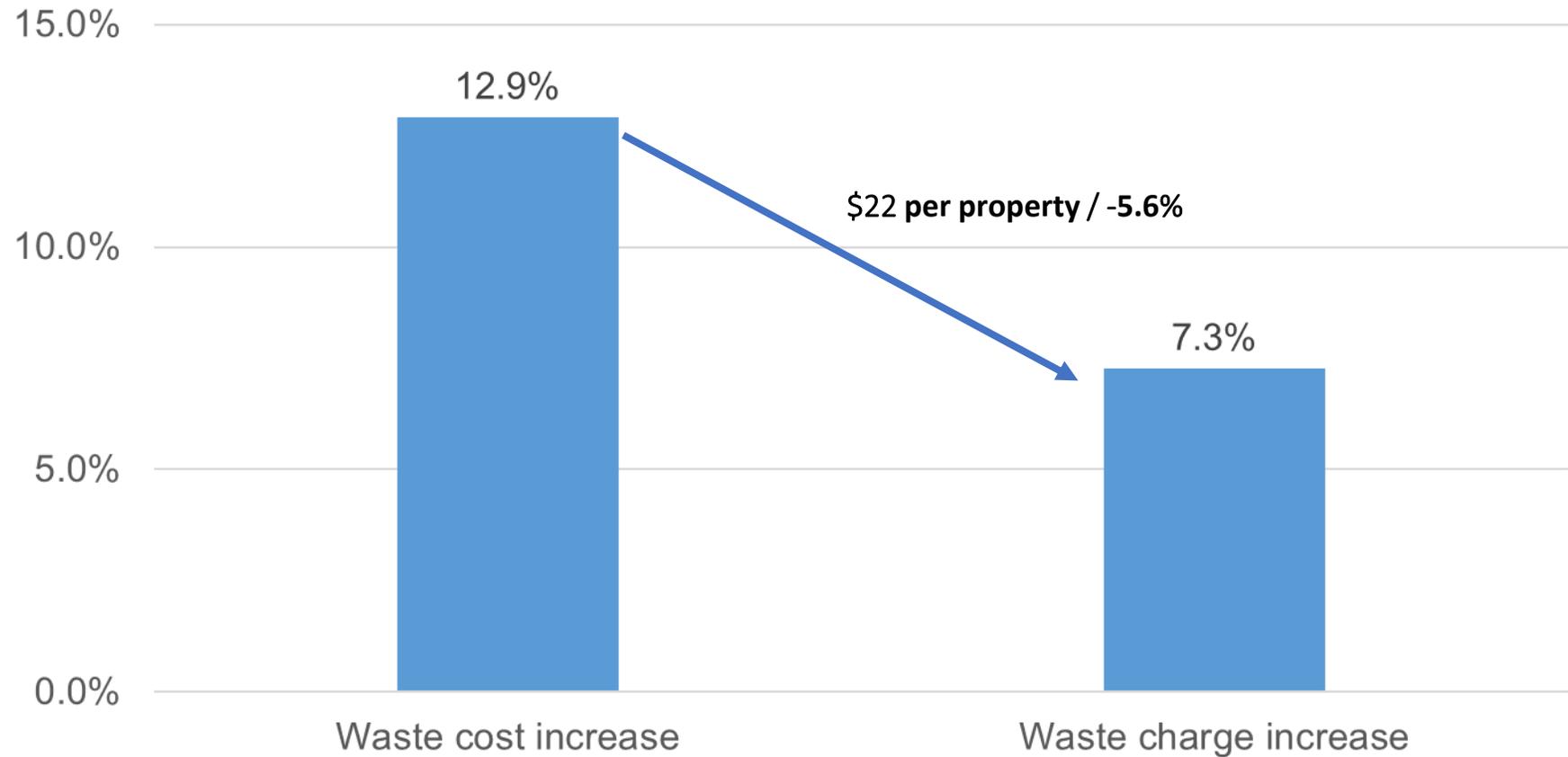
# How much each property will pay in 2023-24 as waste charges

Type of Charge	Per Property	Per Property	Change	
	2022-23	2023-24		
	\$	\$	\$	%
Standard kerbside waste charge	296.00	316.52	20.52	6.9%
Public waste	104.00	112.72	8.72	8.4%

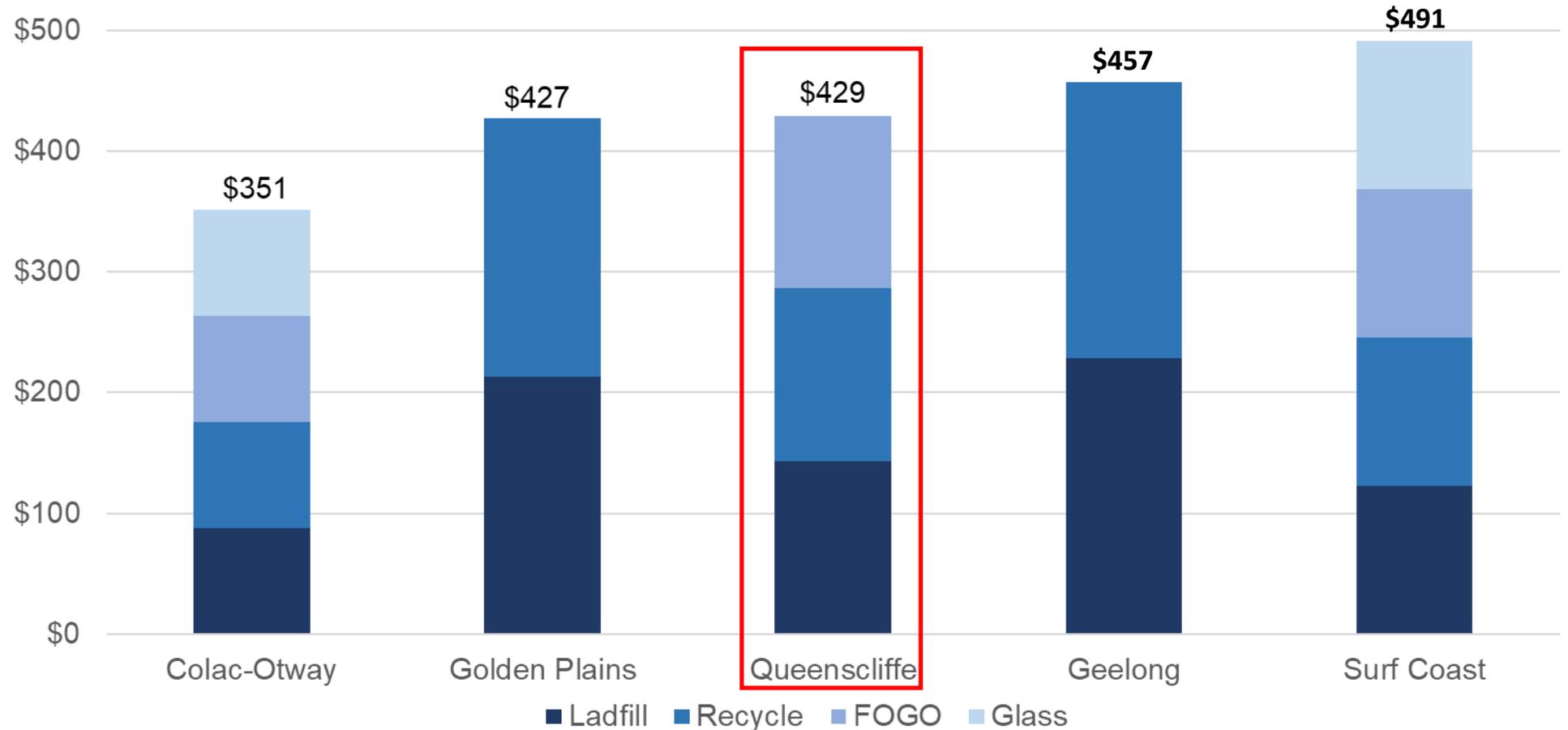
Type of Property	Actual 2022-23	Draft Budget 2022-23	Change	
	\$		\$	%
Residential	400.00	429.24	29.24	7.3%
Residential vacant land	104.00	112.72	8.72	8.4%
Commercial	104.00	112.72	8.72	8.4%
Tourist accommodation	400.00	429.24	29.24	7.3%



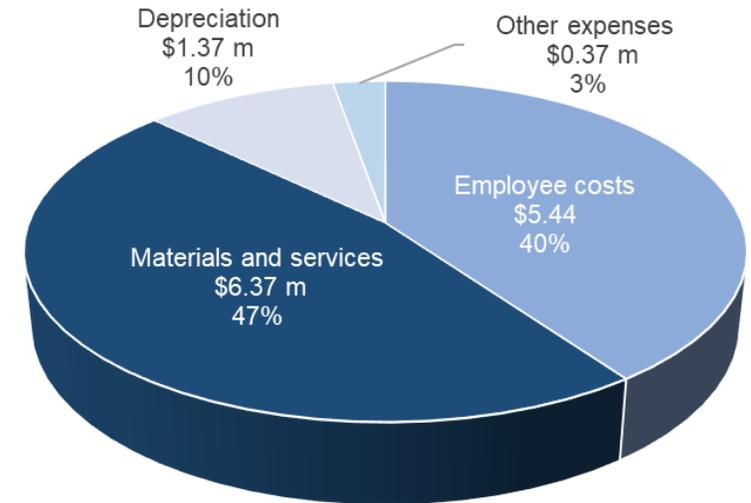
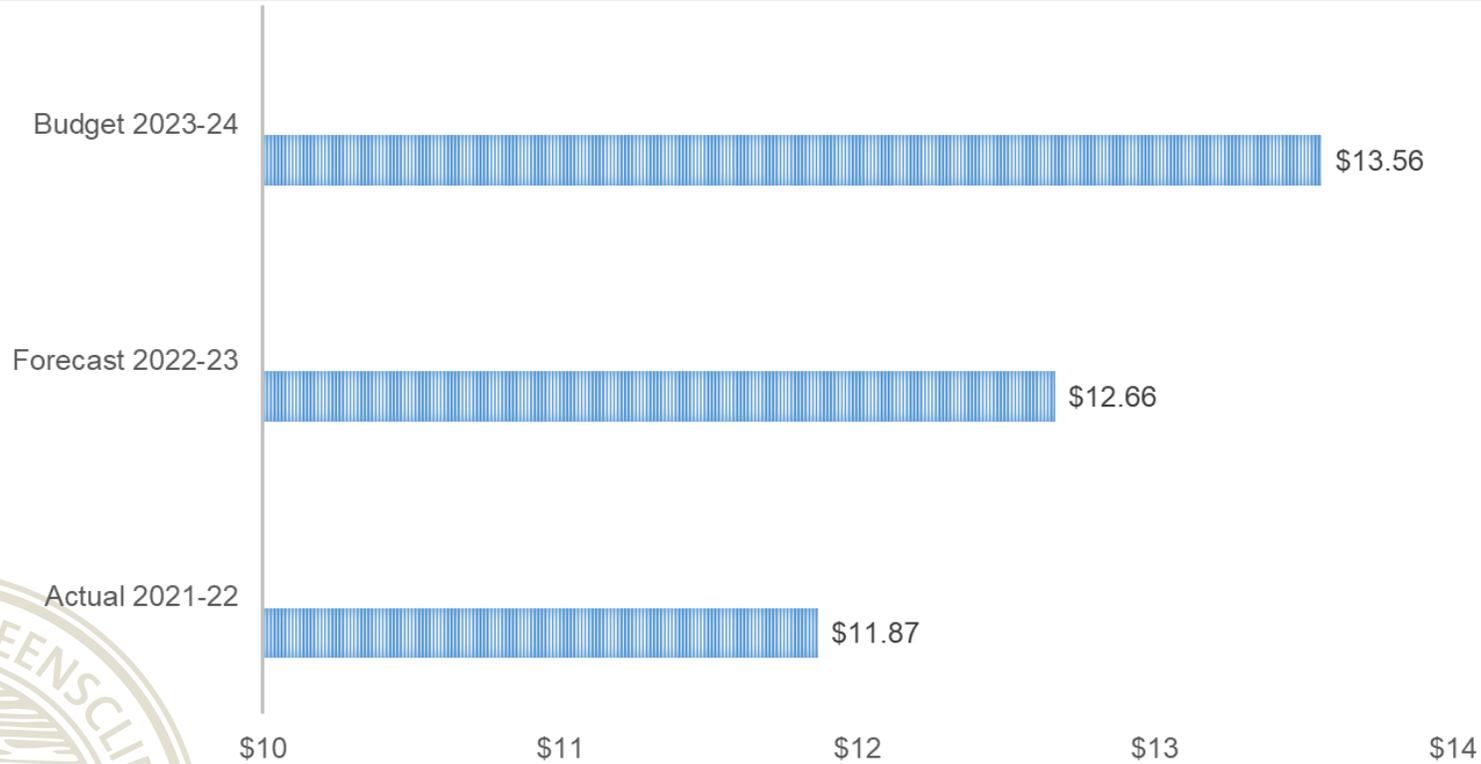
# Cost increase vs. charge increase



# Residential waste charges payable in each Council within G21 for 2023-24



# 7.1% increase in operating expenses



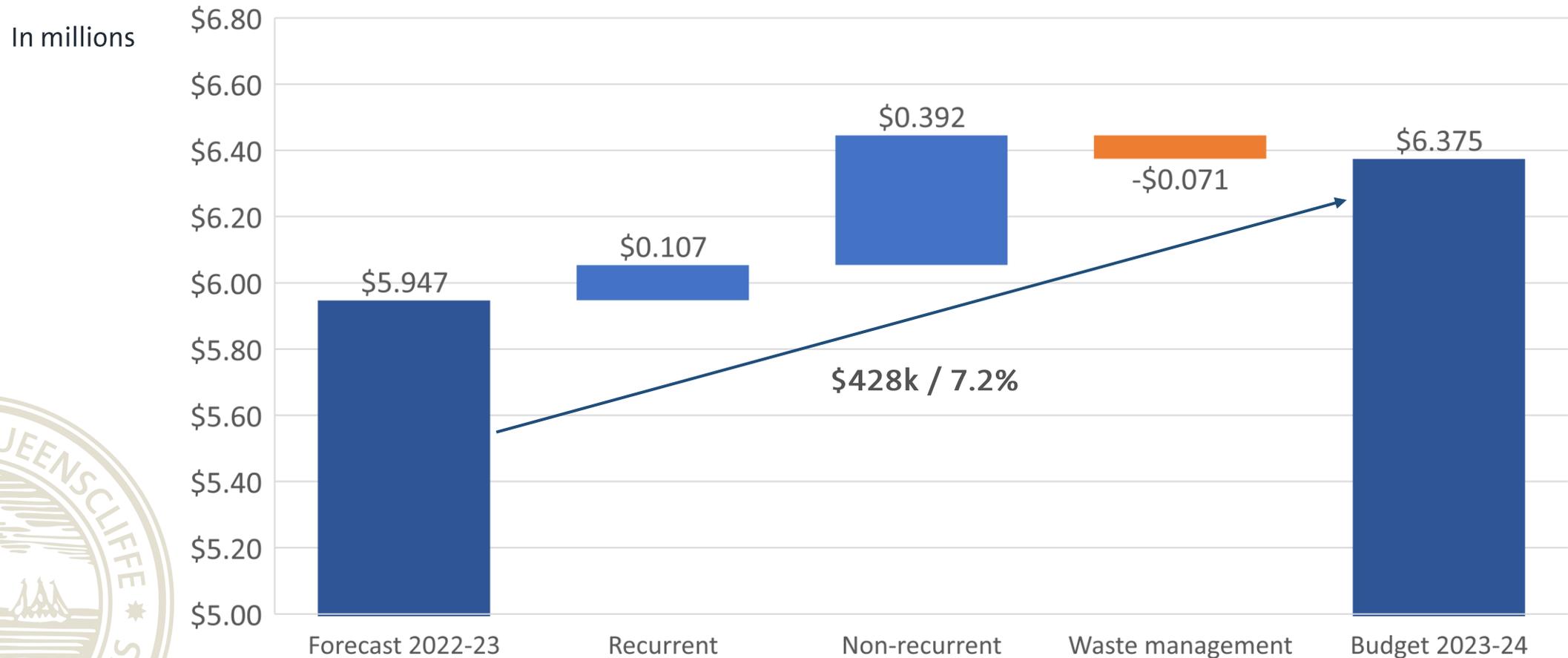
# Employee costs

Description	Forecast	Draft	Projections		
	Actual	Budget	2024-25	2025-26	2026-27
	2022-23	2023-24	2024-25	2025-26	2026-27
	\$'000	\$'000	\$'000	\$'000	\$'000
Staff expenditure					
Employee costs - operating	4,965	5,439	5,615	5,784	5,929
Employee costs - capital	113	124	128	132	136
Total staff expenditure	5,078	5,563	5,744	5,916	6,064
	FTE	FTE	FTE	FTE	FTE
Staff numbers					
Employees	43.6	47.5	47.4	47.4	47.4
Total staff numbers	43.6	47.5	47.4	47.4	47.4
Annualised staff numbers (exl vacancies and temp staff)	45.8	47.4	47.4	47.4	47.4

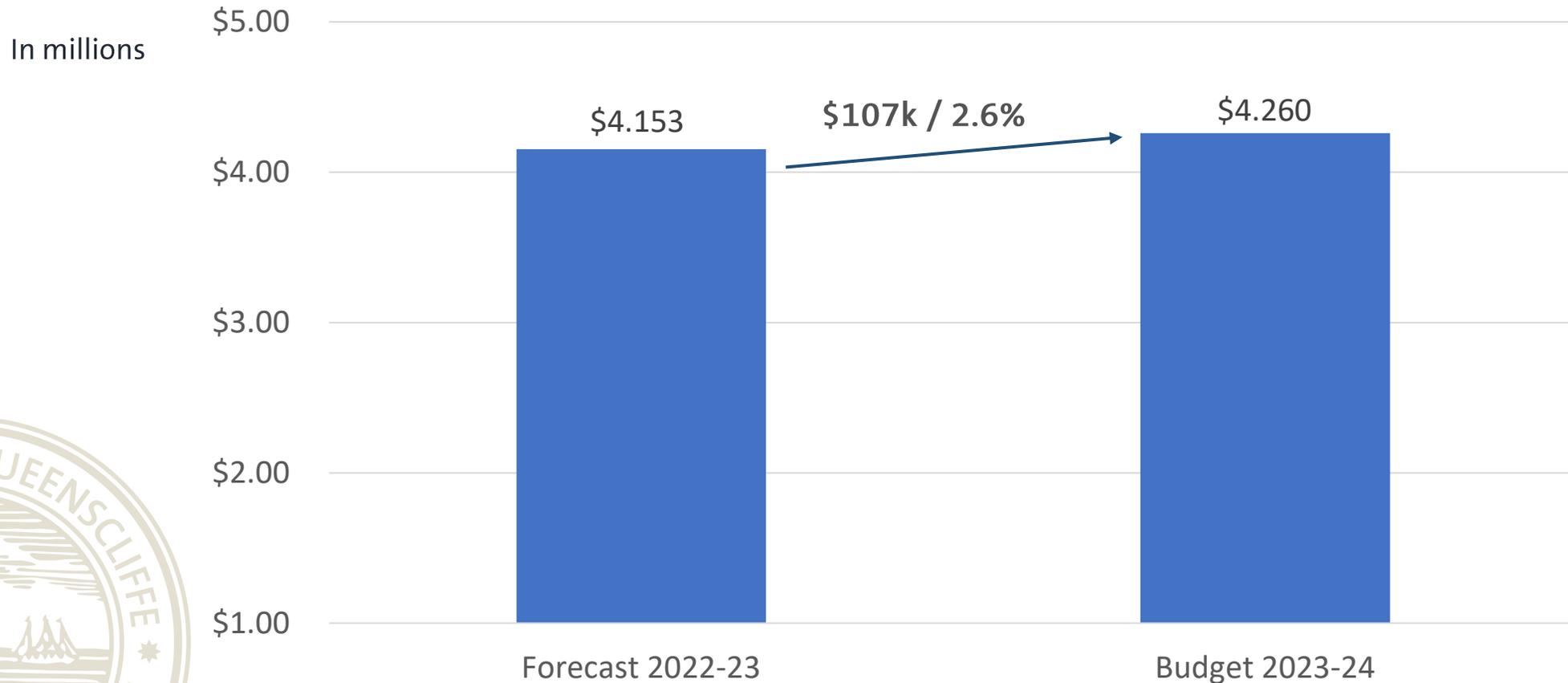
\*FTE forecast for 2022–23 is understated due to temporary staff vacancies



# Materials and services



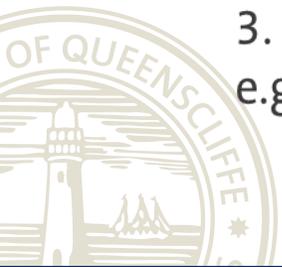
# Recurring materials and services (excl non-recurring & waste management exp.)



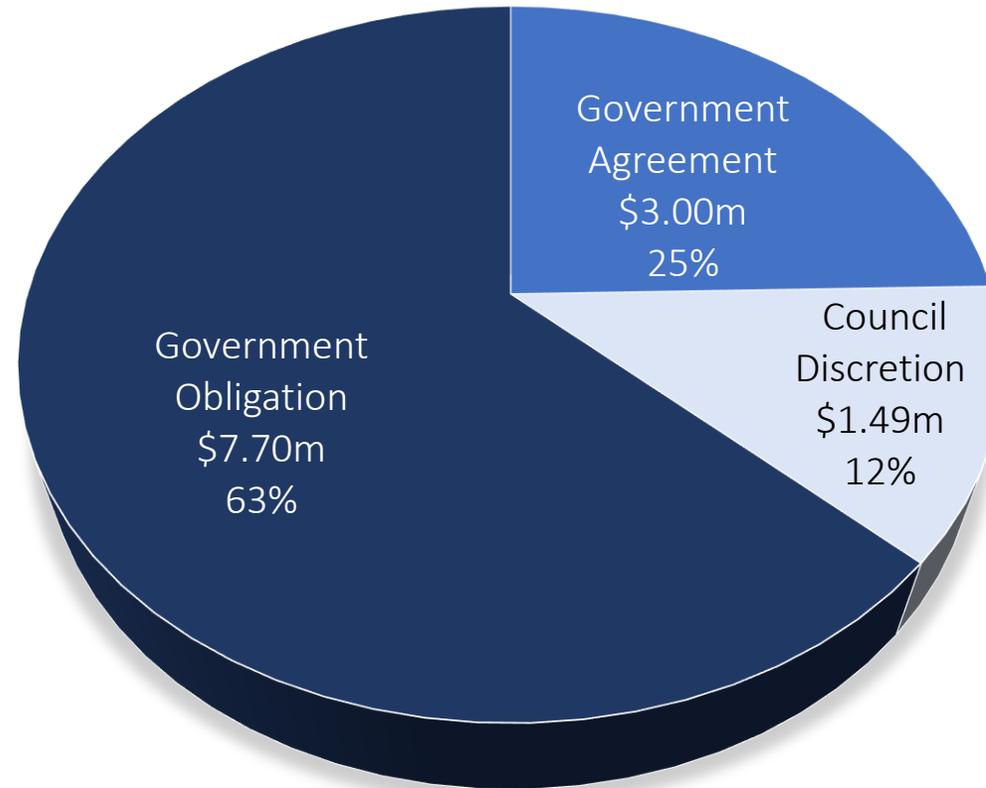
# Why should we spend \$12.2 million in 2023-24? (cash operating expenses)

## Council's service determinants

1. Government Obligation - services that Council is obligated to deliver under various (non-negotiable) legislative requirements.  
e.g. Waste management, street lights, the appearance of public places, administering the state and local planning schemes
2. Government Agreement - services that Council delivers under a formal agreement with another tier of government.  
e.g. Aged services, coastal protection, management of crown land, maternal and child health services
3. Council Discretion - services that Council decides to deliver in response to an identified community need.  
e.g. community development and environmental sustainability services

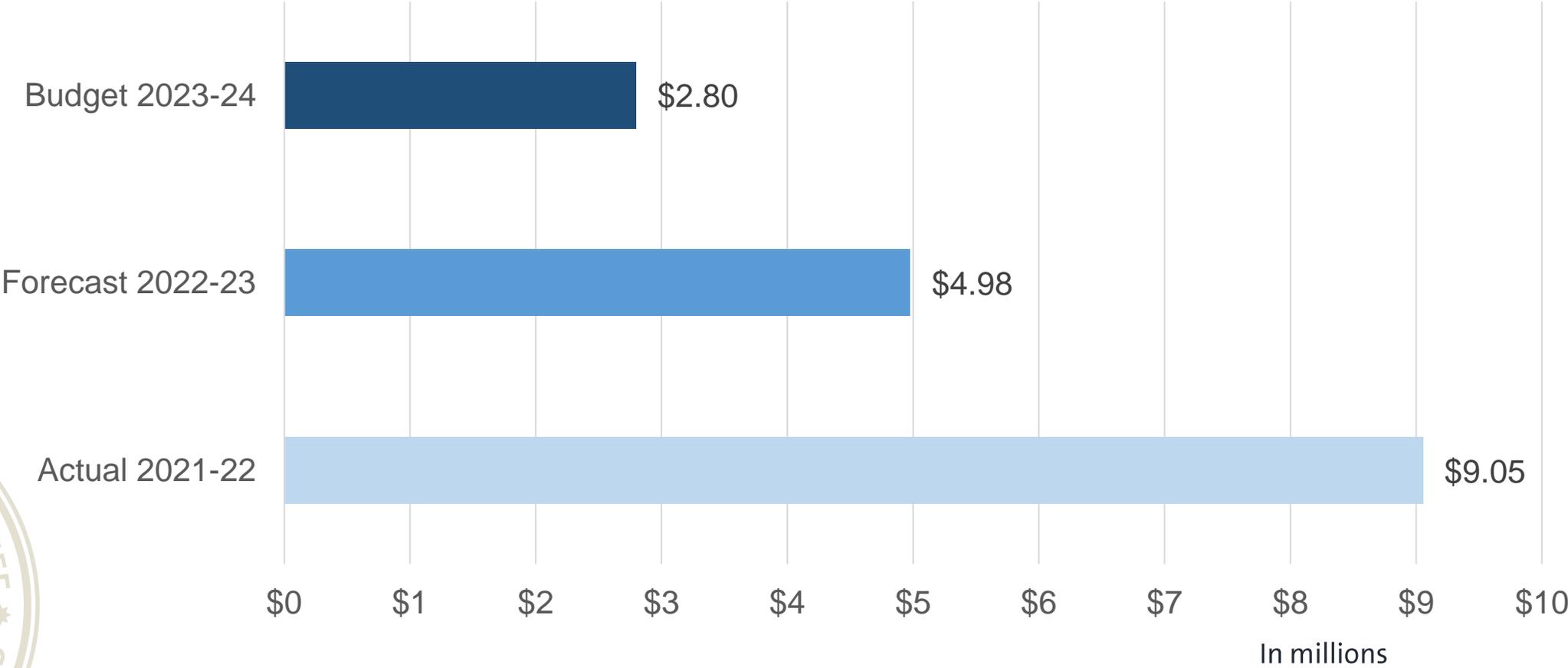


## Service determinants – cont. Cash operating expenses



\* Amounts are approximates only

# Investment in facilitates and infrastructure assets

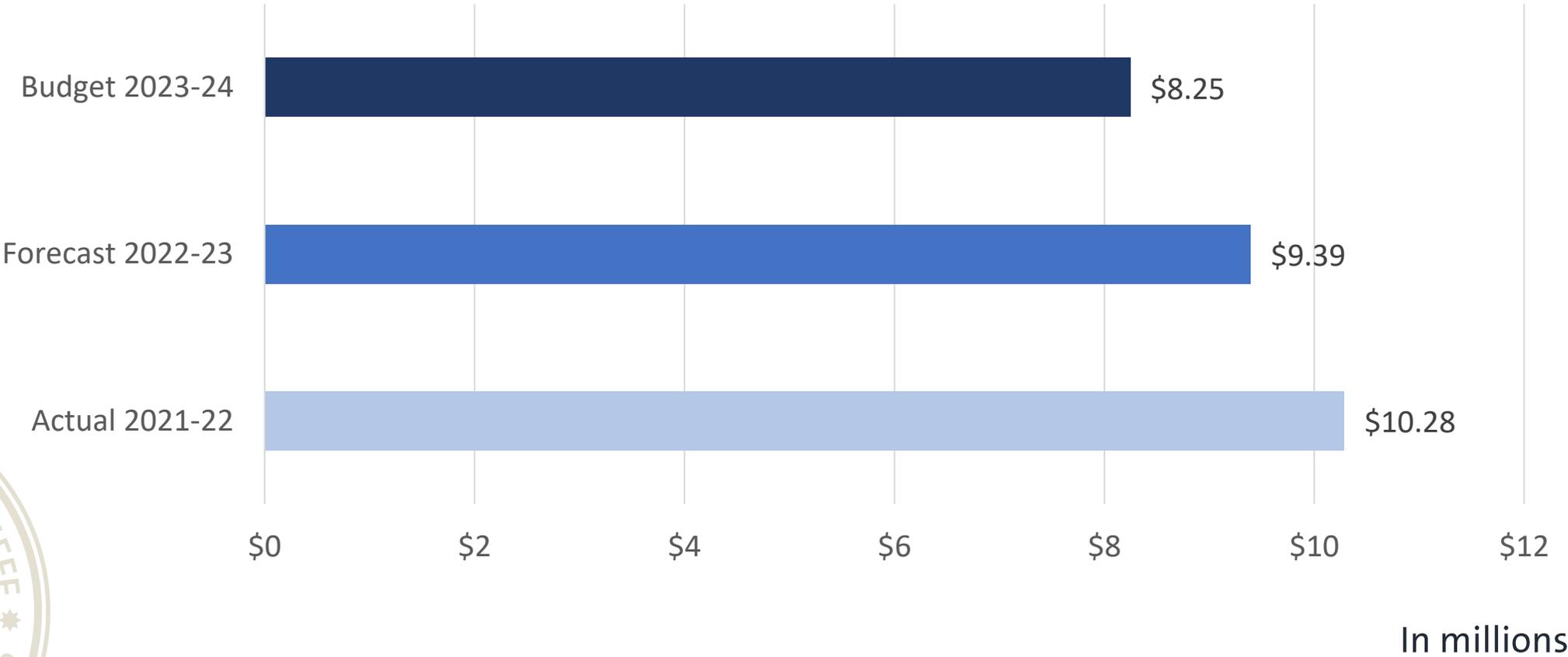


# Loans

- Zero borrowings for 2023-24
- A debt free balance sheet
- Draft Budget does not draw down from reserves



# How much cash do we have?



# Are we financially sustainable?

Policy statement	Measure	BoQ target	Comment
Consistent operating results	<b>Our adjusted underlying result:</b> 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	<b>Current assets vs current liabilities:</b> 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	<b>Level of unrestricted cash reserve against current liabilities:</b> 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	<b>Total borrowings against rate revenue:</b> 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	<b>Asset renewal and upgrade expenses against depreciation:</b> 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-year rolling average takes into 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	<b>Council's contribution to asset renewal and upgrade:</b> 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

# Financial sustainability indicators

Indicator	Target	Forecast Actual	Draft Budget	Projections		
		2022–23	2023–24	2024–25	2025–26	2026–27
<b>Sustainable operating result</b>						
Our adjusted underlying result (\$,000)	> \$0	-\$40	-\$56	-\$202	-\$259	-\$151
<b>Working capital</b>						
Current assets vs current liabilities	> 1.0	4.5	4.2	3.8	3.0	1.9
Level of unrestricted cash reserve against current liabilities	> 100%	425%	402%	363%	279%	168%
<b>Borrowings</b>						
Total borrowings against rate revenue	< 15%	0%	0%	0%	0%	0%
<b>Commitment for asset renewals</b>						
Asset renewal and upgrade expenses against depreciation	> 100%	324%	319%	179%	239%	234%
Council's contribution to asset renewal and upgrade	> 10%	24%	12%	15%	24%	28%

# Underlying result

Underlying result	\$'000
Recurrent income	11,278
Recurrent expenses	(9,961)
<b>Cash operating result (recurrent) - a</b>	<b>1,317</b>
<b>Depreciation</b>	
- On existing asset base	(1,265)
- New assets	(107)
<b>Total depreciation - b</b>	<b>(1,372)</b>
<b>Underlying result – deficit ( a - b)</b>	<b>(56)</b>

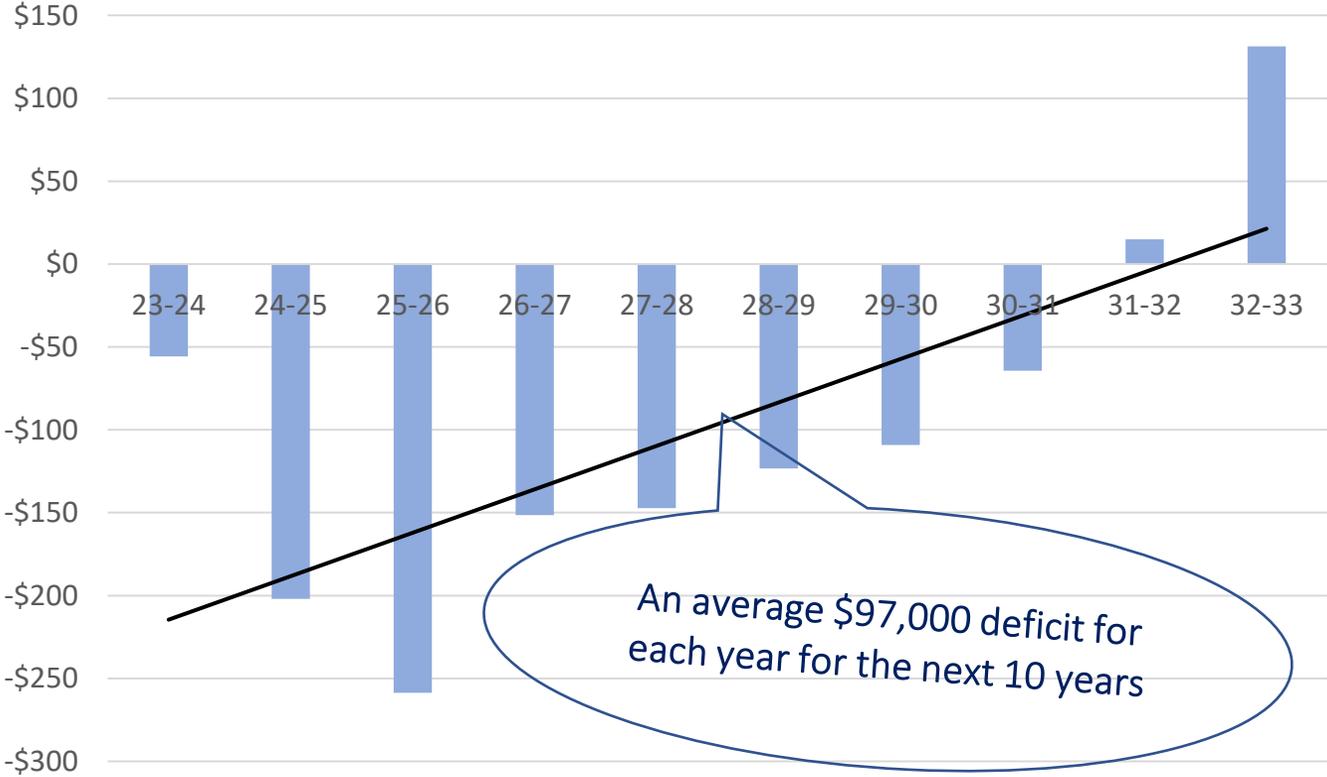
Cash required to manage day-to-day operations

Cash required to manage asset renewal demands



# Underlying result

Underlying result	2023-24 \$'000
Cash operating result (recurrent) - a	1,317
Total depreciation - b	(1,372)
Underlying result – deficit (a - b)	(56)



# 2023-24

# Capital projects update

CEO

Martin Gill



# Capital Expenditure

## Capital Program

Deliver a \$2.8 million capital program

Carry forward projects     \$293,000

Asset renewal                 \$829,000

New capital works            \$1,410,000



# Capital Expenditure

## Point Lonsdale Lighthouse Reserve

State Government Grant - \$1,000,000 + In Kind

Community advocacy

Actions

Improving accessibility

Restoration – Defence infrastructure

Bringing electricity to the buildings

Tidy up lighthouse surrounds





# 2023-24 Budget Consultation

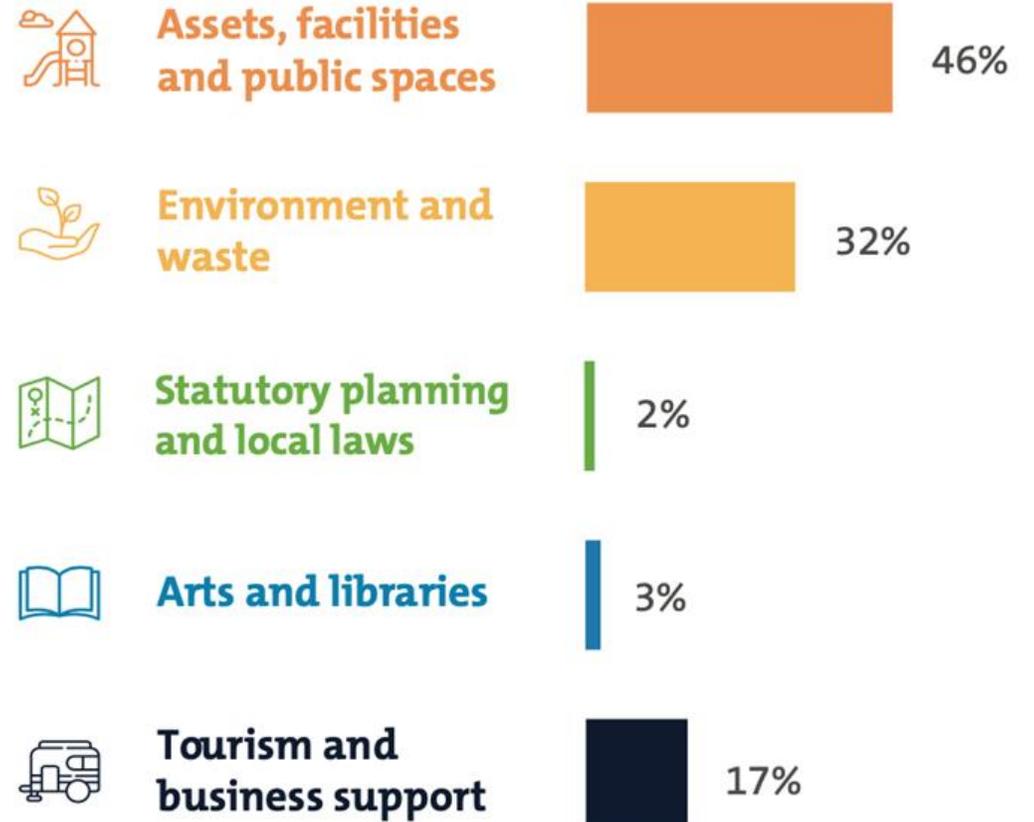
## Using your feedback

Makenna Bryon  
Communications Coordinator



# 2023-24 Budget Consultation

## Consultation results: Borough of Queenscliffe **2023–24 budget**



# Community feedback - Summary

1. Most respondents wanted Council to spend more on **assets, facilities and public spaces**, as well as **environment and waste**. Popular project suggestions included footpaths, tree planting, and recycling.
2. **Planning** was the only category in which participants on average suggested Council reduce spending.
3. Overall, respondents were happy with Council's spend and direction for **arts and libraries**, and **tourism and business support**.
4. Most respondents shared Council's commitment to a balanced budget, and wanted to see Council reinvest savings in other projects and services.



# How we used your feedback



## Capital works - more money towards Assets, facilities and public spaces

- 2023-24 Draft Budget Includes \$130,000 for the construction of a customised prefabricated toilet block – with all abilities access
- \$16 000 for new bike track concept design
- \$180 000 for new heating and cooling system for the Queenscliff Town Hall
- Shared path design for Murray Rd - \$50 000



# How we used your feedback

## Capital works Assets, facilities and public spaces

### Fully funded projects

- Queenscliffe Recreation Reserve lighting upgrade - \$160 000
- Point Lonsdale Maritime & Defence Precinct DECCA Grant - \$1,000,000



# How we used your feedback



## Environment and waste

- \$150 000 towards safety improvement work by DEECA at Narrows Beach
- New bike racks - \$10 000 for installation across 2 locations



# How we used your feedback

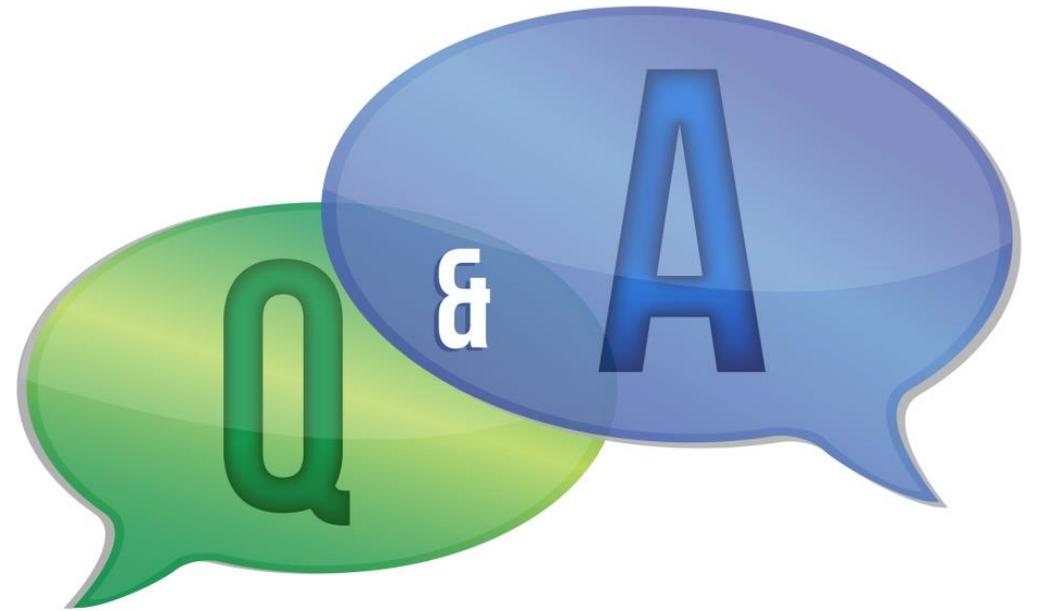
## Operating projects

- Golightly development and engagement plan - \$350 000
- Installation of signage that acknowledges Wadawurrung Country - \$20 000
- Ganes Reserve maintenance - \$23 000
- Coastal and Marine Management Plan (CMMP) - \$104 000?
- Updating Disability Action Plan - \$30 000?



# Audience Q&A

Makenna Bryon  
Communications Coordinator



# Borough of Queenscliffe

# Thank you for your time.

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## How your rates are spent

