



Borough of Queenscliffe

Annual Report

2005/2006



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Council



Clockwise from Left: Cr. John Doull, Cr. Steve Lee, Cr. Val Lawrence, Cr. Chris Player – (Mayor), Cr. Pat Semmens, Cr. John Burgess, Cr. John Bugg

The Council was elected on 17 November, 2004. The next Council elections are due in November 2008.



Mayor's Report - 2005 - 2006



It gives me a great deal of pleasure to report to the community on some of the significant aspects of Council's work over the past twelve months.

In a world that is continually undergoing change, Council and its community is not immune from change and therefore we are faced with decisions relating to how Council can best meet the future needs of its community.

To this end, Council carried out two important pieces of work in the areas of Children's Services and Positive Ageing. These consultancies both looked at a ten year time frame and the work generated through these consultancies will be used for Council's future planning.

Council is also becoming a participant in the Municipal Association of Victoria's Lighthouse Program which draws on the strength of the community by the development of a Community Plan which can provide a framework for the community to achieve its ends and also to give some guidance to Council as to what it wants to see the Borough become.

The spectre of some significant development in the Lonsdale Lakes area owned by Stocklands has not been resolved. The community will now be aware that the Minister for Planning rejected an application for rezoning of some land from rural to residential on the basis that the City of Greater Geelong had not conducted a structure plan to support any rezoning. As a consequence of this, the Borough of Queenscliffe is going to work with the City of Greater Geelong over the coming year to commence the structure planning process which could take up to twelve months.

The impact of a large development on the Borough's doorstep is very much in the mind of Council given that an enlargement of the community of Point Lonsdale would put significant additional pressure on the services of the Borough of Queenscliffe. We are hopeful of being able to resolve this to the satisfaction of the broader community of Queenscliff and Point Lonsdale.

A significant part of the past twelve months has been involved in the development of a Coastal Management Plan in conjunction with the Department of Sustainability and Environment. The aim of this Plan is to provide a forward plan for coastal management which will enable the development of better coastal facilities in a more user friendly environment.

The harbour redevelopment is now well underway and it is pleasing to see some works on the ground after many years of discussion around the harbour area. There are still some matters to be resolved in relation to the retail aspect of the harbour but the discussion around the Harbour infrastructure has been largely resolved.

There are obviously many things that Council needs to continue to do on a day to day basis and I would like to thank the staff of the Borough of Queenscliffe for their support and delivery of services.

I would like to acknowledge the work of my fellow Councillors during the past twelve months and the support they have given me. We all join together in working towards a strong future for the Borough of Queenscliffe.

Cr Chris Player
MAYOR



Chief Executive Officer's Report



In January 2006 I celebrated my 10th anniversary with the Council which gave me an opportunity to reflect on what has transpired in this community over that period of time.

The Borough of Queenscliffe was in a somewhat tumultuous situation post amalgamation and had undergone some significant staff challenges as well as the political challenges associated with averting municipal restructure. This meant that Council had to develop a plan to move forward and provide the services and community support required.

We have now gone through a period of relative stability and have established a process which has met community needs but there are changes taking place within the community which do require attention. Particularly pertinent are the ageing of the population and other demographic changes associated with more properties becoming holiday homes rather than permanent residences. It is with these particular aspects in mind that Council must plan for the future to ensure that adjustments are made to the organisation which reflect these community changes.

Returning to the 2005/2006 year there are certain aspects which need to be highlighted. These are staff performance, financial performance, performance against Council's Annual Plan and the Annual Community Satisfaction Survey.

Staff Performance

Each Annual Report gives me the opportunity to discuss the performance of staff over the past 12 months. There is no doubt the staff in Local Government show a degree of dedication and it is their commitment to the community which really drives them on a daily basis.

I would particularly like to thank those people at the coal face of the operation, the Home Carers, School Crossing Supervisors, the people undertaking maintenance work and Customer Service Staff who all make a significant contribution on a daily basis. Too often some of their efforts are taken for granted and I do welcome the opportunity of thanking each and every individual staff member whether they be directly employed by Council or by contract arrangement for their participation and efforts over the past 12 months.

Financial Performance

Council's financial performance continues to be strong and this year Council returned a surplus of \$568,792 in a total budget of \$6.2m. Council is now fully funding its depreciation allowance and there are many councils in the State who would not be in such a strong position. Nonetheless, the challenge ahead for Council is to catch up on its asset maintenance, particularly in respect to its building stock and at the same time provide for new assets such as the Community Centre being planned for the former High School site. Council is planning to finance its future capital expenditures through a mix of asset realisation and borrowing. Borrowings are still well within Council's capacity to repay and are also equitable in that the finance for the asset is provided by those ratepayers who enjoy the benefit.

Performance Statement

The Performance Statement which is presented later in the Annual Report marks Council's performance against the Council Plan for 2005/2006. Although there are a significant number of items that were targeted which were not achieved, the major cause of non achievement generally relates to timing or to issues beyond the Council control.

The work that has been conducted during the year which will have significant impact on the community is the planning for the harbour redevelopment, the development of the Coastal Management Plan and the Consultant's reports on Aged Services and Childrens Services.



Annual Community Satisfaction Survey

It was disappointing for Council that satisfaction levels as shown later in the Annual Report declined across virtually all areas in 2006. Council attributes some of this to the fact that a petition against expenditure on Council offices was circulating at the time of the survey and would have had some negative impact.

Nonetheless, Council is cognisant of the need to improve and the 2006/2007 Council Plan and Budget took these results into account. Most measures were below our five year average and we will be working hard to raise our results in 2007.

It has been a solid year for Council notwithstanding the Satisfaction Survey results, but there are some significant challenges ahead, particularly in relation to our changing demographic patterns. Council will need to develop strategies to ensure that we have a healthy demographic mix so that the services the community enjoys do not suffer.

In closing, I would like to thank the Mayor and Councillors for their continued support. They have worked hard at grappling with the issues of change confronting the community of the Borough.

A handwritten signature in black ink, appearing to read "Gary Price". The signature is fluid and cursive, with a large loop at the end.

Gary Price
CHIEF EXECUTIVE OFFICER



Councillor Profiles

Cr. Chris Player - Mayor



Cr. Player was elected to Council in November 2004. Having spent over 30 years working in private Industry, he is currently involved with the Leukaemia Foundation and the Bellarine Peninsula Railway. Previously he was involved with Vision Australia. With his experience in Industry, Cr. Player is keen to see the Council involve the community in an on going vision to support future decisions. He is on the Council's Finance and Audit Committees. Chris' other interests include travelling and sailing.

Cr. Val Lawrence



Cr. Lawrence was elected to Council in March 1998 and was re-elected as Mayor on 18 March, 2003. Lawrence's personal interests lie in being actively involved with the community, playing golf and Red Cross International Humanitarian Law. Cr. Lawrence is a Civil Celebrant and a member of the American Institute of Parliamentarians.

Cr. Lawrence's Council Committee participation has been:

- Chairperson – Audit Advisory Committee
- Chairperson – Queenscliffe Museums Committee
- Chairperson – Community Centre Planning Committee
- Chairperson – Municipal Offices Refurbishment Project Sub-Committee
- Member – Finance Committee
- Member – Engineer Services Committee

Externally, Cr. Lawrence has been actively involved with:

- Member – Red Cross on a local, regional and State wide basis.
- Member – Barwon Heads Golf Club Committee
- Member – Geelong Community Foundation
- Municipal Association of Victoria Human Services Portfolio Committee
- Patron – Queenscliffe Lighthouse Theatre Group
- Member – G21 Leadership Group and Governance Group
- Local Organiser of Geelong Red Cross Calling



Cr. John Doull



Cr. John Doull was elected to Council in November, 2004. He is a qualified Commercial Pilot / Flying Instructor. Cr. Doull studied "Building" at RMIT and worked for a number of years for a high profile architect at St. Kilda. He was also involved in hospitality management. Presently he is an owner/builder of a 1920's bungalow in Queenscliff.

His interests are:

- Bushwalking, camping and other outdoor activities.
- Flying trips to outback Australia.
- Architecture and Furniture.
- Arthouse films, alternative Australian music.

Cr. Stephen Lee



Cr. Lee was elected to Council in March 1996. Cr Lee's personal interests are traveling, sailing, and music. Cr Lee is a lecturer in computing at Tafe level.

Cr Lee's Council Committee participation has been:

- Chairperson – Environment Advisory Committee
- Chairperson – Queenscliffe Heritage Committee
- Member – Community Centre Planning Committee
- Member – Municipal Offices Refurbishment Project Sub-Committee

Externally, Cr. Lee has been actively involved with:

- Member – MAFRI Community Liaison Committee
- Volunteer – Queenscliff Music Festival
- Club Captain – Queenscliff – Lonsdale Yacht Club



Cr. John Bugg



Cr. Bugg was elected to Council in March 1997 and was a former Mayor from 1998-2001 and re-elected Mayor for the 2004/2005 year. Cr Bugg's personal interests lie in Australian Painting, reading, genealogy, walking in remote places and cogitating. Cr. Bugg is a Fellow of Australian College of Education and a Fellow of Australian Primary Principals Association and was formerly head of Geelong Grammar Junior School.

Cr Bugg's Council Committee participation has been:

- Chairperson – Arts Committee
- Chairperson – Caravan Parks Review Committee
- Member – Community Centre Planning Committee
- Member – Municipal Offices Refurbishment Project Sub-Committee
- Member – Engineering Services Committee (when Co-opted)
- Member – Queenscliffe Arts Council

Externally, Cr. Bugg has been actively involved with:

- Chairperson – Queenscliff Harbour Steering Committee
- Chairperson – Geelong Regional Library Corporation
- Member – Geelong Performing Arts Centre Trust
- Member – G21 Arts Pillar
- Trustee – Geelong Art Gallery Foundation
- Patron – Queenscliffe Arts Tour
- Vice President – Queenscliffe Historical Museum
- Secretary – Carnival of Words

Cr. Pat Semmens

Cr. Semmens was elected to Council in November 2004. Cr Semmens has lived in the Borough full time for six years. During that time she has been involved in:



- The committee which secured the greater part High School site for community purposes and also the two committees which have planned the use of the site;
- The Neighbourhood House Committee;
- Council's Community Development Committee;
- The Swan Bay Catchment Management Committee;
- The Bellarine Community Health Centre Board of which she is the current vice-president.

Cr. Semmens was previously a senior manager with the Department of Human Services and still does some consultancy work on a part time basis.

Cr. Semmens' leisure interests are reading, listening to music and good conversation over dinner with friends.



Cr. John Burgess



Cr. Burgess was elected to Council in March 2001. Cr Burgess's personal interests lie in spending time with family, traveling and golf. He is a Fellow of Certified Practising Accountants and brings his professional skills together with a broad business background to the Council.

- Cr Burgess's Council Committee participation has been:
- Chairperson – Finance Committee
- Chairperson – Tourism Development Committee
- Member – Audit Advisory Committee
- Member – Queenscliffe Heritage Committee
- Externally, Cr. Burgess has been actively involved with:
- Member – Queenscliff Music Festival Board



Councillor Attendance at Meetings

Ordinary Meetings of Council from July 2005 to February, 2006 were held on the first and third Tuesday of the Month and at the 21 February, 2006 Council Meeting it was resolved to hold Council meetings on the third Tuesday of the month only commencing at 6.15pm in the Council Chamber, 50 Learmonth Street, Queenscliff. All Ordinary and Special Meetings of Council are open to the public.

Councillor	Ordinary Meetings of Council **	
	Eligible to Attend	Attended
Cr. John Bugg	18	18
Cr. John Burgess	18	18
Cr. Val Lawrence	18	17
Cr. Steve Lee	18	15
Cr. John Doull.	18	18
Cr. Chris Player.	18	18
Cr. Pat Semmens	18	18

Councillor	Special Meetings of Council **	
	Eligible to Attend	Attended
Cr. John Bugg	3	3
Cr. John Burgess	3	3
Cr. Val Lawrence	3	3
Cr. Steve Lee	3	2
Cr. John Doull	3	2
Cr. Chris Player	3	3
Cr. Pat Semmens	3	3



Audit Committee

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

The Audit Committee is established to assist the co-ordination of relevant activities of management, the internal audit function and the external auditor to facilitate achieving overall organisational objectives in an efficient and effective manner

The Borough of Queenscliffe Audit Committee consists of the following members;

Member	Eligible to Attend	Attended
Richard Bull – Independent Chairman	4	4
Cr. John Burgess	4	3
Cr. John Doull	4	4
Cr. Chris Player – Retired from C'tee 06/12/05	2	2
Cr. Pat Semmens - Commenced 06/12/05	2	2
Fergus Mackee, External Member	4	4

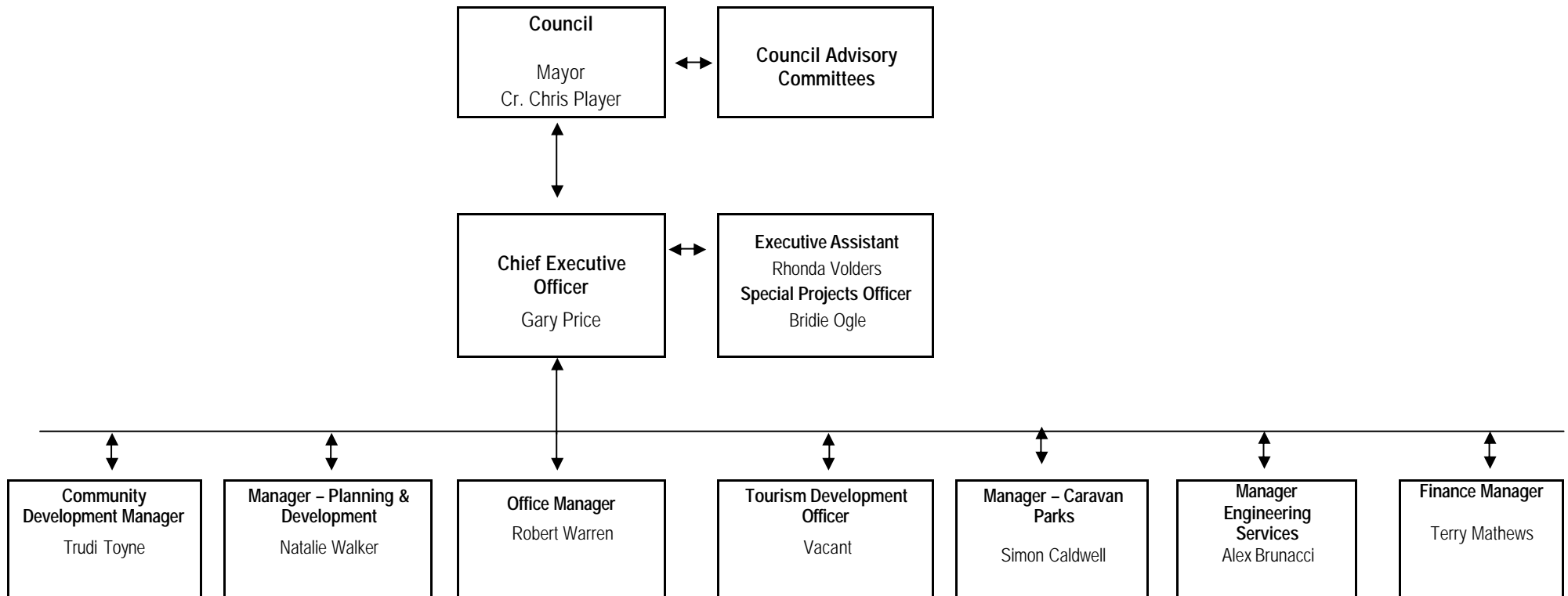
The Council's internal auditor is Mr Bernie Frewin. Mr Frewin is a Chartered Accountant with AFS & Associates Pty Ltd.

During the year the committee completed tasks such as reviewing Council's Annual Finance Report and reviewed the Council's Risk Register. The committee also considered reports from Mr Frewin on the following matters:

- 10 Year Expenditure Review
- Tax Compliance
- Road Management Plan
- Contracting
- Rates
- Risk Management
- Purchasing and Payments
- Income – Fees and Charges
- IFRS
- Information Privacy Act 2000



Organisational Structure





Administration Structures of Council

The Organisational Structure Chart indicates the relationships which enable Council's operation and service delivery. The Senior Officers of Council are:

Chief Executive Officer - Gary Price

Gary has worked in Local Government since 1983 and has been a Chief Executive Officer since 1993. He commenced with the Borough in January 1996. Prior to work in local Government Gary held administrative/management positions in the mining and construction industries.

Gary holds a Bachelor of Business – Local Government (with Distinction) and a Masters in Business Administration.

Community Development Manager – Trudi Toyne

In this role, Trudi focuses on the development of strong relationships with the community to enable capacity building to effect positive change. Trudi also manages Council's direct delivery of Aged and Disability Services.

Trudi holds a Bachelor of Arts, a Diploma of Education and a Graduate Diploma in Community Development. She has been with Council for five years and brings to Council a strong background in community development work.

Manager - Planning and Development – Natalie Walker

Natalie is responsible for strategic and statutory planning. Council's planning function is to provide information and advice about the planning scheme, and processes and coordinates planning and development proposals for Council's consideration.

Natalie holds a Bachelor of Applied Science in Urban Policy and Planning and is currently studying a Masters Degree in Environmental Planning. She brings with her significant planning experience from work with Fisher Stewart Pty Ltd, Shire of Melton and the City of Greater Geelong. Natalie joined Council in January 2001.

Office Manager – Robert Warren

This role provides administrative support to the Chief Executive Officer by managing customer service, the rates function, local laws, insurance and assisting in the administration of contracts. Robert has several staff members supporting his work. He is a long serving member of Council with over 30 years of service to the Borough and his local knowledge is a significant asset.

Tourism Development Officer –

This position is currently vacant and is under review pending the finalisation of Council's Economic Development Strategy.



Manager – Caravan Parks – Simon Caldwell

Simon brings to the position a background in landcare activities which greatly assist the environmental management of the foreshore. Simon's future work will be largely guided by the Coastal Management Plan once that is finalised.

Manager Engineering Services – Alex Brunacci

Alex is a Civil Engineer with 18 years experience. He has worked in both the public and private sectors with previous municipal experience at the City of Wyndham. Alex is in the office on a two day a week basis but carries out further work on the basis of a contract with his employer, EarthTech Engineering Pty Ltd.

Finance Manager – Terry Mathews

Terry is a qualified CPA who works on a part time contract basis. Terry's skills are enhanced by the fact that he does project work for other Council's and brings those experiences into the Borough.



Best Value

Best Value Principles

The principles are designated under the Local Government Act 1989 and are applied to Council's range of services.

The principles are:

- Meet quality and cost standards;
- Be responsive to community needs;
- Be accessible;
- Continuously improve;
- Consult with the community; and
- Report to the community.

Best Value Policy and Program Approach

Council's Best Value Policy and Program was 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 that timetable.

Status Report on the Best Value Policy and Program

Although Council has completed the program in accordance with its legislative requirements, Council still derives from that program ongoing learning which is applied to all Council's services. Because of its relative lack of resources, the Borough needs to be very careful in the way in which it directs its efforts.

Accordingly, the Council relies heavily on the input from the community to determine the way in which it conducts its business to both reflect the needs of the community and at the same time deliver value for money.



Employment

The employment statistics as at 30 June, 2006 are as follows:

	MALE	FEMALE	TOTAL
Full Time	5.0	8.0	13.0
Part Time	2.0	29.0	31.0
Part Time EFT*	0.60	15.50	16.10
TOTAL EFT	5.60	23.50	29.10

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 their 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 persons merit in fair and open competition according to the skills, qualifications, knowledge and efficiency relevant to the position involved.

Local Laws

At June 30, 2006 the only local law current is -

- Local Law No. 1, 2000

This local law became operative on Thursday, 4 January 2001 and is divided into five parts:

- Part 1 Introduction and Administration
- Part 2 The Council
- Part 3 Amenity, Environment and Health
- Part 4 Protection, Regulation and Use of Public Land
- Part 5 Roads and Traffic

Local Law No. 1, 2000 is supported by the "Borough of Queenscliffe Policies and Procedures Manual - *Additional requirements applying to uses and activities under Local Law No 1, 2000.*"

A review of Local Law No. 1 – 2000 will be undertaken in 2006/2007.



Annual Community Satisfaction Survey 2006

This survey was conducted by the State Government and the Borough of Queenscliffe during March/April 2006. The aim of the survey is to measure community satisfaction and to gain an overall picture of the community perception of Council and its services. The results show the indexed mean for each measure.

Community Satisfaction	Five Year Average	Result 2004	Result 2005	Result 2006
1. Community satisfaction rating for overall performance generally of the council.	65	67	66	62
2. Community satisfaction rating for overall performance in key service areas (individual service group ratings shown below)	65	67	65	63
2 (a) Local Roads and Footpaths	61	61	62	61
2 (b) Health & Human services	75	76	77	75
2 (c) Recreational facilities	67	70	66	66
2 (d) Appearance of Public Areas	71	73	71	67
2 (e) Traffic Management and Parking Facilities	57	60	56	59
2 (f) Waste Management	76	77	77	74
2 (g) Enforcement of By Laws	67	68	68	67
2 (h) Economic Development	61	65	60	56
2 (i) Town Planning Policy and Approvals	54	57	50	46
3. Community satisfaction rating for Council's interaction and responsiveness in dealing with the public.	76	76	77	74
4. Community satisfaction rating for Council's advocacy and community representation on key local issues	62	67	60	57
5. Community satisfaction rating for Council's engagement in decision making on key local issues	63*	66	66	59

NOTE: These survey results were prepared for the Department for Victorian Communities and the Borough of Queenscliffe by Wallis Consulting Group.

Council uses the feedback from the Annual Satisfaction Survey to address areas of concern raised by respondents in the formulation of its four year Council Plan and Annual Budget for the following year.

For comment on the 2006 results refer to the Chief Executive Officer's report.



Freedom of Information

Council received four (4) applications under the Freedom of Information Act for the period of 1 July 2005 to 30 June 2006. Access to documents was granted in full.

The Freedom of Information Act establishes a legally enforceable right for the community to access information from certain records held by Council. Documents under sections 7 & 8 of the Freedom of Information Act are available to the public. Requests for access to documents under the Act can be lodged with the Freedom of Information Officer, Borough of Queenscliffe, PO Box 93, Queenscliff 3225. A fee of \$20 is applicable to each application. General enquiries can be made by phoning the Freedom of Information Officer on 03 5258 1377 or via email foi@queenscliffe.vic.gov.au

Information Available for Public 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' 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;



Donations & Grant Register

Payee	Description	Amount \$
Peppercorn Foods – Best Start Grant	Comm Dev Grants Program	100.00
Queenscliffe Primary School – Best Start Grant	Comm Dev Grants Program	49.57
Queenscliff Neighbourhood House – First Aid	Comm Dev Grants Program	122.73
Gateways Inservice Starting Kit	Comm Dev Grants Program	136.36
Educational Experience	Comm Dev Grants Program	431.00
Queenscliff Neighbourhood House – Planning	Comm Dev Grants Program	1000.00
Lonsdale Childrens Centre – CD Grant	Comm Dev Grants Program	43118.19
Queenscliff – Point Lonsdale Uniting Church	Comm Dev Grants Program	272.73
St Aloysius Primary School	Comm Dev Grants Program	3000.00
Queenscliff Neighbourhood House	Comm Dev Grants Program	2540.00
Bellarine Community Health	Comm Dev Grants Program	1500.00
Bellarine Secondary School	Education Awards	2000.00
Queenscliff Primary School	Education Awards	100.00
St Aloysius Primary School	Education Awards	100.00
Point Lonsdale Primary School	Education Awards	100.00
Queenscliff Neighbourhood House	Arts & Cultural Dev Program	1636.36
Kate Wilsman DJ Fee Global Showdown	Arts & Cultural Dev Program	150.00
Impact Digital – Global Showdown	Arts & Cultural Dev Program	293.85
PSY – Harmonics DJ Performance	Arts & Cultural Dev Program	136.36
Queenscliff Historical Museum	Arts & Cultural Dev Program	731.00
Victorian Quilters – Quilt Stand Hire	Arts & Cultural Dev Program	500.00
Fort Magazine – Advertising	Arts & Cultural Dev Program	90.91
CSI Security	Arts & Cultural Dev Program	446.25
Simon Stavenuiter – Audio	Arts & Cultural Dev Program	700.00
Enth Designs	Arts & Cultural Dev Program	330.00
Queenscliff Neighbourhood House – Showcasing Quilts	Arts & Cultural Dev Program	1000.00
Barwon Security	Arts & Cultural Dev Program	300.00
TOTAL AS AT 30/6/06		\$60,885.31



Membership of Organisations Register

Organisation	Amount \$
Local Government Management Australia	450.00
Association of Bayside Municipalities	2568.75
Municipal .Association of Victoria	5758.00
Association of Risk and Insurance Managers of Australia Limited	206.36
Local Government Professionals	945.45
Victorian Employers Chamber of Commerce and Industry	1492.00
The Craftsman Press	180.00
Anstat	2256.75
Our Community	300.00
AAA Tourism Advantage	250.00
Vic Parks Membership	1824.36
Trader Classified	60.00
Hallmark Editions	300.00
Municipal Group of Valuers	300.00
Geelong Otway Tourism	9546.00
<hr/>	
TOTAL AS AT 30/6/06	<u><u>\$26,437.67</u></u>



Report of Operations

Victorian Local Government Performance Indicators

Indicator	<u>2004/2005</u>	<u>2005/2006</u>
Affordability/Cost of Governance		
1. Average Rates and Charges per Assessment	\$ 1201.91	\$1259.52
2. Average Rates and Charges per Residential Assessment	\$ 1159.12	\$1219.91
Sustainability		
3. Average Liabilities per Assessment	\$ 596.37	\$511.48
4. Operating Result per Assessment	(\$300.55)	\$200.21
Services		
5. Average Operating Expenditure per Assessment	\$ 2317.88	\$1999.57
6. Community Satisfaction Rating for Overall Performance generally of the Council	66%	62%
Infrastructure		
7. Average Capital Expenditure per Assessment	\$ 163.00	\$253.22
8. Renewal Gap	104%	139%
9. Renewal & Maintenance Gap	103%	142%
Governance		
10. Community Satisfaction Rating for Council's Advocacy and Community Representation on key local issues	60%	57%
11. Community Satisfaction Rating for Council's Engagement in Decision Making on key local issues	65%	59%

BOROUGH OF QUEENSCLIFFE

FINANCIAL REPORT

For The Year Ended 30 June 2006

BOROUGH OF QUEENSLIFFE

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Revenue			
Rates & Charges		3,578,284	3,374,975
Government Grants	4	844,592	797,307
User Charges	7	1,464,205	1,309,216
Contributions		196,690	27,072
Interest on Investments		94,260	81,695
Increase in Equity in Regional Library		5,645	1,528
Other Revenue		64,743	72,872
Total revenue		<u>6,248,419</u>	<u>5,664,665</u>
Expenses			
Employee Benefits	8	1,692,852	1,573,537
Materials & Contracts	9	3,174,371	2,882,140
Depreciation	22	593,038	521,513
Borrowing Costs		65,867	69,600
Other		154,659	172,774
Total expenses		<u>5,680,787</u>	<u>5,219,564</u>
Net gain on disposal of property, plant and equipment, infrastructure		1,160	-
Write down in the value of infrastructure assets		-	(1,289,041)
Surplus for the period		<u>568,792</u>	<u>(843,940)</u>

The accompanying notes form part of this financial report

BOROUGH OF QUEENSCLIFFE

BALANCE SHEET

AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
CURRENT ASSETS			
Cash and Cash Equivalents	10	1,560,810	1,466,374
Trade and Other Receivables	11	160,227	105,758
Non Current Assets Held for Resale	12	332,700	-
Other	14	128,010	101,811
Total Current Assets		<u>2,181,747</u>	<u>1,673,943</u>
NON-CURRENT ASSETS			
Trade and Other Receivables	11	17,868	4,090
Other Financial Assets	13	199,267	193,622
Property, Plant & Equipment and Infrastructure	20	42,682,787	42,826,717
Total Non-Current Assets		<u>42,899,922</u>	<u>43,024,429</u>
TOTAL ASSETS		<u>45,081,669</u>	<u>44,698,372</u>
CURRENT LIABILITIES			
Trade and Other Payables	15	200,111	302,809
Employee Benefits	16	302,401	245,925
Interest Bearing Liabilities	18	120,508	113,264
Trust Funds	17	116,723	80,713
Provisions	19	65,000	65,000
Total Current Liabilities		<u>804,743</u>	<u>807,711</u>
NON-CURRENT LIABILITIES			
Employee Benefits	16	39,561	36,982
Interest Bearing Liabilities	18	660,533	780,639
Provisions	19	65,000	130,000
Total Non-Current Liabilities		<u>765,094</u>	<u>947,621</u>
TOTAL LIABILITIES		<u>1,569,837</u>	<u>1,755,332</u>
NET ASSETS		<u>43,511,832</u>	<u>42,943,040</u>
EQUITY			
Accumulated Surplus		14,507,476	14,133,833
Reserves	25	29,004,356	28,809,207
TOTAL EQUITY		<u>43,511,832</u>	<u>42,943,040</u>

The accompanying notes form part of this financial report

BOROUGH OF QUEENSLIFFE

Statement Of Changes In Equity For The Year Ended 30 June 2006

Note	Total 2006 \$	Total 2005 \$	Accumulated Surplus 2006 \$	Accumulated Surplus 2005 \$	Revaluation Reserve 2006 \$	Revaluation Reserve 2005 \$	Asset Replacement Reserve 2006 \$	Asset Replacement Reserve 2005 \$
Balance at beginning of financial year	42,943,040	39,626,170	14,133,833	15,256,842	28,281,081	24,120,271	528,126	249,057
Surplus for the year	568,792	(843,940)	568,792	(843,940)				
Asset Revaluation 1.7.2004		(461,115)				(461,115)		
Asset Revaluation 30.6.2005		4,621,925				4,621,925		
Transfers to reserves			(195,149)	(279,069)			195,149	279,069
Transfers from reserves								
Balance at end of year	43,511,832	42,943,040	14,507,476	14,133,833	28,281,081	28,281,081	723,275	528,126

The accompanying notes form part of this financial report

BOROUGH OF QUEENSCLIFFE

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 2006

	Note	Actual 2006 \$	Actual 2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from ratepayers		3,578,259	3,367,436
Government grants	(a)	910,047	892,198
User charges, fees, etc	(a)	1,489,905	1,430,507
Contributions		-	27,072
Interest received		94,260	81,695
Other receipts	(a)	401,038	418,182
Payments to employees		(1,628,455)	(1,529,286)
Payments to suppliers	(a)	(3,365,456)	(2,968,474)
Payment of tip restoration costs		(65,000)	(130,000)
Interest paid		(65,867)	(69,600)
Other expenses	(a)	(495,151)	(518,084)
Net Cash Provided By Operating Activities	30	853,580	1,001,646
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant, equipment and infrastructure assets		(742,410)	(506,304)
Proceeds from sale of fixed assets		60,118	-
Net Cash Used In Investing Activities		(682,292)	(506,304)
CASH FLOWS FROM FINANCING ACTIVITIES			
Trust funds movements (net)		36,010	27,904
Repayment of borrowings		(112,862)	(106,080)
Net Cash Used In Financing Activities		(76,852)	(78,176)
Net Increase In Cash Held		94,436	417,166
Cash and Cash Equivalents at the Beginning of the Year		1,466,374	1,049,208
Cash and Cash Equivalents at the End of the Year	31	1,560,810	1,466,374

Note (a) Inclusive of Goods and Services Tax

The operating cash inflows and outflows for the year include GST payments and receipts

The accompanying notes form part of this financial report

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

Note 1 Significant Accounting Policies

(a) The Local Government Reporting Entity

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, Urgent Issues Group Interpretations, the *Local Government Act* 1989, and the Local Government (Finance and Reporting) Regulations 2004.

Financial report complies with AIFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (IFRS). Some Australian equivalents to IFRSs contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The Council is an entity to which AAS 27 "Financial Reporting by Local Governments" applies and the entity has applied a requirement in that Standard that overrides the requirements in an Australian equivalent to IFRS. Except to the extent that these special provisions require, this financial report complies with the Australian equivalents to IFRS (AIFRS). The Council has elected not to restate comparative information of financial instruments within the scope of AASB132 "Financial Instruments Disclosure and Presentation" and AASB139 "Financial Instruments Recognition and Measurement", as permitted on the first time adoption of AIFRS.

(b) Basis of Accounting

This financial report has been prepared on the accrual and going concern basis. This financial report has been under the convention of historical cost accounting, with the exception that certain assets are recorded at valuation as set out in Note 20 and Note 1(i).

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. Comparative information is included under AIFRS. Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 1 (t) to this report.

(c) 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.

Where assets are constructed by Council, cost includes an appropriate share of fixed and variable overheads and any borrowing cost.

The following classes of assets have been recognised in Note 20 (a)(i). In accordance with Council's policy, the threshold limits below have applied when recognising assets within an applicable class and unless otherwise stated are consistent with the prior year:

- land - all assets .
- infrastructure - all assets with a value greater than \$10,000.
- drainage - all assets with a value greater than \$5,000.
- buildings - all assets with a value greater than \$10,000.
- community - assets with a value greater than \$5,000.
- furniture & equipment - all assets with a value greater than \$500
- plant & equipment - all assets with a value greater than \$500.

There have been no changes to the threshold limits in the last twelve months.

Note 1 Significant Accounting Policies cont.

(c) Recognition and Measurement of Assets (Cont'd)

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment and recreation 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. Council at 30 June 2005 revalued its building assets in accordance with the fair value principles. These assets are valued at written down replacement cost. These assets had previously been valued at market value. Council also revalued its infrastructure assets at 1 July 2004. These assets are also valued at written down replacement cost.

In addition, Council undertakes a formal revaluation (either by experienced council officers or independent experts) of land, buildings and infrastructure assets. 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.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 4 years. The valuation is performed either by experienced council officers or independent experts

Land Under Roads

The Council has elected not to recognise land under roads as an asset in accordance with AASB 1045, Land Under Roads, which extends the requirement to recognise and measure land under roads as an asset of Council until 30 June 2007.

(d) Cash and Cash Equivalents

For the purposes of the cash flow statement, Council considers cash and cash equivalents to include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Note 1 Significant Accounting Policies cont.

(e) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives to the Borough in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis using rates which are reviewed each reporting period. Major depreciation rates are:

	2005/06	2004/05
Buildings	67 years	67 years
Construction Sealed Roads and Streets	n/a	n/a
Sealed Pavement	70 years	70 years
Sealed Surfaces	12-14 years	12-14 years
Unsealed Pavement	15 years	15 years
Street Furniture	30 to 40 years	30 to 40 years
Roundabouts	n/a	n/a
Pipes	50 to 80 years	50 to 80 years
Drainage Pits	50 years	50 years
Drainage Pumps	20 years	20 years
Kerb Channel	60-80 years	60-80 years
Footpaths	20-50 years	20-50 years
Playground Equipment	12.5 years	12.5 years
Sea Wall	50 years	50 years
Plant and Machinery	5 to 10 years	5 to 10 years
Furniture & Equipment	10 years	10 years
Computer Equipment	3 years	3 years

(f) Investments

Investments are valued at cost and are classified between current and non-current assets based on maturity dates of individual investments. Interest revenue from investments is brought to account as it is earned.

(g) Land Held for Resale

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale.

(h) Council Valuation

The latest general revaluation of land for rating purposes was made by Mr Andrew L Nosedá AAPI Certified Practising Valuer. Valuations were returned as at 1 January 2006 and operative from 1 July 2006. The next revaluation of land within the Borough for rating purposes is due to be returned as at 1 January 2008 and be operative from 1 July 2008.

(i) Interest in Geelong Regional Library Corporation

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 2006. 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 Operating Statement.

Note 1 Significant Accounting Policies cont.

(j) Trade and Other Receivables and Doubtful Debts

Trade debtors are carried at amounts receivable. The collectibility of debts is assessed on an ongoing basis and specific provision is made for any doubtful accounts where the debt is considered unlikely to be collected. Debts which are uncollectable are written off.

(k) Rates, Grants, Donations, User Charges and Other Contributions

Rates, grants, donations, user charges and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured. A liability is only recognised in respect of granted assets if there is an obligation to disperse future economic benefits to the grantor.

Where assets are constructed by private developers and these assets are controlled by the Council upon completion, the fair value of those assets are recognised as contributions in the operating statement in the accounting period in which the works are completed.

(l) Employee Benefits

Wages & Salaries & Sick Leave

Liabilities for wages and salaries together with associated oncosts are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employee's service up to that date.

A liability for sick leave is recognised where it is expected that leave taken in the next financial year will be greater than the entitlements, which are expected to accrue in the next 12 months.

Annual Leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date and are measured at the amount expected to be paid, including appropriate oncosts, when the accrued obligation is settled.

Annual leave is classified as a current liability as the entity does not have an unconditional right to defer settlement of the liability.

Long Service Leave

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to reporting date. Consideration is given to expected future wage levels, including oncosts, experience of employee departures and periods of service.

Where Council does not have an unconditional right to defer long service leave it is treated as current. Only pro rata conditional long service leave is treated as non-current.

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 17.65 %.

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 detailed in note 35.

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

Note 1 Significant Accounting Policies cont.

(m) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the entity prior to balance date and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Borrowings

Loans are carried at their principal amounts, which represents the present value of future cash flows associated with the servicing of the debt. Interest is accrued over the period it becomes due and recorded as accrued expenses.

(o) Leases

Operating lease payments where the lessor effectively retains substantially all of the risks and benefits incidental to ownership of the leased items are expensed over the lease term.

(p) Budget Information

Amounts shown in the financial statements as budget information have been disclosed for information purposes only. Where necessary budget information has been recast to comply with current presentation requirements. The budgeted figures have been drawn from Council's budget approved at the time the rates and the corporate plan were adopted by Council for the 2005/2006 year.

(q) 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 realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being Council's operational cycle.

(r) 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.

(s) Refuse Depot Restoration Provision

Council has agreed to contribute \$325,000 towards remediation works at the former transfer station. These funds will be paid to the Department of Natural Resources over four years commencing in 2004/2005. Council paid \$65,000 in the 2005/2006 period (\$130,000 in the 2004/2005 period).

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

(t) First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Council changed its accounting policies on 1 July 2004 to comply with AIFRS. The transition to AIFRS is accounted for in accordance with Accounting Standards AASB1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, with 1 July 2004 as the date of transition.

There were no material adjustments identified between the application of AIFRS and the previous Australian GAAP. However, certain items have been reclassified between current and non-current.

Employee benefits

AASB 119 Employee Benefits requires liabilities for short-term employee benefits to be measured at nominal amounts and liabilities for long-term employee benefits to be measured at present value. AASB 119 defines short-term employee benefits as benefits that fall due wholly within twelve months after the related period of service. Therefore, liabilities for short-term employee benefits are measured at present value where they are not expected to be settled within 12 months of the reporting date.

AASB101 Presentation of Financial Statements para 60, requires employee benefits to be classified as current when Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. The application of this standard required Council to reclassify the 2005 comparative of employee benefits as follows:

	AIFRS	Australian
	2005	GAAP
	\$	2005
		\$
Current Liabilities		
Employee Benefits	<u>245,925</u>	<u>121,129</u>
 Non – Current Liabilities		
Employee Benefits	<u>36,982</u>	<u>161,778</u>

Note 2 The activities relating to the municipality's key operational areas reported on in the Income Statement are as follows:-

(a) Governance and External Relationships

Operation and maintenance of the council chambers, committee rooms and costs associated with mayoral & 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.

(b) Community Services

Consists of –

- Preschool Centre
- Maternal & Child Health
- Home Care Services
- Youth
- Historical Museum
- Library
- Senior Citizens
- Community Development
- Recreation & Culture

(c) Education, Learning & Arts

Consists of –

- Library
- Recreation & Culture

(d) Business & Tourism

Consists of –

- Caravan Parks
- Tourist Promotion
- Economic Development

(e) Coastal Environment

Foreshore management and environmental protection

(f) Built Environment

Town Planning, historical projects and heritage officer..

(g) Infrastructure & Services

Consists of –

- Beach Cleaning
- Parks and Gardens
- Maintenance of Roads, Street & Bridges
- Garbage Collection
- Street Cleaning
- Street Lighting
- Public Conveniences
- Sporting Complex

(h) Finance & Audit

Principal and interest payments on loans, overdraft and audit fees are included under the Finance & Audit function.

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

Note 3. Summary of Revenue and Expenditure from Ordinary Activities for the Year by Function Areas.

Details of these functions/activities are set out in Note 2

FUNCTIONS/ ACTIVITIES	TOTAL GRANTS		TOTAL OTHER		REVENUE		EXPENSES		EXPENSES		NET RESULT FROM ORDINARY ACTIVITIES	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Governance and External Relationships	292,630	310,511	3,638,529	3,388,756	3,931,159	63	1,710,283	30	1,623,639	25	2,220,876	2,075,628
Community Service	277,660	290,474	193,812	176,863	471,472	7	895,510	16	615,343	9	(424,038)	(148,006)
Education, Learning & Arts	70,415	32,072	29,327	57,617	99,742	2	308,077	5	319,553	5	(208,335)	(229,864)
Business & Tourism	-	15,000	1,103,749	1,027,449	1,103,749	18	712,640	13	697,375	11	391,109	345,074
Coastal Environment	57,400	-	-	-	57,400	1	67,318	1	1,500	-	(9,918)	(1,500)
Built Environment	10,000	7,500	53,563	56,533	63,563	1	286,095	5	262,706	4	(222,532)	(198,673)
Infrastructure Services	136,487	141,750	-	78,445	427,075	7	1,571,519	28	1,578,956	24	(1,144,444)	(1,358,761)
Finance & Audit	-	-	-	81,695	94,259	1	129,345	2	120,492	2	(35,086)	(38,797)
Asset Sales	-	-	1,160	-	1,160	-	-	-	-	-	1,160	-
Net asset revaluation increment(decrement)	-	-	-	-	-	-	-	-	1,289,041	20	-	(1,289,041)
TOTAL	844,592	797,307	5,020,140	4,867,358	6,249,579	100	5,680,787	100	6,508,605	100	568,792	(843,940)

Details of assets employed in the different function areas listed above are contained in Note 20

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

	2006	2005
	\$	\$
Note 4. Summary of Grants And Subsidies		
Income from federal and state government grants and subsidies for the year consists of :-		
Recurrent		
Home Care	165,249	162,169
General Revenue Grant	146,504	154,288
National Competition Policy	146,126	154,131
Community Aged Care Packages	48,079	48,662
Unclassified Roads	40,798	38,942
Roads To Recovery Funding	39,951	74,152
Home Maintenance	31,053	30,383
Community Services Officer	17,541	16,915
School Crossing	10,420	10,420
Heritage Officer	10,000	7,500
Beach Cleaning	8,749	8,236
Senior Citizens	6,480	7,589
Queenscliffe Sport Club Feasibility Study	2,500	7,500
Non - Mains Energy Winter Concession	758	851
AAI Fund	-	6,888
Immunisation	-	268
	674,208	728,894
Non Recurrent		
Commonwealth Games	70,415	-
Coastal Risk Mitigation	42,400	-
Coastal Management Plan	15,000	-
Infectious Diseases	13,000	-
Public Place Recycling Program	10,000	-
Tobacco Activity	9,569	4,807
Street Party	6,000	-
Traineeship	4,000	-
Tennis Courts Point Lonsdale YS&R	-	21,911
Education Officer	-	15,000
DFACS Childrens Needs Study	-	11,695
Terminal Scour Point Lonsdale	-	10,000
Storm Water Management Plan	-	5,000
	170,384	68,413
Total Grants & Subsidies	844,592	797,307

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

	2006	2005
	\$	\$
Note 5. Summary of Grants And Subsidies Unexpended at Year End		
Conditions on grants		
The following grants were recognised as revenue during the reporting period which were obtained on the condition that they be expended on a specific projects but had yet to be applied in that manner as at the reporting date.		
Roads To Recovery	28,141	52,908
Street Party	6,000	-
Infectious Diseases	13,000	-
Coastal Risk Mitigation	28,005	-
	<u>75,146</u>	<u>52,908</u>

Note 6. Asset Replacement Reserve Transfers for the Year

	Balance 2005	Transfer to Reserve	Transfer from Reserve	Balance 2006
	\$	\$	\$	\$
Restricted Reserves				
Recreation Reserve	116,518	59,046	-	175,564
Royal Park	119,351	30,224	-	149,575
Victoria Park	185,291	62,594	-	247,885
Boat Ramp	106,966	43,285	-	150,251
	<u>528,126</u>	<u>195,149</u>	<u>-</u>	<u>723,275</u>

Purpose of Reserves

Recreation Ground - the reserve represents the balance of funds of the Recreation Reserve Caravan Park.

Royal Park - the reserve represents the balance of funds of the Royal Park Caravan Park.

Victoria Park - the reserve represents the balance of funds of the Victoria Park Caravan Park.

Boat Ramp - represents the balance of funds of the boat ramp facility.

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

	2006	2005
	\$	\$
Note 7. User Charges		
Caravan Park Fees	999,791	932,457
Boat Ramp Fees	78,735	66,242
Home Care	145,237	127,925
Property Leases	16,000	16,000
Hall Hire	982	5,164
Local Law Fines & Charges	66,963	42,868
Health Registrations	18,345	18,165
Tourism	17,223	14,161
Town Planning Fees	46,007	50,973
Building	7,556	5,560
Valuation	41,341	3,672
Other	26,025	26,029
	<u>1,464,205</u>	<u>1,309,216</u>

Note 8. Employee Costs

Governance and External Relationships	505,733	481,298
Community Service	539,142	458,971
Education, Learning & Arts	37,893	33,622
Business & Tourism	332,528	372,648
Built Environment	122,458	103,361
Infrastructure Services	155,098	123,637
	<u>1,692,852</u>	<u>1,573,537</u>

Note 9. Materials & Contracts

Governance and External Relationships	593,130	593,900
Community Service	330,456	141,630
Education, Learning & Arts	264,583	284,101
Business & Tourism	380,112	324,727
Coastal Environment	67,318	1,500
Built Environment	161,649	114,979
Infrastructure Services	1,313,645	1,370,411
Finance & Audit	63,478	50,892
	<u>3,174,371</u>	<u>2,882,140</u>

Note 10. Cash and Cash Equivalents

Cash on Hand	1,100	1,100
Cash at Bank	159,147	225,711
Short Term Investment Deposits	1,400,563	1,239,563
	<u>1,560,810</u>	<u>1,466,374</u>

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

	2006	2005
	\$	\$
Note 11. Trade and Other Receivables		
Current		
Ratepayers	39,842	39,817
Heritage Loans	10,366	2,495
ATO - GST Reimbursement	-	2,357
Sundry Debtors	110,019	61,089
	<u>160,227</u>	<u>105,758</u>
Non-Current		
Heritage Loans	<u>17,868</u>	<u>4,090</u>
Total Trade and Other Receivables	<u><u>178,095</u></u>	<u><u>109,848</u></u>
Note 12. Non Current Assets Held for Resale		
Land & Buildings - at valuation	332,700	-
	<u>332,700</u>	<u>-</u>
Note 13. Other Financial Assets		
Non-Current		
Equity - Regional Library	199,267	193,622
Total Investments	<u>199,267</u>	<u>193,622</u>
Note 14. Other Current Assets		
Prepayments	118,698	101,811
Stock	9,312	-
	<u>128,010</u>	<u>101,811</u>
Note 15. Trade and Other Payables		
Trade Payables	77,544	135,795
Accruals - General	103,936	153,725
Accruals - Wages	18,631	13,289
	<u>200,111</u>	<u>302,809</u>

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

Note 16. Employee Benefits

	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
2006			
Balance at beginning of the financial year	111,581	171,326	282,907
Additional provisions	90,129	61,861	151,990
Amounts used	(85,280)	(7,655)	(92,935)
Balance at the end of the financial year	<u>116,430</u>	<u>225,532</u>	<u>341,962</u>
2005			
Balance at beginning of the financial year	104,215	141,743	245,958
Additional provisions	74,010	39,131	113,141
Amounts used	(66,644)	(9,548)	(76,192)
Balance at the end of the financial year	<u>111,581</u>	<u>171,326</u>	<u>282,907</u>

	2006 \$	2005 \$
(a) Employee benefits		
Current		
Annual leave	116,430	111,581
Long service leave	<u>185,971</u>	<u>134,344</u>
	<u>302,401</u>	<u>245,925</u>
Non-current		
Long service leave	<u>39,561</u>	<u>36,982</u>
	<u>39,561</u>	<u>36,982</u>
Aggregate carrying amount of employee benefits:		
Current	302,401	245,925
Non-current	<u>39,561</u>	<u>36,982</u>
	<u>341,962</u>	<u>282,907</u>

The following assumptions were adopted in measuring the present value of long service leave and retirement gratuity:

Weighted average increase in employee costs	4.50%	4.75%
Weighted average discount rates	5.23%	4.73%
Weighted average settlement period	15	15

Commentary - Employee Entitlements

All annual leave and unconditional vested LSL representing 5+ years of continuous service is:

(a) disclosed in accordance with AASB 101, as a current liability even where the agency does not expect to settle the liability within 12 months as it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months;

(b) measured at:

- nominal value under AASB 119 where a component of this current liability is expected to fall due within 12 months after the end of the period; and
- present value under AASB 119 where the entity does not expect to settle a component of this current liability within 12 months.

LSL representing less than 5 years of continuous service is:

(a) disclosed in accordance with AASB 101 as a non-current liability; and

(b) measured at present value under AASB 119 as the entity does not expect to settle this non-current liability within 12 months.

Borough of Queenscliffe**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

	2006	2005
	\$	\$
Note 17. Trust Funds		
Deposits	75,455	39,445
Heritage Restoration Trust Fund	41,268	41,268
	<u>116,723</u>	<u>80,713</u>

Note 18. Interest Bearing Liabilities

Current		
Loans - secured (i)	120,508	113,264
	<u>120,508</u>	<u>113,264</u>
Non Current		
Loans - secured (i)	529,106	649,212
Superannuation Liability (Note 35)	131,427	131,427
	<u>660,533</u>	<u>780,639</u>
Total Interest Bearing Liabilities	<u>781,041</u>	<u>893,903</u>

(i) Borrowings are secured over the general rates of the Council.

Note 19. Provisions

Current		
Refuse Depot Restoration	65,000	65,000
	<u>65,000</u>	<u>65,000</u>
Non Current		
Refuse Depot Restoration	65,000	130,000
	<u>65,000</u>	<u>130,000</u>
Total Provisions	<u>130,000</u>	<u>195,000</u>

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

Note 20(a). Property, Plant & Equipment and Infrastructure

(i) Fixed Assets at Cost	Assets at Cost 2006 \$	Assets at Cost 2005 \$	Depreciation Charge 2006 \$	Accumulated Depreciation 2006 \$	Written Down Value 2006 \$	Written Down Value 2005 \$
Buildings	314,535	-	2,312	2,312	312,223	-
Plant & Equipment - General	256,094	244,455	40,202	114,971	141,123	131,371
Furniture & Equipment- General	239,591	293,614	34,563	185,244	54,347	76,469
Furniture & Equipment - Leased	66,465	-	-	66,465	-	-
Recreation Equipment	430,000	394,810	21,962	166,952	263,048	249,819
Roads	272,889	145,673	7,019	11,834	261,055	140,858
Drainage Pipes	163,345	-	794	794	162,551	-
Footpaths	75,877	75,877	3,794	4,742	71,135	74,929
Work In Progress	265,401	186,275	-	-	265,401	186,275
Total Fixed Assets at Cost	2,084,197	1,340,704	110,646	553,314	1,530,883	859,721
(ii) Fixed Assets at Valuation	Assets at Valuation 2006 \$	Assets at Valuation 2005 \$	Depreciation Charge 2006 \$	Accumulated Depreciation 2006 \$	Written Down Value 2006 \$	Written Down Value 2005 \$
Land	22,778,000	23,092,000	-	-	22,778,000	23,092,000
Buildings	14,872,060	14,976,060	163,411	5,844,331	9,027,729	9,209,841
Roads	9,371,631	9,371,631	198,483	3,475,706	5,895,925	6,094,408
Kerb & Channel	2,228,244	2,228,244	35,574	865,884	1,362,360	1,397,934
Footpaths	1,090,206	1,090,206	26,080	423,474	666,732	692,812
Drainage Pipes	1,544,550	1,544,550	23,724	1,049,873	494,677	518,400
Drainage Pits	929,500	929,500	18,590	632,060	297,440	316,030
Pumping Equipment	37,900	37,900	1,520	24,270	13,630	15,150
Sea Wall	750,501	750,501	15,010	135,090	615,411	630,421
Total Fixed Assets at Valuation	53,602,592	54,020,592	482,392	12,450,688	41,151,904	41,966,996
Total Fixed Assets at Cost and at Valuation	55,686,789	55,361,296	593,038	13,004,002	42,682,787	42,826,717

(a) Land

The Valuation of land, buildings and improvements were determined by the Council's independent contract valuer, Mr Paul Newman, Certified Practising Valuer, AAPI as at 30 June 2005, the valuations are based on current market value.

(b) Buildings

The Valuation of land, buildings and improvements were determined by the Council's independent contract valuer, Mr Paul Newman, Certified Practising Valuer, AAPI as at 30 June 2005, the valuations are based replacement cost allowing for accumulated depreciation. Previous building valuations were based on current market value.

(c) Drainage pipes, drainage pits, pumping equipment and the sea wall.

The valuation of drainage pipes, pits and pumping equipment and the sea wall was determined by Mr Paul Austin, Dip.C E C E, MIE Aust of EarthTech Pty Ltd as at 1 July 2004 and was based on current written down replacement value of the assets.

(d) Sealed pavement, unsealed pavement, sealed surfaces, sealed road formation, street furniture, kerb & channel and footpaths

The valuation of sealed pavements, unsealed pavements, sealed surfaces, sealed road formation street furniture, kerb & channel and footpath was determined by Mr Peter Moloney, Dip.C.E.C.E, MIE Aust.as at 1 July 2004 and was based on current written down replacement value of the assets.

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

Note 20(b). Property, Plant & Equipment and Infrastructure (cont'd)

Movement in the carrying amounts for each class of property, plant & equipment and infrastructure between the beginning and the end of the 2006 financial year.

(i) Fixed Assets at Cost

	Balance at the beginning of year \$	Additions \$	Disposals \$	Asset Revaluation \$	Capitalise WIP \$	Depreciation \$	Carrying amount at the end of the year \$
Buildings	-	303,440	-	-	11,095	(2,312)	312,223
Plant & Equipment - General	131,371	108,912	(58,958)	-	-	(40,202)	141,123
Furniture & Equipment- General	76,469	12,442	-	-	-	(34,563)	54,348
Recreation Equipment	249,819	35,190	-	-	-	(21,962)	263,047
Roads	140,858	127,216	-	-	-	(7,019)	261,055
Pipes	-	89,274	-	-	74,071	(794)	162,551
Footpaths	74,929	-	-	-	-	(3,794)	71,135
Work In Progress	186,275	164,292	-	-	(85,166)	-	265,401
Total Fixed Assets at Cost	859,721	840,766	(58,958)	-	-	(110,646)	1,530,883

(ii) Fixed Assets at Valuation

	Balance at the beginning of year \$	Additions \$	Disposals \$	Asset Revaluation \$	Capitalise WIP \$	Depreciation \$	Carrying amount at the end of the year \$
Land	23,092,000	-	(314,000)	-	-	-	22,778,000
Buildings	9,209,841	-	(18,700)	-	-	(163,411)	9,027,730
Roads	6,094,408	-	-	-	-	(198,483)	5,895,925
Kerb & Channel	1,397,934	-	-	-	-	(35,574)	1,362,360
Footpaths	692,812	-	-	-	-	(26,080)	666,732
Drainage Pipes	518,400	-	-	-	-	(23,724)	494,676
Drainage Pits	316,030	-	-	-	-	(18,590)	297,440
Pumping Equipment	15,150	-	-	-	-	(1,520)	13,630
Sea Wall	630,421	-	-	-	-	(15,010)	615,411
Total Fixed Assets at Valuation	41,966,996	-	(332,700)	-	-	(482,392)	41,151,904

Total Fixed Assets at Cost and at Valuation	42,826,717	840,766	(391,658)	-	-	(593,038)	42,682,787
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**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

Note 20(b). Property, Plant & Equipment and Infrastructure (cont'd)

Movement in the carrying amounts for each class of property, plant & equipment and infrastructure between the beginning and the end of the 2005 financial year.

(i) Fixed Assets at Cost

	Balance at the beginning of year \$	Additions \$	Disposals \$	Asset Revaluation \$	Capitalise WIP \$	Depreciation \$	Carrying amount at the end of the year \$
Plant & Equipment - General	116,251	56,361	-	-	-	(41,241)	131,371
Furniture & Equipment- General	83,703	33,334	-	-	-	(40,568)	76,469
Recreation Equipment	100,902	116,368	-	-	54,510	(21,961)	249,819
Roads	1,066,574	145,673	-	(1,080,056)	13,482	(4,815)	140,858
Pipes	154,540	-	-	(154,540)	-	-	-
Footpaths	42,757	75,877	-	(42,757)	-	(948)	74,929
Work In Progress	186,999	119,782	-	-	(120,506)	-	186,275
Total Fixed Assets at Cost	1,751,726	547,395	-	(1,277,353)	(52,514)	(109,533)	859,721

(ii) Fixed Assets at Valuation

	Balance at the beginning of year \$	Additions \$	Disposals \$	Asset Revaluation \$	Capitalise WIP \$	Depreciation \$	Carrying amount at the end of the year \$
Land	21,684,000	-	-	1,408,000	-	-	23,092,000
Buildings	6,089,206	-	-	3,161,410	52,514	(93,289)	9,209,841
Roads	8,181,572	-	-	(1,888,681)	-	(198,483)	6,094,408
Kerb & Channel	299,804	-	-	1,133,704	-	(35,574)	1,397,934
Footpaths	479,898	-	-	238,994	-	(26,080)	692,812
Drainage Pipes	597,211	-	-	(55,087)	-	(23,724)	518,400
Drainage Pits	246,240	-	-	88,380	-	(18,590)	316,030
Pumping Equipment	4,665	-	-	11,715	-	(1,230)	15,150
Sea Wall	594,745	-	-	50,686	-	(15,010)	630,421
Total Fixed Assets at Valuation	38,177,341	-	-	4,149,121	52,514	(411,980)	41,966,996

**Total Fixed Assets at
Cost and at Valuation**

	39,929,067	547,395	-	2,871,768	-	(521,513)	42,826,717
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**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

	2006		2005	
	\$	%	\$	%
Note 21. Asset Summary				
The Council assets consist of the following functional area balances				
Governance and External Relationships	5,809,103	12.9%	5,854,392	13.1%
Community Service	12,687,368	28.1%	12,782,732	28.6%
Education, Learning & Arts	199,267	0.4%	193,622	0.4%
Business & Tourism	8,739,530	19.4%	8,485,588	19.0%
Built Environment	20,810	0.0%	23,048	0.1%
Infrastructure Services	17,625,591	39.2%	17,358,990	38.8%
	<u>45,081,669</u>	100.0%	<u>44,698,372</u>	100.0%

Revenue and expenditure details relating to these function areas are contained in Note 3

Note 22. Depreciation Expense

The Council charged depreciation expense for the year in respect of -

Buildings	165,723	93,289
Plant & Equipment	40,202	41,241
Furniture & Equipment	34,563	40,568
Playground Equipment	21,962	21,961
Roads	205,502	203,298
Kerb & Channel	35,574	35,574
Footpaths	29,874	27,028
Drainage Pipes	24,518	23,724
Drainage Pits	18,590	18,590
Pumping Equipment	1,520	1,230
Sea Wall	15,010	15,010
	<u>593,038</u>	<u>521,513</u>

Note 23. Profit From Sale of Property, Plant and Equipment

The increase/decrease in net assets resulting from operations includes the following specific items.

Profit on sale of property plant & equipment is calculated as follows

Proceeds from Disposal	60,118	-
Less Written Down Value of Assets Sold	(58,958)	-
	<u>1,160</u>	<u>-</u>

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

	2006	2005
	\$	\$
Note 24. Restricted Assets		
The following assets are limited by restrictions that have been imposed by regulations or other requirements:		
Investments for -		
Long Service Leave	196,311	159,409
Unexpended Specific Purpose Contributions (i)	723,275	528,126
	<u>919,586</u>	<u>687,535</u>
(i) Funds required to be spent on -		
- Royal Park	149,575	119,351
- Victoria Park	247,885	185,291
- Boat Ramp	150,251	106,966
- Recreation Reserve	175,564	116,518
	<u>723,275</u>	<u>528,126</u>
Note 25. Reserves		
Asset Revaluation Reserve		
Land		
Opening Balance	21,591,923	20,183,923
Increase in valuation as a result of revaluation at 30.6.2005	-	1,408,000
Closing Balance	<u>21,591,923</u>	<u>21,591,923</u>
Buildings		
Opening Balance	6,689,158	3,475,233
Increase in valuation as a result of revaluation at 30.6.2005	-	3,213,925
Closing Balance	<u>6,689,158</u>	<u>6,689,158</u>
Infrastructure Assets		
Opening Balance	-	461,115
Decrease in valuation as a result of revaluation at 1.7.2004	-	(461,115)
Closing Balance	<u>-</u>	<u>-</u>
Total Asset Revaluation Reserve	<u>28,281,081</u>	<u>28,281,081</u>
Asset Replacement Reserve		
Balance at beginning	528,126	249,057
Amount Transferred from Accum.Surplus (Note 6)	195,149	279,069
Total Asset Replacement Reserve	<u>723,275</u>	<u>528,126</u>
Total Reserves	<u>29,004,356</u>	<u>28,809,207</u>

Note 26. Contingent Liabilities

At balance date, the Borough of Queenscliffe had the following contingent liability;

(i) In August 2003 Council agreed to act as guarantor for a loan to the Point Lonsdale Child Care Centre Inc. to a maximum value of \$15,000. During 2005/2006 Council increased the value of this guarantee to \$30,000. The loan advance was provided by the ANZ Bank Queenscliff and at 30 June 2006 the loan had not been drawn down.

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

	2006	2005
	\$	\$
Note 27 Commitments for Capital and Other Expenditure		
At reporting date, the municipality had entered into contracts for the following capital and other expenditures.		
Operations	3,466,405	2,547,511
Capital	-	156,420
	<u>3,466,405</u>	<u>2,703,931</u>
These expenditures are due for payment :		
Not later than one year	1,390,146	1,238,962
Later than one year and not later than five years	2,076,259	1,464,969
Later than five years	-	-
	<u>3,466,405</u>	<u>2,703,931</u>

Note 28. Operating Lease Commitments

At reporting date, the municipality had the following obligations under non-cancellable operating leases. These obligations are not recognised as liabilities.

These expenditures are due for payment :

Not later than one year	34,769	20,315
Later than one year and not later than five years	61,935	52,910
	<u>96,704</u>	<u>73,225</u>

Note 29. Finance Lease Liabilities

At reporting date, the municipality had no financial leases.

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

	2006	2005
	\$	\$
Note 30. Reconciliation of cash flows from operating activities to surplus		
Decrease in Assets resulting from Operations	568,792	(843,940)
Depreciation	593,038	521,513
(Profit) on sale of property, plant and equipment	(1,160)	-
Write down in infrastructure asset values as result of revaluation	-	1,289,041
(Increase)/Decrease in receivables	(68,246)	69,524
(Increase) in equity in regional library	(5,645)	(1,528)
(increase)/Decrease in other assets	(26,199)	27,811
Increase/ (Decrease) in creditors	40,082	(15,784)
Increase in accrued employee entitlements	59,055	36,949
Contributed assets	(196,690)	-
(Decrease)/Increase in other accrued expenses	(44,447)	48,060
(Decrease) in provisions	(65,000)	(130,000)
Net cash provided by operating activities	<u>853,580</u>	<u>1,001,646</u>

Note 31. Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at banks and investments in money market instruments net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash on Hand and at Bank	1,560,810	1,466,374
	<u>1,560,810</u>	<u>1,466,374</u>

The following cash balance is limited by restrictions that have been imposed by regulations or other requirements on the following investment balances:

(i) Long Service Leave	196,311	159,409
(ii) Funds required to be spent on -		
- Royal Park	149,575	119,351
- Victoria Park	247,885	185,291
- Boat Ramp	150,251	106,966
- Recreation Reserve	175,564	116,518
	<u>919,586</u>	<u>687,535</u>
Unrestricted Cash Balance	<u>641,224</u>	<u>778,839</u>

Note 32. Financing Facilities

Bank Overdraft		
Unused facilities	50,000	50,000
Used facilities	-	-
Total Facilities	<u>50,000</u>	<u>50,000</u>

Note 33. Auditors' Remuneration

Internal Audit	17,650	5,400
External Audit	13,026	11,500
	<u>30,676</u>	<u>16,900</u>

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

Note 34. Related Party Transactions

- (a) The names of the persons holding positions as Responsible Persons for the Borough of Queenscliffe during the reporting period were -

Mayor Councillor Chris Player
Councillor Val Lawrence
Councillor Stephen Lee
Councillor John Burgess
Councillor John Doull
Councillor Pat Semmens
Councillor John Bugg
Chief Executive Officer Gary Price

- (b) **Remuneration and Retirement Benefit - Responsible Persons**

Aggregate income received or due and receivable by the Responsible Persons from the Council and in conjunction with the management of the Council and any related entity for the twelve month period 1 July 2005 to 30 June 2006. No retirement benefits have been paid to Responsible Persons during the period.	2006	2005
	\$	\$
	<u>178,100</u>	<u>171,958</u>

The number of Responsible Persons of the Council whose total remuneration including any superannuation benefits from Council and any related entity fall within the following bands:

Amount		2006	2005
		No.	No.
\$0	- \$9,999	6	9
\$10,000	- \$19,999	1	1
\$110,000	- \$119,999	-	-
\$120,000	- \$129,999	1	1

- (c) **Remuneration and Retirement Benefit - Senior Officers**

Aggregate income received or due and receivable by the Senior Officers. 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.	2006	2005
	\$	\$
	<u>234,330</u>	<u>225,411</u>

The number of Senior Officers of the Council whose total remuneration including any superannuation benefits from Council and any related entity fall within the following bands:

Amount		2006	2005
		No.	No.
\$50,000	- \$59,999	-	1
\$60,000	- \$69,999	1	-
\$80,000	- \$89,999	1	2
\$90,000	- \$99,999	1	-

- (d) **Transactions with Responsible Persons, Senior Management and Related Entities**

There have been no loans to/from or other transactions with Responsible Persons and Senior Officers during the reporting period.

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

Note 35. Superannuation

Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). The Fund has two categories of membership, 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.

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to 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 2005, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. 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 (same as previous year);

The Fund's liability for accrued benefits was determined in the 31 December 2005 actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

	31-Dec-05 \$'000
Net Market Value of Assets	3,255,842
Accrued Benefits (per accounting standards)	3,118,911
Difference between Assets and Accrued Benefits	136,931
Vested Benefits	2,865,633

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

Net Investment Return	8.0% p.a.
Salary Inflation	5.5% p.a.
Price Inflation	3.0% p.a.

Details of contributions to superannuation funds during the year and contributions payable at 30 June are as follows:

	2006 \$	2005 \$
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	12,221	11,741
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	131,427	131,427

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

	2006	2005
	\$	\$
Note 36. Capital Expenditure		
Capital expenditure areas		
Roads	186,254	145,673
Footpath	-	75,877
Drains	89,274	69,894
Recreation	35,190	116,368
Open space	41,784	12,336
Buildings	341,222	37,552
Plant, equipment and other	121,354	89,695
Other	25,688	-
Total capital works	<u>840,766</u>	<u>547,395</u>
Represented by:		
Renewal	(a) 329,278	179,333
Upgrade	(b) 119,547	126,755
Expansion	(c) -	12,336
New assets	391,941	228,971
Total capital works	<u>840,766</u>	<u>547,395</u>

Property, infrastructure, plant and equipment movement

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

Total capital works		840,766	547,395
Asset revaluation movement	20(b)	-	2,871,768
Depreciation and amortisation	22	(593,038)	(521,513)
Assets transferred to assets held for resale	12	(332,700)	
Written down value of assets sold	23	(58,958)	-
Net movement in property, plant & equipment	20(b)	<u>(143,930)</u>	<u>2,897,650</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. Where capital projects involve a combination of new and renewal expenditures, the total project cost needs to be allocated accordingly.

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

Note 37. Financial Instruments

(a) Accounting Policy, Terms and Conditions

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
Financial Assets			
Bank Deposits on Call and Investments	10	Carried at nominal value. Interest is recognised as it accrues.	Deposits returning fixed interest rate returns between 5.38% and 5.78%. The average rate at balance date was 5.78%
Rate Debtors	11	Rates are carried at nominal amount due plus interest less any provision for doubtful debts. Rate debts are a charge attached to the rateable land. Interest rates are reviewed annually.	Rates are payable by four instalments during the year. Arrears, including deferred rates, attract interest. The interest rate was 11.0% at balance date for general rates. Interest rates charged for private schemes was also 11.0%
General Debtors	11	Receivables are carried at nominal amount due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and interest free. Credit terms are usually 30 days.

Financial Liabilities

General Creditors & Accruals	15	Liabilities are recognised for amounts to be paid in the future for goods received 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.
Finance Leases	18	Finance Lease Liability is accounted for in accordance with AAS17 "Accounting for Leases".	At balance date Council had no financial leases.
Bank Overdraft	18	Carried at nominal value. Interest is recognised as it accrues.	
Borrowings - Loans	18	Carried at nominal value. Interest is recognised as it accrues.	At balance date Council had borrowings with average terms of 7 years. The average borrowing rate implicit in these loans is 6.48%. Security over borrowings is disclosed in Note 17.

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**
Note 37. Financial Instruments
(b) Interest Rate Risk

The entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

Financial Assets	Notes	Floating Interest Rate		Fixed Interest Maturing in :						Non-interest bearing		Total	
		2006	2005	1 year or less		1 year to 5 years		more than 5 years		2006	2005	2006	2005
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash	10	160,247	226,811	-	-	-	-	-	-	-	-	160,247	226,811
Investments	10	-	-	1,400,563	1,239,563	-	-	-	-	-	-	1,400,563	1,239,563
Receivables	11	-	-	50,208	42,312	17,868	4,090	-	-	110,019	63,446	178,095	109,848
		160,247	226,811	1,450,771	1,281,875	17,868	4,090	-	-	110,019	63,446	1,738,905	1,576,222
Weighted average interest rate		3.5%	3.5%	5.5%	5.0%	3.0%	3.0%						
Financial Liabilities													
Creditors	15	-	-	-	-	-	-	-	-	77,544	135,795	77,544	135,795
Interest Bearing Liabilities	18	131,427	131,427	120,508	106,457	440,213	440,213	88,893	208,999	-	-	781,041	887,096
		131,427	131,427	120,508	106,457	440,213	440,213	88,893	208,999	77,544	135,795	858,585	1,022,891
Weighted average interest rate		8.5%	8.5%	6.5%	6.5%	6.5%	6.5%	6.7%	6.7%				

(c) Credit Risk Exposure

Credit risk represents the loss that would be recognised if counterparts failed to perform as contracted.

The credit risk on financial assets of the entity which have been recognised in the Statement of Financial Position, is the carrying amount net of any provisions for doubtful debts. The entity minimises concentration of credit risk by undertaking transactions with unrelated debtors. The entity is not materially exposed to any individual debtor.

(d) Net Fair Values of Financial Assets and Liabilities

The net fair value of financial assets and liabilities as disclosed in the Statement of Financial Position are not materially different to the the carrying value of the financial assets and liabilities.

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

Note 38. Financial Ratios

	2006		2005		2004	
	\$	%	\$	%	\$	%
(i) Debt Servicing Ratio						
To identify the capacity of the Council to service its outstanding debt						
<u>Debt Servicing Costs</u>	65,867	1.05%	69,600	1.23%	62,108	1.23%
<u>Total Revenue</u>	6,248,419		5,664,665		5,053,904	

(ii) Debt Commitment Ratio

To identify the Council's debt redemption strategy

<u>Debt Servicing and Redemption Costs</u>	178,729	4.99%	175,680	5.21%	149,501	4.89%
<u>Total Rate Revenue</u>	3,578,284		3,374,975		3,054,579	

(iii) Revenue Ratio

To identify the Council's dependence on non-rate income

<u>Total Rate Revenue</u>	3,578,284	57.27%	3,374,975	59.58%	3,054,579	60.44%
<u>Total Revenue</u>	6,248,419		5,664,665		5,053,904	

(iv) Debt Exposure Ratio

To identify the Council's exposure to debt

<u>Total Indebtedness</u>	1,569,837	1 : 21.8	1,755,332	1 : 19.5	1,853,194	1 : 16.3
<u>Total Realisable Assets</u>	34,495,169		34,183,624		22,131,363	

(v) Working Capital Ratio

To assess the Council's ability to meet current commitments

<u>Current Assets</u>	2,181,747	2.71 : 1	1,673,943	2.45 : 1	1,352,105	2.12 : 1
<u>Current Liabilities</u>	804,743		807,711		636,295	

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2006**

CERTIFICATION OF FINANCIAL REPORT

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

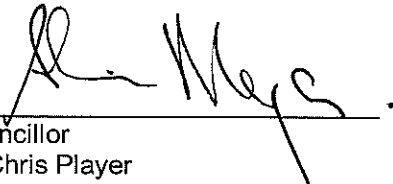


Principal Accounting Officer

Gary Price – Chief Executive Officer
Bachelor of Business (Local Govt.), Master of Business Administration
Dated 19th day of September 2006
Queenscliffe

In our opinion the accompanying financial report presents fairly the financial transactions of the Borough of Queenscliffe for the year ended 30 June 2006 and the financial position of the Council as of 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.



Councillor
Cr Chris Player
Dated 19th day of September 2006
Queenscliffe



Councillor
Cr. Pat Semmens
Dated 19th day of September 2006
Queenscliffe



Gary Price
Chief Executive Officer
Dated 19th day of September 2006
Queenscliffe

BOROUGH OF QUEENSCLIFFE

Standard Statements

For The Year Ended 30 June 2006

**NOTES TO THE STANDARD STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2006**

Notes to the Standard Statements

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 from 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 21 June 2005. 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 Income Statement
Comparison Report
For the year ended 30 June 2006

	Budget	Variances		Note	Actuals
	2006				2006
	\$	\$	%		\$
Revenues from ordinary activities					
- Rates & Charges	3,584,000	(5,716)	(0.2%)		3,578,284
- Operating grants and contributions	732,000	85,681	11.7%	1	817,681
- Capital grants and contributions	75,000	148,601	198.1%	2	223,601
- User Charges	1,488,000	(23,795)	(1.6%)		1,464,205
- Interest on Investments	53,000	41,260	77.8%	3	94,260
- Increase in Equity in Regional Library	-	5,645	0.0%		5,645
- Other Revenue	170,000	(105,257)	(61.9%)	4	64,743
Total revenues	6,102,000	146,419	2.4%		6,248,419
Expenses from ordinary activities					
- Employee Benefits	1,624,000	(68,852)	(4.2%)		1,692,852
- Materials & Consumables	3,375,000	200,629	5.9%		3,174,371
- Depreciation	470,000	(123,038)	(26.2%)	5	593,038
- Borrowing Costs	103,000	37,133	36.1%	6	65,867
- Other	66,000	(88,659)	(134.3%)	7	154,659
Total expenses	5,638,000	(42,787)	(0.8%)		5,680,787
Net gain on disposal of assets	-	1,160	-		1,160
Surplus for the period	464,000	104,792	22.6		568,792

Borough of Queenscliffe
Standard Statement of Performance
Comparison Report
For the year ended 30 June 2006

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
1	Operating grants and contributions	Actual is higher than budget as a result of Roads to Recovery being \$15,001 higher than budget and the following grants being received that were not anticipated at budget time. Coastal Risk Mitigation \$42,400, Infectious Diseases \$13,000, Street Party \$6,000.
2	Capital grants and contributions	A landowner contribution of \$196,690 associated with subdivision in Flinders Street. These funds represent the value of works constructed by the landowner. These assets were transfer to Council during the year.
3	Interest on Investments	Higher than budget as a result of the delays in the capital works program.
4	Other Revenue	The budget included a contribution of \$150,000 in respect of the museum for 05/06. This project did not proceed in 2005/2006.
5	Depreciation	Higher than budget as a result of the revaluation of infrastructure assets at 1.7.2004. This has resulted in a small increase in depreciation rates.
6	Borrowing Cost	Lower than budget as a result of the planned property purchase not eventuating.
7	Other expenses	Higher than budget as a result of the additional costs associated with expenditure brought forward from the previous financial year .

Borough of Queenscliffe
Standard Balance Sheet
Comparison Report
For the year ended 30 June 2006

	Budget 2006 \$	Variances		Note	Actuals 2006 \$'000
		\$'000	%		
Current assets					
Cash assets	432,000	(1,128,810)	(261.3)	8	1,560,810
Receivables	173,000	12,773	7.4		160,227
Non current assets held for resale	-	(332,700)	-		332,700
Other	130,000	1,990	1.5		128,010
Total current assets	735,000	(1,446,747)	196.8		2,181,747
Non-current assets					
Receivables	6,000	(11,868)	(197.8)		17,868
Property, plant and equipment	41,424,000	(1,258,787)	(3.0)		42,682,787
Other	192,000	(7,267)	(3.8)		199,267
Total non-current assets	41,622,000	(1,277,922)	(3.1)		42,899,922
Total assets	42,357,000	(2,724,669)	(6.4)		45,081,669
Current liabilities					
Payables	229,000	(28,889)	(12.6)	9	200,111
Interest bearing liabilities	172,000	(51,492)	(29.9)	10	120,508
Employee benefits	118,000	184,401	156.3	11	302,401
Provisions	65,000	-	-		65,000
Other	53,000	63,723	120.2		116,723
Total current liabilities	637,000	167,743	26.3		804,743
Non-current liabilities					
Interest bearing liabilities	1,210,000	(549,467)	(45.4)	12	660,533
Employee benefits	128,000	(88,439)	(69.1)	13	39,561
Provisions	65,000	-	-		65,000
Total non-current liabilities	1,403,000	(637,906)	(45.5)		765,094
Total liabilities	2,040,000	(470,163)	(23.0)		1,569,837
Net assets	40,317,000	(3,194,832)	(7.9)		43,511,832
Equity					
Accumulated surplus	15,971,000	(1,463,524)	(9.2)		14,507,476
Asset revaluation reserve	24,120,000	4,161,081	17.3	14	28,281,081
Other reserves	226,000	497,275	220.0		723,275
Total equity	40,317,000	3,194,832	7.9		43,511,832

Borough of Queenscliffe
Standard Statement of Financial Position
Comparison Report
For the year ended 30 June 2006

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
8	Cash assets (current)	Higher than budget as a result of the delays in the capital works program.
9	Payables	Lower than budget as a result of a Council having lower creditors at year end than anticipated.
10	Interest bearing liabilities	Lower than budget as a result of the planned property purchase not eventuating.
11	Employee benefits	Higher than budget as a result the implementation of the new IFRS reporting requirements. The IFRS methodology of apportioning employee provisions between current and non current was not clear at the time the budget was formulated. The IFRS reporting requirements require a larger proportion of employee benefits to be classified as current than was the case previously. This has caused a significant variation from the original budget amount.
12	Interest bearing liabilities	Lower than budget as a result of the planned property purchase not eventuating.
13	Employee benefits	Lower than budget as a result the implementation of the new IFRS reporting requirements. The IFRS methodology of apportioning employee provisions between current and non current was not clear at the time the budget was formulated. The IFRS reporting requirements require a smaller proportion of employee benefits to be classified as non current than was the case previously. This has caused a significant variation from the original budget amount.
14	Asset revaluation reserve	Higher than budget as a result revaluation of Council land & buildings data not being available until after budget has been adopted.

Borough of Queenscliffe
Standard Cash Flow Statement
Comparison Report
For the year ended 30 June 2006

	Budget 2006		Variances		Note	Actuals 2006
	\$	\$	%	\$		
Cash flows from operating activities						
Receipts from customers	5,072,000	(3,836)	(0.1%)			5,068,164
Payments to suppliers	(5,232,000)	(387,929)	7.4%			(5,619,929)
Net cash inflow (outflow) from customers/suppliers	(160,000)	(391,765)	244.9%			(551,765)
Government receipts	807,000	103,047	12.8%	16		910,047
Interest received	53,000	41,260	77.8%	17		94,260
Other receipts	170,000	258,110	151.8%	18		401,038
Net cash inflow (outflow) from operating activities	870,000	10,652	1.2%			853,580
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment	546,000	(485,882)	(89.0%)	19		60,118
Payments for property, plant and equipment	(2,225,000)	1,482,590	(66.6%)	20		(742,410)
Net cash inflow (outflow) from investing activities	(1,679,000)	996,708	(59.4%)			(682,292)
Cash flows from financing activities						
Proceeds from borrowings	625,000	(625,000)	(100.0%)	21		-
Repayment of borrowings	(137,000)	24,138	(17.6%)	22		(112,862)
Trust funds movements (net)	-	36,010				36,010
Net cash inflow (outflow) from financing activities	488,000	24,138	4.9%			(76,852)
Net increase (decrease) in cash held	(321,000)	415,436	(129.4%)			94,436
Cash at the beginning of the year	753,000	713,374	94.7%			1,466,374
Cash at the end of the year	432,000	1,128,810	261.3%			1,560,810
Reconciliation of Operating Result and Net Cash Flows from Operating Activities						
For the year ending 30 June 2005						
Net surplus from operations	465,000	103,792	22.3%			568,792
Depreciation and amortisation	470,000	123,038	26.2%			593,038
Net movement in assets and liabilities	-	(308,250)				(308,250)
Net cash inflow from operating activities	935,000	81,420	8.7%			853,580

Borough of Queenscliffe
Standard Statement of Cash Flows
Comparison Report
For the year ended 30 June 2006

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
16	Government grants	Actual is higher than budget as a result of Roads to Recovery being \$15,001 higher than budget and the following grants being received that were not anticipated at budget time. Coastal Risk Mitigation \$42,400, Infectious Diseases \$13,000, Street Party \$6,000.
17	Interest received	Higher than budget as a result of the delays in the capital works program.
18	Other receipts	A landowner contribution of \$196,690 associated with subdivision in Flinders Street. These funds represent the value of works constructed by the landowner. These assets were transfer to Council during the year. They were not included in the original budget.
19	Proceeds from sale of property, plant and equipment	Lower than budget as a result of delay in the sale of the a house and land property owned by Council.
20	Payments for property, plant and equipment	Lower than budget as a result of delay in the construction of various capital projects and Council's decision not to proceed with a property purchase.
21	Proceeds from borrowings	Lower than budget as a result of the planned property purchase not eventuating. The loan that was to fund this purchase therefore it was not taken up..
22	Repayment of borrowings	Lower than budget as a result of the planned property purchase not eventuating. The loan that was to fund this purchase therefore it was not taken up..

Borough of Queenscliffe
Standard Statement of Capital Works
Comparison Report
For the year ended 30 June 2006

Capital Works Areas	Budget	Variances		Note	Actuals
	2006				2006
	\$	\$'000	%		\$
Roads	350,000	163,746	46.8	23	186,254
Drains	30,000	(59,274)	(197.6)	24	89,274
Open space	180,000	103,026	57.2	25	76,974
Buildings	1,540,000	1,198,778	77.8	26	341,222
Plant, equipment and other	125,000	(22,042)	(17.6)	27	147,042
Total capital works	2,225,000	1,384,234	62.2		840,766
Represented by:					
Renewal	380,000	50,722	13.3		329,278
Upgrade	650,000	530,453	81.6		119,547
Expansion	-	-	-		-
New assets	1,195,000	803,059	67.2		391,941
Other	-	-	-		-
Total capital works	2,225,000	1,384,234	62.2		840,766

Property, Infrastructure, Plant and Equipment movement Reconciliation Worksheet	Budget	Variances			Actuals
	2006				2006
	\$'000	\$'000	%		\$'000
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	2,225,000	1,384,234	62.2		840,766
Asset revaluation movement	-	-	-		-
Depreciation and amortisation	(470,000)	123,038	26.2		(593,038)
Written down value of assets sold	(546,000)	487,042	89.2		(58,958)
Net movement in property, infrastructure, plant and equipment	1,209,000	1,020,230	84.4		188,770

Borough of Queenscliffe
 Standard Statement of Capital Works
 Comparison Report
 For the year ended 30 June 2006

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
23	Roads	Lower than budget as a result of delay in the sale of the Murray Road land as a result of this land being subject to environmental requirements that evolved after the budget had been adopted. The budget allowed for various road construction works.
24	Drainage	A landowner contribution for drainage of \$68,647 associated with subdivision in Flinders Street. These funds represent part of the value of works constructed by the landowner. These assets were transfer to Council during the year and were not provided for in the original budget.
25	Open space	A delay in the Point Lonsdale Streetscape works has resulted in actual expenditure being lower than budget.
26	Buildings	Lower than budget as a result of the planned property purchase not eventuating, delay in construction of the Victoria park Amenity block and Community Centre planning has resulted in actual expenditure being less than budget.
27	Plant, equipment and other	Higher than budget as a result of the purchase of an additional motor vehicle to service the caravan park operation requirements.

CERTIFICATION OF STANDARD STATEMENTS

In my opinion the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.



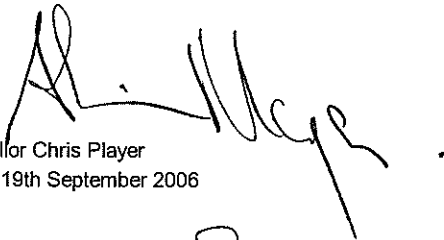
Gary Price - Bachelor of Business (Local Govt.), Master of Business Administration
Principal Accounting Officer
Dated: 19th September 2006

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 2004.

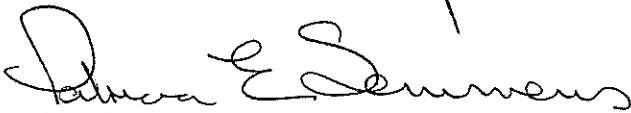
As at the date of signing, we are not aware of any circumstances which would render any particulars in the standard statements to be misleading or inaccurate.

We have been authorised by the Council on 19 September 2006, to certify the standard statements in their final form.

Gary Price - Bachelor of Business (Local Govt.), Master of Business Administration
Principal Accounting Officer
Dated: 19th September 2006



Councillor Chris Player
Dated: 19th September 2006



Councillor Pat Semmens
Dated: 19th September 2006



Gary Price
Chief/Executive Officer
Dated: 19th September 2006



AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Borough of Queenscliffe

To the Councillors

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report for the financial year ended 30 June 2006 relates to the financial report of Borough of Queenscliffe included on its web site. The Councillors are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. 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 this web site.

Scope

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2006 of Borough of Queenscliffe consists of the income statement, balance sheet, statement of changes in equity, cash flow statement, notes to and forming part of the financial report, and the certification of the financial report.

The accompanying standard statements for the year ended 30 June 2006 of the Council consists of the standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statements.

Councillors' Responsibility

The Councillors of Borough of Queenscliffe are responsible for:

- the preparation and presentation of the financial report and the standard statements, and the information they contain, including accounting policies and accounting estimates
- the maintenance of adequate accounting records and internal controls that are designed to record its transactions and affairs, and prevent and detect fraud and errors.

Audit Approach

As required by the *Audit Act* 1994, an independent audit has been carried out in order to express an opinion on the financial report and standard statements. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report and standard statements are free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the financial report and standard statements
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Councillors



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the financial report and standard statements.

These procedures have been undertaken to form an opinion as to whether:

- the financial report is presented in all material respects fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Local Government Act 1989*, so as to present a view which is consistent with my understanding of the Council's financial position, and its financial performance and cash flows
- the standard statements are presented fairly in accordance with the basis of preparation described in note 1, comply with the requirements of the *Local Government Act 1989*, and the "actual" amounts are correctly extracted from the financial report. While the standard statements have to be prepared on a basis consistent with the financial report they are not required to meet all of the presentation requirements of Accounting Standards and other mandatory professional reporting requirements.

The audit opinion expressed in this report has been formed on the above basis.

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. The Auditor-General and his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

Audit Opinion

In my opinion:

- (a) the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Local Government Act 1989*, the financial position of Borough of Queenscliffe as at 30 June 2006 and its financial performance and cash flows for the year then ended
- (b) the standard statements are presented fairly 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
21 September 2006



Edward M Hay
Acting Auditor-General

BOROUGH OF QUEENSCLIFFE

Performance Statement

2005 - 2006



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
<ul style="list-style-type: none"> • Present Council's case for a 'Green Wedge' to the Coastal Spaces Project 	Council submission prepared and lodged	Council participated in local reference group and presented its views.	Yes
<ul style="list-style-type: none"> • Commence total review of Council's Local Law. 	Draft Local Law submitted to Council's solicitors for review by end of May 2006.	Review commenced but not submitted to solicitors.	No
<ul style="list-style-type: none"> • Sale of Council property at 27 Mercer Street. (Surplus to needs.) 	Settlement on property in November 2005.	Property is currently on the market.	No
<ul style="list-style-type: none"> • Develop and Implement Communications Strategy. 	Actions from Communications Strategy enacted.	Some of the actions initiated but not all.	No
<ul style="list-style-type: none"> • Advocate on community issues as they arise. 	Documented meetings with decision makers.	Regular meetings with local politicians.	Yes
<ul style="list-style-type: none"> • Work with State Government to finalise transfer of High School land for community use. 	Transfer completed and gazetted by August 2005.	Transfer completed but not gazetted until May.	No
<ul style="list-style-type: none"> • Council encourage local membership in G21 by community and business organisations. 	10 Borough of Queenscliffe members of G21 by end of December 2005.	Only six members.	No

STRATEGIC OBJECTIVE: Community Services

Protect and enhance our natural environment, buildings, cultural and heritage and urban character.

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
<ul style="list-style-type: none"> Implement recommendations from Municipal Early Years Plan. 	Actions completed in accordance with Municipal Early Years Plan.	Actions completed.	Yes
<ul style="list-style-type: none"> Implement recommendations from Community Needs Study. 	Actions completed in accordance with Community Needs Study.	Actions completed.	Yes
<ul style="list-style-type: none"> Assist the Lonsdale Children's Centre Committee of Management. 	Provision of overdraft facility.	Additional facility provided.	Yes

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
<ul style="list-style-type: none"> Appoint Architects for development of Community Centre on former High School site 	Architects appointed by August 2005.	Architects appointed January 2006.	No
<ul style="list-style-type: none"> Implement recommendations from Disability Action Plan. 	Implement recommendations from Disability Action Plan.	Actions completed.	Yes
<ul style="list-style-type: none"> Implement recommendations of Municipal Health Plan. 	Actions completed in accordance with Municipal Health Plan.	Actions completed	Yes
Monitor City of Greater Geelong's Bellarine Strategy Plan by: <ul style="list-style-type: none"> Representation/advocacy Working with the Point Lonsdale Focus Group. 	Participation in relevant meetings.	Council represented by Cr. Semmens at some meetings.	Yes
<ul style="list-style-type: none"> Develop strategies for greater use of Town Hall. 	Strategies adopted by Council.	Ideas initiated but not adopted.	No
<ul style="list-style-type: none"> Conduct a review on the delivery of Children's Services. 	Report to Council March 2006.	Report will be to Council early in 2006/07.	No
<ul style="list-style-type: none"> Conduct a review on the delivery of Aged Services. 	Report to Council March 2006.	Report will be to Council early in 2006/07.	No

STRATEGIC OBJECTIVE: Education, Learning and the Arts

Support all Arts/Learning and Cultural Activities.

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
<ul style="list-style-type: none"> Develop 4 Year Arts Plan 	Plan adopted by Council February 2006.	Council agreed not to proceed with a structured plan.	No

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
<ul style="list-style-type: none"> Conduct Commonwealth Games activities partly funded by State Government. 	Four projects successfully completed by end of February 2006	All projects completed.	Yes
<ul style="list-style-type: none"> Facilitate activities of Traders Group. 	Report from Tourism Development Officer on Group's activities.	Meetings held but no report prepared.	No
<ul style="list-style-type: none"> Provide opportunity on Council's website to promote major events. 	Major events placed on Council website.	All major events on website.	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
<ul style="list-style-type: none"> Work in partnership with government agencies and the community to develop a Coastal Management Plan (CMP). 	Final report adopted by Council February 2006.	Report to be adopted early in 2006/07.	No
<ul style="list-style-type: none"> Conduct education programme on learnings generated by CMP. 	Education programme completed by June 2006.	See above	No
<ul style="list-style-type: none"> Work through the Association of Bayside Municipalities (ABM) on issues associated with Channel Deepening. 	ABM delegate reports to Council.	Delegates reports included in Council minutes.	Yes
<ul style="list-style-type: none"> Develop a Street Tree Management Strategy. 	Strategy adopted by June 2006.	To be completed in 2006/07.	No
<ul style="list-style-type: none"> Develop Landscape Plan for Section A of the High School site. 	Plan adopted by Council March 2006.	To be part of Master Plan in 2006/07.	No
<ul style="list-style-type: none"> Develop Park by Park Plan. 	Park by Park Plan adopted by Council June 2006.	Awaiting Coastal Management Plan.	No
<ul style="list-style-type: none"> Improve camping facilities in Victoria Park with construction of new facilities block. 	Construction completed by 2005/06 summer.	Construction to be completed by 2006/07 season.	No
<ul style="list-style-type: none"> Review location of Community Nursery. 	Future site or nursery determined by March 2006.	Linked to High School site Master Plan.	No
<ul style="list-style-type: none"> Support activities of Community Nursery volunteers. 	Annual Report from volunteers group.	Report not yet received.	No
<ul style="list-style-type: none"> In partnership with the community, look at the feasibility of a community operated slipway in the Harbour. 	A feasibility report.	Report prepared by local group but rejected by Parks Victoria.	Yes

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
<ul style="list-style-type: none"> Continue Harbour redevelopment planning process. 	Construction permit issued November 2006.	Stage 1 approved October 2005.	Yes
<ul style="list-style-type: none"> Finalise Significant Tree Study and implement recommendations. 	<ul style="list-style-type: none"> Study adopted by Council September 2006. Implementation of recommendations commenced. 	Study not yet adopted.	No
<ul style="list-style-type: none"> Finalise review of Queenscliff Heritage Study. 	Study completed and adopted by Council June 2006.	Work to commence in 2006/07.	No
Promote development that encourages: <ul style="list-style-type: none"> Energy efficiency; Water conservation; Use of native vegetation. 	Literature prepared to give to prospective developers.	Literature available to developers.	Yes
<ul style="list-style-type: none"> Participate with the City of Greater Geelong in development of a Point Lonsdale Structure Plan. 	Structure Plan complete by June 2006.	City of Greater Geelong did not fund Structure Plan.	No
<ul style="list-style-type: none"> Design of refurbishment of Town Hall and Council Offices complete. 	Construction contract and tender documentation complete by 30 June.	Tender documentation to be completed in October 2006.	No

STRATEGIC OBJECTIVE: Infrastructure Services

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

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
<ul style="list-style-type: none"> Monitor West Connect and its impact on the Bellarine Peninsula. 	Attendance at relevant meetings.	Participated in G21 meetings on this subject.	Yes
<ul style="list-style-type: none"> Preparation of Car Parking Review discussion paper. 	Draft Paper to Council August 2006 for consideration.	Brainstorming meeting held. Paper yet to be prepared.	No
<ul style="list-style-type: none"> Develop study on prioritization of undergrounding of power. 	Report to Council by February 2006.	No report but decision to prioritise Point Lonsdale through budget process.	No
<ul style="list-style-type: none"> Carry out works in accordance with the Point Lonsdale Urban Design Framework. 	Works completed within Budget.	Works now scheduled for 2006/07.	No
<ul style="list-style-type: none"> Finalise Asset Management Plan (AMP) Stage 1. 	First stage of AMP complete.	Work underway but not complete.	No
<ul style="list-style-type: none"> Implement Playground Strategy. 	Works conducted in accordance with adopted timetable.	Works not completed by year end but will be early 2006/07.	No
<ul style="list-style-type: none"> Implement Stormwater Action Plan. 	Works conducted in accordance with adopted timetable.	Stormwater works carried out during 2005/06.	Yes
<ul style="list-style-type: none"> Remove Cypress trees in Point Lonsdale Road and replant with appropriate species. 	Scheduled trees removed and replanting completed.	Works completed.	Yes
<ul style="list-style-type: none"> Implement actions from Cypress Tree Working Party Report. 	Actions from report carried out.	Recommendation 6 carried out. Remaining 5 recommendations yet to be completed.	No
<ul style="list-style-type: none"> Refurbish toilet in Field Park. 	Work complete October 2005.	Works completed.	Yes
Queenscliff Pier: <ul style="list-style-type: none"> Monitor maintenance by Parks Victoria; Ensure inclusion in Coastal Management Plan (CMP). 	<ul style="list-style-type: none"> Council satisfaction with works; Planned action in CMP. 	Letters written to Parks Victoria but no work conducted.	No
Develop engineering skills profile for consideration by Council.	Report to Council in July 2005.	Report to Council on 20 September from CT Management.	No

STRATEGIC OBJECTIVE: Finance and Audit

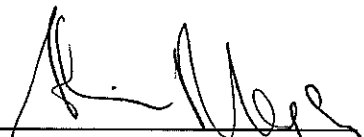
Provide long term sustainable financial management.

Key Strategic Activities	Performance Measure	Actual Performance	Target Achieved
<ul style="list-style-type: none">Determine future of Golightly Park.	Decision made by Council in May 2006.	Council determined Golightly Park not to be closed during budget process.	Yes
<ul style="list-style-type: none">Finalise lease with YMCA for Camp Wyuna.	Lease signed off October 2005.	Lease in preparation.	No
<ul style="list-style-type: none">Review Internal Audit schedule.	Audit Committee report to Council December 2005.	Report to Council 20 December, 2005.	Yes


COUNCIL APPROVAL OF THE PERFORMANCE STATEMENT

In our opinion, the accompanying performance statement of the Borough of Queenscliffe in respect of the 2005/2006 financial year is presented fairly in accordance with the Local Government Act 1989. The statement outlines the Key Strategic Activities set out in Council's Budget and describes the extent to which these activities were achieved in the year.

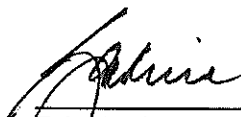
As at the date of signing, we are not aware of any circumstances, which would render any particulars in the statement to be misleading or inaccurate.



Councillor Chris Player
Queenscliff
Dated: 19th September 2006



Councillor Pat Semmens
Queenscliff
Dated: 19th September 2006



Principal Accounting Officer
Gary Price – Chief Executive Officer
Bachelor of Business (Local Govt.), Master of Business Administration
Queenscliff
Dated: 19th September 2006



AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Borough of Queenscliffe

To the Councillors

Matters Relating to the Electronic Presentation of the Audited Performance Statement

This audit report for the financial year ended 30 June 2006 relates to the performance statement of Borough of Queenscliffe included on its web site. The Councillors are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. 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 this web site.

Scope

The Performance Statement

The accompanying performance statement for the year ended 30 June 2006 of Borough of Queenscliffe consists of the statement, the related notes and the Council approval of the performance statement.

Councillors' Responsibility

The Councillors of Borough of Queenscliffe are responsible for the preparation and presentation of the performance statement and the information it contains.

Audit Approach

As required by the *Local Government Act 1989*, an independent audit has been carried out in order to express an opinion on the performance statement. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the performance statement is free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the statement
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the statement.

These procedures, which did not extend to an assessment of the relevance or the appropriateness of the performance measures contained within the statement, have been undertaken to form an opinion as to whether, in all material respects, the performance statement is presented fairly in accordance with the *Local Government Act 1989*.

The audit opinion expressed in this report has been formed on the above basis.



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

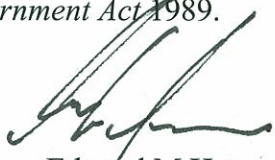
Independence

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. The Auditor-General and his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the performance statement of the Borough of Queenscliffe in respect of the 30 June 2006 financial year is presented fairly in accordance with the *Local Government Act 1989*.

MELBOURNE
21 September 2006



Edward M Hay
Acting Auditor-General