

# Borough of Queenscliffe

## Annual Report

2010-2011



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## Council's Vision

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

## Council's Strategic Direction

Council has identified what we considered to be the key areas of importance to our community. These areas have been grouped into five key portfolio areas:

### Governance, Finance & External Relations

Providing accountable governance and long-term sustainable financial management.

### Sustainability & Local Environment

Living sustainably and protecting and restoring our diverse environment.

### Business & Tourism

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

### Community Development

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

### Planning, Heritage & Community Assets

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

## About this Report

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

The 2010-2011 report reflects on the achievements and challenges of the past financial year and provides information for anyone interested in the organisation, while also providing key information required under the Local Government Act 1989 and other relevant legislation.

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

The report highlights Council's performance against the Council Plan and the 2010/11 Business Plan.

# About the Borough of Queenscliffe

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## About the Borough of Queenscliffe

### Location

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

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

### History

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

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

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

### Community

The unique heritage and coastal environment makes the Borough of Queenscliffe a desirable location for residents and visitors. The Borough's estimated permanent resident population is 3,279. This figure does include the significant number of temporary residents who own property and holiday or live part-time in the Borough.

While the municipality has a vibrant and active population, it also has a comparatively high number of people aged over 60 years (37.9% compared with the Victorian average of 17.9%); people living alone (34.3% compared to the Victorian average of 24.5%); and non resident ratepayers (53.0% of assessments are absentee ratepayers). This unique profile presents a range of challenges for Council, particularly given the population fluctuations that occur over the summer period.

### Environment

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

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

### Economy

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



# Mayor's Report

It gives me great pleasure to present the 2010/11 Annual Report for the Borough of Queenscliff, reflecting a year of significant achievement.

We implemented the second year of the Council Plan that identifies the Council's strategic direction and priority actions. In 2010/11 Council completed its first Strategic Financial Plan, designed to provide a ten year budget and key principles and policies to guide and ensure prudent financial decision making regarding Council's services and infrastructure.

Community engagement remained a key focus for the year, with residents and community groups actively encouraged to participate in Council decision making processes. This was achieved by inviting public submissions on business plan priorities (we received 128 responses that informed the 2011/12 Council Plan), public meetings and input from community reference groups.

Significant work was undertaken by reference groups on projects and planning issues including Hesse Street Revitalisation, Point Lonsdale Main Street, future use of the former Queenscliff High School site, Vegetation Advisory Group and Sea Level Rise. These groups have provided valuable advice to inform Council's planning for the future and the detail of Council's priority projects.

Throughout the year Council worked closely with the community on an incredible array of community events and activities, including the inaugural 'Kids Busking for the Kids' event which raised significant funds for the Royal Children's Hospital Good Friday Appeal. A highlight of the myriad local events was the nationally recognised Queenscliff Music Festival, showcasing the best that the Borough has to offer. The festival will continue to grow in 2011 and beyond following Council's decision to support its relocation to Princess Park and open up the Queenscliff Recreation Reserve for tent camping to attract broader audiences.

Council continued to support a range of community activities and programs, allocating more than \$98,000 through the Community Development Grants and sponsorship of local community organisations.

The community has highlighted a number of key issues where lead responsibility rests with other levels of government. Council has been active in advocating to the State and Federal Governments on many of these important community concerns.

These include:

- The impact of climate change and sea level rise, and the implications for land use planning;
- Securing a continued Department of Defence presence in Queenscliff;
- Redevelopment of Fisherman's wharf;
- Access to and allocation of moorings at the Queenscliff Harbour; and
- Future use of the Queenscliff and Point Lonsdale Lighthouse Reserves.

Work has progressed on many fronts and will continue to be a key focus for Council over the coming year.

Discussions are continuing with the State Government on the location of the Borough's boundary with the goal of bringing the area of Point Lonsdale west of Fellows Road into our municipality.

With tourism contributing the Borough's biggest portion of economic activity, Council continues to work closely with the Queenscliff Lonsdale Business & Tourism Association, Bellarine Peninsula Tourism and Geelong Otway Tourism to promote Queenscliff and the region. It was pleasing to see the Queenscliff Visitor Information Service recognised as Best Regional Business at the Geelong Business Excellence Awards.

Acknowledgement must be made of the significant contribution that volunteers have continued to make in the Borough. They play a crucial role in building the social networks and relationships in the community and improve the quality of life and standard of services.

2010/11 has seen many highlights, both at council and community levels, but it is without doubt the sense of community pride and spirit that sets this vital municipality apart.

I would like to acknowledge and thank my fellow councillors, as well as portfolio and advisory group members, council officers and the many volunteers throughout the community, for their hard work throughout the year.



**Bob Merriman**  
Mayor



## CEO's Report

I am pleased to report that the 2010/11 financial year was one of considerable productivity and achievement amid many challenges for the Borough of Queenscliffe. This annual report reviews the second year of the current Council Plan (2010-2013) and the implementation of the 2010/11 Business Plan priority actions.

I am pleased to advise that Council finished the 2010/11 financial year with an underlying operating surplus of \$827,000 against a budgeted underlying surplus of \$69,000. The major reason for the \$758,000 positive variance to budget was that some project expenditure budgeted for 2010/11 will now take place in 2011/12. Grants received late in the financial year will fund expenditure that will now occur in 2011/12. Increases in other revenue items also contributed to the variance, including interest received and underspends in some expenditure items such as staffing costs.

Council adopted its first Strategic Financial Plan in 2010/11 providing a framework to guide both short term and long term financial decision making. As we plan for the future, Council's key financial management challenges will revolve around maintaining the standard of services - given the nature of the Borough's population profile - and continuing to renew and retain the quality of community facilities while generating adequate revenue from rates, caravan park activities and government grants.

The turbulent international economic environment continues to impact on a wide range of industry sectors including tourism and retail, the two most significant areas of employment and economic activity in the Borough. Council's activities will continue to focus on working with local and regional tourism organisations to promote tourism visitation to, and activity in, the Borough.

Our comparatively high number of elderly residents, combined with a significant temporary population, continues to place considerable demand on resources, which is why it is particularly pleasing to maintain a solid financial position while delivering outstanding services to the community, most importantly in the areas of aged and disability services. Council continued to achieve a zero waiting list for access to Home and Community Care services.

Council embarked on a comprehensive program of actions during the year, aligned to our five strategic objectives: Governance; Finance and External Relations; Sustainability and Local Environment; Business and Tourism; Community Development; and Planning, Heritage and Community Assets.

The Borough continued to chart new ground in the area of sustainability, with Council approving its first Sustainable Living Action Plan designed to facilitate change at both Council and community levels. Our goal is for Council to work towards becoming carbon neutral by 2013, and for the whole community to work towards that outcome by 2020. A Carbon Neutral Action Plan Steering Committee has been formed and consultants appointed to develop the pathway to this objective.

Continued emphasis was placed on maximising Government grant funding for our Business Plan priorities. More than \$1.42 million was sourced from State and Federal Governments in 2010/11, including significant funding for the Queenscliff Foreshore Development Project to upgrade the walking trail from the ferry to the Queenscliff Pier, as well as major safety improvements to the cliff areas near the bowling club in Point Lonsdale.

Other key capital works improvements of note included:

- Completion of stage 2 works at the Point Lonsdale Bowls Club;
- Improvements to Princess and Citizens Parks including the upgrade of Thwaites Walk and public toilets and the installation of new barbecues;
- Refurbishment of the Town Hall kitchen;
- Upgrade of the Queenscliff Boat Ramp.

The Council Asset Management Plan provides a clear framework for allocating funding for asset maintenance and asset renewal across the four areas of Council assets, namely roads and footpaths, community buildings, open space including playgrounds and drainage infrastructure. Community buildings are by far the largest area of Council assets, so maintaining and renewing these properties remains an important challenge for the Council and community.

A review of the Borough's Local Law was completed in 2010/11 which resulted in establishing two Local Laws, the first focusing on improving the standards of local governance and the second on enhancing the amenity of our Borough.

We also reviewed the Council's Municipal Emergency Management Plan, which achieved a positive audit report from the State Emergency Service, Victoria Police and the Department of Human Services. This plan provides a co-ordinated approach to Council's role and response to emergencies.

2010/11 has been a busy and productive year in the Borough of Queenscliffe. I would like to thank the council staff for their commitment, energy and hard work throughout the year and acknowledge the Mayor and Councillors for their vision and leadership. Finally, I would echo the Mayor's tribute to the volunteers, clubs and community organisations across the Borough.

**Lenny Jenner**  
Chief Executive Officer

# Your Councillors



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

Cr Merriman was elected Mayor on 4 December 2008. He is actively involved with the community, sporting clubs and organisations. He is a former Australian Industrial Relations Commissioner and former Chairman of Cricket Australia, Councillor of Latrobe University and Trustee of the Bradman Foundation and Cats Foundation.

**Portfolio Reference Group:** Governance, Finance and External Relations

**Council Delegate to:** G21 Region Alliance Board; Municipal Association of Victoria

Email: bob.merriman@queenscliffe.vic.gov.au



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

His interests include spending time with his family, travelling and golf. He is a Fellow of Certified Practising Accountants and the Australian Institute of Company Directors. Cr. Burgess brings to Council his professional skills and a broad business background.

**Portfolio Reference Group:** Business and Tourism

**Council Delegate to:** Barwon Region Waste Management; Geelong Otway Tourism

**Council Committee:** Audit Committee

Email: john.burgess@queenscliffe.vic.gov.au



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

Her interests include spending time with her children and family, reading, handicrafts and music. Cr. Butler has been actively involved with Kindergarten and Primary School 'Parents and Friends' committees, Fundraising Auctions, Playgroups, Family and 'Children's Services' Network and the Queenscliff High School Site Steering Committee.

**Portfolio Reference Group:** Community Development

**Council Delegate to:** Geelong Region Library Corporation

Email: helene.butler@queenscliffe.vic.gov.au



**Cr. Lloyd Davies**  
(Elected to council in November 2008)

He is passionate about bringing the community's views to Council and protecting the environment. He works as a Civil Engineer and has a degree in Marine Biology. His interests include SCUBA diving, research, hiking and beach cricket.

**Portfolio Reference Group:** Sustainability and Local Environment

Email: lloyd.davies@queenscliffe.vic.gov.au



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

His interests include facilitating greater community involvement, boating and enjoying Queenscliff and its unique natural environment. Cr. Mitchell is a retired Corporate Banker, a past member of the Australian Institute of Chartered Accountants and has a Masters Degree in Urban Management.

**Portfolio Reference Group:** Planning & Heritage

**Council Delegate to:** Association of Bayside Municipalities

**Council Committee:** Audit Committee

Email: david.mitchell@queenscliffe.vic.gov.au

# Your Council

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

The Department of Planning and Community Development advised that the Minister for Local Government has approved and published by notice in the Government Gazette an adjustment factor of 10.9% to apply for 2010/11.

This brings the Councillor Allowance to \$17,052 per annum and the Mayoral Allowance to \$39,788 per annum (plus 9% superannuation).

## Meetings of Council

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

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

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

The Ordinary Meetings of Council are held monthly at 7:00pm on the third Wednesday of each calendar month at the municipal office or at an alternative venue as advised.

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

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

## Attendance at Meetings

### Council Meetings

**21 July 2010**

**18 August 2010**

**15 September 2010**

(Cr Bob Merriman, apology)

**20 October 2010**

**27 October 2010**

(Cr John Burgess, apology)

(Cr Helen Butler, apology)

**17 November 2010**

**15 December 2010**

*No meeting held in January*

**9 February 2011**

**16 March 2011**

**20 April 2011**

**18 May 2011**

**15 June 2011**

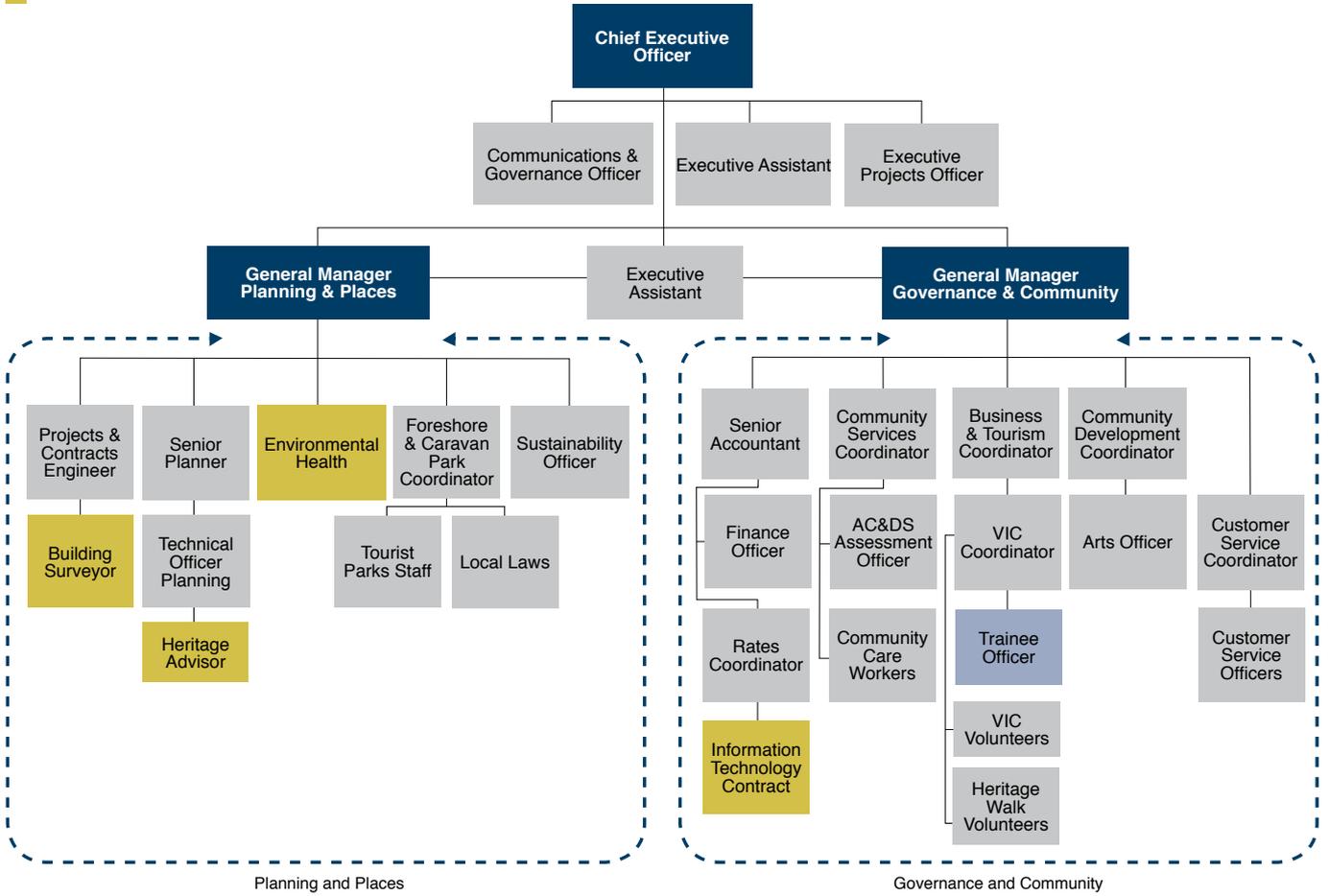
Councillors	Eligible to Attend	Attended
Cr Bob Merriman (Mayor)	12	11
Cr John Burgess	12	11
Cr Helen Butler	12	11
Cr Lloyd Davies	12	12
Cr David Mitchell	12	12

### Special Meetings of Council

Councillor	Eligible to Attend	Attended
Cr Bob Merriman (Mayor)	1	1
Cr John Burgess	1	1
Cr Helen Butler	1	1
Cr Lloyd Davies	1	1
Cr David Mitchell	1	1

# Our Organisation

- Executive Management Team
- Contracts



# Our Organisation

## Executive Management Team

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

### Chief Executive Officer

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

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

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

### General Manager Governance & Community

Ev Wuchatsch was appointed to the position in January 2009.

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

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

### General Manager Planning & Places

Karen Hose was appointed to the position in January 2009.

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

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

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

### Staff Numbers

There are 57 staff employed by the Borough of Queenscliffe.

Type of Employment	Female	Male
Full Time	8	8
Part Time	25	1
Casual	10	5
<b>Total</b>	<b>43</b>	<b>14</b>

Additional staff resources have been allocated to Town Planning, Environmental Health and Sustainability.

## Equal Employment Opportunity

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

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

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

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

## Information & Records Management

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

General information pertaining to statistics and services provided by Council can be found at [www.queenscliffe.vic.gov.au](http://www.queenscliffe.vic.gov.au)

## Risk Management

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

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

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

## Procurement Policy

Council has Procurement Procedures that outline the core principles that apply to all purchases made and contracts entered into.

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

# Our Organisation

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

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

## Interstate and Overseas Travel

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

During the 2010/11 financial year, the Mayor, Cr Bob Merriman registered interstate travel expenses in June 2011 while attending the National General Assembly of Local Government in Canberra at a cost of \$3380.

## Best Value

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

Council delivers best value to the community by:

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

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

## Freedom of Information Act

The Freedom of Information Act 1982 establishes a legally enforceable right for Individuals or organisations to access information from certain records held by Council. Council received one request during the financial year 2010/11, which was granted in full.

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

## Whistleblowers Protection Act

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

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

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

During the financial year 2010/11 there were no disclosures made to the Borough of Queenscliffe.

## Information Available for Inspection

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

- Details of current allowances fixed for the Mayor and Councillors under section 74 of the Act;
- Details of Senior Officers' (as defined by the Act) current gross salaries, allowances and other benefits for the current financial year and two previous financial years;
- Details of overseas or interstate travel, undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months;
- Names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted;
- Names of councillors who submitted returns of interest during the financial year and the dates the returns were submitted;
- Agendas for and minutes of ordinary and special meetings kept under section 93 of the Act except where such minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;

# Our Organisation

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- A list of all major committees established by Council and the purpose for which each committee was established;
- A list of all major committees established by the Council which were abolished or ceased to function during the financial year;
- Minutes of meetings of special committees established under section 86 of the Act except where such minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- Register of delegations kept under section 88 of the Act;
- Submissions received under section 223 of the Act during the previous 12 months;
- Agreements to establish regional corporations under section 196 of the Act;
- Register of leases entered into by the Council;
- Register of authorised officers appointed under section 224 of the Act; and
- Annual Report including financial statements.

## Information Privacy Act

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

Council's Information privacy policy and procedures are public documents available upon request and on Council's website.

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

## National Competition Policy

The Borough of Queenscliffe Council has complied with the requirements of the National Competition Policy (NCP) for the period 1 July 2010 to 30 June 2011, in accordance with the requirements outlined in National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002); with respect to Trade Practices, Local Laws and Competitive Neutrality Compliance.

# Governance & Statutory Information

## Audit Committee

As part of Council's governance obligations to its community, Council has an Audit Committee set up to facilitate:

- The enhancement of the credibility and objectivity of internal and external financial reporting;
- The effective management of financial and other risks and the protection of Council assets;
- The compliance with laws and regulations as well as use of best practice guidelines;
- The effectiveness of the internal audit function; and
- The provision of an effective means of communication between the external auditor, internal audit, management and the Council.

The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to its Charter in order to facilitate decision making by Council in relation to the discharge of its responsibilities.

The Audit Committee is an independent advisory committee, which has no executive powers or authority to implement actions in areas over which management has responsibility. The Audit Committee is therefore independent of management and is the conduit for financial and risk reporting to Council through the Internal Audit program and contract.

The Audit Committee is composed of independent chairman, Mr Richard Bull; independent members, Mr David Shaw, Mr Roland Orchard, Mr Barry Capp and two councillors, Cr David Mitchell and Cr John Burgess.

Member	Eligible to Attend	Attended	Sitting Fee Paid
Mr Richard Bull	3	3	\$1,200
Mr Barry Capp	3	3	\$900
Mr Roland 'Barney' Orchard	3	2	\$600
Mr David Shaw	3	3	\$900
Cr John Burgess	3	3	\$0
Cr David Mitchell	3	3	\$0
<b>Total</b>			<b>\$3,600</b>

# Governance & Statutory Information

## Internal Audit reports

During 2010/11 Internal audit reports received from AFS & Associates (Council's internal audit contractor) covered the following areas:

- Ongoing risk management reviews;
- Payroll;
- Procurement, purchasing policy and public tenders;
- Home and community care;
- Occupational Health & Safety;
- Revenue;
- Policies and procedures;
- Client management system;
- Balance Sheet reconciliations;
- Outstanding actions from previous internal audit reports; and
- Revenue management and cash handling procedures.

## Property Revaluation

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation first applied in the rating year commencing 1 July 2010.

The date of the next general revaluation will be 1 January 2012, and the valuation will be first applied in the rating year commencing 1 July 2012.

## Local Laws

Following a review of the Borough's local laws, two separate Local Laws were introduced to replace the existing Local Law No 1. These were adopted by Council in December 2010 and gazetted by the State Government in January 2011. The two Local Laws are:

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

These are supported by the Borough of Queenscliffe Policies and Procedures Manual and cover a broad range of governance issues.

In 2010/11 a number of infringement notices, registrations and permits were issued under this Local Law. These are summarised below.

Infringement Notices	2009/10	2010/11
Parking infringements	423	314
Animal Infringements	18	15
Local Law Infringements	10	8
Fire Prevention	0	4
<b>Total</b>	<b>451</b>	<b>341</b>

Court Briefs	<b>37</b>	<b>29</b>
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Local Law Permits	2009/10	2010/11
Consume Alcohol	15	15
Weddings	40	23
Major Events	10	6
Bulk Rubbish Bins	34	30
Disable Permits	55	210
Outdoor Eating Facilities	30	21
Goods for Sale	15	18
A Frame	46	48
Residential Parking	5	4
Boat Ramp	269	279
Other	100	50
<b>Total</b>	<b>619</b>	<b>704</b>

Animal Registration	2009/10	2010/11
Animals Registered	754	793
Dogs	609	640
Cats	145	153
Impounded Animals	8	3
Door Knocks (Streets)	26	20
Animal Warning Notices	180	67
Native Animal Responses	15	22
Fire Prevention	69	40
Non Compliance of Notices	0	4
After Hours Calls	33	47
After Hours Call-outs	10	4

# Governance and Statutory Information

## Membership of Organisations

Organisation	Financial Contribution 2009/10	Financial Contribution 2010/11
Geelong Otway Tourism (GOT)	\$13,752	\$14,041
Municipal Association of Victoria (MAV) - Membership	\$6,464	\$6,643
Municipal Association of Victoria (MAV) - Step Asset Management Program	\$6,600	\$5,000
Municipal Association of Victoria (MAV) - Councillors' Workcover	\$3,500	\$0
Municipal Association of Victoria (MAV) - GMHBA Health Plan	\$2,500	\$0
G21 Regional Alliance	\$5,730	\$6,000
Barwon Region Waste Management Group	\$5,738	\$3,822
Association of Bayside Municipalities (ABM)	\$2,551	\$2,881
Victorian Employers' Chamber of Commerce and Industry (VECCI)	\$1,775	\$2,298
Victorian Caravan Parks Association (Vic Parks)	\$2,058	\$2,236
Victorian Local Governance Association	\$0	\$2,150
Small Rural Councils of Victoria	\$0	\$2,000
CPA Australia	\$1,064	\$1,089
Local Government Professionals (LGPro)	\$1,000	\$1,000
Coastal Camping Victoria	\$227	\$575
Victorian Planning & Environmental Law Association	\$0	\$486
AAA Tourism Advantage	\$173	\$389
Local Government Finance Professionals (FinPro)	\$200	\$218
Revenue Management Association (RMA)	\$90	\$90
ICLEI	\$870	\$0
Risk Management Institute of Australia (RMIA)	\$300	\$0
<b>Total Membership Contributions</b>	<b>\$54,592</b>	<b>\$50,918</b>

# Governance and Statutory Information

## Local Government Indicators

The annual Community Satisfaction Survey is conducted by the Department of Planning and Community Development and focuses on the community's drivers of satisfaction, which have moved beyond the traditional Rs of 'rates, roads and rubbish'.

The three key drivers of residents' satisfaction statewide are town planning policy and approvals; economic development; and local roads and footpaths. The survey questions refer to the broad areas of governance and service delivery. The Community Satisfaction Survey, together with financial and asset management measures are reported in the *Local Government in Victoria* report each year.

Indicators	2009/10	2010/11	Change in Performance	Comparison with All Councils
Overall Performance	62	64	Unchanged	Similar
Advocacy	60	65	Improved	Similar
Community Engagement	53	60	Improved	Similar
Customer Contact	73	77	Unchanged	Higher
<b>Specific Performance Areas</b>				
Local Roads and Footpaths	59	58	Unchanged	Higher
Health and Human Services	79	80	Unchanged	Higher
Recreational Facilities	70	69	Unchanged	Similar
Appearance of Public Areas	70	72	Unchanged	Higher
Traffic Management and Parking	61	60	Unchanged	Similar
Waste Management	71	72	Unchanged	Similar
Enforcement of Local Laws	65	67	Unchanged	Higher
Economic Development	62	59	Unchanged	Similar
Town Planning Policy and Approvals	47	52	Improved	Lower

# Governance and Statutory Information

## Grants and Donations to Local Organisations

Recipient	Purpose	2009/10	2010/11
<b>Donations</b>			
Queenscliff Music Festival	Support of the event (cash donation and in-kind support, including additional security costs)	\$16,105	\$34,031
Point Lonsdale Surf Life Saving Club	Lifeguard services	\$22,758	\$23,395
Australian Volunteer Coastguard Association	Donation	\$5,000	\$5,000
Queenscliff Reconciliation Week	Donation	\$0	\$2,200
Busking for the Kids	Support of the event (in-kind support)	\$0	\$3,272
Great Victorian Bike Ride	Support of the event (cash donation)	\$8,000	\$0
Seafood Feast	Support of the event (in-kind support)	\$7,000	\$0
<b>Sub Total : Donations</b>		<b>\$58,863</b>	<b>\$67,897</b>
<b>Arts &amp; Cultural Development Grants</b>			
Queenscliff and District Neighbourhood House	Employ a facilitator to launch a playgroup in Queenscliff (2009/10: International Women's Day dinner)	\$2,000	\$2,000
Queenscliffe Lighthouse Theatre Group	Production costs of 'The King and I' (2009/10: Purchase of proper storage boxes and hanging racks for costumes, shoes and materials)	\$1,700	\$2,000
Queenscliffe Maritime Museum	Purchase promotional flags to use during the maritime festival and other community events	\$0	\$2,000
Queenscliff Fire Brigade	History research and production of a book	\$0	\$2,000
Point Lonsdale Surf Life Saving Club	Combined marine rescue training day on 21 November 2010	\$0	\$1,635
Queenscliff Toy Library	New toys	\$0	\$1,600
Fort Queenscliff Museum Assoc.	Portable public address system and water cooler for volunteers (2009/10: Purchase of toaster/sandwich maker and coffee machine for use by the volunteers)	\$160	\$1,374
Queenscliff-Point Lonsdale Congregation of the Uniting Church in Australia	Hanging rails and lighting to enable art exhibitions	\$0	\$1,200
Queenscliffe Historical Museum	Replace office printer (2009/10: Purchase of two book trolleys to improve access for the public to major research records)	\$1,200	\$1,000
Point Lonsdale Bowls Club Inc.	Indoor bowls for children's use in outdoor 'barefoot bowls'	\$0	\$1,000
Queenscliff/Point Lonsdale RSL Sub Branch	Purchase two speakers for use within the RSL Hall	\$0	\$900
Queenscliffe Environmental Forum	Revegetation of indigenous plants of Citizens Park	\$0	\$775
Point Lonsdale Playgroup	Purchase of equipment for music and arts projects	\$0	\$509
Queenscliff Kindergarten	Create a boat and timber jetty playspace for children	\$2,000	\$0
St James Anglican Church	Development of five winter luncheons for the older Point Lonsdale community	\$2,000	\$0

# Governance and Statutory Information

1st Queenscliff Sea Scouts	Repair of sailing boats, service of rescue boat engines and purchase of 32 kayaks, to introduce Scouts and Cubs to water activities	\$1,960	\$0
Bellarine Community Health	Community Garden Arts Project - collaboration between St Aloysius Primary School and Coorabin Hostel clients to paint pictures to celebrate living in our community, onto cement sheeting, that will become a mosaic stepping stone pathway at the community garden in Point Lonsdale	\$1,500	\$0
Queenscliff Film Society	Purchase of a data projector to enable Film Society to show up-to-date movies with a better quality sound and picture	\$1,436	\$0
Queenscliff Seniors Club	Melodaires Entertainment Group - purchase of microphone and speakers to provide ongoing entertainment to seniors	\$1,000	\$0
Queenscliff Tennis Club	Coaching fees for junior development tennis carnival	\$800	\$0
Community Association Inc.	Queenscliff Christmas Festival	\$600	\$0
St George the Martyr Anglican Church Queenscliff	Purchase of urn, glasses and vacuum to assist with events in church	\$527	\$0
<b>Sub Total : Arts &amp; Cultural Development Grants</b>		<b>\$16,883</b>	<b>\$17,993</b>

<b>Contribution to Operating Costs</b>			
Point Lonsdale Christmas Tree Committee	Point Lonsdale Christmas Tree festivities	\$3,408	\$5,046
<b>Sub Total : Contribution to Operating Costs</b>		<b>\$3,408</b>	<b>\$5,046</b>

<b>Youth Cultural Program</b>			
Youth Cultural Program	Bellarine Skate Series	\$2,752	\$672
Youth Cultural Program	Youth Music Event	\$2,471	\$2,959
Youth Cultural Program	Music Equipment	\$0	\$2,300
<b>Sub Total : Youth Cultural Program</b>		<b>\$5,223</b>	<b>\$5,931</b>

<b>Education Awards</b>			
Bellarine Secondary College	Scholarship	\$1,000	\$1,000
Point Lonsdale Primary School	Scholarship	\$100	\$100
Queenscliff Primary School	Scholarship	\$100	\$0
St. Aloysius Primary School	Scholarship	\$100	\$100
<b>Sub Total : Education Awards</b>		<b>\$1,300</b>	<b>\$1,200</b>

<b>Total grants and donations paid to local organisations</b>		<b>\$85,675</b>	<b>\$98,068</b>
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# Governance and Statutory Information

## Grants and Subsidies Received by Council

Purpose	Grant Type	Source	2009/10	2010/11
<b>Federal Grants</b>				
Aged Care - Community Aged Care Packages	Operating	Department of Health & Ageing	\$70,738	\$66,251
Roads to Recovery	Capital	Department of Infrastructure	\$0	\$69,560
Town Hall Kitchen Refurbishment	Capital	Regional Australia	\$0	\$30,000
Maritime Museum	Capital	Department of Heritage	\$69,158	\$0
Point Lonsdale Surf Life Saving Access Ramp	Capital	Department of Infrastructure	\$30,000	\$0
<b>Sub total : Federal funding</b>			<b>\$169,896</b>	<b>\$165,811</b>
<b>State Grants</b>				
General	Operating	Victoria Grants Commission	\$159,912	\$198,228
Local Roads	Operating	Victoria Grants Commission	\$48,794	\$53,082
Aged Care - Domestic Assistance	Operating	Department of Human Services	\$122,520	\$126,250
Aged Care - Assessments	Operating	Department of Human Services	\$17,827	\$39,004
Aged Care - Home Maintenance	Operating	Department of Human Services	\$34,727	\$35,715
Aged Care - Personal Care	Operating	Department of Human Services	\$34,209	\$35,575
Aged Care - Respite Care	Operating	Department of Human Services	\$7,345	\$7,575
Aged Care - Traineeship	Operating	Department of Human Services	\$1,500	\$5,500
Aged Care - Minor Works	Operating	Department of Human Services	\$4,790	\$3,283
Aged Care - Service Development	Operating	Department of Human Services	\$0	\$2,687
Aged Care - Planning	Operating	Department of Human Services	\$0	\$10,000
Aged Care - Change Management	Operating	Department of Human Services	\$0	\$1,500
Aged Care - Transition	Operating	Department of Human Services	\$1,366	\$1,337
Aged Care - Emergency Preparation	Operating	Department of Human Services	\$5,000	\$1,050
Aged Care - Additional Assessments	Operating	Department of Human Services	\$10,000	\$0
Coastal Risk Mitigation - Cliff Safety	Operating	Department of Sustainability & Environment	\$0	\$190,000
Point Lonsdale Bowls Clubhouse Upgrade	Operating	Sport & Recreation Victoria	\$0	\$54,000
Maternal and Child Health	Operating	Department of Human Services Victoria	\$46,587	\$47,472
Community Development Officer	Operating	Department of Human Services	\$18,799	\$18,698
Heritage Officer	Operating	Victoria State Government	\$14,000	\$15,400

# Governance and Statutory Information

School Crossing Supervision	Operating	Vic Roads	\$10,420	\$12,108
Beach Cleaning	Operating	Victoria State Government	(\$2,186)	\$9,451
Senior Citizens Centre	Operating	Department of Human Services	\$7,989	\$8,928
Victorian Seniors Festival - Senior Citizens Week	Operating	Department of Planning & Community Development	\$2,750	\$2,600
Food Safety Reporting Project	Operating	Department of Health	\$0	\$1,500
Visitor Information Centre Traineeship	Operating	Department of Education, Employment & Training	\$0	\$1,500
Removal of Dangerous Trees	Operating	Department of Sustainability & Environment	\$50,000	\$0
Removal of Pipeworks at Ocean View	Operating	Coastal Risk Management Grant	\$22,500	\$0
Drought Relief	Operating	Department for Victorian Communities	\$7,000	\$0
Caravan Park Staff Training	Operating	Department of Education, Environment, Water & Resources	\$6,000	\$0
Councillor Training	Operating	Department of Planning & Community Development	\$182	\$0
Queenscliff Sports Club Enhancement Project	Capital	Sport & Recreation Victoria	\$0	\$200,000
Princess & Citizens Park Redevelopment	Capital	Regional Development Victoria	\$0	\$125,000
Boat Ramp Upgrade including pontoons	Capital	Department of Transport	\$0	\$27,940
Point Lonsdale Surf Life Saving and Access Ramp	Capital	Department of Sustainability & Environment	\$50,000	\$10,000
Pedestrian & Road Safety Strategy	Capital	Transport Accident Commission	\$18,000	\$0
Netball Courts Lighting	Capital	Country Football & Netball Grant Program	\$17,196	\$0
Princess Park Kiosk & Engine Shed Redevelopment Project	Capital	Regional Development Victoria	\$0	\$7,225
Kirk Road War Memorial	Capital	Country Football & Netball Grant Program	\$9,890	\$0
<b>Sub total : State funding</b>			<b>\$727,117</b>	<b>\$1,252,607</b>

## **Other Grants**

Tobacco Activity Program	Operating	Municipal Association Victoria	\$8,719	(\$1,502)
Revegetation at 'The Narrows'	Operating	Port of Melbourne Corporation	\$10,000	\$0
Bushfire Preparation	Operating	Municipal Association Victoria	\$7,690	\$0
<b>Sub total : Other funding</b>			<b>\$26,409</b>	<b>(\$1,502)</b>

<b>Total Grants and Subsidies Received by Council</b>			<b>\$923,422</b>	<b>\$1,416,916</b>
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## Strategic Objective: Governance, Finance & External Relations

### *Providing accountable governance and long term sustainable financial management*

The key outcomes for 2010/11 include:

#### Undertake an annual review of the Strategic Financial Plan

In November 2010 Council established its first Strategic Financial Plan. This plan creates a structure for financial decision making at a high level by providing guiding principles for the short, medium and long term. It is important to note that a Strategic Financial Plan is a macro view of the financial structure. It is not a document that determines specific funding for services and proposals, rather it addresses areas that impact on the Council's ability to fund its services and capital works, while financially sustaining the organisation into the future.

The Strategic Financial Plan endeavours to explain in simple language the issues that affect the ongoing financing of Council operations and management of Council assets. It aims to provide a focus for the community to understand that annual budgets should not only consider the resourcing of service delivery and capital works programs in the short term, but should be set within the context of longer term financial sustainability.

The objectives set by a Council Plan and the growing expectations of a vibrant and involved community creates a significant dilemma for Council - how to keep rates low, how to ensure legislative compliance and risk management issues are addressed adequately, how to maximise government funding, how to provide valuable cost-effective services to the community and how to ensure the municipality's assets are well maintained and replaced when necessary. Aside from the economic challenges confronting Council, there are continuing and growing demands for social and environmental outcomes - the triple bottom line approach - and these important issues are part of the mix when strategic planning goals are set.

### Maximising State and Federal grant revenue for Business Plan priorities

In 2010/11 the Borough of Queenscliffe Council continued to attract significant grant funding from both State and Federal Governments to support projects of importance to Council and local community groups. In 2010/11 Council attracted Federal Government funding of \$165,811 consisting of:

- Community Aged Care Packages - \$66,251
- Roads to Recovery - \$69,560
- Town Hall Kitchen Refurbishment - \$30,000

In 2010/11 Council attracted State Government funding of \$1,252,608 consisting of:

- Victorian Grants Commission \$251,310 (including one quarter pre-payment)
- Princess Park Kiosk & Engine Shed Redevelopment Project - \$7,225
- Aged & Disability Services - \$297,102
- Coastal Risk Mitigation Cliff Safety - \$190,000
- Point Lonsdale Bowls Clubhouse Upgrade - \$54,000
- Maternal and Child Health - \$47,472
- Heritage Officer - \$15,400
- School Crossing Supervision - \$12,108
- Beach Cleaning - \$9,451
- Victorian Seniors' Festival (Senior Citizens' Week) - \$2,600
- Food Safety Reporting Project - \$1,500
- Visitor Information Centre Traineeship - \$1,500
- Queenscliff Sports Club Enhancement Project - \$200,000
- Princess & Citizens Park Redevelopment - \$125,000
- Boat Ramp Upgrade including Pontoons - \$27,940
- Point Lonsdale Surf Life Saving and Access Ramp - \$10,000

# Strategic Objective: Governance, Finance & External Relations

Council has also secured funding for the Ferry to Queenscliff Pier Project with funding instalments to be paid to Council in 2011/12. In addition, Council has been advised that the State Government has established the 'Country Roads and Bridges' program targeting rural municipalities, enabling Council to progress additional road renewal projects in 2011/12.

Council has two submissions that are pending announcement including a regional and local submission to the State Government Sustainability funding program and an application to the Corangamite Catchment Management Authority for reducing weed infestation and improving environmental outcomes on coastal Crown land in the Borough.

## Continue to improve the standard of Customer Service

Council introduced a new 'Customer Service Charter' in June 2010. Performance against the new Customer Service standards was reported on a six monthly cycle to Council. Positive results and feedback was supported by the results of the 2011 Customer Satisfaction Survey undertaken by external consultants. It was particularly pleasing that the Borough's Customer Services rating was the highest of any council (compared to 21 other municipalities).

## Increase residents' access to information and services through upgrading the Council's website

The new Borough of Queenscliffe website went live on 30 June 2010. This is an increasingly important source of information as people's access to, and behaviour associated with, the use of web-based technology changes. Council has continued to improve the provision of web-based information through its website. The 'Borough Businesses' section is live and has been considerably expanded with tourism, food and accommodation sections now presented in line with Tourism Victoria's business groupings.

Tourist Parks information has also been updated including information about Queenscliff Music Festival camping options and booking forms. Council is also in the process of reviewing information related to community groups. Council has gathered the updated contact information from 34 of 72 community organisations and will continue this task in 2011/12.

## Review the Borough of Queenscliffe Local Law

During 2010/11 the Council reviewed its Local Law after giving due consideration to the Local Government Amendment (Councillor Conduct and other matters) Act that introduced extensive changes to governance arrangements for Councils and the new 'Guidelines for Local Laws Manual' produced by the State Government in February 2010. Council established two Local Laws in December 2010 after a period of community consultation. The new arrangements established the following improvements to Local Laws:

### **Local Law No 1 2010 – Processes of Municipal Government**

This Law ensures meeting procedures align to the amended Local Government Act; takes into account advice regarding best practice procedures from Local Government Victoria; and provides clarity to procedures to regulate and control meetings of Council, the election of the Mayor and the use of the Council seal.

### **Local Law No 2 2010 – Community Amenity**

This Law includes a completely revised section on administration and enforcement to coincide with relevant legislative changes.

2010/11 Business Plan Priority Actions	Outcome
Undertake an annual review of the Strategic Financial Plan	Completed
Minimise rate increases	Completed
Maximise State and Federal grant revenue for community and Council Plan priorities	Completed
Maximise the return on Council assets within social and environmental constraints	Completed
Increase revenue by developing cabins and caravan parks	Completed
Seek to resolve key issues surrounding Queenscliff's marine precinct.	Completed
Investigate resource sharing with neighbouring municipalities and other organisations	Completed
Further improve community input into Council's Business Plan priorities	Completed
Continue process for municipal boundary relocation	In Progress
Continue to improve the standard of customer service	Completed
Increase residents' access to information and services through upgrading the Council's website	Completed
Work to maintain strong Department of Defence presence in the Borough of Queenscliffe given its significant role in the local economy and community activity	In Progress
Review the Borough of Queenscliffe Local Law	Completed

## Strategic Objective: Sustainability & Local Environment

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### *Living sustainably and protecting and restoring our diverse environment*

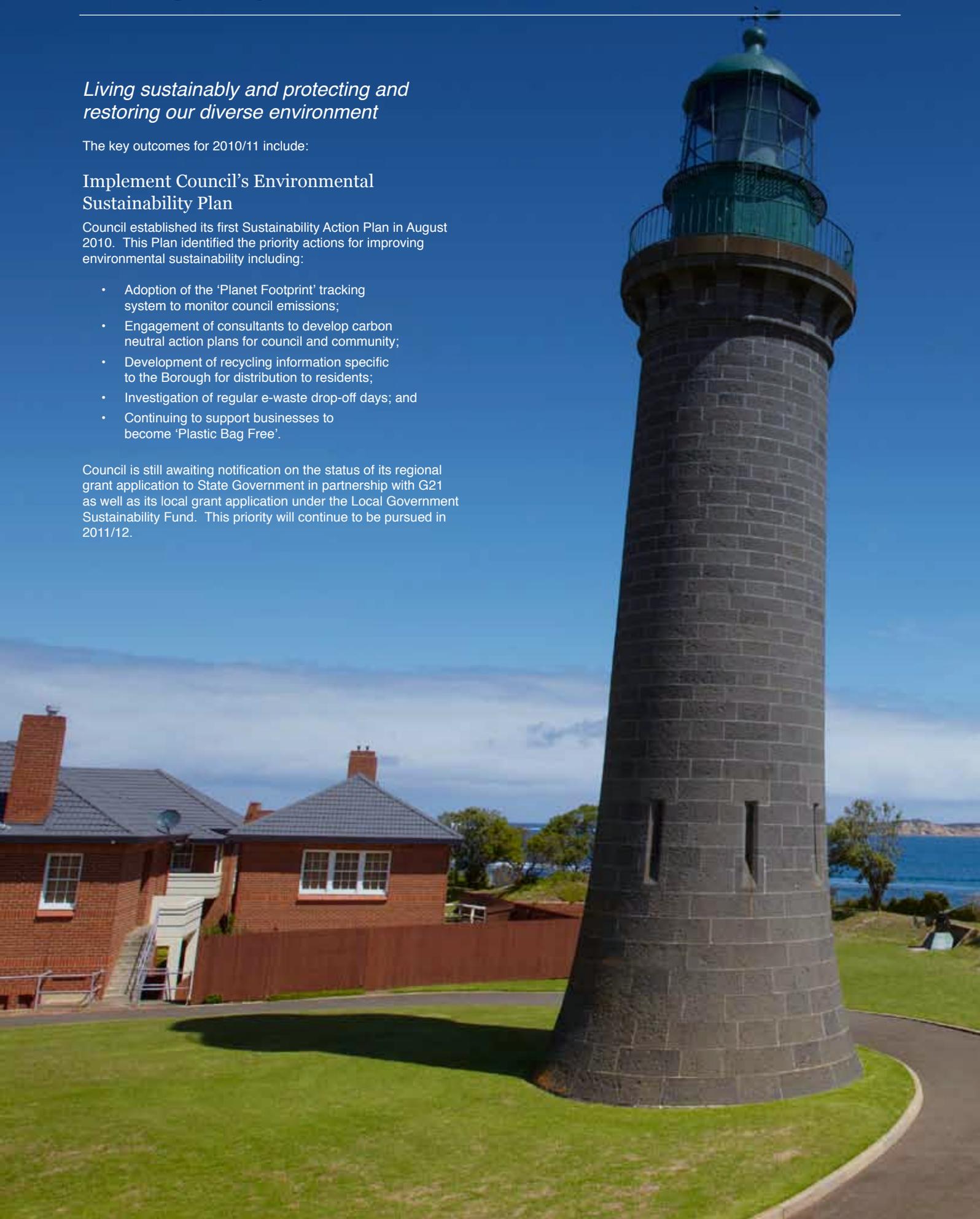
The key outcomes for 2010/11 include:

#### Implement Council's Environmental Sustainability Plan

Council established its first Sustainability Action Plan in August 2010. This Plan identified the priority actions for improving environmental sustainability including:

- Adoption of the 'Planet Footprint' tracking system to monitor council emissions;
- Engagement of consultants to develop carbon neutral action plans for council and community;
- Development of recycling information specific to the Borough for distribution to residents;
- Investigation of regular e-waste drop-off days; and
- Continuing to support businesses to become 'Plastic Bag Free'.

Council is still awaiting notification on the status of its regional grant application to State Government in partnership with G21 as well as its local grant application under the Local Government Sustainability Fund. This priority will continue to be pursued in 2011/12.



# Strategic Objective: Sustainability & Local Environment

## Seek funding opportunities to progressively implement the upgrade of the Queenscliff to Point Lonsdale shared pathway

A number of major projects remain in progress to achieve a high quality shared pathway from Queenscliff to Point Lonsdale. These include:

- The upgrade of Thwaites Walk was completed in April 2011 providing a new pathway through Princess and Citizens Parks. This will be complemented by improved carparking and new park fencing and furniture that is scheduled for completion in October 2011;
- Design improvements have been commissioned at the Springs Creek and Dog Beach carparks; and
- A successful submission to the State Government for funding for the Ferry to Queenscliff Pier Foreshore Improvement project will result in improved pathways in this area of Queenscliff.

## Implement Council's Tree Management Strategy

Council continued to implement key elements of its 'Tree Management, Removal & Replacement' strategy. In 2010/11 key planting outcomes included:

- Extensive planting (556 plants) in Citizens Park (on the Tobin Drive escarpment) by interested residents and citizens through the Geelong Environment Council with assistance from Queenscliffe Borough Council – this has resulted in a 2011 Corangamite Regional Landcare Award;
- Additional plantings (60 plants) in Citizens Park consistent with the John Patrick report recommendations;
- Additional plantings (64 plants) in Victoria Park to consolidate the Moonah Reserves as well as 203 plantings at the entrance to Victoria Park;
- Removal of minor and major limbs, and some coppicing of Moonah trees associated with tree failures and risk management across all parks;
- Regular mulching of plant beds associated with the Stone Pines in Princess Park;
- Additional nurturing of the Port Jackson Figs planted in the Gellibrand Street roadside; and
- Allocation of additional funds in the 2011/12 budget to ensure continued implementation of the recommendations contained in the 'Tree Management, Removal & Replacement' strategy.

2010/11 Business Plan Priority Actions	Outcome
Implement Council's Environmental Sustainability Plan	Completed
Implement a strategy to move the Council by 2013 and community by 2020 towards carbon neutrality	In Progress
Advocate at all opportunities for a move to carbon neutrality	Completed
Facilitate programs to assist residents' access to sustainability products including solar hot water, water tanks and solar panels	Completed
Seek funding opportunities to progressively implement the upgrade of the Queenscliff to Point Lonsdale shared pathway link	Completed
Implement the Council's Tree Management Strategy	Completed
Develop a 'Weed Management Plan' for the Borough of Queenscliffe in consultation with Bellarine Catchment Network and other key stakeholders	Yet to Commence
Work with local environment groups and the community to reduce and prevent the spread of noxious and environmental weeds in the Borough	Completed
Identify funding opportunities that would enable Council to progress a 'Wetlands Strategy'	Completed
Continue to advocate to State and Federal Governments for an expansion of 'Port Phillip Bay (Western Shoreline) and Bellarine Peninsula' Ramsar site to include the Core Wetlands and surrounding land of the Lonsdale Lakes Wetland Complex and Sand Island	Completed
Advocate for Lakers Cutting to be included in the Port Phillip Heads Marine National Park	Completed

## Strategic Objective: Business & Tourism

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

The key outcomes for 2010/11 include:

### Visitor Information Centre

The distinctive blue and yellow 'i' sign identifies the Visitor Information Centre (VIC) as one of 74 accredited centres throughout the State. The centre continues to attract significant walk-in enquiries, however the way people are finding out about the Borough of Queenscliffe is changing, with approximately 80% of visitors in Australia using the internet to make their travel plans (source: [tourismvic.vic.gov.au](http://tourismvic.vic.gov.au)).

The upgrade of the Council website has resulted in a significant increase in 'hits' to both the Council and Visitor Information Centre websites.

	2009/10	2010/11
Walk-In Visitors	57,540	51,397
Phone Enquiries	3,748	3,474
Email Enquiries	195	188
Heritage Walk Participants	673	550
Website Homepage Hits	45,636	56,994
Visitor Information Centre Homepage Hits	32,580	32,011

Council appreciates that social media is the latest forum for engaging prospective visitors in choosing a destination. Consequently in April 2011 Council launched a facebook page, and has 225 facebook friends, 27 followers on Twitter, and looks to extend its reach through these mediums.

# Strategic Objective: Business & Tourism

## Accreditation

As an accredited tourism business, the Queenscliffe Visitor Information Centre is leading the industry in the establishment of high quality tourism opportunities and services, along with a commitment to professionalism and continuous improvement. In 2011 the Tourism Quality Council of Australia introduced the first national accreditation program, which provides visitors with an assurance that the VIC meets the Australian Accreditation Standard.

## Volunteer Involvement

The Visitor Information Centre is maintained by the equivalent of two full-time paid staff, a pool of 28 Customer Service Volunteers and seven Heritage Guides. It has been a very stable year with no retirements.

In August 2010 the VIC won a Geelong Business Excellence Award for Best Regional Business. This recognition is a testament to the commitment and service of the volunteers who have given in excess of 4000 hours.

The Visitor Information Centre also participated in the Government Employment Training Scheme, and a trainee successfully completed Certificate III in Tourism (Visitor Information Services).

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

2010/11 Business Plan Priority Actions	Outcome
Implement opportunities arising from the Tourism Infrastructure Opportunities Study	Completed
Work with local traders, Queenscliff Lonsdale Tourism and Bellarine Tourism to maximise tourism opportunities in the Borough of Queenscliffe	Completed
Work in partnership with businesses and other organisations to promote the packaging of tourism and accommodation options, particularly during low-season times of the year	Completed
Improve distribution of, and access to, tourism and accommodation data in the Borough of Queenscliffe	Completed
Improve and promote the calendar of events in the Borough	Completed
Encourage the development of improved community transport during peak tourism periods	In Progress
Advocate for the development of the Point Lonsdale to Ocean Grove shared path	Yet to Commence
Complete a Precinct Plan for Golightly Park including actions that protect and enhance the park's indigenous vegetation	Yet to Commence
Investigate funding opportunities for development of Toc H and Shortland's Bluff sites, working with DSE to implement the Borough of Queenscliffe's development priorities	In Progress

# Strategic Objective: Community Development

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

The key outcomes for 2010/11 include:

## Support local community organisations, civic events and arts, cultural and sporting activities in the Borough

In 2010/11 the local community planned and implemented a range of sport, recreation, arts, cultural and civic events and activities.

The Queenscliff Music Festival was a very successful event, which enjoyed a 57% increase on gross ticket sales and 40% on weekend sales, with Friday night and Sunday performances sold out. A highlight was the great crowd enjoying RockWiz and John Williamson, despite the heavens opening up on the Saturday. The Borough provided sponsorship of \$10,000 and in-kind support of \$8,000.

Other events supported included:

- Lighting of the Christmas Tree at Point Lonsdale, attended by more than 500 people;
- 18th Annual Toy Run that saw 1100 riders deliver 4000 presents (an increase of 500 from last year), and raised more than \$25,000 for local charities;
- Rip to River Run from Point Lonsdale to Barwon Heads;
- Rip View Swim Classic at Point Lonsdale;
- Amy's Ride in support of the Amy Gillett Foundation;
- Queenscliff Fire Brigade Open Day, part of the Centenary Year celebrations;
- Sand Sculpture Contest held on Queenscliff Beach.
- Maritime Weekend festivities at the harbour and Queenscliff Beach;
- Scoot, Skate and BMX event at the Point Lonsdale Skate Park;
- The inaugural Kids Busking for the Kids fundraising event for the Good Friday Appeal, held in Hesse St, the harbour and railway;
- Anzac Day Celebrations at the Fort;
- Volunteer Week Celebrations at Queenscliff Golf Club, involving more than 130 volunteers; and
- Sea of Words event featuring various literature, art and film events throughout the month of May.

## Support local community initiatives through Council's Community Grants Program

Council continued to support a range of community activities and programs, allocating more than \$98,000 through the Community Development Grants and sponsorship of local community organisations. A very successful community grants presentation was conducted on Tuesday 16 November 2010.

## Promote volunteerism through Council's Recognition Awards and ceremonies

Australia Day Celebrations in January 2011 recognised outstanding volunteer contribution through the Australia Day Awards. Alan Joyce received the Citizen of the year Award for his tireless work with a large number of groups within the Borough. Patrick Callahan received the Junior Citizen of the year for his work with the Queenscliff Football Club. Community Event of the Year was the 150th Anniversary of the Military Presence in Queenscliff, while joint winners of the Community Service of the Year were St James Anglican Church Winter Lunch Program and Point Lonsdale Primary School's 'Plastic Bag Free Point Lonsdale' Campaign.

The annual Council Volunteer Celebration was held at the Queenscliff Golf Club on Swan Island on 10 May 2011. More than 130 people from various community groups made the journey across the bridge to the function where the entertainment was provided by local group, Musique Recorder Ensemble.

The Mayor recognised the significant role that volunteers play in the Borough of Queenscliffe and the important contribution that local organisations make across the arenas of sport, arts, culture, church and civic activities.

## Advocate for improved public transport with regional organisations and State and Federal Government

While 2010/11 witnessed important improvements to the provision of public bus services from Queenscliff to Geelong, further adjustments are still required to current timetabling, bus routes, location of bus stops, the adequacy of public transport information, access to additional services during key events and the service culture to ensure the best outcomes for passengers are achieved.

At a regional level the Council is working with G21 to seek State Government support to undertake an integrated public transport action plan for the region. Minister for Transport, The Hon Terry Mulder has stated his support for this initiative. This will provide an opportunity for residents and passengers to provide feedback on immediate service changes and future service improvements.

## Strategic Objective: Community Development

2010/11 Business Plan Priority Actions	Outcome
Support local community organisations, civic events and arts, cultural and sporting activities in the Borough	Completed
Support local community initiatives through the Council's Community Grants program	Completed
Promote volunteerism through Council's Recognition Awards and ceremonies	Completed
Maintain a zero waiting list for access to Council's Aged & Disability Service	Completed
Improve pedestrian safety, including advocating for reduced speed limits in residential areas without footpaths	In Progress
Advocate for improved public transport with regional organisations and State and Federal Government	Completed
Facilitate use of public transport	In Progress
Continue the review of Council leases	In Progress
Determine Council policy on future camping on Coastal Crown Land	In Progress
Review the Precinct Plan for Queenscliff Recreation Reserve	Yet to Commence
Complete Princess & Citizens Park Improvement project	In Progress
Source funding opportunities to implement priority works identified in the Hesse Street Revitalisation project	Completed
Secure funding to enable development of a Community Centre on the 'old High School site' with Queenscliff Neighbourhood House	Completed
Support construction of the Point Lonsdale Bowls Club Stage 2	Completed
Work with local groups to establish a community garden on the former High School site	In Progress
Improve Municipal Emergency Management planning	Completed
Work with the CFA and SES to improve community awareness and participation in response to emergencies	Completed
Maintain regular dialogue with the Victoria Police	Completed

# Strategic Objective: Planning, Heritage & Community Assets

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

The key outcomes for 2010/11 include:

## Strategic Land Use Planning

In early 2011 Council appointed consultants to undertake the review of the Queenscliffe Planning Scheme. The community consultation phase included workshops, consultation with stakeholders, an on-line survey and call for submissions. The 'Consultation Report' was considered by the Steering Committee in April 2011 and a technical assessment report will be presented to Council in October 2011.

The Point Lonsdale Structure Plan amendment was exhibited with a directions hearing held in May 2011 and a panel hearing in June 2011. Council is expecting the Panel report in August 2011.

## Statutory Planning Activity

A break down of statutory planning activity in the Borough during 2010/11 is summarised below.

	2009/10	2010/11
Number of Applications Lodged	183	187
Number of Applications Withdrawn	14	19
Number of Permit/Notice of Decision Issued	176	175
Number of Subdivisions	20	11
Number of VCAT Appeals	9	3

## Implement Council's Asset Management Plan

Council completed its scheduled three yearly road condition assessment in September 2010. The 'Road Condition Survey' enabled Council to assess the current priority areas and to continue to model road asset (including footpath and kerb) renewal needs. The 2010/11 pavement renewal program, road resealing program and footpath renewal program were completed in April 2011. Storm water drainage renewal works were undertaken in Ocean Road to replace a length of rising main during April 2011. Partial renewal of Council building roofs were undertaken at the Town Hall and the Senior Citizens' building. Minor renewal works were undertaken within several Council buildings including the Queenscliff Historic Museum, the Queenscliff Maritime Museum and various public toilets, with a full renewal of the public toilets situated in Citizens Park, undertaken as part of the Princess and Citizens Park Redevelopment project.

2010/11 Business Plan Priority Actions	Outcome
Progress the review of the Borough of Queenscliffe Planning Scheme	In Progress
Progress a planning scheme amendment to incorporate the Point Lonsdale Structure Plan	In Progress
Source funding opportunities to undertake Stage 2 of the Heritage Study and seek community feedback on the Stage 1 report	Completed
Implement Council's Asset Management Plan	Completed
Implement priority recommendations from the Geotechnical Cliff Safety Assessment at Point Lonsdale	In Progress
Investigate State Government support and funding opportunities for additional groynes at Point Lonsdale beach	Completed
Implement priority recommendations from the Climate Change Risk Assessment report	Yet to Commence
Construct traffic calming devices in Point Lonsdale Shopping Centre precinct	In Progress
Improve road edges in Point Lonsdale for pedestrian safety and amenity	Completed
Advocate to VicRoads for improved pedestrian safety measures and roundabouts in priority locations	Completed
Propose undergrounding of powerlines in priority locations	Completed
Complete a road and path strategy, to improve pedestrian and cycling safety and residential amenity including a road verge vegetation plan	Yet to Commence

# Understanding the Financial Reports

## Simple Guide to the Financial Reports

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

The Comprehensive Income Statement for the financial year ending 30 June 2011 shows a surplus of \$5.772M against the previous year's result of \$1.809M.

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

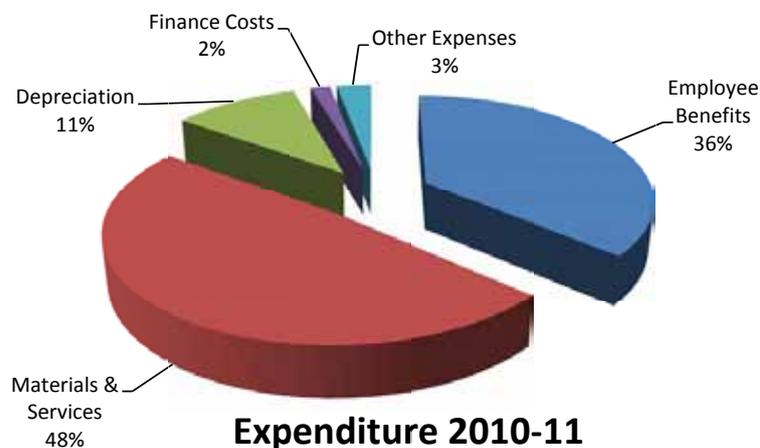
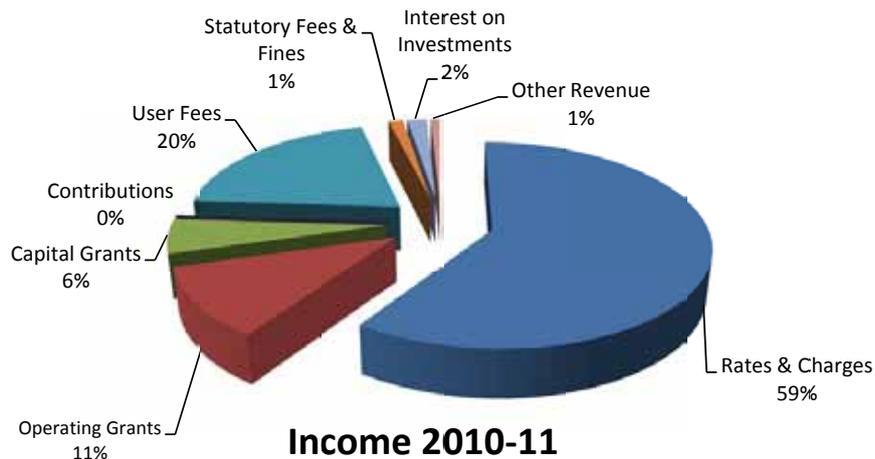
While this does not comply with current accounting standards and therefore cannot be disclosed in this manner in the audited statements for the Annual Report, it is deemed a valuable method of determining a purely operational result for the financial year. This is done on the basis that capital expenditure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

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

Therefore "unexpended" grants in 2009/10 have been adjusted in the 2010/11 result and similarly grant income has been transferred from 2010/11 into next year where projects are incomplete by 30 June 2011.

Also included in the 2010/11 result is an asset revaluation amount of \$4.414M. This abnormal item is also deducted in order to ascertain a purely operational result.

The underlying operational result net of capital income and other adjustments as above, is a surplus of \$827,000. This compares favourably to previous years, showing a positive trend for the Borough's financials.



# Understanding the Financial Reports

## Performance Snapshot

Local Government Performance Indicators	2008/09	2009/10	2010/11	Note
<b>Affordability / Cost of Governance</b>				
Average Rates and Charges per Assessment	\$1,528.55	\$1,597.48	\$1,693.37	
Average Rates and Charges per Residential Assessment	\$1,482.94	\$1,541.75	\$1,626.49	
<b>Sustainability</b>				
Average Liabilities per Assessment	\$966.24	\$999.87	\$807.01	
Underlying Operating Result per Assessment	\$77.72	\$101.93	\$274.53	1
<b>Services</b>				
Average Operating Expenditure per Assessment	\$2,412.34	\$2,355.52	\$2,346.28	2
Community Satisfaction Rating for Overall Performance generally of the Council	66	62	64	
<b>Infrastructure</b>				
Average Capital Expenditure per Assessment	\$764.60	\$355.73	\$306.46	
Renewal Gap	230%	52%	56%	3
Renewal and Upgrade Gap	230%	95%	88%	4
Renewal and Maintenance Gap	251%	115%	105%	5
<b>Governance</b>				
Community Satisfaction Rating for Council's Advocacy and Community Representation on Key Local Issues	61	60	65	
Community Satisfaction Rating for Council's Engagement in Decision Making on Key Local Issues	65	53	60	
<b>Additional Sustainability Data</b>				
Operating Surplus per Income Statement	\$521,000	\$1,809,482	\$5,772,002	
Underlying Operating Surplus/Deficit - (Capital Income and other abnormals removed)	\$229,959	\$306,000	\$826,615	6

1. This ratio has been changed this year to reflect the underlying operating position net of abnormal items such as asset revaluation/impairment losses. Previous years' outcomes have also been changed for comparative purposes.

2. Operating expenditure figures used in this ratio have had any abnormal/non-operating items removed (as per Note 1 above).

3. The renewal gap ratio measures the rate of capital spending on the renewal of assets compared with the value of the assets used (depreciation) during the year.

4. The renewal and upgrade gap ratio measures the rate of capital spending on the renewal and upgrade of existing assets (as opposed to the creation of new assets) compared with the value of the assets used (depreciation) during the year.

5. The renewal and maintenance gap ratio measures the rate of capital and maintenance spending on the renewal of assets compared with the value of the assets used (depreciation) and the planned level of maintenance during the year.

6. The underlying operating result removes capital income on the basis that there is no matching capital expenditure included in the Income Statement. On this same matching principle, grant income is adjusted into the year in which it was expended. Other abnormals (non-operating items) removed include profit/loss on asset sales and the share of the Regional Library equity, impairment losses and asset revaluation adjustments. These adjustments are made to ascertain a more realistic result of operating activities.

# Understanding the Financial Reports

The Financial Report shows how Council performed financially during the 2010/11 financial year and the overall position at the end of the financial year (30 June 2010).

## What is contained in the Annual Financial Report?

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

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

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

- Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Cash Flow Statement

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

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

## Income Statement

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

Sources of Council's revenue under various income headings and expenses incurred in running the Council during the year. This includes depreciation or the writing down of the value of buildings, roads, footpaths, drains and all other infrastructure assets, which are used to provide Council services. These assets are depreciated over the life of the asset as they are used. Capital costs or new assets purchased or created during the year are excluded from the Statement but as indicated above, are depreciated as they are used.

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

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

Note: the 'bottom line' is adjusted by abnormal items. The 'Standard Statement of Income' subtotals the operating position prior to abnormal items and capital income.

## Balance Sheet

The Balance Sheet sets out Council's net accumulated financial worth at a point in time. It shows the assets that Council holds as well as liabilities or claims against these assets. The bottom line of this statement is Net Assets, which shows the net worth of Council, which has been built up over many years.

The assets and liabilities are separated into current or non-current. Current means those assets or liabilities that will fall due within the next 12 months.



# Understanding the Financial Reports

## The components of the Balance Sheet are:

### Current and Non-Current Assets

Council's assets are as follows:

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

### Current and Non-Current Liabilities

Council's Liabilities are as follows:

Trade and Other Payables	People and businesses to whom Council owes money.
Trust Funds and Deposits	Monies held in trust by Council.
Provisions	The accrued value of long service leave and annual leave.
Interest-Bearing Loans and Borrowings	The outstanding balance Council owes on bank loans. Current borrowings represent the amount to be repaid in 2010/11.

### Net Assets

This term is used to describe the difference between the value of total assets and the value of total liabilities. It represents the net worth of Council as at 30 June 2011.

### Total Equity

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

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

### Statement of Changes in Equity

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

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

### Cash Flow Statement

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

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

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

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

### Notes to the Accounts

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

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

Other notes disclose information on:

- The cost of various functions of Council (refer Note 39);
- The breakdown of expenses, revenues, reserves and other assets (refer Notes 2-24);
- Contingent liabilities and contingent assets (refer Note 34);
- Transactions with persons related to Council (refer Note 38); and
- Superannuation (refer Note 31).

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

# Understanding the Financial Reports

## Standard Statements

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

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

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

## Certification

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

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

## Auditor General's Report

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

Borough of Queenscliffe  
Annual Financial Report  
For the Year Ended 30 June 2011

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## 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 Income Statement, Standard Balance Sheet, Standard Cash Flow Statement, and a Standard Capital Works Statement, together with explanatory notes.

Council has included a further standard statement, reflecting the additional standard statement included within the 2010/11 budget adopted by Council on 21 July 2010 - a Standard Statement of Investment Reserves.

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

The Standard Statements have been prepared on accounting bases consistent with those used for General Purpose Financial Statements and the Budget. The 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 1 to 6 of the Finance Section of the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

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

The budget figures included in the Statements are those adopted by Council on 21 July 2010. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from assets revaluations, as their impacts were not considered predictable.

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

Standard Statements for year ending 30 June 2011

## Standard Income Statement - Comparison Report

	Budget 2011 \$'000	Variances		Note	Actuals 2011 \$'000
		\$'000	%		
<b>REVENUES</b>					
<i>Operating revenue</i>					
Rates and charges	5,101	(2)	0%		5,099
Statutory fees & fines	150	(42)	-28%	1	108
User Charges	1,523	210	14%	2	1,733
Grants - Operating	779	168	22%	3	947
Grant - Capital	271	199	73%	4	470
Capital Contributions	40	(39)	-97%	5	1
Contributions	40	(40)	-100%	6	-
Interest received	46	103	223%	7	149
Other Income	158	(90)	-57%	8	68
<b>TOTAL OPERATING REVENUE</b>	<b>8,108</b>	<b>466</b>	<b>6%</b>		<b>8,574</b>
<b>EXPENSES</b>					
<i>Operating expenses</i>					
Employee benefits	2,744	171	6%		2,573
Materials & Services	3,899	471	12%	9	3,428
Bad and doubtful debts	-	(2)	100%		2
Depreciation	699	(46)	-7%		745
Interest expense	127	12	10%	10	115
Other expenses	225	24	11%	11	201
<b>TOTAL OPERATING EXPENSES</b>	<b>7,695</b>	<b>630</b>	<b>8%</b>		<b>7,065</b>
<b>OPERATING RESULT</b>	<b>412</b>	<b>(1,097)</b>	<b>-266%</b>		<b>1,509</b>
<i>Non-operating income and expenditure</i>					
Net gain/(loss) on disposal of property, plant and equipment, infrastructure	-	5	100%		5
Share of net profits of associates and joint ventures accounted for by the equity method	-	5	100%		5
Increase of Unfunded Superannuation Liability	(60)	15	-25%	12	(45)
Impairment losses recognised in profit or loss	-	(116)	100%	13	(116)
<b>SURPLUS/(DEFICIT)</b>	<b>352</b>	<b>1,006</b>	<b>286%</b>		<b>1,358</b>
Net asset revaluation increment (decrement) on infrastructure	-	4,414	100%	14	4,414
<b>COMPREHENSIVE RESULT</b>	<b>352</b>	<b>5,420</b>	<b>1540%</b>		<b>5,772</b>
<i>Adjustments to remove unmatched Capital income and other abnormals</i>					
minus Capital Income and asset sales	(343)	(128)	37%		(471)
minus other abnormals and Library share	60	91	152%		151
<i>Adjustments to match grant funding to year of expenditure</i>					
operating grants received in the current year not spent by year end	-	(270)	100%		(270)
operating grants from prior years expended in the current year	-	59	100%		59
<b>UNDERLYING OPERATING SURPLUS / (DEFICIT)</b>	<b>69</b>	<b>758</b>	<b>1098%</b>		<b>827</b>

Standard Statements for year ending 30 June 2011

## Standard Income Statement - Variance Explanation Report

Note	Item	Explanation
1	<b>Statutory fees &amp; fines</b>	Actual is lower than budget, reflecting income budgeted as statutory fees & fines now reported as user charges (per model financial report) - Health registrations \$24,035 and animal registrations \$17,908.
2	<b>User Charges</b>	Actual is higher than budget, reflecting income budgeted as statutory fees & fines now reported as user charges (per note 1). New recycling disposal contract commenced in 2010/11, resulting in additional income not budgeted of \$15,000. Additional lease income of \$45,000 received, relating to previous financial years. Lease income previously budgeted as Other Income but now reported as user charges \$105,290. Some loss of income due to recent boat ramp closure in May 2011 (\$14,193).
3	<b>Grants - Operating</b>	Actual is higher than budget due to additional cliff safety funding \$170,000 (budget \$20,000 and received \$190,000). Victorian Grants Commission prepayment of first quarter 2011/12 funding \$63,310. Additional aged care assessment funding \$21,448 (budget \$18,352 and received \$39,800). Kindergarten access funding not budgeted \$11,500. Reduction in tobacco program funding (\$9,156). Grant for additional engineering/project management resources not obtained (\$20,000). Roads to recovery funding budgeted as operating, now reported as capital grant income (\$72,000 budget, of which \$69,560 received in 2010/11).
4	<b>Grants - Capital</b>	Actual is higher than budget due to grant income received in 2010/11, which was originally budgeted to occur in 2009/10, comprising park development \$125,000 and boat ramp upgrade \$27,940. Grant income received for Queenscliff Sports Club enhancement not budgeted \$200,000. Roads to recovery funding \$69,560 received, previously budgeted as operating grant rather than capital. Town hall kitchen refurbishment funding not budgeted \$30,000. These are offset in part by some funding budgeted but not received, including: Queenscliff Community Centre and Neighbourhood House (\$100,000); Hesse Street revitalisation (\$65,000); Point Lonsdale surf life saving and access ramp (\$30,000); fencing Princess & Citizens Parks (\$28,000); boundary fence recreation reserve oval (\$20,000); survey office Tobin Drive upgrade (\$18,000).
5	<b>Capital Contributions</b>	Actual is lower than budget and reflects community contributions budgeted to be received for the Queenscliff Community Centre and Neighbourhood House (\$40,000), a project which is dependant on funding application outcomes..
6	<b>Contributions</b>	Actual is lower than budget and reflects community contributions budgeted to be received for the Bowls Clubhouse upgrade Stage 2 (\$39,500) and which was received in 2009/10 instead.
7	<b>Interest received</b>	Actual is higher than budget and reflects high cash balances maintained throughout the year, resulting in additional interest income of \$102,764 (budget \$46,000 and \$148,764 received). The high cash balances are mainly due to increased grant funding received and not spent at balance date.
8	<b>Other Income</b>	Actual is lower than budget due to lease income budgeted as 'Other Income' but now reported as 'User Charges' (\$105,290). This is offset in part by reimbursement income not budgeted \$21,764 (\$13,764 Building rectification works and \$8,000 seawall repairs).
9	<b>Materials &amp; Services</b>	Actual is lower than budget as a result of a number of projects carried over into 2011/12: foreshore asset renewal projects \$178,852; review of the planning scheme \$47,736; community facilities strategic planning, being: Queenscliff Recreation Reserve \$20,000; planning for works at: (1) Queenscliff Historical Museum / Visitor Information Centre / Library and (2) Town Hall \$20,000; carbon neutral action program \$16,076; climate change adaptation plan \$10,000; Point Lonsdale structure plan \$9,489; contracted project engineering \$7,195; Queenscliff Historical Museum office development planning \$5,000; maternal child health: healthy kids check \$3,628. Road maintenance and works contract provisional sum lower than budget \$48,612 (budget \$84,335 and expenditure \$35,723). Bowls Clubhouse upgrade \$76,347 (budget \$149,500, \$73,153 expended in 2010/11 and the remainder previously spent in 2009/10). Some offset for expenditure not budgeted includes: Visitor Information Centre trainee budgeted as employee but is a contracted position (\$31,378); environmental health contract to cover maternity leave role not budgeted (\$18,645).
10	<b>Interest expense</b>	Actual is lower than budget due to two maturing loans being rolled into variable rather than fixed rates \$6,463. No interest charged on recent November 2010 superannuation call by Vision Super, provided payment in full by 1 July 2011 occurred. \$5,538.
11	<b>Other expenses</b>	Actual is lower than budget as a result of the following: rates valuation objections \$14,220 (budget \$18,000 and valuers fees paid \$3,780, with any loss of income reported in Rates and charges income instead). Sundry expenses less than anticipated \$10,038 (\$12,360 budget and \$2,322 expended).
12	<b>Increase in Unfunded Superannuation Liability</b>	Actual is lower than budget due to original estimate from Vision Super being \$60,000 and the actual call in November 2010 being \$45,000.
13	<b>Impairment losses recognised in profit or loss</b>	Boat ramp has been renewed and expenditure capitalised for the 2010/11 year-end, the previous value as shown in the asset register is written off - shown in the accounts as an impairment loss.
14	<b>Net asset revaluation increment (decrement) on infrastructure</b>	Infrastructure revaluation not budgeted, as results not known at time of setting the budget. The net revaluation of \$4,413,332 relates to roads, kerb and channel, footpaths and cycleways and is effective 1 July 2010.

Standard Statements for year ending 30 June 2011

## Standard Balance Sheet - Comparison Report

	Budget 2011 \$'000	Variances		Note	Actuals 2011 \$'000
		\$'000	%		
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	958	1,947	203%	1	2,905
Trade and other receivables	276	(68)	-25%	2	208
Inventories	13	(7)	-54%		6
Other assets	231	(74)	-32%	3	157
<b>TOTAL CURRENT ASSETS</b>	<b>1,479</b>	<b>1,797</b>	<b>122%</b>		<b>3,276</b>
<b>Non-Current Assets</b>					
Trade and other receivables	7	28	394%	4	35
Investments in associates accounted for using the equity method	246	30	12%	5	276
Property, plant & equipment, infrastructure	55,940	3,723	7%	6	59,663
<b>Total Non-Current Assets</b>	<b>56,193</b>	<b>3,780</b>	<b>7%</b>		<b>59,973</b>
<b>TOTAL ASSETS</b>	<b>57,672</b>	<b>5,578</b>	<b>10%</b>		<b>63,250</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	436	(48)	-11%	7	484
Trust funds and deposits	65	(3)	-4%		68
Provisions	377	(31)	-8%		408
Interest bearing loans and borrowings	229	(114)	-50%	8	343
<b>Total Current Liabilities</b>	<b>1,107</b>	<b>(197)</b>	<b>-18%</b>		<b>1,304</b>
<b>Non-Current liabilities</b>					
Provisions	25	(15)	-62%	9	40
Interest bearing loans and liabilities	1,214	128	11%	10	1,086
<b>Total Non-Current Liabilities</b>	<b>1,239</b>	<b>113</b>	<b>9%</b>		<b>1,126</b>
<b>TOTAL LIABILITIES</b>	<b>2,346</b>	<b>(84)</b>	<b>-4%</b>		<b>2,430</b>
<b>NET ASSETS</b>	<b>55,326</b>	<b>5,494</b>	<b>10%</b>		<b>60,820</b>
<b>EQUITY</b>					
Accumulated Surplus	30,534	(1,742)	-6%	11	28,792
Asset Revaluation reserve	24,219	5,763	24%	12	29,982
Discretionary Reserves	572	1,474	258%	13	2,046
<b>TOTAL EQUITY</b>	<b>55,326</b>	<b>5,494</b>	<b>10%</b>		<b>60,820</b>

Standard Statements for year ending 30 June 2011

## Standard Balance Sheet - Variance Explanation Report

Note	Item	Explanation
1	Cash & cash equivalents	Higher than budget, largely as a result of incomplete major projects and capital works which are carried forward into 2011/12 for completion.
2	Trade and other receivables - current	Debtor balance lower than anticipated, with regular monitoring and follow-up conducted by staff to reduce debtor balances.
3	Other assets - current	Lower than budget, prepayment of insurance premiums not being requested to be prepaid at 30 June 2011, as has been the case in prior years. Insurance premiums have since been paid in July 2011, in line with invoice payment terms.
4	Trade and other receivables - non current	Two new heritage loans granted by Council during the year, totalling \$28,000.
5	Investments in associates accounted for using the equity method	Council's increased equity in the Geelong Regional Library Corporation was not considered in the 2010/11 budget as it is unknown until the end of each financial year, after the budget setting process has been completed.
6	Property, plant & equipment, infrastructure	Higher than budget as a result of the infrastructure revaluation \$4,413,332 not known until after the 2010/11 budget was complete. Net reduction of \$113,000 also reported in relation to road infrastructure (\$1,094,662 caravan park roads recognised in the accounts for the first time, less \$1,208,150 derecognition of road assets previously included but which belong to Vic Roads, DSE or the City of Greater Geelong). Impairment of \$116,000 reported for boat ramp which has recently been renewed. An amount of \$373,807 is held in carry forward reserves for incomplete capital works and unspent capital funding, as well as additional funds in the Crown Land Reserve for capital works to be completed in 2011/12.
7	Trade and other payables	Higher than budget due to a large number of invoices received in July 2011 which relate to the 2010/11 financial year. Large accruals of note include: PAYG due to the Australian Taxation Office for June 2011 \$40,670; loan interest expense \$21,650; external audit fees \$12,077.
8	Interest bearing loans and borrowings - current	Higher than budget due to the Unfunded Superannuation Liability, including the recent November 2010 call, being reported as 100% current liability (\$141,954 repaid in full on 1 July 2011) - previously shown as non current liability to be repaid over a five year period.
9	Provisions - non current	Higher than budget due to staff terminations in 2010/11 resulting in their replacements being treated as non current for the long service leave provision, except where service transferred from other Councils.
10	Interest bearing loans and borrowings - non current	Lower than budget due to the Unfunded Superannuation Liability, including the recent November 2010 call, being reported as 100% current liability (\$141,954 repaid in full on 1 July 2011) - previously shown as non current liability to be repaid over a five year period.
11	Accumulated surplus	Lower than budget, as a result of large balances being held in the carry forward and Crown Land Reserves for completion of capital projects in 2011/12.
12	Asset revaluation reserve	Revaluation of land \$1,044,000 and buildings \$305,000 in 2009/10, also the infrastructure revaluation of \$4,413,332 in 2010/11, none of which were known when the 2010/11 budget was prepared.
13	Other reserves	Higher than budget as a result of works either not commenced or not completed. See Reserves Statement for details.

Standard Statements for year ending 30 June 2011

## Standard Cash Flow Statement - Comparison Report

	Budget 2011 \$'000	Variances		Note	Actuals 2011 \$'000
		\$'000	%		
<b>Cash flows from operating activities</b>					
<i>Receipts</i>					
Rates	5,097	(5)	0%		5,092
User charges, statutory fees & fines	1,699	135	8%	1	1,804
Grant & cash contributions	1,129	500	44%	2	1,629
Interest	-	118	100%	3	118
Other receipts	204	(24)	-12%	4	180
Nest GST (payments) / refunds	-	314	100%	5	314
	<b>8,099</b>	<b>1,038</b>	<b>13%</b>		<b>9,137</b>
<i>Payments</i>					
Payments to suppliers	(3,896)	(299)	8%	6	(4,195)
Payments to employees	(2,730)	186	-7%	7	(2,544)
Other payments	(225)	15	-7%		(210)
	<b>(6,851)</b>	<b>(98)</b>	<b>1%</b>		<b>(6,949)</b>
<b>Net cash provided by operating activities</b>	<b>1,248</b>	<b>940</b>	<b>75%</b>		<b>2,188</b>
<b>Cash flows from investing activities</b>					
Payments from property, plant and equipment, infrastructure	(1,502)	637	-42%	8	(865)
Proceeds from sale of property, plant and equipment, infrastructure	32	(1)	-2%		32
Loans and advances to community organisations	-	(28)	100%	9	(28)
Repayment of loans and advances	-	4	100%		4
<b>Net cash used in investing activities</b>	<b>(1,470)</b>	<b>613</b>	<b>-42%</b>		<b>(857)</b>
<b>Cash flows from financing activities</b>					
Trust funds and deposits	-	(0)	0%		(0)
Finance costs	(127)	5	-4%		(122)
Proceeds from interest bearing loans and borrowings	-	-	0%		-
Repayment of interest bearing loans and borrowings	(236)	18	-8%		(218)
<b>Net cash provided by (used in) financing activities</b>	<b>(363)</b>	<b>23</b>	<b>-6%</b>		<b>(340)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(586)</b>	<b>1,577</b>	<b>-269%</b>		<b>991</b>
Cash and cash equivalents at beginning of year	1,544	370	24%		1,914
<b>Cash and cash equivalents at end of year</b>	<b>958</b>	<b>1,947</b>	<b>203%</b>		<b>2,905</b>

Standard Statements for year ending 30 June 2011

## Standard Cash Flow Statement - Variance Explanation Report

Note	Item	Explanation
1	<b>User charges, statutory fees &amp; fines</b>	Actual is higher than budget, due to new recycling disposal contract commenced in 2010/11, resulting in additional income not budgeted of \$15,000. Additional lease income received \$45,000 relating to two financial years 2009/10 & 2010/11 (budget \$45,000 and received \$90,000). Lease income received on Council and Crown Land properties budgeted as Other Income but now reported as user charges instead \$105,290 Some loss of income due to recent boat ramp closure in May 2011 (\$14,193).
2	<b>Grants &amp; cash contributions</b>	Actual is higher than budget due to additional operating grants as follows: cliff safety \$170,000; Victoria Grants Commission prepayment of first quarter 2011/12 funding \$63,310; additional aged care assessment funding \$21,448; funding received for two aged care trainees not budgeted \$5,500. Kindergarten access funding not budgeted \$11,500. Reduction in tobacco program funding (\$9,156). Grant income budgeted for additional engineering resources but not obtained (\$20,000). Actual is also higher than budget due to capital grant income received in 2010/11, which was originally budgeted to occur in 2009/10, comprising park development \$125,000 and boat ramp upgrade \$27,940. Grant income received for Queenscliff Sports Club enhancement not budgeted \$200,000. Town hall kitchen refurbishment funding not budgeted \$30,000. These are offset in part by some funding budgeted but not received, including: Queenscliff Community Centre and Neighbourhood House (\$100,000); Hesse Street revitalisation (\$65,000); Point Lonsdale surf life saving and access ramp (\$30,000); fencing Princess & Citizens Parks (\$28,000); boundary fence recreation reserve oval (\$20,000); survey office Tobin Drive upgrade (\$18,000). There were also a number of grants and contributions received in 2010/11 which were raised as debtors in 2009/10 including Bowls Clubhouse upgrade \$39,810; Point Lonsdale surf life saving and access ramp \$27,500; Maritime museum upgrade \$13,832; TAC pedestrian and road safety strategy \$6,600.
3	<b>Interest</b>	Higher than budget as a result of additional interest earned on higher cash balances due to incomplete operating and capital works.
4	<b>Other receipts</b>	Lower than budget as a result of lease income originally budgeted as Other Income but now reported as User fees instead.
5	<b>Net GST (payment) / refunds</b>	Previously budgeted as a net-off with payments to suppliers, now reported as a net refund on its own line under Income.
6	<b>Payments to suppliers</b>	Higher than budget due to net GST refund now being shown as a separate line within Income, rather than being netted off with payments to suppliers as previously budgeted. Also some of the additional spend relates to projects carried forward from 2009/10 and completed during 2010/11.
7	<b>Payments to employees</b>	Lower than Budget due to some staffing gaps during the year, including caravan park staff (partially filled until new caretakers appointed), environmental health officer (filled by contract staff), law enforcement and sustainability officer (reduced hours for a period). Aged care salary budgets are based on predicted level of personal care at higher cost, which did not occur. Additional project work in administration was budgeted but not filled to the level originally expected. Overtime costs were also lower than expected.
8	<b>Payments for property, plant and equipment, infrastructure</b>	Lower than budget due to a number of incomplete projects being carried over to 2011/12.
9	<b>Loans and advances to community organisations</b>	Two new heritage loans granted by Council during the year, totalling \$28,000.

Standard Statements for year ending 30 June 2011

## Standard Capital Works Statement - Comparison Report

Capital Works Areas	Budget 2011 \$'000	Variances		Note	Actuals 2011 \$'000
		\$'000	%		
Roads	163	2	1%		161
Footpaths, Kerb & Channel	49	(6)	-13%	1	55
Drains	20	(15)	-73%	2	35
Open space	748	600	80%	3	148
Buildings	429	144	33%	4	285
Plant, equipment & other	93	(147)	-158%	5	240
<b>Total capital works</b>	<b>1,502</b>	<b>579</b>	<b>39%</b>		<b>923</b>
<b>Represented by:</b>					
Renewal	1,171	754	64%		417
Upgrade	-	(237)	100%		237
New assets	331	62	19%		269
<b>Total capital works</b>	<b>1,502</b>	<b>579</b>	<b>39%</b>		<b>923</b>

### Property, Infrastructure, Plant and Equipment Movement Reconciliation Worksheet

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

Total capital works	1,502	(579)	-39%		923
Depreciation & amortisation	(699)	(46)	7%		(745)
Written down value of assets sold	(32)	6	-18%		(26)
Asset revaluation increment	-	4,414	100%		4,414
Impairment losses recognised in profit or loss	-	(116)	100%		(116)
<b>Net movement in property, infrastructure, plant and equipment</b>	<b>771</b>	<b>3,680</b>	<b>477%</b>		<b>4,451</b>

Standard Statements for year ending 30 June 2011

## Standard Capital Works Statement - Variance Explanation Report

Note	Item	Explanation
1	Footpaths, Kerb & Channel	Higher than budget as a result of Nicholson Court kerb and channel (\$17,110), and other footpath renewal works totalling \$10,949 carried over to 2011/12 .
2	Drains	Higher than budget largely a result of drainage renewal works brought forward from 2009/10 (\$11,508).
3	Open space	Lower than budget as a result of capital projects incomplete at 30 June and carried over to 2011/12, including: Foreshore asset renewal, upgrade and new assets \$127,489; Boundary Fence recreation reserve oval \$40,000; Fencing Princess & Citizens Parks \$28,000; Point Lonsdale cliff safety \$20,000.
4	Buildings	Lower than budget as a result of the Queenscliff Community Centre and Neighbourhood House project not proceeding in 2010/11, \$200,000. Visitor Information Centre renewal \$21,529 carried over to 2011/12, Survey office Tobin Drive upgrade \$26,902 carried over to 2011/12. Other building renewal projects (including urgent and short-term works) \$36,548 carried over to 2011/12 .
5	Plant, equipment and other	Higher than budget as a result of : Town Hall kitchen upgrade not budgeted (\$23,117), for which funding of \$30,000 was received. I.T. and other office purchases budgeted as operating and now capitalised (\$19,872). Vehicle purchase in lieu of lease (\$38,510).

Standard Statements for year ending 30 June 2011

**Standard Statement of Investment Reserves - Comparison Report**

Reserves	Budget 2011 \$'000	Variances		Note	Actuals 2011 \$'000
		\$'000	%		
<b>Statutory</b>					
Crown land improvements	401	825	206%	1	1,226
<b>Total statutory reserves</b>	<b>401</b>	<b>825</b>	<b>206%</b>		<b>1,226</b>
<b>Discretionary</b>					
Asset replacement reserve	171	58	34%	2	229
Incomplete capital works	-	374	100%	3	374
Incomplete operating works	-	217	100%	4	217
<b>Total discretionary reserves</b>	<b>171</b>	<b>649</b>	<b>0%</b>		<b>820</b>
<b>Total reserves</b>	<b>572</b>	<b>1,474</b>	<b>258%</b>		<b>2,046</b>

Standard Statements for year ending 30 June 2011

**Standard Statement of Investment Reserves - Variance Explanation Report**

Note	Item	Explanation
1	<b>Crown land improvements</b>	Projects incomplete or not commenced at year end resulted in the closing balance for the Crown Land Reserve finishing above budget. These include: \$209,616 Point Lonsdale cliff safety (includes \$190,000 funding); \$178,852 renewal, upgrade and new foreshore assets; \$123,492 Point Lonsdale surf life saving and beach access (includes \$90,000 funding); \$119,432 park development (\$125,000 funding received); \$50,000 grant program matching funds (\$25,000 coastal risk mitigation and \$25,000 coastal environment); \$30,340 removal of pipeworks at Ocean View; \$30,000 community facilities strategic plan for Queenscliff recreation reserve; \$29,318 ferry to the pier project (Council contribution); \$26,700 boat ramp soil disposal and testing; \$23,000 beach access upgrades; \$20,000 boundary fence at recreation reserve oval; \$18,902 upgrade survey office Tobin Drive; \$12,600 planning for (1) Beach access from Queenscliff playground, (2) Springs carpark and (3) dog beach bicycle access to be submission ready; \$9,000 boat ramp additional ticket machine; \$8,657 Crown Land business development project; \$8,039 tree removal and replacement program; \$8,000 safety improvements Point Lonsdale playground; \$8,000 DSE funded seawall repairs; \$7,498 recreation reserve cabin (\$5,000 final instalment + \$2,458 fit-out); and \$7,450 review of Crown Land leases. The balance of the Crown Land Reserve includes \$205,790 set aside for the Queenscliff Sports Club enhancement and a discretionary balance of \$91,419 set aside for future projects as funding opportunities arise.
2	<b>Asset replacement reserve</b>	Building renewal projects incomplete or not yet commenced at year end have had funds transferred to the Asset Renewal Reserve resulted in the closing balance finishing above budget. These include: \$1,414 for urgent building renewal; \$12,688 for short-term building renewal; \$21,529 for Visitor Information Centre building renewal and \$22,445 for other building renewal.
3	<b>Incomplete capital works</b>	Funds carried over into the incomplete capital works reserve include: \$137,033 Queenscliff Sports Club enhancement; \$69,092 Hesse Street revitalisation; \$60,000 Queenscliff Community Centre incorporating Neighbourhood House; \$30,000 Point Lonsdale shopping centre traffic management; \$20,949 footpaths and cycleways renewal; \$20,768 Roads to Recovery funding; \$10,390 kerb and channel renewal; \$10,000 TAC funded pedestrian and road safety strategy; \$8,000 bus shelter disabled facilities; \$5,075 road pavement renewal; and \$2,500 Town Hall kitchen refurbishment.
4	<b>Incomplete operating works</b>	Funds carried over into the incomplete operating works reserve include: \$62,795 Victoria Grants Commission prepayment of first quarter 2011/12 grant (\$49,348 general purpose and \$13,447 local roads); \$47,736 review of the planning scheme; \$20,000 planning for (1) Queenscliff Historical Museum / Visitor Information Centre / Library and (2) Town Hall to be submission ready; \$18,253 Alexander Crescent road closure; \$16,076 carbon neutral action program; \$11,500 kindergarten access funding (\$10,000 planning and \$1,500 change management); \$10,000 climate change adaptation plan; \$9,489 Point Lonsdale structure plan; \$7,195 additional project engineering resources; \$5,000 Queenscliff Historical Museum office development planning; \$3,750 G21 Strategic Alliance strategic land use project; \$3,628 maternal child health - healthy kids check; and \$2,000 food safety reporting project.

Standard Statements for year ending 30 June 2011

**Certificate of Standard Statements**

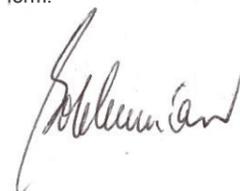
In my opinion the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2007.



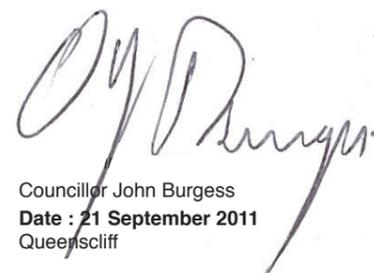
Ev Wuchatsch FCPA  
Principal Accounting Officer  
Date : 21 September 2011

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

As at the date of signing, we are not aware of any circumstances which would render any particulars in the standard statements to be misleading or inaccurate. We have been authorised by the Council, on 21 September 2011, to certify the standard statements in their final form.



Councillor Bob Merriman  
Date : 21 September 2011  
Queenscliff



Councillor John Burgess  
Date : 21 September 2011  
Queenscliff



Leonard Jenner  
Chief Executive Officer  
Date : 21 September 2011  
Queenscliff

**VAGO**

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

To the Councillors, Borough of Queenscliffe

*The Financial Report and Standard Statements*

The accompanying financial report for the year ended 30 June 2011 of the Borough of Queenscliffe which comprises of comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2011 of the Council which comprises of standard income statement, standard balance sheet, standard capital works statement, standard cash flow statement, the related notes and the certification of standard statements have been audited.

*The Councillor's Responsibility for the Financial Report and Standard Statements*

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

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

This responsibility includes:

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

*Auditor's Responsibility*

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

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

## VAGO

Victorian Auditor-General's Office  
Independent Auditor's Report (continued)

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

*Independence*

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

*Auditor's Opinion*

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the Borough of Queenscliffe as at 30 June 2011 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

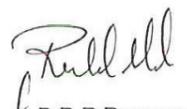
*Basis of Accounting for Standard Statements*

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

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

This auditor's report relates to the financial report and standard statements of the Borough of Queenscliffe for the year ended 30 June 2011 included both in the Borough of Queenscliffe's annual report and on the website. The Councillors of the Borough of Queenscliffe are responsible for the integrity of the Borough of Queenscliffe's website. I have not been engaged to report on the integrity of the Borough of Queenscliffe's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE  
26 September 2011



D D R Pearson  
Auditor-General

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*Auditing in the Public Interest*

## Comprehensive Income Statement

	Note	2011 \$'000	2010 \$'000
<b>Income</b>			
Rates and charges	2	5,099	4,796
Statutory fees and fines	3	108	113
User fees	4	1,733	1,648
Grants - recurrent	5	749	609
Grants - non-recurrent	5	668	314
Contributions - cash	6	1	92
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	7	5	6
Interest received	8	149	91
Other income	8	68	58
Share of net profits of associates and joint ventures accounted for by the equity method	15	5	25
<b>Total income</b>		<b>8,584</b>	<b>7,754</b>
<b>Expenses</b>			
Employee benefits	9	(2,573)	(2,562)
Materials and services	10	(3,428)	(3,514)
Bad and doubtful debts	11	(2)	(2)
Depreciation and amortisation	12	(745)	(667)
Finance costs	13	(115)	(131)
Other expenses	14	(201)	(196)
Superannuation - additional call	9	(45)	-
Impairment losses recognised in profit or loss	14	(116)	(222)
<b>Total expenses</b>		<b>(7,226)</b>	<b>(7,294)</b>
<b>Surplus/(Deficit)</b>		<b>1,358</b>	<b>460</b>
<b>Other comprehensive income</b>			
Net asset revaluation increment/(decrement)	25(a)	4,414	1,349
<b>Comprehensive result</b>		<b>5,772</b>	<b>1,809</b>

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

## Balance Sheet

	Note	2011 \$'000	2010 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	2,905	1,914
Trade and other receivables	17	208	406
Inventories	18	6	7
Other assets	19	157	223
<b>Total current assets</b>		<b><u>3,276</u></b>	<b><u>2,550</u></b>
<b>Non-current assets</b>			
Trade and other receivables	17	35	17
Investments in associates accounted for using the equity method	15	276	271
Property, infrastructure, plant and equipment	20	59,663	55,212
<b>Total non-current assets</b>		<b><u>59,974</u></b>	<b><u>55,500</u></b>
<b>Total assets</b>		<b><u>63,250</u></b>	<b><u>58,050</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	484	880
Trust funds and deposits	22	68	68
Provisions	23	408	395
Interest-bearing loans and borrowings	24	343	236
<b>Total current liabilities</b>		<b><u>1,304</u></b>	<b><u>1,579</u></b>
<b>Non-current liabilities</b>			
Provisions	23	40	40
Interest-bearing loans and borrowings	24	1,086	1,383
<b>Total non-current liabilities</b>		<b><u>1,126</u></b>	<b><u>1,423</u></b>
<b>Total liabilities</b>		<b><u>2,430</u></b>	<b><u>3,002</u></b>
<b>Net Assets</b>		<b><u>60,820</u></b>	<b><u>55,048</u></b>
<b>Equity</b>			
Accumulated surplus		28,792	28,465
Reserves	25	32,028	26,583
<b>Total Equity</b>		<b><u>60,820</u></b>	<b><u>55,048</u></b>

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

## Statement of changes in equity

	Note	Accumulated Total 2011 \$'000	Revaluation Surplus 2011 \$'000	Reserve 2011 \$'000	Other Reserves 2011 \$'000
<b>2011</b>					
Balance at beginning of the financial year		55,049	28,465	25,568	1,015
Comprehensive result		5,772	1,358	4,414	-
Transfers to other reserves	25(b)	-	(1,667)	-	1,667
Transfers from other reserves	25(b)	-	636	-	(636)
<b>Balance at end of the financial year</b>		<b><u>60,820</u></b>	<b><u>28,792</u></b>	<b><u>29,982</u></b>	<b><u>2,046</u></b>
<b>2010</b>					
Balance at beginning of the financial year		53,240	28,032	24,219	989
Comprehensive result		1,809	460	1,349	-
Transfers to other reserves	25(b)	-	(791)	-	791
Transfers from other reserves	25(b)	-	765	-	(765)
<b>Balance at end of the financial year</b>		<b><u>55,049</u></b>	<b><u>28,465</u></b>	<b><u>25,568</u></b>	<b><u>1,015</u></b>

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

## Cash Flow Statement

	2011	2010
	Inflows/ (Outflows)	Inflows/ (Outflows)
Note	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Rates	5,092	4,762
Statutory fees and fines	108	110
User charges and other fines (inclusive of GST)	1,696	1,653
Grants (inclusive of GST)	1,617	870
Contributions - cash (inclusive of GST)	12	97
Interest	118	88
Other receipts (inclusive of GST)	180	30
Net GST refund/payment	314	337
Payments to suppliers (inclusive of GST)	(4,195)	(3,639)
Payments to employees	(2,545)	(2,541)
Other payments	(210)	(180)
<b>Net cash provided by (used in) operating activities</b>	<b>27</b>	<b>1,587</b>
<b>Cash flows from investing activities</b>		
Payments for property, infrastructure, plant and equipment	41	(865)
Proceeds from sale of property, infrastructure, plant and equipment	32	64
Loans and advances to community organisations	(28)	-
Repayment of loans and advances from community organisations	4	9
<b>Net cash provided by (used in) investing activities</b>	<b>(857)</b>	<b>(1,002)</b>
<b>Cash flows from financing activities</b>		
Finance costs	(122)	(136)
Trust funds and deposits	(0)	(9)
Repayment of interest bearing loans and borrowings	(218)	(206)
<b>Net cash provided by (used in) financing activities</b>	<b>(340)</b>	<b>(351)</b>
Net increase (decrease) in cash and cash equivalents	991	234
Cash and cash equivalents at the beginning of the financial year	1,914	1,679
<b>Cash and cash equivalents at the end of the financial year</b>	<b>16</b>	<b>2,905</b>
Financing arrangements	29	5
Restrictions on cash assets	30	1,458

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

## Notes to the Financial Report

### Introduction

(a) The Borough of Queenscliffe was established by an Order of the Governor in Council on 12 May 1863 and is a body corporate. The Council's main office is located at 50 Learmonth Street, Queenscliff.

(b) The purpose of the Council is to:

- provide for the peace, order and good government of its municipal district;
- to promote the social, economic and environmental viability and sustainability of the municipal district;
- to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
- to improve the overall quality of life of people in the local community;
- to promote appropriate business and employment opportunities;
- to ensure that services and facilities provided by the Council are accessible and equitable;
- to ensure the equitable imposition of rates and charges; and
- to ensure transparency and accountability in Council decision making.

External Auditor - Auditor-General of Victoria

Internal Auditor - AFS & Associates

Solicitors - Harwood Andrews

Bankers - Bendigo Bank, Hesse Street, Queenscliff

Website address - [www.queenscliffe.vic.gov.au](http://www.queenscliffe.vic.gov.au)

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

### Note 1 Significant accounting policies

#### (a) Basis of accounting

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

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

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

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

#### (b) Change in accounting policies

Council has reviewed infrastructure assets and asset lives, as part of an infrastructure asset management review which took place during the financial year, as detailed in note 1(e).

#### (c) Revenue recognition

##### *Rates, grants and contributions*

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

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

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

**Note 1 Significant accounting policies (cont.)**

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

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

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

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

*User fees and fines*

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

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

*Sale of property, plant and equipment, infrastructure*

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

*Trade and other receivables*

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

*Rental*

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

*Interest*

Interest is recognised progressively as it is earned.

**(d) Inventories**

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

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

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

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

Road earthworks are not depreciated.

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

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

<u>Property</u>	Period
buildings	
historical building - town hall	200 years
long life structure	120 years
short life structure	60 years
roof structure	60 years
mechanical services	25 years
building fit-out	25 years
caravan park cabins	15 years
<u>Plant and Equipment</u>	
plant, machinery and equipment	3-10 years
fixtures, fittings and furniture	10 years
computers and telecommunications	3 years
playground equipment	12.5 years

**Note 1 Significant accounting policies (cont.)**

Infrastructure

roads	
road pavements	70 years
road seals	12-14 years
road unsealed pavement	15 years
footpaths and cycleways	20-50 years
street furniture	30-40 years
pipes	50-80 years
drainage pits	50 years
drainage pumps	20 years
kerb and channel	60-80 years

The recent revaluation of infrastructure assets (roads, kerb and channel, footpaths and cycleways) provided by Mr. Peter Moloney results in an increase in depreciation expense of \$44,000 to a total of \$310,000 per annum for these specific infrastructure assets (2009/10: \$266,000).

**(f) Repairs and maintenance**

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

**(g) Borrowing costs**

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

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

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

Acquisition

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

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

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

<u>Property</u>	Threshold Limit \$'000
land	
land under roads	5
land improvements	5
buildings	
buildings	10
building improvements	10
caravan park cabins	10
<u>Plant and Equipment</u>	
plant, machinery and equipment	0.5
fixtures, fittings and furniture	0.5
computers and telecommunications	0.5

**Note 1 Significant accounting policies (cont.)**

**Infrastructure**

roads	10
road pavements and seals	10
road substructure	10
road formation and earthworks	10
road kerb, channel and minor culverts	10
footpaths and cycleways	10
drainage	5
recreational, leisure and community facilities	10
parks, open space and streetscapes	5

**Revaluation**

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

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

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

**Land under roads**

Council recognised the value of land under roads it controlled as at 1 July 2008 at deemed cost. Land under roads acquired after 1 July 2008 is brought to account using the cost basis.

**(i) Cash and cash equivalents**

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

**(j) Investments**

Investments (non-financial), other than investments in associates, are measured at cost.

**(k) Accounting for investments in associates**

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

**(l) Tender deposits**

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 22).

**(m) Employee benefits**

**Wages and salaries**

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

**Annual leave**

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

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

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

**Note 1 Significant accounting policies (cont.)**

**Long service leave**

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

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

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

**Classification of employee benefits**

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

**Superannuation**

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

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 31.

**(n) Leases**

**Operating leases**

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

**(o) Allocation between current and non-current**

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

**(p) Agreements equally proportionately unperformed**

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

**(q) Web site costs**

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

**(r) Goods and Services Tax (GST)**

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

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

**(s) Impairment of assets**

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

**Note 1 Significant accounting policies (cont.)**

**(t) Rounding**

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

**(u) Financial guarantees**

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

**(v) Pending Accounting Standards**

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

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 9: Financial instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> <li>* simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;</li> <li>* removing the tainting rules associated with held-to-maturity assets;</li> <li>* simplifying the requirements for embedded derivatives;</li> <li>* removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;</li> <li>* allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and</li> <li>* reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:                             <ol style="list-style-type: none"> <li>a. the objective of the entity's business model for managing the financial assets; and</li> <li>b. the characteristics of the contractual cash flows.</li> </ol> </li> </ul>	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments

AASB 124: Related Party Disclosures	This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard.	Applicable for annual reporting periods commencing on or after 1 January 2011.	Although this standard does not strictly apply to Local Government it is often used as guidance, as such there will be greater clarity on the disclosure of inter government transactions.
AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the test of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council
AASB 2009-14: Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council

**(w)**

**Contingent assets and contingent liabilities and commitments**

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

	2011 \$'000	2010 \$'000
<b>Note 2</b>		
<b>Rates and charges</b>		
Council uses capital improved value (CIV) as the basis of valuation of all properties within the municipal district. The capital improved value of a property is the total market value of the property including all land and all improvements.		
The valuation base used to calculate general rates for 2010/2011 was \$2,139 million (2009-2010 \$1,886 million). The 2010/2011 rate in the CIV dollar was 0.00230390 (2009-2010, 0.002485).		
Residential	4,447	4,197
Commercial	612	557
Supplementary rates and rate adjustments	22	26
Garbage charge	11	9
Special rates and charges	7	7
<b>Total rates and charges</b>	<b><u>5,099</u></b>	<b><u>4,796</u></b>
The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation first applied in the rating year commencing 1 July 2010.		
The date of the next general revaluation of land for rating purposes within the municipal district will be 1 January 2012, and the valuation will be first applied in the rating year commencing 1 July 2012.		
<b>Note 3</b>		
<b>Statutory fees and fines</b>		
Town planning fees	55	54
Infringements and costs	29	37
Permits	15	13
PERIN court recoveries	5	5
Land information certificates	4	4
<b>Total statutory fees and fines</b>	<b><u>108</u></b>	<b><u>113</u></b>
<b>Note 4</b>		
<b>User fees</b>		
(a)		
Caravan park fees	1,317	1,249
Other rent - lease of Crown Land properties	114	70
Other rent - lease of Council properties	27	28
Aged services fees	92	87
Boat ramp fees - ticket machine	71	85
Registration fees	42	44
Building services fees	18	18
Tourism	17	18
Recycling disposal income	15	-
Road occupancy charges	7	6
Valuation fees/supplementary charges	3	38
Other fees and charges	10	5
<b>Total user fees</b>	<b><u>1,733</u></b>	<b><u>1,648</u></b>
(b)		
<b>Ageing analysis of contractual receivables</b>		
Please refer to Note 35(e) for the ageing analysis of contractual receivables.		

	2011 \$'000	2010 \$'000
<b>Note 5</b>		
<b>Grants</b>		
Grants were received in respect of the following :		
<b>Summary of grants</b>		
Federally funded grants	166	170
State funded grants	1,253	727
Others	(2)	26
<b>Total</b>	<b><u>1,417</u></b>	<b><u>923</u></b>
<b>Recurrent</b>		
Home help/linkages	249	223
Victoria Grants Commission - unallocated	149	118
Victoria Grants Commission - unallocated (first quarter 2010/11 received in advance)	49	42
Victoria Grants Commission - local roads	40	36
Victoria Grants Commission - local roads (first quarter 2010/11 received in advance)	13	13
Roads to recovery	70	-
Community aged care packages	66	71
Maternal and child health	48	47
Community services officer	19	19
Heritage	15	14
School crossing supervisors	12	10
Other	19	16
<b>Total recurrent</b>	<b><u>749</u></b>	<b><u>609</u></b>
Total recurrent grant income above comprises:		
Operating grant income	679	609
Capital grant income	70	-
	<b><u>749</u></b>	<b><u>609</u></b>
<b>Non-recurrent</b>		
Queenscliff sports club enhancement	200	-
Coastal risk mitigation - cliff safety	190	-
Playground and park development	125	-
Point Lonsdale bowls clubhouse facility upgrade	54	-
Town hall kitchen refurbishment	30	-
Boat ramp upgrade including pontoons	28	-
Kindergarten funding	12	-
Point Lonsdale surf life saving and access ramp	10	80
Home help / linkages	9	17
Other	10	20
Maritime museum enhancement	-	69
Risk mitigation - removal of dangerous trees	-	50
Removal of pipeworks at Ocean View	-	23
Transport Accident Commission (TAC) pedestrian and road safety strategy	-	18
Netball courts lighting	-	17
Kirk Road war memorial improvement	-	10
Revegetation at 'The Narrows'	-	10
<b>Total non-recurrent</b>	<b><u>668</u></b>	<b><u>314</u></b>

	2011 \$'000	2010 \$'000		2011 \$'000	2010 \$'000
Total non-recurrent grant income above comprises:			<b>Note 6</b>		
Operating grant income	268	120	<b>Contributions</b>		
Capital grant income	400	194	<b>Cash</b>		
	<b>668</b>	<b>314</b>	Recreational, leisure and community facilities	1	92
Conditions on grants			<b>Total contributions</b>	<b>1</b>	<b>92</b>
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:			Total contribution income above comprises:		
Point Lonsdale cliff safety	190	-	Operating contribution income	-	39
Queenscliff sports club enhancement	138	-	Capital contribution income	1	53
Park development	73	-		<b>1</b>	<b>92</b>
Victoria Grants Commission - unallocated	49	42	<b>Note 7</b>		
Victoria Grants Commission - local roads	13	13	<b>Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
Point Lonsdale surf life saving and access ramp	46	69	Proceeds of sale	32	65
Roads to recovery	21	-	Written down value of assets disposed	(26)	(58)
Kindergarten funding	12	-	<b>Total</b>	<b>5</b>	<b>6</b>
TAC pedestrian and road safety strategy	10	13	<b>Note 8</b>		
Other	6	8	<b>Interest received</b>		
Kirk Road war memorial project	-	9	Interest	137	82
<b>Total</b>	<b>558</b>	<b>154</b>	Interest on rates	12	9
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:			<b>Total interest received</b>	<b>149</b>	<b>91</b>
Victoria Grants Commission - unallocated	42	39	<b>Other income</b>		
Victoria Grants Commission - local roads	13	12	Reimbursements - workcover	48	45
Point Lonsdale surf life saving and access ramp	33	-	Reimbursements - other	22	-
Kirk Road war memorial project	9	-	Other	(2)	7
TAC pedestrian and road safety strategy	3	-	Community bricks at playground	-	6
Other	4	9	Total other income	68	58
Coastal risk management project	-	126	<b>Note 9</b>		
Regional playground development	-	103	<b>Employee benefits</b>		
Caravan park improvement program	-	30	Wages and salaries	2,094	2,079
Climate change planning	-	35	Superannuation	196	189
Maternal and child health	-	20	Workcover	89	73
Bus shelters	-	18	Overtime	68	77
Boat ramp pontoons	-	14	Annual leave and long service leave	103	113
	<b>104</b>	<b>406</b>	Fringe benefits tax	22	31
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	<b>454</b>	<b>(252)</b>	<b>Total employee benefits</b>	<b>2,573</b>	<b>2,562</b>
			<b>Superannuation - additional call *</b>	<b>45</b>	<b>-</b>

\* during the period Council was required to make an additional contribution to Vision Super to meet our obligations in relation to members of the defined benefit plan

	2011 \$'000	2010 \$'000
<b>Note 10</b>		
<b>Materials and services</b>		
Contract payments - road maintenance and works	518	544
Contract payments - waste disposal	436	426
Contract payments - staff (I.T., engineering, health, building, planning, heritage, V.I.C.)	196	180
Contract payments - public conveniences	94	93
Contract payments - maternal and child health	58	58
Contract payments - other	127	142
Materials and services	697	824
Utilities	196	184
Contribution to Geelong regional library corporation	190	167
Building, works, plant and equipment maintenance	396	416
Insurance	128	120
Point Lonsdale Bowls Clubhouse Upgrade	73	77
Fuel and travel expenses	50	54
Software maintenance	43	-
Telephone and internet charges	43	33
Legal expenses	37	55
Powerline and sundry tree clearance	33	30
Security	30	10
Review of the planning scheme	27	-
Road condition survey	15	-
Sustainability - carbon neutral action program	11	-
Fire and emergency management	11	2
Tree removal and replacement program	8	90
Point Lonsdale structure plan	6	5
Other	5	5
<b>Total materials and services</b>	<b>3,428</b>	<b>3,514</b>

	2011 \$'000	2010 \$'000
<b>Note 11</b>		
<b>Bad and doubtful debts</b>		
Parking fine debtors	2	2
<b>Total bad and doubtful debts</b>	<b>2</b>	<b>2</b>
<b>Note 12</b>		
<b>Depreciation and amortisation</b>		
<i>Property</i>		
Buildings		
Buildings	211	186
Caravan park cabins	25	22
<i>Plant and Equipment</i>		
Plant, machinery and equipment	40	50
Fixtures, fittings and furniture	24	24
Computers and telecommunications	29	33
Recreation equipment	62	34
<i>Infrastructure</i>		
Roads	232	207
Kerb and channel	29	34
Footpaths and cycleways	38	25
Drainage	51	49
Recreational, leisure and community facilities	4	3
<b>Total depreciation and amortisation</b>	<b>745</b>	<b>667</b>
<b>Note 13</b>		
<b>Finance costs</b>		
Interest - Borrowings	115	131
<b>Total finance costs</b>	<b>115</b>	<b>131</b>
<b>Note 14</b>		
<b>Other expenses</b>		
Auditors' remuneration	50	40
Councillors' allowances	108	105
Operating lease rentals	36	42
Other	8	9
<b>Total other expenses</b>	<b>201</b>	<b>196</b>
<b>Impairment losses *</b>	<b>116</b>	<b>222</b>
* Impairment losses are included by asset class at Note 20		
<b>Note 15</b>		
<b>Investment in associates</b>		
Investments in associates accounted for by the equity method are:		
- Geelong regional library corporation	276	271
<b>Total</b>	<b>276</b>	<b>271</b>
<b>Geelong regional library corporation</b>		
<i>Background</i>		
The Borough recognises its interest in the Geelong Regional Library Corporation by recording an investment in its financial statements at a value based on the Borough's underlying interest in the net assets of the service disclosed in its unaudited financial statements for the year ended 30 June 2011. The Borough's share of the net assets is calculated on the same ratio as it contributes to the operating costs of the service. Annual contributions to the library service are included in the Income Statement.		
<i>Council's share of accumulated surplus(deficit)</i>		
Council's share of accumulated surplus(deficit) at start of year	271	246
Reported surplus(deficit) for year	5	25
Council's share of accumulated surplus(deficit) at end of year	<b>276</b>	<b>271</b>

	2011 \$'000	2010 \$'000
<b>Note 16</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	1	1
Cash at bank	861	440
Money market call account	24	-
Term deposits	2,019	1,473
<b>Total cash and cash equivalents</b>	<b>2,905</b>	<b>1,914</b>
Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:		
- Long service leave obligations as prescribed by the Local Government Act (Note 30)	232	195
- Reserve funds allocated for specific future purposes (Note 25)	2,046	1,015
- Trust funds and deposits (Note 22)	68	68
Restricted Funds	<b>2,346</b>	<b>1,279</b>
Total unrestricted cash and cash equivalents	<b>559</b>	<b>636</b>
<b>Note 17</b>		
<b>Trade and other receivables</b>		
<i>Current</i>		
Rates debtors	94	88
Parking infringement debtors	12	12
Provision for doubtful debts - parking infringements	(4)	(4)
Loans and advances to community organisations	10	3
Crown Land amenities	28	28
Point Lonsdale Bowls Clubhouse facility upgrade funding	-	40
Maritime museum capital grant funding	-	14
Other	34	105
Net GST receivable	34	121
<b>Total</b>	<b>208</b>	<b>406</b>
<i>Non-current</i>		
Loans and advances to community organisations	25	8
Salary recharge	10	9
<b>Total</b>	<b>35</b>	<b>17</b>
<b>Total trade and other receivables</b>	<b>243</b>	<b>423</b>
<b>Note 18</b>		
<b>Inventories</b>		
Inventories held for sale	6	7
<b>Total inventories</b>	<b>6</b>	<b>7</b>
<b>Note 19</b>		
<b>Other assets</b>		
<i>Current</i>		
Prepayments	93	159
Accrued income	64	64
<b>Total</b>	<b>157</b>	<b>223</b>

	2011 \$'000	2010 \$'000
<b>Note 20</b>		
<b>Property, infrastructure, plant and equipment</b>		
<i>Summary</i>		
at cost	16,403	16,140
Less accumulated depreciation	875	934
	<b>15,527</b>	<b>15,206</b>
at fair value as at 1 July 2007	2,743	15,042
at fair value as at 30 June 2010	42,491	42,491
at fair value as at 1 July 2010	17,826	-
Less accumulated depreciation	18,924	17,527
	<b>44,136</b>	<b>40,006</b>
<b>Total</b>	<b>59,663</b>	<b>55,212</b>
<i>Property</i>		
<b>Land</b>		
at fair value as at 30 June 2010	20,059	20,059
	<b>20,059</b>	<b>20,059</b>
<b>Land under roads</b>		
at cost at 1 July 2008	13,108	13,108
	<b>13,108</b>	<b>13,108</b>
<b>Total Land</b>	<b>33,167</b>	<b>33,167</b>
<i>Buildings</i>		
<b>Buildings</b>		
at cost	171	-
Less accumulated depreciation	3	-
	<b>168</b>	<b>-</b>
at fair value as at 30 June 2010	22,063	22,063
Less accumulated depreciation	10,708	10,500
	<b>11,355</b>	<b>11,563</b>
	<b>11,523</b>	<b>11,563</b>
<b>Caravan park cabins</b>		
at fair value as at 30 June 2010	370	370
Less accumulated depreciation	62	37
	<b>308</b>	<b>333</b>
<b>Total Buildings</b>	<b>11,831</b>	<b>11,896</b>
<b>Total Property</b>	<b>44,998</b>	<b>45,063</b>

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

Land under roads is valued at deemed cost. Deemed cost is based on Council valuations at 30 June 2008 for land under roads in existence at that date and at the date acquired for subsequent acquisitions using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. The next revaluation of land under roads will occur in 2011/2012.

Valuation of buildings was undertaken by CT Management Group (Vic & Tas) P/L, based on extensive experience and the use of Rawlinson's Aust. Construction Handbook as a guide for building costs. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation.

Note 20	Property, infrastructure, plant and equipment (cont)	2011 \$'000	2010 \$'000
	<b>Plant and Equipment</b>		
	<b>Plant, machinery and equipment</b>		
	at cost	354	297
	Less accumulated depreciation	159	134
		<b>195</b>	<b>163</b>
	<b>Fixtures, fittings and furniture</b>		
	at cost	309	288
	Less accumulated depreciation	123	100
		<b>186</b>	<b>188</b>
	<b>Computers and telecommunications</b>		
	at cost	278	396
	Less accumulated depreciation	219	330
		<b>59</b>	<b>66</b>
	<b>Recreation equipment</b>		
	at cost	870	585
	Less accumulated amortisation	343	286
		<b>527</b>	<b>299</b>
	<b>Total Plant and Equipment</b>	<b>967</b>	<b>716</b>
	<b>Infrastructure</b>		
	<b>Roads</b>		
	at cost	150	306
	Less accumulated depreciation	2	12
		<b>148</b>	<b>294</b>
	at fair value as at 1 July 2007	-	9,174
	at fair value as at 1 July 2010	14,043	-
	Less accumulated depreciation	4,778	3,707
		<b>9,265</b>	<b>5,467</b>
		<b>9,413</b>	<b>5,762</b>
	<b>Kerb and channel</b>		
	at cost	30	-
	Less accumulated depreciation	-	-
		<b>30</b>	<b>-</b>
	at fair value as at 1 July 2007	-	2,084
	at fair value as at 1 July 2010	2,295	-
	Less accumulated depreciation	822	873
		<b>1,473</b>	<b>1,211</b>
		<b>1,503</b>	<b>1,211</b>
	<b>Footpaths and cycleways</b>		
	at cost	25	-
	Less accumulated depreciation	-	-
		<b>25</b>	<b>-</b>
	at fair value as at 1 July 2007	-	1,041
	at fair value as at 1 July 2010	1,488	-
	Less accumulated depreciation	552	456
		<b>936</b>	<b>585</b>
		<b>962</b>	<b>585</b>

Note 20	Property, infrastructure, plant and equipment (cont)	2011 \$'000	2010 \$'000
	<b>Drainage</b>		
	at cost	253	209
	Less accumulated depreciation	5	1
		<b>248</b>	<b>208</b>
	at fair value as at 1 July 2007	2,743	2,743
	Less accumulated depreciation	2,002	1,955
		<b>741</b>	<b>788</b>
		<b>989</b>	<b>996</b>
	<b>Recreational, leisure and community facilities</b>		
	at cost	447	336
	Less accumulated depreciation	22	71
		<b>425</b>	<b>265</b>
	<b>Total Infrastructure</b>	<b>13,291</b>	<b>8,818</b>
	Valuation of roads, kerb and channel, footpaths and cycleways has been determined in accordance with an independent valuation undertaken by Mr Peter Moloney, Dip C.E.C.E.MIE Aust as at 1 July 2010. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation. The next revaluation of roads, kerb and channel, footpaths and cycleways will occur in 2013/2014. The next revaluation of drainage will occur in 2011/2012. Recreational, leisure and community facilities will also be revalued, for the first time, in 2011/12.		
	<b>Works in progress</b>		
	Property at cost	250	135
	Infrastructure at cost	92	45
	Plant and equipment at cost	66	434
	<b>Total Works in progress</b>	<b>407</b>	<b>615</b>
	<b>Total property, infrastructure, plant and equipment</b>	<b>59,663</b>	<b>55,212</b>

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

2011	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Impairment losses recognised in profit or loss	Transfers	Balance at end of financial year
			(note 25)	(note 12)		(a)		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>								
land	20,059	-	-	-	-	-	-	20,059
land under roads	13,108	-	-	-	-	-	-	13,108
<b>Total land</b>	<b>33,167</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,167</b>
buildings	11,563	103	-	211	-	-	68	11,523
caravan park cabins	333	-	-	25	-	-	-	308
<b>Total buildings</b>	<b>11,896</b>	<b>103</b>	<b>-</b>	<b>236</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>11,831</b>
<b>Total property</b>	<b>45,063</b>	<b>103</b>	<b>-</b>	<b>236</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>44,998</b>
<b>Plant and Equipment</b>								
plant, machinery and equipment	163	98	-	40	26	-	-	195
fixtures, fittings and furniture	188	22	-	24	-	-	-	186
computers and telecommunications	66	22	-	29	-	-	-	59
recreation equipment	299	32	-	62	-	-	258	527
<b>Total plant and equipment</b>	<b>716</b>	<b>173</b>	<b>-</b>	<b>155</b>	<b>26</b>	<b>-</b>	<b>258</b>	<b>967</b>
<b>Infrastructure</b>								
roads	5,762	150	3,734	232	-	-	-	9,413
kerb and channel	1,211	30	291	29	-	-	-	1,503
footpaths and cycleways	585	25	389	38	-	-	-	961
drainage	995	35	-	51	-	-	9	989
recreational, leisure and community facilities	265	115	-	4	-	116	165	425
<b>Total infrastructure</b>	<b>8,818</b>	<b>355</b>	<b>4,414</b>	<b>354</b>	<b>-</b>	<b>116</b>	<b>174</b>	<b>13,291</b>
<b>Works in progress</b>								
property	135	182	-	-	-	-	(68)	249
infrastructure	222	43	-	-	-	-	(174)	92
plant and equipment	258	66	-	-	-	-	(258)	66
<b>Total works in progress</b>	<b>615</b>	<b>292</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(500)</b>	<b>407</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>55,212</b>	<b>923</b>	<b>4,414</b>	<b>745</b>	<b>26</b>	<b>116</b>	<b>-</b>	<b>59,663</b>

**(a) Impairment losses**

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

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

2010	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Impairment losses recognised in profit or loss	Recognition of assets for first time	Derecognition of assets	Transfers	Balance at end of financial year
			(note 25)	(note 12)		(a)				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>										
land	18,952	-	1,044	-	-	-	-	-	63	20,059
land under roads	13,108	-	-	-	-	-	-	-	-	13,108
<b>Total land</b>	<b>32,060</b>	<b>-</b>	<b>1,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>33,167</b>
buildings	11,337	99	263	186	-	-	-	-	51	11,563
caravan park cabins	312	-	42	22	-	-	-	-	-	333
<b>Total buildings</b>	<b>11,649</b>	<b>99</b>	<b>305</b>	<b>208</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>11,896</b>
<b>Total property</b>	<b>43,709</b>	<b>99</b>	<b>1,349</b>	<b>208</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114</b>	<b>45,063</b>
<b>Plant and Equipment</b>										
plant, machinery and equipment	185	86	-	50	58	-	-	-	-	163
fixtures, fittings and furniture	191	21	-	24	-	-	-	-	-	188
computers and telecommunications	84	15	-	33	-	-	-	-	-	66
recreation equipment	248	85	-	34	-	-	-	-	-	299
<b>Total plant and equipment</b>	<b>708</b>	<b>207</b>	<b>-</b>	<b>141</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>716</b>
<b>Infrastructure</b>										
roads	6,055	27	-	207	-	-	1,095	(1,208)	-	5,762
kerb and channel	1,245	-	-	34	-	-	-	-	-	1,211
footpaths and cycleways	610	-	-	25	-	-	-	-	-	585
drainage	843	21	-	49	-	-	-	-	180	995
recreational, leisure and community facilities	261	7	-	3	-	-	-	-	-	265
<b>Total infrastructure</b>	<b>9,014</b>	<b>55</b>	<b>-</b>	<b>318</b>	<b>-</b>	<b>-</b>	<b>1,095</b>	<b>(1,208)</b>	<b>180</b>	<b>8,818</b>
<b>Works in progress</b>										
property	283	138	-	-	-	172	-	-	(113)	135
infrastructure	35	367	-	-	-	-	-	-	(180)	222
plant and equipment	106	202	-	-	-	50	-	-	-	258
<b>Total works in progress</b>	<b>424</b>	<b>707</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222</b>	<b>-</b>	<b>-</b>	<b>(293)</b>	<b>615</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>53,855</b>	<b>1,068</b>	<b>1,349</b>	<b>667</b>	<b>58</b>	<b>222</b>	<b>1,095</b>	<b>(1,208)</b>	<b>0</b>	<b>55,212</b>

**(a) Impairment losses**

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

			2011 \$'000	2010 \$'000	
<b>Note 21</b>	<b>Trade and other payables</b>				
	Trade payables		272	604	
	Accrued expenses		212	276	
	<b>Total trade and other payables</b>		<b>484</b>	<b>880</b>	
<b>Note 22</b>	<b>Trust funds and deposits</b>				
	Revolving restoration fund		41	41	
	Community nursery		12	12	
	Retention amounts		6	6	
	Refundable key deposits		-	3	
	Other refundable deposits		8	5	
	<b>Total trust funds and deposits</b>		<b>68</b>	<b>68</b>	
<b>Note 23</b>	<b>Provisions</b>				
		<b>Annual leave</b>	<b>Long service leave</b>	<b>Accrued days off</b>	<b>Total</b>
		<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
	<b>2011</b>				
	Balance at beginning of the financial year	159	257	19	435
	Additional provisions	41	62	-	103
	Amounts used	(38)	(33)	(19)	(90)
	Balance at the end of the financial year	<b>162</b>	<b>286</b>	<b>-</b>	<b>448</b>
	<b>2010</b>				
	Balance at beginning of the financial year	177	211	-	388
	Additional provisions	33	76	19	128
	Amounts used	(51)	(30)	-	(81)
	Balance at the end of the financial year	<b>159</b>	<b>257</b>	<b>19</b>	<b>435</b>
				<b>2011</b>	<b>2010</b>
				<b>\$'000</b>	<b>\$'000</b>
	<b>Employee benefits</b>				
	<b>Current (i)</b>				
	Annual leave			162	159
	Long service leave			246	217
	Accrued days off			-	19
				<b>408</b>	<b>395</b>
	<b>Non-current (ii)</b>				
	Long service leave			40	40
				<b>40</b>	<b>40</b>
	Aggregate carrying amount of employee benefits:				
	Current			408	395
	Non-current			40	40
				<b>448</b>	<b>435</b>
	The following assumptions were adopted in measuring the present value of employee benefits:				
	Weighted average increase in employee costs			4.600%	4.475%
	Weighted average discount rates			4.80%	4.70%
	Weighted average settlement period			15	15

**Note 23 (cont) (i) Current**

All annual leave and the long service leave entitlements representing five or more years of continuous service of continuous service

- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value 162 178

- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value 246 217

**(ii) Non-current**

Long service leave representing less than five years of continuous service measured at present value 40 40

**Note 24 Interest-bearing loans and borrowings**

**Current**

Borrowings - secured 201 219

Superannuation - liability 142 17

**343 236**

**Non-current**

Borrowings - secured 1,086 1,286

Superannuation - liability - 97

**1,086 1,383**

**Total**

**1,429 1,619**

The maturity profile for Council's borrowings is:

Not later than one year 343 236

Later than one year and not later than five years 827 925

Later than five years 259 458

**Total 1,429 1,619**

**Bank overdraft**

Council did not make use of a bank overdraft facility during the 2010/11 financial year (2009/10 not used)

**Finance leases**

Council had no finance leases at year-end.

Note 25	Reserves	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	<b>(a) Asset revaluation surplus</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>2011</b>			
	<b>Property</b>			
	Land	18,393	-	18,393
	Buildings	7,133	-	7,133
	Caravan park cabins	42	-	42
		<b>25,568</b>	<b>-</b>	<b>25,568</b>
	<b>Infrastructure</b>			
	Roads	-	3,734	3,734
	Kerb and channel	-	291	291
	Footpaths and cycleways	-	389	389
		<b>-</b>	<b>4,414</b>	<b>4,414</b>
	<b>Total asset revaluation surplus</b>	<b>25,568</b>	<b>4,414</b>	<b>29,982</b>
	<b>2010</b>			
	<b>Property</b>			
	Land	17,349	1,044	18,393
	Buildings	6,870	263	7,133
	Caravan park cabins	-	42	42
		<b>24,219</b>	<b>1,349</b>	<b>25,568</b>
	<b>Infrastructure</b>			
	Roads	-	-	-
	Kerb and channel	-	-	-
	Footpaths and cycleways	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total asset revaluation surplus</b>	<b>24,219</b>	<b>1,349</b>	<b>25,568</b>

The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of Council's assets. It is used to record material differences between the current market value of an asset and the amount at which it has previously been carried in the Balance Sheet. Infrastructure assets have been revalued during the 2010/11 financial year. The next revaluation of land and buildings is due in the 2011/12 financial year and infrastructure will be due in the 2013/14 financial year. Drainage assets will also be revalued during the 2011/12 financial year.

Note 25	Reserves (cont)	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	<b>(b) Other reserves</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>2011</b>				
	Crown Land Reserve	686	847	(307)	1,226
	Incomplete Capital Works	145	374	(145)	374
	Incomplete Operating Works	184	217	(184)	217
	Asset Replacement Reserve	-	229	-	229
	<b>Total Other reserves</b>	<b>1,015</b>	<b>1,667</b>	<b>(636)</b>	<b>2,046</b>
	<b>2010</b>				
	Crown Land Reserves	403	514	(231)	686
	Incomplete Capital Works	328	107	(290)	145
	Incomplete Operating Works	258	170	(244)	184
	Asset Replacement Reserve	-	-	-	-
	<b>Total Other reserves</b>	<b>989</b>	<b>791</b>	<b>(765)</b>	<b>1,015</b>

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

*Incomplete Works Reserves* (capital and operating) represent those projects which are not complete at year end and funding is reserved from current year operations to be carried forward into the following year. Some of the capital projects are recorded as Works in Progress in Note 20, whilst details of each project for which grants remain unexpended are at Note 5.

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

	2011 \$'000	2010 \$'000
<b>Note 26</b>		
<b>Prior period adjustments</b>		
Net adjustment arising from recognition and derecognition of roads	(113)	-
Net adjustment arising from recognition and derecognition of buildings	-	(192)
Adjustment arising from derecognition of sea wall	-	(624)
	<b>(113)</b>	<b>(816)</b>
<p>A fixed asset management review was conducted during the 2010/11 financial year, by Council's Engineer in conjunction with Mr. Peter Moloney (valuer for Council's infrastructure assets). As a result of this review, a number of roads were found to be under the responsibility and ownership of other government bodies. As such, these roads have been removed from Council's asset register. Conversely, other roads identified as Council's responsibility have been added to Council's asset register. These are included above as the net adjustment arising from recognition and derecognition of roads.</p> <p>The opening position for 2009/10 accumulated surplus has been adjusted to reflect the above prior period errors.</p> <p>The prior period adjustments have not had a material impact on the opening balances in the financial report and as such a third balance sheet has not been included.</p>		
<b>Note 27</b>		
<b>Reconciliation of cash flows from operating activities to surplus (deficit)</b>		
Surplus/(Deficit)	1,358	460
Depreciation/amortisation	745	667
(Profit)/loss on disposal of property, plant and equipment, infrastructure	(5)	(6)
Finance costs	115	131
Impairment loss recognised in profit or loss - recreational, leisure and community facilities	116	-
Impairment loss recognised in profit or loss - buildings	-	172
Impairment loss recognised in profit or loss - computers and telecommunications	-	50
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	181	(158)
(Increase)/decrease in inventories	1	6
(Increase)/decrease in prepayments	66	-
(Increase)/decrease in accrued income	(0)	8
(Increase)/decrease in regional library equity	(5)	(25)
Increase/(decrease) in trade and other payables	(334)	181
Increase/(decrease) in accrued expenses	(64)	54
Increase/(decrease) in provisions	13	47
<b>Net cash provided by/(used in) operating activities</b>	<b>2,188</b>	<b>1,586</b>
<b>Note 28</b>		
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents (see note 16)	2,905	1,914
<b>Total reconciliation of cash and cash equivalents</b>	<b>2,905</b>	<b>1,914</b>
<b>Note 29</b>		
<b>Financing arrangements</b>		
Bank overdraft	5	5
<b>Unused facilities</b>	<b>5</b>	<b>5</b>
<b>Note 30</b>		
<b>Restricted assets</b>		
<p>Council has cash and cash equivalents (note 16) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave) and reserve funds (Crown Land Reserves).</p>		
Long service leave	232	195
Reserve funds - Crown Land Reserve (note 25)	1,226	686
<b>Total restricted assets</b>	<b>1,458</b>	<b>881</b>

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

## Note 31 Superannuation

### Post-employment Benefit

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

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

### Defined Benefit Plan

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

Borough of Queenscliffe makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2008, Borough of Queenscliffe makes the following contributions:-

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

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

Following an actuarial review conducted by the Trustee in late 2010, as at 31 December 2008, a funding shortfall of \$71 million for the Fund was determined. A call to Employers for additional contributions was made for the financial year 30 June 2011 with commitment from Employers from 1 July 2011. A further actuarial review will be undertaken as at 31 December 2011 by mid 2012. Based on the result of this review, a detailed funding plan will be developed and implemented to achieve the target of fully funding the Fund by 31 December 2013. The Borough of Queenscliffe will be notified of any additional required contributions by late 2012.

### Accounting Standard Disclosure

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2008 pursuant to the requirements of Australian Accounting Standard AAS25 follows:

Net Market Value of Assets	3,630,432
Accrued Benefits	3,616,422
Difference between Assets and Accrued Benefits	14,010
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	<b>3,561,588</b>
The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:	
Net Investment Return	8.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

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

Fund	2011	2010	Note 32	Commitments	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000							
<b>Defined benefits fund</b>				The Council has entered into the following commitments 2011					
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2	3							
	<b>2</b>	<b>3</b>							
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	142	114							
	<b>142</b>	<b>114</b>							
<b>Accumulation funds</b>									
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	175	174							
Employer contributions to REI, Health Super, Hostplus, HESTA and Wuchatsch	19	18							
	<b>194</b>	<b>191</b>							
				<b>Operating</b>					
				Roads, parks and reserves maintenance	691	-	-	-	691
				Garbage collection	360	370	-	-	730
				Cleaning contracts for council buildings	35	-	-	-	35
				Home maintenance services	64	-	-	-	64
				Heritage advisory service	45	-	-	-	45
				Environmental health	52	-	-	-	52
				Information systems & technology	-	-	-	-	-
				Contribution to Point Lonsdale Bowls Club upgrade to clubhouse (Stage 2)	-	-	-	-	-
				<b>Total</b>	<b>1,247</b>	<b>370</b>	<b>-</b>	<b>-</b>	<b>1,617</b>
				<b>Capital</b>					
				Buildings	837	-	-	-	837
				Drainage	-	-	-	-	-
				Boat ramp upgrade	-	-	-	-	-
				Other	86	-	-	-	86
				<b>Total</b>	<b>923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>923</b>
				<b>Total</b>	<b>2,170</b>	<b>370</b>	<b>-</b>	<b>-</b>	<b>2,540</b>
				<b>2010</b>					
				<b>Operating</b>					
				Roads, parks and reserves maintenance	714	714	-	-	1,428
				Garbage collection	350	360	370	-	1,080
				Cleaning contracts for council buildings	34	35	-	-	69
				Home maintenance services	62	64	-	-	126
				Heritage advisory service	45	45	-	-	90
				Environmental health	-	-	-	-	-
				Information systems & technology	35	-	-	-	35
				Contribution to Point Lonsdale Bowls Club Upgrade to clubhouse (Stage 2)	73	-	-	-	73
				<b>Total</b>	<b>1,313</b>	<b>1,218</b>	<b>370</b>	<b>-</b>	<b>2,901</b>
				<b>Capital</b>					
				Buildings	1,041	-	-	-	1,041
				Drainage	12	-	-	-	12
				Boat Ramp Upgrade	91	-	-	-	91
				Other	23	-	-	-	23
				<b>Total</b>	<b>1,167</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,167</b>
				<b>Total</b>	<b>2,480</b>	<b>1,218</b>	<b>370</b>	<b>-</b>	<b>4,068</b>

	2011 \$'000	2010 \$'000
<b>Note 33</b>		
<b>Operating leases</b>		
<b>Operating lease commitments</b>		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and motor vehicles for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	32	39
Later than one year and not later than five years	88	1
	<b>120</b>	<b>39</b>
<b>Note 34</b>		
<b>Contingent liabilities</b>		
Council has no pending legal matters as at balance date.		
<b>Guarantees for loans to other entities</b>	11	21
In March 2007 Council agreed to act as guarantor for a loan to the Queenscliff Golf Club to a maximum value of \$50,000. The loan advance was provided by the Bendigo Bank and was drawn down for the full amount of \$50,000 on 25 May 2007. The balance at 30 June 2011 is \$10,561 (2009/10 : \$21,358).		

<b>Note 35</b>			
<b>Financial Instruments</b>			
<b>(a) Accounting Policy, terms and conditions</b>			
<b>Recognised financial instruments</b>	<b>Note</b>	<b>Accounting Policy</b>	<b>Terms and Conditions</b>
<b>Financial assets</b>			
<b>Cash and cash equivalents</b>	16	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues.	On call deposits returned a floating interest rate of between 2.00% and 6.00% (3.75% in 2009/2010). The interest rate on the balance held in Council's general bank account at balance date was 4.00% (2.90% in 2009/2010). Funds returned fixed interest rate of between 4.75% (3.12% in 2009/2010), and 6.25% (6.00% in 2009/2010) net of fees.
		Investments and bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.	Nil managed funds for 2010/2011 (Nil for 2009/2010)
		Managed funds are measured at market value.	
<b>Trade and other receivables</b>			
<b>Other debtors</b>	17	Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured. Credit terms are based on 30 days.
<b>Financial Liabilities</b>			
<b>Trade and other payables</b>	21	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
<b>Interest-bearing loans and borrowings</b>	24	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 8.03% (7.74% in 2009/2010).
<b>Bank overdraft</b>	29	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. Nil overdraft for 2010/11 (Nil for 2009/10). The interest rate as at balance date was 10.49% (10.14% in 2009/2010).

**Note 35 Financial instruments (cont.)**

**(b) Interest Rate Risk**

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

2011	Floating interest rate \$'000	1 year or less \$'000	Fixed interest maturing in:		Non-interest bearing \$'000	Total \$'000
			Over 1 to 5 years \$'000	More than 5 years \$'000		
<b>Financial assets</b>						
Cash and cash equivalents	885	2,019	-	-	1	2,905
Trade and other receivables	-	10	25	-	104	140
Accrued income	-	-	-	-	64	64
<b>Total financial assets</b>	<b>885</b>	<b>2,029</b>	<b>25</b>	<b>-</b>	<b>170</b>	<b>3,109</b>
Weighted average interest rate	3.95%	6.01%				
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	484	484
Trust funds and deposits	-	-	-	-	68	68
Interest-bearing loans and borrowings	142	201	827	259	-	1,429
<b>Total financial liabilities</b>	<b>142</b>	<b>201</b>	<b>827</b>	<b>259</b>	<b>552</b>	<b>1,981</b>
Weighted average interest rate		7.80%	7.98%	8.34%		
Net financial assets (liabilities)	743	1,828	(802)	(259)	(382)	1,128

2010	Floating interest rate \$'000	1 year or less \$'000	Fixed interest maturing in:		Non-interest bearing \$'000	Total \$'000
			Over 1 to 5 years \$'000	More than 5 years \$'000		
<b>Financial assets</b>						
Cash and cash equivalents	440	1,473	-	-	1	1,914
Trade and other receivables	-	3	8	-	316	327
Accrued income	-	-	-	-	64	64
<b>Total financial assets</b>	<b>440</b>	<b>1,476</b>	<b>8</b>	<b>-</b>	<b>381</b>	<b>2,305</b>
Weighted average interest rate	2.90%	5.16%				
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	880	880
Trust funds and deposits	-	-	-	-	68	68
Interest-bearing loans and borrowings	114	219	828	458	-	1,619
<b>Total financial liabilities</b>	<b>114</b>	<b>219</b>	<b>828</b>	<b>458</b>	<b>948</b>	<b>2,567</b>
Weighted average interest rate		7.56%	7.72%	7.865%		
Net financial assets (liabilities)	326	1,257	(820)	(458)	(568)	(262)

**Note 35 Financial Instruments (cont.)**

**(c) Net Fair Values**

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	2,905	1,914	2,905	1,914
Trade and other receivables	140	327	140	327
Accrued income	64	64	64	64
<b>Total financial assets</b>	<b>3,109</b>	<b>2,305</b>	<b>3,109</b>	<b>2,305</b>
<b>Financial liabilities</b>				
Trade and other payables	484	880	484	880
Trust funds and deposits	68	68	68	68
Interest-bearing loans and borrowings	1,429	1,619	1,429	1,619
<b>Total financial liabilities</b>	<b>1,981</b>	<b>2,567</b>	<b>1,981</b>	<b>2,567</b>
Net financial assets (liabilities)	1,128	(262)	1,128	(262)

**(d) Credit Risk**

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

**(e) Risks and mitigation**

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

**Market risk**

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

**Interest rate risk**

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

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

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

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

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

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

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

### Credit risk

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

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

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 34.

<b>Movement in Provisions for Doubtful Debts</b>	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at the beginning of the year	4	7
New Provisions recognised during the year	2	2
Amounts already provided for and written off as uncollectible	(1)	0
Amounts provided for but recovered during the year	(1)	(5)
Balance at end of year	4	4

### Ageing of Trade and Other Receivables

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

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Current (not yet due)	130	154
Past due by up to 30 days	6	44
Past due between 31 and 180 days	4	126
Past due by more than 1 year	-	2
Total Trade & Other Receivables	140	327

### Ageing of individually impaired Trade and Other Receivables

The individually impaired debtors relate to general and sundry debtor and have been impaired as a result of their doubtful collection. At 30 June 2011 there were no debtors in this category.

### Liquidity risk

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

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

To help reduce these risks we:

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

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

The table below lists the contractual maturities for Financial Liabilities.

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

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

<b>2010</b>	<b>6 mths</b>	<b>6-12</b>	<b>1-2</b>	<b>2-5</b>	<b>&gt;5</b>	<b>Contracted</b>	<b>Carrying</b>
	<b>or less</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>Cash Flow</b>	<b>Amount</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade and other payables	880	-	-	-	-	880	880
Trust funds and deposits	13	2	6	6	-	27	68
Interest-bearing loans and borrowings	185	165	397	813	510	2,069	1,619
Total financial liabilities	1,078	167	403	819	510	2,976	2,567

**(f) Sensitivity disclosure analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):  
 - A parallel shift of + 1% and -2% in market interest rates (AUD) from year-end rates of 4.4%.

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

Carrying amount subject to interest	Interest rate risk				
	\$'000	-2 %		+1	
		-200 basis points		+100 basis points	
2011	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	
<b>Financial assets:</b>					
Cash and cash equivalents	2,905	(58)	(58)	29	29
Trade and other receivables	35	(1)	(1)	0	0
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	1,429	(29)	(29)	14	14

Carrying amount subject to interest	Interest rate risk				
	\$'000	-2 %		+1	
		-200 basis points		+100 basis points	
2010	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	
<b>Financial assets:</b>					
Cash and cash equivalents	1,914	(38)	(38)	19	19
Trade and other receivables	11	(0)	(0)	0	0
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	1,619	(32)	(32)	16	16

**(g) Fair Value Hierarchy**

There were no fair value adjustments to financial assets through the comprehensive income statement in 2010/11 (2009/10 : Nil).

**Note 36 Auditors' remuneration**

	2011 \$'000	2010 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	24	24
Internal audit fees - AFS & Associates	22	12
Audit committee fees	4	4
	50	40

**Note 37 Events occurring after balance date**

Council has no reportable events occurring after balance date.

**Note 38 Related party transactions**

**(i) Responsible Persons**

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

**Councillors**

Councillor Bob Merriman (Councillor elected 29/11/08, Mayor 04/12/08 to current)  
 Councillor John Burgess (Councillor 01/07/08 to current)  
 Councillor David Mitchell (Councillor elected 29/11/08 to current)  
 Councillor Helene Butler (Councillor elected 29/11/08 to current)  
 Councillor Lloyd Davies (Councillor elected 29/11/08 to current)

**Chief Executive Officer**

Leonard Jenner (Chief Executive Officer 20/10/08 to current)

**(ii) Remuneration of Responsible Persons**

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

	2011 No.	2010 No.
\$10,000 - \$19,999	4	4
\$30,000 - \$39,999	1	1
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	1	-
	<b>6</b>	<b>6</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	286	276

(iii) No retirement benefits have been made by the Council to a Responsible Person (2009/10, nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2009/10, nil).

**(v) Other Transactions**

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2009/10, nil).

**(vi) Senior Officers Remuneration**

A Senior Officer other than a Responsible Person, is an officer of Council whose total annual remuneration exceeds \$124,000, or if remuneration is less than \$124,000 has management responsibilities and reports directly to the Chief Executive Officer.

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

The actual number of staff holding senior officer positions are to be disclosed at this note. If two or more staff occupy a senior officer role in a given year each member is to be disclosed separately.

	2011 No.	2010 No.
Income Range:		
<\$124,000	1	2
\$130,000 - \$139,999	1	-
	<b>2</b>	<b>2</b>
Total Remuneration for the reporting year for Senior Officers included above, amounted to	253	224

**Note 39 Income, expenses and assets by function/activities**

	Governance and External Relations		Finance and Audit		Tourism and Community Development		Community Services	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>INCOME</b>								
Grants	228	160	-	-	32	30	373	357
Other	7	16	5,080	4,802	445	415	142	131
<b>TOTAL</b>	<b>235</b>	<b>176</b>	<b>5,080</b>	<b>4,802</b>	<b>477</b>	<b>445</b>	<b>516</b>	<b>487</b>
<b>EXPENSES</b>	<b>(1,697)</b>	<b>(1,664)</b>	<b>(711)</b>	<b>(689)</b>	<b>(565)</b>	<b>(526)</b>	<b>(646)</b>	<b>(669)</b>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(1,462)</b>	<b>(1,488)</b>	<b>4,369</b>	<b>4,113</b>	<b>(88)</b>	<b>(82)</b>	<b>(131)</b>	<b>(182)</b>
<b>ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*</b>	<b>4,129</b>	<b>4,117</b>	<b>17</b>	<b>22</b>	<b>7,543</b>	<b>7,586</b>	<b>717</b>	<b>704</b>
	Building		Coastal and Environment		Environmental Health		Infrastructure Services	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>INCOME</b>								
Grants	15	14	360	146	-	9	386	191
Other	18	18	1,254	1,139	24	24	75	156
<b>TOTAL</b>	<b>33</b>	<b>32</b>	<b>1,614</b>	<b>1,284</b>	<b>24</b>	<b>33</b>	<b>461</b>	<b>347</b>
<b>EXPENSES</b>	<b>(79)</b>	<b>(80)</b>	<b>(1,125)</b>	<b>(854)</b>	<b>(52)</b>	<b>(52)</b>	<b>(1,914)</b>	<b>(2,286)</b>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(46)</b>	<b>(49)</b>	<b>489</b>	<b>430</b>	<b>(28)</b>	<b>(19)</b>	<b>(1,453)</b>	<b>(1,939)</b>
<b>ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*</b>	<b>-</b>	<b>-</b>	<b>7,841</b>	<b>7,728</b>	<b>-</b>	<b>-</b>	<b>39,391</b>	<b>35,025</b>
	Local Law Enforcement		Planning		Sustainability and Environment		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>INCOME</b>								
Grants	12	18	10	-	-	-	1,417	923
Other	65	76	57	54	-	-	7,167	6,831
<b>TOTAL</b>	<b>77</b>	<b>94</b>	<b>67</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>8,584</b>	<b>7,754</b>
<b>EXPENSES</b>	<b>(188)</b>	<b>(198)</b>	<b>(205)</b>	<b>(209)</b>	<b>(45)</b>	<b>(67)</b>	<b>(7,226)</b>	<b>(7,294)</b>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(110)</b>	<b>(104)</b>	<b>(138)</b>	<b>(155)</b>	<b>(45)</b>	<b>(67)</b>	<b>1,358</b>	<b>460</b>
<b>ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*</b>	<b>24</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,663</b>	<b>55,212</b>

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

**Note 39** The activities relating to the municipality's key operational areas reported on in the Comprehensive Statement are as follows:

**Governance and External Relations**

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

**Finance and Audit**

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

**Tourism and Community Development**

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

**Community Services**

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

**Building**

Consists of: building control; heritage.

**Coastal and Environment**

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

**Environmental Health**

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

**Infrastructure Services**

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

**Local Law Enforcement**

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

**Planning**

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

**Sustainability and Environment**

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

**Note 40**

**Financial ratios (Performance indicators)**

	2011 \$'000	2011 (%)	2010 \$'000	2010 (%)	2009 \$'000	2009 (%)
<b>(a) Debt servicing ratio</b> (to identify the capacity of Council to service its outstanding debt)						
<u>Debt servicing costs</u>	115		131		103	
Total revenue	8,584	= 1.34%	7,754	= 1.69%	6,943	= 1.48%

Debt servicing costs refer to the payment of interest on loan borrowings, finance lease, and bank overdraft. The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

**(b) Debt commitment ratio** (to identify Council's debt redemption strategy)

<u>Debt servicing &amp; redemption costs</u>	333		337		318	
Rate revenue	5,099	= 6.53%	4,796	= 7.04%	4,156	= 7.65%

The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

**(c) Revenue ratio** (to identify Council's dependence on non-rate income)

<u>Rate revenue</u>	5,099		4,796		4,156	
Total revenue	8,584	= 59.40%	7,754	= 61.85%	6,943	= 59.86%

The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.

**(d) Debt exposure ratio** (to identify Council's exposure to debt)

<u>Total indebtedness</u>	2,198		2,808		2,893	
Total realisable assets	44,636	= 4.92%	44,385	= 6.33%	32,741	= 8.83%

For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.

Any liability represented by a restricted asset (note 30) is excluded from total indebtedness.

The following assets are excluded from total assets when calculating Council's realisable assets:

land and buildings on Crown land; restricted assets; heritage assets; total infrastructure assets; and Council's investment in associate.

This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the percentage of total liabilities for each dollar of realisable assets.

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

<u>Current assets</u>	3,276		2,550		2,181	
Current liabilities	1,304	= 251.30%	1,579	= 161.46%	1,292	= 168.79%

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

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

<u>Current assets</u>	3,276		2,550		2,181	
Current liabilities	1,057	= 309.85%	1,363	= 187.14%	1,105	= 197.46%

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

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

Note	2011 \$'000	2010 \$'000
<b>Note 41</b>		
<b>Capital expenditure</b>		
<b>Capital expenditure areas</b>		
Buildings	215	237
Caravan park cabins	69	-
Playground and park development	66	200
Renewal, upgrade and new foreshore assets	-	39
Roads	160	64
Footpaths and cycleways	25	-
Boat ramp upgrade	114	26
Recreational, leisure and community facilities	35	7
Plant, machinery and equipment	98	86
Kerb and channel	30	-
Drainage	35	188
Fixtures, fittings and furniture	22	21
Aquatic signage	-	86
Recreation equipment	32	85
Computers and telecommunications	22	15
Other	-	14
<b>Total capital works</b>	<b>923</b>	<b>1,068</b>
Represented by:		
Renewal	(a) 417	347
Upgrade	(b) 237	288
Expansion	(c) -	-
New	269	433
<b>Total capital works</b>	<b>923</b>	<b>1,068</b>

### Property, plant and equipment, infrastructure movement

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

Total capital works	20	923	1,068
Asset revaluation movement	25(a)	4,414	1,349
Recognition of road assets	20	-	1,095
Derecognition of road assets	20	-	(1,208)
Impairment losses recognised in profit or loss	20	(116)	(222)
Depreciation/amortisation	12	(745)	(667)
Written down value of assets sold	20	(26)	(58)
<b>Net movement in property, plant and equipment, infrastructure</b>	<b>20</b>	<b>4,451</b>	<b>1,357</b>

#### (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

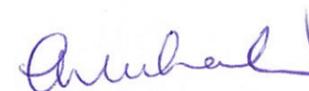
Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will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

## Certification of the Financial Report

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



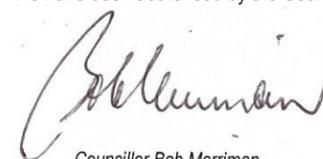
Ev Wuchatsch FCPA  
Principal Accounting Officer

Date : 21 September 2011  
Queenscliff

In our opinion the accompanying financial statements present fairly the financial transactions of the Borough of Queenscliffe for the year ended 30 June 2011 and the financial position of the Council as at that date.

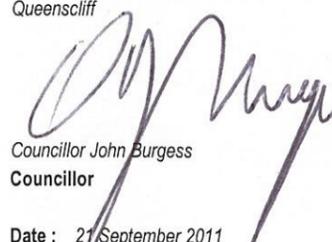
As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council on 21 September 2011 to certify the financial statements in their final form.



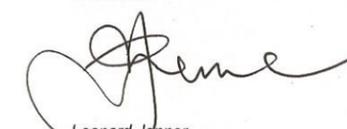
Councillor Bob Merriman  
Councillor

Date : 21 September 2011  
Queenscliff



Councillor John Burgess  
Councillor

Date : 21 September 2011  
Queenscliff



Leonard Jenner  
Chief Executive Officer

Date : 21 September 2011  
Queenscliff

Standard Statements for year ending 30 June 2011

## Performance Statement

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

### STRATEGIC OBJECTIVE: Governance, Finance & External Relations

*Providing accountable governance and long term sustainable financial management.*

Key Strategic	Performance Measure	Actual Performance	Target Achieved
Successful achievement of Business Plan priority actions.	100%	85% achieved, 11 of 13 actions complete and 2 in progress	No
Increase opportunities for community participation in Council decision making.	Conduct at least four public meetings each year	Portfolio Reference Group (PRG) meetings conducted through the year. Combined PRG meeting to present and discuss draft Council Plan and draft Budget. Community invited to present capital and new initiative submissions to inform draft budget.	Yes
Maintain working capital ratio greater than 100%.	Greater than 100%	Working capital ratio as at 30 June 2011 is 251.30% (2009-10 : 161.46%, 2008-09 : 168.79%, 2007-08 : 280.38%, 2006-07 : 377.01%)	Yes
Improve the Civic Mutual Plus risk rating.	Improve by 10%	Result in November 2009 was 49%, this was increased at the progress review in November 2010 to a final score of 52% (an improvement of 6%).	No
Prepare and adopt annual Budget and Strategic Resource Plan in accordance with the Local Government Act 1989.	Adopt by 31 August 2010	Annual budget and strategic resource plan adopted by Council on 21 July 2010.	Yes
Review the long term Strategic Financial Plan.	April 2011	Plan reviewed and adopted by Council at the Ordinary Council Meeting on 17 September 2010.	Yes
Prepare and lodge annual financial statements and standard statements in accordance with the Local Government Act 1989 .	Lodge by 30 September 2010	Annual financial report (financial statements, standard statements and performance statement) lodged with the Minister for Local Government on 17 September 2010.	Yes
Annual Local Government Community Satisfaction Survey rating for overall performance generally of the council.	Maintain rating at 65 or better	Our result for the 2011 survey is 64	No
Annual Local Government Community Satisfaction Survey rating for council's advocacy and community representation on key local issues.	Maintain rating at 63 or better	Our result for the 2011 survey is 65	Yes
Annual Local Government Community Satisfaction Survey rating for council's engagement in decision making on key local issues.	Maintain rating at 64 or better	Our result for the 2011 survey is 60	No
Annual Local Government Community Satisfaction Survey rating for council's interaction and responsiveness in dealing with the public.	Maintain rating at 77 or better	Our result for the 2011 survey is 77	Yes

Standard Statements for year ending 30 June 2011

## Performance Statement

### STRATEGIC OBJECTIVE: Sustainability & Local Environment

*Living sustainably and protecting and restoring our diverse environment.*

Key Strategic	Performance Measure	Actual Performance	Target Achieved
Successful achievement of Business Plan priority actions.	100%	82% achieved, 9 of 11 actions complete, 1 in progress and 1 yet to commence	No
Maintain Borough of Queenscliffe Council as a Waste Wise accredited organisation.	Accreditation maintained	Accreditation achieved	Yes
Completion of further stages of ICLEI program.	Completion of stages 2 & 3 by June 2011	ICLEI milestone process discontinued, therefore it was resolved by Council that a Council Sustainability Strategy be developed which will have an equivalent outcome. Strategy presented to Council in June 2010. Alternate "Working Towards Carbon Neutrality" Action Plan process initiated and monitoring system in place.	No
Complete Point Lonsdale beach access project.	Complete by June 2011	Reconsideration of the position of the ramp following community concerns which has as a result required associated re-engineering.	No
Achieve nett increase in street trees across the municipality.	Nett increase	25 trees removed and replaced with 49 trees across the Borough.	Yes
Annual Local Government Community Satisfaction Survey rating for council's overall performance in Waste Management.	Maintain rating at 75 or better	Our result for the 2011 survey is 72	No

### STRATEGIC OBJECTIVE: Business & Tourism

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

Key Strategic	Performance Measure	Actual Performance	Target Achieved
Successful achievement of Business Plan priority actions.	100%	56% achieved, 5 of 9 actions complete, 2 in progress and 2 not yet commenced	No
Maintain visitation numbers to the Queenscliffe Visitor Information Centre.	64,530 visitors	Visitor Information Centre total visitations in 2010/11 = 117,880 comprising of : 51,098 walk in visitors; 3,474 phone calls; 164 email enquiries; 62,594 website hits and 550 heritage walk participants.	Yes
Maintain level of sponsorship and in-kind support provided to major tourism events.	Value of support maintained	\$37,302 Sponsorship and in-kind support provided for Queenscliff Music Festival and Busking for the Kids Easter Event. (2009/10 : \$31,105 for Queenscliff Music Festival, Great Victorian Bike Ride and Seafood Feast).	Yes
Annual Local Government Community Satisfaction Survey rating for council's overall performance in Economic Development.	Maintain rating at 61 or better	Our result for the 2011 survey is 59	No

Standard Statements for year ending 30 June 2011

## Performance Statement

### STRATEGIC OBJECTIVE: Community Development

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

Key Strategic	Performance Measure	Actual Performance	Target Achieved
Successful achievement of Business Plan priority actions	100%	59% achieved, 10 of 17 actions complete, 6 in progress and 1 yet to commence	No
Number of food premises visits.	At least 1 visit per premise per annum	78 permanent food premises to be inspected, of which 13 food premises visits were conducted during the 2010/11 financial year	No
Level of financial support to community initiatives and not-for-profit community groups and organisations.	Maintain value of grants	Total value of financial support to community initiatives & not-for-profit community groups and organisations = \$61,584 (2009/10 : \$54,572)	Yes
Recognise and celebrate volunteer contributions in the Borough of Queenscliffe.	Conduct at least 2 events per annum	Australia Day Awards recognises outstanding volunteer contributions to the community. The Volunteer Celebration was held on Tuesday 10th May and over 130 people attended to celebrate the Volunteer contribution to the community. In addition, as part of Seniors Week, up to 10 residents (aged 60+) were invited to attend the Government House Reception held on 1/10/2010 in recognition of their voluntary work in the community.	Yes
Annual Local Government Community Satisfaction Survey rating for council's overall performance in health and human services.	Maintain rating at 79 or better	Our result for the 2011 survey is 80	Yes
Annual Local Government Community Satisfaction Survey rating for council's overall performance in recreational facilities.	Maintain rating at 68 or better	Our result for the 2011 survey is 69	Yes

Standard Statements for year ending 30 June 2011

## Performance Statement

### STRATEGIC OBJECTIVE: Planning, Heritage & Community Assets

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

Key Strategic	Performance Measure	Actual Performance	Target Achieved
Successful achievement of Business Plan priority actions	100%	50% achieved, 6 of 12 actions complete, 4 in progress and 2 yet to commence	No
Complete review of Queenscliffe Planning Scheme and draft Planning Scheme Amendment.	Review completed by June 2011	Review commenced. Phases 1 and 2 completed.	No
Number of planning applications processed within 60 statutory days	70%	80% of planning application decisions made within statutory timeframe (175 decisions made in total)	Yes
Annual Local Government Community Satisfaction Survey rating for council's overall performance in appearance of public areas.	Maintain rating at 52 or better	Our result for the 2011 survey is 72	Yes
Annual Local Government Community Satisfaction Survey rating for council's overall performance in traffic management and parking	Maintain rating at 61 or better	Our result for the 2011 survey is 60	No
Annual Local Government Community Satisfaction Survey rating for council's overall performance in town planning policy and approvals.	Maintain rating at 52 or better	Our result for the 2011 survey is 52	Yes

**Certification of the Performance Report**

In our opinion, the accompanying performance statement of the Borough of Queenscliffe in respect of the 2010/2011 financial year is presented fairly in accordance with the Local Government Act 1989. The statement outlines the Key Strategic Activities set out in Council's Budget and describes the extent to which these activities were achieved in the year.

At the date of signing, we are not aware of any circumstances, which would render any particulars in the statement to be misleading or inaccurate. On 21st September 2011 we were authorised by the Council to certify this performance statement in its final form on behalf of Council.



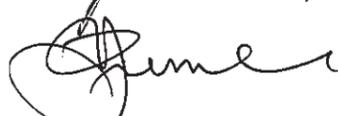
Councillor Bob Merriman  
Councillor

Date: 21 September 2011  
Queenscliff



Councillor John Burgess  
Councillor

Date: 21 September 2011  
Queenscliff



Leonard Jenner  
Chief Executive Officer

Date: 21 September 2011  
Queenscliff

VAGO

Victorian Auditor-General's Office

**INDEPENDENT AUDITOR'S REPORT**

To the Councillors, Borough of Queenscliffe

*The Performance Statement*

The accompanying performance statement for the year ended 30 June 2011 of the Borough of Queenscliffe which comprises the statement, the related notes and the certification of the performance statement has been audited.

*The Councillors' Responsibility for the Performance Statement*

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

*Auditor's Responsibility*

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

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

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

*Independence*

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

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

## VAGO

Victorian Auditor-General's Office

### Independent Auditor's Report (continued)

#### *Auditor's Opinion*

In my opinion, the performance statement of the Borough of Queenscliffe in respect of the 30 June 2011 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

#### *Matters Relating to the Electronic Publication of the Audited Performance Statement*

This auditor's report relates to the performance statement of the Borough of Queenscliffe for the year ended 30 June 2011 included both in the Borough of Queenscliffe's annual report and on the website. The Councillors of the Borough of Queenscliffe are responsible for the integrity of the Borough of Queenscliffe's website. I have not been engaged to report on the integrity of the Borough of Queenscliffe's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE  
26 September 2011

  
D D R Pearson  
Auditor-General