



ESSENTIAL SERVICES COMMISSION
Local Government

Higher cap – Application cover sheet (2017-18)

Council name

Borough of Queenscliffe Council

Contact person and phone number

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Base Average Rate (\$): (e.g. \$1,800)

\$1,954.04

Proposed increase for 2017-18: (e.g. 5%, \$4,000,000)

Proposed increase in Average Rate (%)	4.5%
Proposed increase in prescribed rate revenue (\$)	\$87.90

Proposed increase for following year(s): (e.g. 5%, 2%, \$4,000,000)

2018-19	Proposed increase in Average Rate (%)	N/A
	Proposed increase in prescribed rate revenue (\$)	
	<i>Note: Assumed rate of forecast CPI (%)</i>	
2019-20	Proposed increase in Average Rate (%)	N/A
	Proposed increase in prescribed rate revenue (\$)	
	<i>Note: Assumed rate of forecast CPI (%)</i>	
2020-21	Proposed increase in Average Rate (%)	N/A
	Proposed increase in prescribed rate revenue (\$)	
	<i>Note: Assumed rate of forecast CPI (%)</i>	

Please attach:

- evidence of council sign-off/approval of application (**Appendix A**)
- 2015–16 Annual Report (**Appendix B**)
- 2016–17 Budget (**Appendix C**)
- Draft 2017–18 Budget (**Appendix D**)
- Draft Council Plan / Strategic Resource Plan (**Appendix E**)
- any other information supporting the application

Summary of the key reason(s) for the application: *(Please limit response to two pages)*

Following development of the draft Council Plan 2017-2021 and in consultation with the Essential Services Commission, the Borough of Queenscliffe Council (BoQ) resolved at its Ordinary Meeting held on the 27 April 2017 to confirm its intention to apply for a higher rate cap of 4.5% in the 2017-18 rating year and to prepare a community engagement bulletin, invite community feedback on its decision, and receive written feedback by 7 June 2017. Further, Council resolved to present the options for a higher rate cap at two public information sessions to be held on 5 June 2017 in Queenscliff and on 6 June 2017 in Melbourne (**Appendix A**).

The additional one-off 2.5% higher rate cap in 2017/18 is an affordable outcome for our community, representing just 79 cents per week or \$41 per year for a median value residential property, and will generate increased rate income of:

2017/18	\$150,000	2018/19	\$153,000	2019/20	\$156,000	2020/21	\$159,000	2021/22	\$162,000
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It is believed that given the uncertainty of a number of critical financial components of the financial plan over the next four years, including future grant funding streams; risk of failure of our ageing building infrastructure; future asset condition assessments; and forecast CPI, that a one-off higher rate cap of 4.5% in the first year of the four year plan is necessary to ensure that BoQ has the financial capacity to address these financial risks over the long term and enable Council to meet the aspirations and priorities identified by our community over the next four years.

BoQ's programs and services reflect a lean organisation and continue to achieve sustainable operational efficiencies to reduce costs and minimise waste and duplication. Yet, in order to maintain current services and deliver on the draft Council Plan 2017-2021, Council cannot responsibly sustain rate rises equivalent to the State Treasury CPI forecast over the next four years without a) significantly reducing priority project expenditure annually, increasing future borrowing levels above the levels currently proposed and/or selling assets to fund capital works. It will also be necessary for Council to consider reapplying for a higher rate cap in 2018-19.

Council plays a significant role in maintaining, developing and protecting coastal Crown land assets in the municipality. Council has made an important commitment to our community to restore, preserve and protect these valuable Crown land assets for future generations and attracted significant State and Federal Government funding to invest in these assets. Conservation of the Borough's rich culture and unique heritage is a key strategic objective of the draft Council Plan 2017-2021 and aligns with the vision developed with our community. It is essential that Council has the financial capacity to maintain these unique assets into the future.

Council is proposing to responsibly transition the Borough's tourist parks through a proposed redevelopment in the short term that will lower the burden on ratepayers over the long term in maintaining its open spaces on Crown land. The expected outcomes are critical to the long term financial sustainability of BoQ and involve increasing future tourist park revenues to enable Council to direct additional income to improve the management of open spaces and community facilities on coastal Crown land across the Borough, while minimising future rate increases and achieving sustainable underlying operating surpluses in the long term.

An assessment of BoQ's financial sustainability without a higher rate cap shows the following trends:

1. Financial performance – a declining trend in the underlying surpluses in future years as:
 - Rate capping reduces BoQ's largest revenue stream (48%), which is raised from a very small ratepayer base,
 - Continuation of cost shifting,

- Declining recurrent grant revenue (6% of operating revenue) with a compounding effect through loss of Victorian Grants Commission funding indexation freezes and discontinuation of recurrent funding for asset renewal from the State government Country Roads and Bridges Program, and
 - Increasing debt levels to fund capital works where capacity to service debt will decline. This trend is despite the achievement of significant cost efficiencies such as maintaining wage growth below the rate cap, noting Employee costs represent 37% of operating expenses.
2. Our very small size (2016 Estimated Resident Population 3,069) limits our ability significantly to create economies of scale with limited opportunities for shared services collaboration.
 3. Significant responsibility for maintaining ageing building infrastructure located on Crown land assets with the highest proportion of Crown land management of any municipality in Victoria: 8% of the municipal area consists of foreshore reserves managed by Council.

BoQ has a highly engaged community despite approximately 50% of ratepayers residing permanently outside of the Borough. BoQ regularly receives feedback from the community regarding dissatisfaction with the level of maintenance of public open space facilities and foreshore areas along with a desire for improved footpath networks. The 2016 Community Satisfaction Survey (**Appendix F**) results highlight the community's assessment of performance:

- Community consultation – 3 points higher than the State average
- Overall Council direction – equal to the State average
- Making community decisions – equal to the State average
- Waste management, Appearance of public areas and Recreational facilities – top three highest performing service areas
- Appearance of public areas – 3 points higher than the State average (Importance exceeds performance by 1 point)
- Condition of local streets & footpaths – 4 points lower than the State average (Importance exceeds performance by 10 points)

BoQ has been able to leverage significant non-recurrent grant funding in the past to maximise outcomes for the community. Recently, this has enabled Council to implement priority projects relating to the lighthouse reserves. Despite this success, BoQ's capacity to continue to contribute adequate funds to maintain current services and priority project funding in the future is rapidly declining. Coupled with our obligations to maintain an ageing building infrastructure network across the municipality (in line with desired levels of service and the renewal strategy in the Infrastructure Asset & Service Management Plan (**Appendix G**)), accessible/clean beaches, and preserve and regenerate the Borough's historic Avenue of Honour, Council requires an adequate contribution from rate revenue to maintain these high value assets.

The absence of alternative sources of revenue has the effect of increasing future underlying deficits and reducing funds available for priority projects identified by our community. Deferring priority projects and/or spreading a higher rate cap over multiple years will only compound this financial risk.

In addition, the Auditor General has reinforced this issue in the Local Government 2015/16 Audit Snap Shot 24 November 2016 by commenting that:

“Financial sustainability issues are emerging for the cohort of 19 small shire councils. Declining revenues are forecasted for this cohort over the next three years, while expenditure is expected to remain consistent”.



BOROUGH OF QUEENSCLIFFE

Essential Services Commission Higher Rate Cap Application 2017-18

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1. Introduction

The Borough of Queenscliffe Council (BoQ) is applying for a one-off higher rate cap of 4.50% for the 2017/18 financial year. That is an increase of 2.50% above the rate cap set by the Minister for Local Government in December 2016 for the 2017-18 financial year.

The higher rate cap in the first year of the four year Council Plan 2017-2021 is necessary to ensure that BoQ has the financial capacity to address the financial risks over the long term and enable Council to meet the aspirations and priorities identified by our community over the next four years.

2. Shire Profile

Location

The Borough of Queenscliffe is located at the eastern tip of the Bellarine Peninsula and opposite Point Nepean at Port Phillip Heads in Victoria, Australia. It is bordered by water on three sides: Port Phillip Bay, Swan Bay and Bass Strait. The only land border is the City of Greater Geelong on its west. It is approximately 105 kilometres south-west of Melbourne and 35 kilometres east of Geelong.

Population

The estimated resident population at 30 June 2016 was 3,069. At the time of the 2011 Census, the Borough's permanent resident population was 3,000, living in 2,777 dwellings. 1,596 people were living in Point Lonsdale and 1,404 were residing in Queenscliff as well as approximately 50% of rateable residential properties represented by a non-resident ratepayers. The Borough's population increases to around 16,700 people over the summer period. The population is anticipated to remain around this level in the foreseeable future with minimal property growth and a long history of non-permanent ownership of property.

People are attracted to the Borough for its picture-perfect streetscapes; towering lighthouses; heritage buildings; contemporary living; vibrant coffee culture; great schools and kinder; maritime history; stylish new harbour; fashion boutiques and art galleries; fresh and gourmet produce; museums; live music; markets; the beach; and, most of all, its vibrant and inclusive community.

Characteristics

The Borough of Queenscliffe comprises the coastal townships of Queenscliff and Point Lonsdale.

The Borough of Queenscliffe, the only Borough in Australia, was created in May 1863. In May 2013 the Borough of Queenscliffe Council and community celebrated its 150th anniversary. Queenscliff was first and foremost built for government purposes. It provided postal, customs, health and telegraph services, lighthouse and signal services, military and defence establishments and the sea pilot's service.

The many significant historical buildings within the Borough contribute to its distinctive built environment. Well-preserved heritage buildings are one of the key tourism assets for the area. Perched above the point where Port Phillip Bay meets Bass Strait, Point Lonsdale boasts both sheltered bay beaches and a dramatic and breathtaking strip of rugged ocean frontage where the Western Victorian surf coast begins. As well as being of high ecological value, the foreshore and marine environments contribute to urban and landscape character, which attracts many people to the area. The Borough of Queenscliffe community is close-knit. It enjoys a highly active community life through volunteering and participation in sport, recreation, arts, cultural and civic events.

3. Higher cap proposed for the 2017/2018 financial year

Borough of Queenscliffe (BoQ) is applying for a one-off higher rate cap of 4.50% for the 2017/18 financial year. That is an increase of 2.50% above the rate cap set by the Minister for Local Government in December 2016 for the 2017-18 financial year.

The additional 2.50% rate rise in 2017/18 will generate additional rate income of:

- 2017/18 \$150,000
- 2018/19 \$153,000
- 2019/20 \$156,000
- 2020/21 \$159,000
- 2021/22 \$162,000

The proposed average rate increase of 4.5% in 2017-18 represents an average rate of \$2,041.94, which is an increase of \$87.90 per property. However, the increase is equivalent to an extra 79 cents per week or \$41 per year for a median value (\$700,000) residential property in the Borough.

The completed Budget Baseline Information Template is included in **Appendix H** with a summary of the higher rate cap calculation outlined below:

2016/17 Base Average Rates	\$1,954.04
2017/18 calculations, applying the 2.0% rate cap set by the State Government	
Maximum Rate Increase	2.00%
Capped Average Rate	\$1,993.12
Maximum General Rates Revenue	\$6,104,942
2017/18 calculations, applying a higher rate cap of 4.5% per application lodged with ESC	
Proposed Rate Increase	4.50%
Capped Average Rate	\$2,041.94
Maximum General Rates Revenue	\$6,254,451

Council separated Waste charges from General rates in 2016/17 following a review of the Rating Strategy in 2016 (**Appendix Y**). This enabled Council to continue to fully recover the waste management costs from ratepayers who are receiving the waste management services. A summary of the proposed rates and charges for the next three years is provided below, noting that Council does not have a Municipal Charge:

Year	General Rate Increase %	Kerbside Waste Charge Increase %	Public Waste Charge Increase %	Green Waste Charge Increase %
2016/17	2.50%	1.82%	2.98%	0.00%
2017/18	4.50%	0.69%	2.80%	2.85%
2018/19	2.00%	2.50%	2.50%	2.50%
2019/20	2.00%	2.50%	2.50%	2.50%
2020/21	2.00%	2.50%	2.50%	2.50%

BoQ's average rate increase over the last 5 years has been a conservative 3.86%, as shown in the following table:

Year	Rate increase
2012/13	4.00%
2013/14	4.50%
2014/15	4.50%
2015/16	3.80%
2016/17	2.50%
Average rate increase 2012/13 - 2016/17	3.86%
Average rates per capita 2016/17	\$1,950.22
Average rates per assessment 2016/17	\$1,954.04

The Local Government Performance Reporting Framework measures 'Average residential rate per residential property assessment' as a measure of relative revenue efficiency. While the average rate appears high for BoQ, rate revenue represents a high proportion of BoQ's total revenue with the majority of expenditure being non-discretionary and spread across a very small ratepayer base, thus distorting the result.

A more relevant comparison for our community is the G21 Region councils, including City of Greater Geelong, Colac Otway, Surf Coast and Golden Plains. In comparing rates and charges in the draft 2017-18 budgets for similar valued residential properties, BoQ residents are paying considerably less than ratepayers in neighbouring councils. For example, a \$700,000 (median value) residential property in BoQ will pay between 16.5% and 88.5% less than councils in the G21 Region (**Appendix I**).

The dilemma faced by the Borough is the very low growth in rateable properties (and therefore rate income), combined with the unavoidable increase in costs related to legislative compliance and the increasing demand for services and infrastructure renewal.

The higher rate cap in the first year of the four year Council Plan 2017-2021 is necessary to ensure that BoQ has the financial capacity to address the financial risks over the long term and enable Council to meet the aspirations and priorities identified by our community over the next four years.

In January 2017, Council announced to the community and advised the ESC that given the current early position in the budget preparation cycle at that time, Council was of the view that it should retain the option to consider a future submission for a higher rate cap (**Appendix J**). This enabled Council time to complete the development of the draft Council Plan 2017-2021 (**Appendix E**) and consider the options available to meet the priorities identified by the community.

Following development of the draft Council Plan and in consultation with the ESC, the Borough of Queenscliffe Council resolved at its Ordinary Meeting held on the 27 April 2017:

That Council:

- 1. Confirm its intention to apply for a higher rate cap of 4.5% in the 2017/18 rating year,**
- 2. Request the Chief Executive Officer to prepare a community engagement bulletin and invite community feedback, and receive written feedback by no later than 4pm on Wednesday, 7 June 2017,**
- 3. Present the options for a higher rate cap at two public information sessions to be held at 7:00pm on Monday 5 June 2017 at the Town Hall, Queenscliff and at 7:30pm on Tuesday 6 June 2017 at the City of Boroondara Municipal Offices, Camberwell,**
- 4. Request the Chief Executive Officer to make a submission to the Essential Services Commission prior to the deadline of 31 May 2017 for submissions, based on a higher rate cap of 4.5% and subject to providing the community feedback to the Essential Services Commission as supplementary information by Friday, 9 June 2017, and**
- 5. Note that the final rate increase will be determined by Council, after considering the decision by the Essential Services Commission, when Council adopts the 2017/18 Budget, noting that this will follow the statutory community consultation process.**
- 6. Request the Chief Executive Officer to issue a media release regarding the resolution on this matter on Friday, 28 April 2017.**

Refer to **Appendix A** for a copy of the Council Minute from the Ordinary Meeting held on 28 April 2017.

4. The reasons for which Council seeks the higher cap

The additional one-off 2.5% higher rate cap in 2017/18 is an affordable outcome for our community, representing just 79 cents per week or \$41 per year for a median value residential property, and will generate increased rate income of:

- 2017/18 \$150,000
- 2018/19 \$153,000
- 2019/20 \$156,000
- 2020/21 \$159,000
- 2021/22 \$162,000

In order to maintain current services and deliver on the draft Council Plan 2017-2021 (**Appendix E**), Council cannot responsibly sustain rate rises equivalent to the State Treasury CPI forecast over the next four years without a) significantly reducing priority project expenditure annually, increasing future borrowing levels above the levels currently proposed and/or consider selling assets to fund capital works . It will also be necessary for Council to consider reapplying for a higher rate cap in 2018-19.

The reasons for which BoQ seeks a one-off higher rate cap of 4.5% in 2017-18 are outlined as follows:

Economies of scale

BoQ is the smallest council in Victoria with the least resources and capacity to achieve economies of scale. Council services are valued by the community and Council recognises in the draft Council Plan 2017-2021 (**Appendix E**) the need to be financially sustainable to remain independent.

Our very small size (2016 Estimated Resident Population 3,069) limits our ability significantly to create economies of scale with limited opportunities for shared services collaboration. Nevertheless, BoQ has actively pursued shared service procurement as opportunities have arisen. Examples of these are outlined under 'Opportunities for collaboration' in Section 6.

The comparative performance indicators published on the Know Your Council website also highlight that the comparative level of BoQ's service costs for some services can be much higher due to the absence of opportunities to achieve economies of scale.

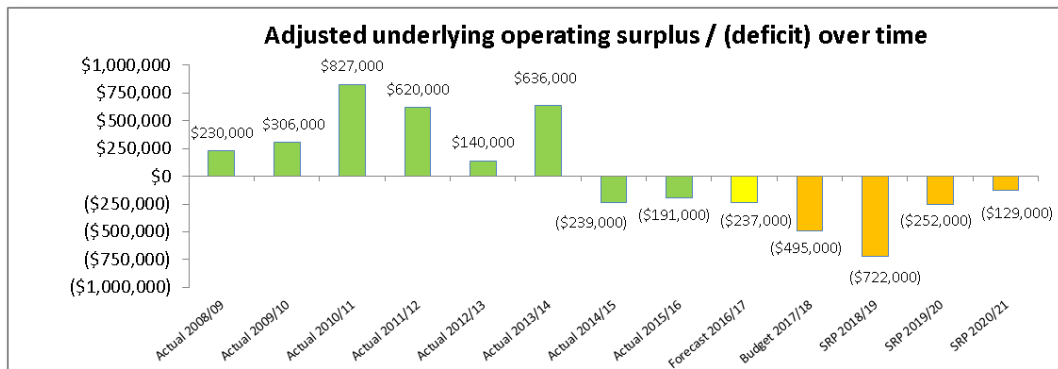
The cost of the BoQ Maternal and Child Health (MCH) Service per hour worked by MCH nurses in 2015-16 was \$153.69 compared to a State average of \$76.67. Community accessibility to the service in the Borough is for a comparatively small number of birth notifications per year. As a result, a minimum standard of 1 day/week availability is provided to ensure delivery of an essential service. Shared service arrangements with the City of Greater Geelong provide some efficiencies under a contractual arrangement.

The cost of BoQ Animal Management per number of registered animals in 2015-16 was \$106.80 compared to a State average of \$49.59. BoQ provides services for high levels of visitors with animals to the Borough (i.e. not registered with Queenscliffe) and approximately 50% of houses in the Borough are holiday homes. It is estimated that the number of animals in the Borough doubles during peak holiday periods (i.e. registered elsewhere), which results in peak demand and additional resources allocated to manage animal management matters.

All councils share a responsibility to assess and determine the appropriate range of services to provide to the community. This assessment is informed by a number of reference points, such as services that are legislated or mandated (eg. administering the Planning Scheme). Council may be responsible under a funding agreement to provide a service (eg. aged care services). It is also appropriate for Council to assess and determine the range of service provision on the basis of capacity to provide a discretionary service, giving consideration to whether an alternative provider is available to meet the service needs.. BoQ does not have the capacity to provide a range of discretionary services, such as immunisations, family day care, child care, kindergarten, youth services or disability services.

Financial performance

Taking into account a higher rate cap, Council is still seeing a continuing decline in Council's financial performance over time with a declining trend in the underlying surpluses in future years:



The improvement from 2019-20 to 2020-21 reflects the expected outcomes from redevelopment of Council's tourist parks, increasing future tourist park revenues to enable Council to direct additional income to improve the management of open spaces and community facilities on coastal Crown land across the Borough.

Although long term financial benefits are expected from the above redevelopment, the underlying surplus will be progressively eroded as Council continues to see:

1. Reliance on rate revenue

Rate revenue represents almost 60% of BoQ's own source revenue and is Council's largest operating revenue stream (48%). Council's relatively high dependency on rate revenue is reflected in our high rates concentration (66.5%), as alternative sources of revenue continue to decline and are compounded in a rate capping environment.

2. Declining recurrent grant revenue

Recurrent grant revenue represents 6% of total revenue. Councils have experienced a compounding effect in lost revenue from Victorian Grants Commission funding indexation freezes since 2014/15. The cumulative impact on the Borough of Queenscliffe for the past three years totals \$17,700. More significantly, Council has experienced the discontinuation of recurrent funding from the State government Country Roads and Bridges Program in recent years (previously \$1m p.a. over four years from 2011/12 to 2014/15).

It is becoming increasingly challenging to estimate the level of recurrent funding from one budget cycle to the next. Council will often prepare its annual budget and Strategic Resource Plan based on assumptions that are increasingly unpredictable and shift late in the planning process. As a result, Council is obliged to prepare conservative estimates of recurrent grant revenue.

3. Continuation of cost shifting

Over time the funds received by councils do not increase in line with real cost increases and cost shifting continues to occur. There is clear evidence that demonstrates a trend by State and Federal Governments to transfer increasing levels of responsibility to local councils. This has a comparatively greater impact on small population councils, such as the Borough of Queenscliffe. The most significant examples include:

- The total cost of Aged Care Services over the last five years from 2012/13 to 2016/17 is \$2,416,700 of which \$1,606,300 (67%) is funded by government grant, \$298,700 (12%) by user fees and charges and the balance of \$511,700 (21%) contributed by Council.

- The total cost of Maternal and Child Health services over the last five years from 2012/13 to 2016/17 is \$314,700 of which \$222,500 (71%) is funded by government grant and the balance of \$92,200 (29%) contributed by Council.
- The total cost of School Crossing supervision over the last five years from 2012/13 to 2016/17 is \$223,900 of which \$78,700 (35%) is funded by government grant and the balance of \$145,200 (65%) contributed by Council. The State Government has recently announced it will start to honour the existing agreement to pay 50% of the costs for school crossing supervision. It acknowledges that payments to councils in the past have not covered the agreed 50% of the cost. While this announcement is welcomed, the details of the level of payments in future have not yet been provided at the time of preparing this draft budget and will be updated in the budget in time for Council adoption in July 2017.
- The cost of Professional Life Guard Services is \$30,300 in 2016/17, an increase of \$1,300 (4.5%) compared with the 2015/16 financial year. Council does not receive grant funding for this service. Council has contributed a total of \$139,000 over the last five years from 2012/13 to 2016/17.
- The total cost of Library services was \$225,200 in 2016/17, a reduction of \$17,795 (7.3%) compared with the 2015/16 financial year. Council does not receive grant funding for this service. Council has contributed a total of \$1,148,200 to the Geelong Regional Library Corporation, as well as to Council building asset maintenance and associated costs, over the last five years from 2012/13 to 2016/17.
- The significant cost allocated by the Victorian Electoral Commission to conduct the 2016 Borough of Queenscliffe general election was 80,200. This was largely a fixed cost incurred by all councils regardless of size and is expected to be incurred every four years.
- The State Government's announcement in the State Budget released in May 2017 outlining plans to introduce annual property valuations, with the function to be centralised through the Valuer-General, are expected to double the current bi-annual cost to ratepayers by \$40,000 every two years.

Reduction in future non-recurrent grant funding

BoQ has been able to leverage significant non-recurrent grant funding in the past to maximise outcomes for the community. Recently, this has enabled Council to implement priority projects relating to the lighthouse reserves. Despite this success, BoQ's capacity to continue to contribute adequate funds to maintain current services and priority project funding in the future is rapidly declining. Coupled with our obligations to maintain an ageing building infrastructure network across the municipality (in line with desired levels of service and renewal strategy in the Infrastructure Asset & Service Management Plan (**Appendix G**)), accessible/clean beaches, and preserve and regenerate the Borough's historic Avenue of Honour, Council requires an adequate contribution from rate revenue to maintain these valuable assets. The absence of alternative sources of revenue has the effect of increasing future underlying deficits and reducing funds available for priority projects identified by our community. Deferring priority projects and/or spreading a higher rate cap over multiple years will only compound this financial risk.

The Auditor General made the following comments regarding small shire councils in the *Local Government 2015/16 Audit Snap Shot* 24 November 2016, reinforcing this issue:

"Financial sustainability issues are emerging for the cohort of 19 small shire councils. Declining revenues are forecasted for this cohort over the next three years, while expenditure is expected to remain consistent". The Auditor-General observed that: *"Looking ahead, the small shire council cohort is expecting to experience a decline in capital grant revenue over the next three financial years. From our review of the cohort councils' unaudited budgets, this loss of revenue—combined with a steady level of expenditure—will have the following impact:*

- *a decline in the net result of the cohort*
- *a reduction of funds available for investment in property, plant and equipment—with the number of councils within this cohort forecast to spend less than depreciation on their assets over each of the three financial years.”*

Increased reliance on debt

Council has responsibly considered debt as an alternative funding source for capital works over the next four years. Declining options for alternative sources of revenue has resulted in Council increasing debt levels to fund capital works where capacity to service debt is expected to remain low. The trend in ‘Debt compared to rate revenue’ has been an increase from 1.6% in 2016-17 to a forecast of 9.7% over the next three years, indicating Council’s increasing reliance on debt compared to annual rate revenue.

Council has planned to take up new borrowings to fund major capital works where benefits can be attained for future generations across the wider community. New borrowings of \$177,000 are budgeted in 2017/18 for the replacement of energy efficient LED streetlights in 2017/18, as well as \$300,000 forecast in each of the 2018/19 and 2019/20 financial years to fund major capital works in the absence of rate revenue, with expected repayment of each loan planned over a period of ten years to reduce the impact on the underlying result. For every \$500k of new borrowings the annual repayments for principal and interest are expected to equate to 1% of BoQ rate revenue each year.

Risk of failure of our ageing building infrastructure

Most of the building infrastructure is located on Crown land assets with the highest proportion of Crown land management of any municipality in Victoria: 8% of the municipal area consists of foreshore reserves managed by Council.

The value of buildings disclosed in the 2015-16 Annual Report (**Appendix B**) was reported at \$15.00 million as at 30 June 2016. 87% of the building value relates to building infrastructure managed on Crown land with the balance of 13% relating to building infrastructure on freehold land.

The type of building infrastructure includes:

- Caravan parks
- Community facilities
- Council offices/Town Hall
- Public toilets
- Recreation facilities

The Asset Management Plans provide the framework for BoQ's capital works program. The Asset Management Plan for buildings in the Borough (**Appendix G**) has been referred to in this application to highlight the risks associated with ageing building assets in the Borough.

In 2014, the Queenscliffe Building Asset Management & Condition Review Report (**Appendix K**), identified that 8% of building assets were near the end of their practical life and urgent renewal works would be required over the next 1-5 years. This is principally due to Council taking responsibility for buildings on the Point Lonsdale Lighthouse Reserve. Since 2010, buildings were showing signs of deterioration, mainly attributed to the gradual ageing of the buildings.

Council has made an important commitment to our community to restore, preserve and protect these valuable Crown land assets for future generations and attracted significant State and Federal Government funding to invest in these assets. Conservation of the Borough's rich culture and unique heritage is a key strategic objective of the draft Council Plan 2017-2021 (**Appendix E**) and aligns with the vision developed with our community. It is essential that Council has the financial capacity to maintain these unique assets into the future.

In addition to the annual asset renewal program for building assets, Council continues to transparently set aside \$45,000 each financial year toward building renewal projects, in an effort to smooth out fluctuations in building asset renewal needs over time. Significant progress has been made to address buildings with deteriorating conditions, such as the Queenscliff Sports Club building redevelopment through a combination of State Government, Council and community contributions. Council has secured funding of \$3.16 million for the upgrade sports and caravan park related infrastructure, including Stage 2 of the building upgrade scheduled for completion in 2018/19.

The high value heritage character of a significant number of the building assets also increases the cost of maintenance and renewal. This high cost to preserve and protect the heritage character of high value assets in the Borough also extends to some road and drainage assets and the Borough's historic Avenue of Honour.

Council is responsible for the maintenance, cleaning and renewal of 14 public toilets in the Borough, which represents a staggering responsibility of 1 toilet per square kilometre to maintain and renew. The toilets are located along the foreshores, in town centres, in caravan parks, at a boat ramp or free standing areas in parks and reserves. The standard and condition of these facilities varies greatly,

with some facilities at end of life and others only several years old. Some of the public toilets were built decades ago and are in need of major renewal works, or replacement, if they are to remain.

With the Borough's population increasing substantially to around 16,700 people over the summer period, there is substantial additional demand placed on the Borough's toilet facilities. As a result, the frequency of public toilet cleaning during peak periods from 30 November to 30 April increases from once a day to twice daily. Extra cleans are also undertaken if required during the peak periods usually in response to community feedback.

It is important to note that with the influx of visitors to the Borough over the summer period this also places significant pressure on a range of other Council services and facilities. During peak periods, BoQ experiences increased demand for Local Laws services, additional beach cleaning, parking maintenance and public toilet maintenance.

The Borough of Queenscliffe Public Toilet Strategy 2015-2025 (**Appendix L**) provides for the improved performance and strategic positioning of the public toilets to cater for our community and visitors, including a commitment for Council to improve the performance and management of Council's public toilets over the next ten years. The Strategy provides processes that will provide maintain a safe, accessible, high quality, sustainable network of public toilets within the Borough.

BoQ regularly receives feedback from the community regarding dissatisfaction with the level of maintenance of public open space facilities and foreshore areas along with a desire for improved footpath networks. The 2016 Community Satisfaction Survey (**Appendix F**) results highlight the community's assessment of performance:

- Waste management, Appearance of public areas and Recreational facilities – top three highest performing service areas
- Appearance of public areas – 3 points higher than the State average (Importance exceeds performance by 1 point)
- Condition of local streets & footpaths – 4 points lower than the State average (Importance exceeds performance by 10 points)

Meeting the aspirations and priorities of our community

BoQ's draft 2017-18 Budget (including the proposed higher rate cap for the 2017/18 financial year) (**Appendix D**) aims to build on the draft Council Plan 2017-2021 (**Appendix E**), a focuses on planning and designing activities in the 2017-18 year to deliver current commitments as well as a number of new priority projects. Council listened to community sentiment to understand these priorities and consistently heard that Council services are valued by the community, and that Council also needs to be financially responsible. Consequently, one of the five key strategic objectives is to: "Maintain a cohesive, well governed, financially sustainable and independent Borough."

An higher rate cap that is 2.5% above the cap set by the Minister for Local Government, will enable Council to meet the aspirations and priorities identified by our community over the next four years.

5. How the views of ratepayers and the community have been taken into account in proposing the higher cap

Engagement Plan

BoQ is committed to engaging the community in its decision making processes in a consistent and strategic manner. BoQ proactively engages with its community, which is significantly represented by both residents and non-residents alike, and includes engagement with Point Lonsdale residents in the 3225 Postcode area beyond the municipality boundary, known as the area west of Fellows Road where a significant community of interest in Council decisions also resides.

Council's Community Engagement Policy (**Appendix M**) provides Council and staff with a guide to determine the type and level of appropriate engagement based on the principles of the IAP2 framework, which forms part of the policy.

Council performs comparatively well in community consultation and engagement compared to other councils in Victoria. The community engagement results of the 2016 Community Satisfaction Survey (**Appendix F**) are shown below:

- Community consultation – 3 points higher than the State average
- Overall Council direction – equal to the State average
- Making community decisions – equal to the State average

The community consultation activities for the Council Plan, Implementation Plan, Budget and higher rate cap were staggered to provide a reasonable capacity for our small team of Councillors and staff to implement a comprehensive engagement plan that would:

- Allow our community to have a major say in the development of the Council Plan for the next four years,
- Give Council a realistic opportunity to consider the options available to fund the priorities identified by our community,
- Enable Council to decide if a higher rate cap was necessary to provide the best value for the community, having considered the priorities identified by the community and the options available,
- Consult the community on the options and Council's decision, prior to making any application for a higher rate cap,
- Consult the community on the draft 2017-18 Implementation Plan and draft 2017-18 Budget (including the Strategic Resource Plan) based on Council's decision, and
- Enable Council to consider the community's feedback before finalising the 2017-18 Implementation Plan and 2017-18 Budget.

The engagement plan was undertaken as two key phases to enable this to occur as follows:

PHASE	PURPOSE	ENGAGEMENT METHOD/S
Phase 1 24 Jan – 23 Feb	Inform the community about the Council Plan and relevant strategic and operational context. Encourage	<i>Build Awareness and Actively Encourage Participation</i> <ul style="list-style-type: none"> • Borough Snapshot provided key contextual information. Posted with rate notices on January 24, letterbox dropped to properties in the 3225 postcode area west of Fellows Road, and published on Council's website. • Mayor's Video Message briefly explaining the Council Plan, encouraging feedback and advising how feedback can be provided. Published on Council's website, and a link to the video file shared electronically with residents and ratepayers where possible with media

	<p>feedback about the draft Strategic Framework and to seek ideas about specific projects and initiatives prior to drafting of the Council Plan.</p>	<p>and other relevant organisations and networks.</p> <ul style="list-style-type: none"> • All Councillors making targeted connections with community groups to build awareness and encourage feedback with, Councillors generally focus on contacting groups most relevant to their portfolio areas. • All Councillors making themselves available at specific places at specific times for ‘on the street’ / ‘over coffee’ discussions with community members. Places and schedules provided to Councillors, focusing on high pedestrian traffic areas. • Use of Council’s network of local organisations and external agencies to assist in the dissemination of information, the sharing of the Mayor’s video message, and to encourage feedback. • Focused media campaign including media releases targeting local and regional newspapers and newsletters, along with the use of Council’s own communications tools. <p>Provide Various Options for Feedback</p> <ul style="list-style-type: none"> • Community ‘Have Your Say’ survey (with key contextual information) posted with rate notices on 24 January, letterbox dropped to properties in the 3225 postcode area west of Fellows Road, posted on Council’s website. • Independently facilitated Community Summit on Friday 17 February. All community organisations invited to nominate one representative to attend the summit, and 50 randomly selected resident and non-resident ratepayers invited. The Summit provided an opportunity for participants to suggest project ideas, and to explore, test and build on these ideas. • Children’s Summit, aimed at encouraging feedback from pre-school and primary school-aged children and their parents / carers. Scoped in collaboration with participating local educational organisations. • Children’s Survey promoted through Primary Schools. • Social media based campaign to seek the views and ideas of young people in the Borough aimed at secondary school aged people.
<p>Phase 2 29 April - 23 Jun</p>	<p>Invite feedback in relation to the draft Council Plan 2017-2021, higher rate cap, draft 2017-18 Implementation Plan (annual business plan) and draft 2017-18 Budget</p>	<p>Build Awareness and Actively Encourage Participation</p> <ul style="list-style-type: none"> • Community Bulletin (Appendix N) and Feedback Form (Appendix O) distributed to every ratepayer informing Council’s decision to apply for a higher rate cap, explaining: <ul style="list-style-type: none"> ○ Council’s financial capacity to meet our community’s needs over the long term, ○ What Council has done to improve it’s financial capacity and become more efficient, ○ Why a higher cap aligns with the Council’s plans and strategies, and ○ Council’s views about how an increase to the rate cap represents good value for the community. • Published on the BoQ website: <ul style="list-style-type: none"> ○ Community Bulletin and Feedback Form on the 2017-18 rate increase. ○ draft Council Plan 2017-2021 ○ draft 2017-18 Implementation Plan ○ draft 2017-18 Budget (including Strategic Resource Plan) • Public meetings to present the draft Council Plan 2017-2021, draft

		<p>2017-18 Implementation Plan, draft 2017-18 Budget and options considered by Council regarding the higher rate cap in Queenscliff (Mon 5 June) and Melbourne to provide additional opportunity for participation by a significant non-resident population (Tues 6 June)</p> <p>Provide Options for Feedback</p> <ul style="list-style-type: none"> • Formal submission process on draft Council Plan 2017-2021 from 29 April to 29 May • Invite feedback on Council’s decision to apply for a higher cap from 17 May to 7 June • Formal submission process on draft 2017/18 Implementation Plan and draft 2017/18 Budget from 27 May to 23 June.
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During February 2017, Council undertook the extensive community engagement program to develop the draft Council Plan 2017-2021 in line with BoQ’s Community Engagement Policy (**Appendix M**) to ensure our community had a major say in shaping the draft Council Plan for the next four years.

The key communications objectives in preparing the draft Council Plan 2017-2021 were to:

1. Inform the community about the purpose of the Council Plan;
2. Inform the community about the key strategic issues and operational context relevant to the Borough and the Council Plan;
3. Invite community feedback about the draft Strategic Framework and to seek ideas about specific projects and initiatives prior to drafting of the Council Plan (phase 1).
4. Invite feedback from the community about the draft Council Plan (phase 2).

The extensive consultation process was run across a wide range of representative segments of our community and informed the draft Council Plan by generating:

- 350 Community Surveys,
- 238 Children’s Feedback Forms,
- 17 written submissions,
- 50 randomly selected residents and ratepayers and representatives of local clubs and community organisations participating in a ‘Community Summit’, and
- 60 representatives from the three local Primary Schools and the Queenscliff Kindergarten participating in the ‘Children’s Summit’.

A summary of the community feedback on the draft Council Plan 2017-2021 is provided in **Appendix P**.

Following a high level of community participation across the community and Council consideration of the feedback, Council identified 42 strategies for inclusion in the draft Council Plan 2017-2021 to support the community’s identified priorities. Council considered the cost of implementing the priorities over the long term Strategic Resource Plan and 2017-18 Budget, the impacts on the Borough’s financial sustainability over the long term and the options available to respond to the aspirations and priorities identified by the community.

In considering the range of identified priorities, Council took into account:

- Delivering initiatives and capital works projects that have previously been formally approved by Council but yet to be fully implemented; and
- Considering and responding to:

- formal community requests received during 2016/17 where the request was outside the scope of the current Implementation Plan and Council has not had the resource capacity to respond to the request;
- Councillor identified proposals that stem from community feedback received by Councillor's as part of their participation in the Local Government election;
- proposals identified as potential priorities by Council officers and reviewed by the Executive Management Team; and
- the extensive feedback received from the community as part of the consultation process associated with the draft Council Plan.

Our size necessitates that the range of services provided does not include discretionary services or projects unless the service will meet or respond to high priority community needs or interests. The Council Plan community engagement process has enabled the newly formed Council to understand our community's needs and aspirations and reach an informed consensus on priority projects. Notwithstanding, Council has made a commitment to deliver a number of projects that were approved by the previous Council and will be delivered in the early years of the Council Plan 2017-2021.

Delivering on previous commitments

1. Coastal Crown land management

Council plays a significant role in maintaining, developing and protecting coastal Crown land assets in the municipality. These Crown land assets include two outstanding but historically neglected assets, which are the Queenscliff Lighthouse Reserve and the Point Lonsdale Lighthouse Reserve. In the absence of funding in the past from State and Federal Governments, the condition of the lighthouse reserves has continued to deteriorate.

The Queenscliff and Point Lonsdale Lighthouse Reserves were historically managed by the State Government over decades. In the context of the Victorian Government's statewide priorities, the lighthouse reserves were never regarded by State Government as having any precedence or importance. As a result, the lighthouse reserves fell into a parlous state over a long period of time. Council completed a Coastal Management Plan in 2006 (**Appendix Q**). This defined the roles and responsibilities of various stakeholders in coastal land management, including BoQ. Emerging risk management and amenity issues were identified at both Lighthouse Reserves, including:

- Dramatic spread of noxious weeds throughout both lighthouse reserves, presenting a major risk to the surrounding coastal areas that were and continue to be recognised for their high environmental values,
- Progressive major decline in the upkeep and maintenance of disused buildings on the Point Lonsdale Lighthouse Reserve, presenting a major fire risk as well as attracting vandalism and ultimately arson,
- Decline in the pedestrian and roadways through the Point Lonsdale Lighthouse Reserve, given no investment in maintenance,
- Regular community correspondence to BoQ expressing concerns related to the poor condition of all facilities and related concerns regarding amenity and safety – such communication was forwarded to the State Government agency responsible for management of Crown land, and
- Local community and visitors to the Borough believed that BoQ was responsible for this local public land.

Given the emerging risk management issues identified and the contrary priorities of State Government and Local Government regarding the urgency and importance of responding to these risks, the Point Lonsdale Lighthouse Reserve and the Queenscliff Lighthouse Reserve were the subject of specific qualified investigation, analysis and conclusions within the 2006 Coastal Management Plan. The Plan recommended three key directions:

That:

1. Council become the appointed Crown land Committee of Management,
2. The derelict houses be removed as part of a program to address the risk management issues, and
3. Tourist accommodation be developed on the lighthouse reserves to attract visitors and provide additional revenue for the Council as the Crown land manager.

The Coastal Management Plan was the subject of extensive community consultation and the directions were supported by the local community. The stakeholder and community feedback is summarised in the Minutes of the Ordinary Meeting held on 19 September 2006 (**Attachment R**).

Council was reluctant to take on additional Crown land management responsibilities unless the State invested in a clear plan for the future of the lighthouse reserves. Council with the support of our community, determined to take over Committee of Management of these lighthouse reserves in 2011 (**Appendix S**).

BoQ sought to accomplish the highest and best use of these assets from a Council, community and stakeholder perspective, recognising the potential for the Queenscliff Lighthouse Reserve to be developed with tourist accommodation opportunities based on sustainable design to increase local economic activity, generate additional income streams and complement neighbouring Crown land facilities, while protecting the indigenous vegetation and heritage of this area.

Community consultation showed support for improvements to the landscape and a reasonable level of acceptance of some development at the Queenscliff Lighthouse Reserve in the Council Report presented to the Ordinary Meeting held on 22 October 2014 (**Appendix T**). Similarly, Council recognised the importance placed by our community on preserving the heritage, vegetation values, and existing navigational uses of Point Lonsdale Lighthouse Reserve and the community's desire to protect and maintain this open space for future generations, as presented in the Council Report to the Ordinary Meeting held on 22 October 2014 (**Appendix U**).

In relation to the Point Lonsdale Lighthouse Reserve, four options were identified and fully analysed:

1. Do nothing (allow the Reserve to continue to deteriorate)
2. Improve the landscape and open space facilities throughout the Reserve
3. Improve the landscape and open space facilities throughout the Reserve and construct a small number of eco-cabins on the Reserve that would be managed by Council adding a new revenue stream
4. Improve the landscape and open space facilities throughout the Reserve and allow a commercial health and spa facility to be developed with Council securing the lease and rates revenue

Over 800 written submissions were received from the community with the overwhelming majority (almost all) supporting Option 2 - Improve the landscape and open space facilities throughout the Reserve. The Community Reference Group appointed by Council unanimously supported Option 2. The financial analysis, emanating from the feasibility study, identified that the capital development for Option 2 would cost an estimated \$1.4 million and require approximately \$93,000 per annum to fund asset maintenance and renewal. In reporting to the community on the four options, concerns

regarding the lack of new revenue to support the ongoing asset maintenance and renewal costs were highlighted.

In relation to the Queenscliff Lighthouse Reserve, three options were identified and fully analysed:

1. Do nothing (allow the Reserve to continue to deteriorate)
2. Improve the landscape and open space facilities throughout the Reserve
3. Improve the landscape and open space facilities throughout the Reserve and construct 10 eco-cabins on the Reserve that would be managed by Council

Over 300 written community submissions were received with the majority supporting Option 2 - Improve the landscape and open space facilities throughout the Reserve OR Option 3- Improve the landscape and open space facilities throughout the Reserve and construct 10 eco-cabins on the Reserve that would be managed by Council. The difference in community preferences was not stark and both Option 2 and Option 3 received strong support. The Community Reference Group appointed by Council supported Option 3.

The financial analysis emanating from the feasibility study identified that Option 2 would generate a strong annual financial return to Council after all operational and asset renewal and maintenance costs were fully accounted. The comprehensive financial analysis indicated that Option 2 had the capacity to generate a new revenue source to assist Council in meeting its Crown land management responsibilities and minimising the ongoing financial burden on ratepayers.

After considerable advocacy and lobbying for funding to plan for the future, both the Department of Sustainability & Environment (now DELWP), and Regional Development Victoria invested in a feasibility study and financial analysis for both lighthouse reserves. Council undertook this study and the findings and recommendations were formally considered by Council at its Ordinary Meeting held in April 2015 (**Appendix V and W**).

Council has made an important commitment to our community to restore, preserve and protect these valuable Crown land assets for future generations having attracted significant State and Federal Government funding to invest in these assets over the next four years. Conservation of the Borough's rich culture and unique heritage is a key strategic objective of the draft Council Plan 2017-2021 and aligns with the vision developed with our community. It is essential to the community that Council has the capacity to maintain these unique assets into the future.

6. How the higher cap is an efficient use of Council resources and represents value for money

BoQ is the smallest council in Victoria with the least resources and capacity to achieve economies of scale. Council services are valued by the community and Council recognises in the draft Council Plan 2017-2021 the need to be financially sustainable to remain independent.

The following outlines the ways in which BoQ has effectively managed the areas within its control to deliver services in a cost-effective and efficient way.

Critical plans and strategies:

1. Long term financial planning

Council is gradually improving its financial planning systems, progressively extending the financial forecasts to provide long term financial modelling. Council has achieved a five year financial

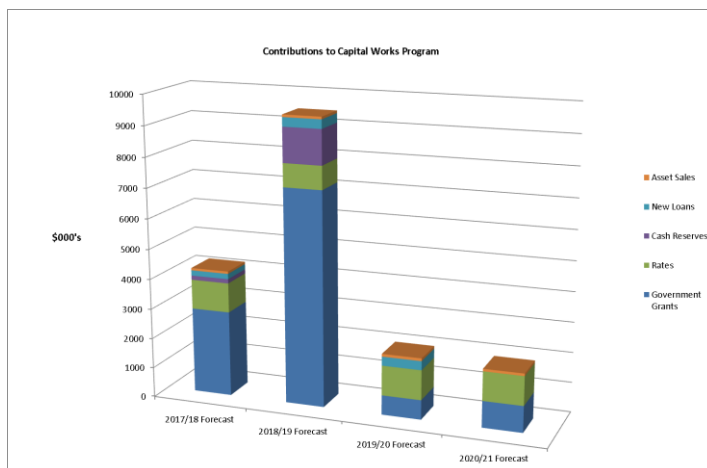
modelling outlook in the current planning cycle. This continual improvement has assisted Council to develop a clearer understanding of the longer term financial implications of its decisions.

Council's longer term view enables BoQ to make sound financial management decisions. The Strategic Resource Plan is based on robust financial strategies for debt management, asset renewal/replacement and reserve funding over the next five years.

2. Asset management plans

The Asset Management Plans provide the framework for BoQ's capital works program and have been referred to in this application to highlight the risks associated with ageing building assets in the Borough.

Council also developed a financially responsible project management and resourcing plan for the delivery of significant major capital works projects to be delivered over the next three years. The scale of Council's capital works program is best demonstrated by the following graph showing the funding sources for capital works over the next four years:



3. Rating Strategy review

Council completed a review of the Rating Strategy in 2016 to separate waste management charges from general rate revenue and establish full cost recovery to those who receive the benefits of the waste management services.

Continuous improvement and efficiency:

1. Improving financial systems

Council implemented a new corporate financial reporting system in 2016-17, which will provide BoQ with significantly improved financial budgeting, forecasting and reporting capability. This improvement will facilitate achievement more sophisticated long term financial modelling tools. Council also implemented an electronic purchasing system in 2016.

2. Enterprise Bargaining Agreement

Employee costs represent 37% of Council's operating expenses, therefore presenting a significant inherent financial risk for Council. The negotiation process, whilst challenging, remained focussed on the impact of wage growth on the long term financial sustainability of the Borough. As a result, Management was able to negotiate financially responsible Enterprise Bargaining Agreement (EBA) quantum increases as part of the 2016 EBA. This resulted in containment of wage increases within the 2.0% rate cap for the next three years and has significantly reduced the financial risk to Council in an environment where wage growth historically exceeds inflation.

The new EBA also includes a commitment by the parties to co-operating positively to increase the efficiency, productivity and competitiveness of the Council. The agreement makes provision for staff to identify and review opportunities or proposals for future ways of working to achieve sustained improvements in efficiency to manage costs, increase income or improve productivity.

3. Reducing costs

As part of the development of the 2016-17 Budget, Council reprioritised some projects and identified operational savings of \$108,000, which enabled Council to meet the 2.5% rate cap in 2016-17 with no effect on service delivery.

Council officers have also subsequently reviewed the way in which budgets for contingency expenditure are managed to consolidate resources and avoid unnecessarily tying up funds to manage contingency expenditures.

Opportunities for collaboration:

Council currently shares staffing resources with neighbouring G21 Region councils and is exploring new opportunities to work collaboratively across the group, including:

1. Shared staffing model

In recent years, BoQ moved from a high cost contracted consultancy to a shared staffing model with Surf Coast Shire Council for the provision of ongoing Municipal Building Surveying service delivery. Council achieved a significant efficiency improvement by achieving double the level of service hours for a minimal cost increase in order to respond to the increase in demand for the service.

2. Partnering for collaborative shared services funding

BoQ took a lead role in collaborating with Surf Coast Shire and Colac Otway Shire to apply for funding from the State Government in 2017 to support the councils undertaking a feasibility assessment and business case development for shared services procurement between the three neighbouring councils. The grant application is current pending.

3. The potential to collectively reduce the unit price of replacing existing light fittings with energy efficient LED streetlights to achieve sustainable lower operating costs.

LED streetlight replacement aligns well with BoQ's strategic objectives. LED streetlights are good for environment, but also provide substantial financial operational savings into the future.

In light of the improvements in bulk-buy LED streetlight replacement technology available in recent years, the G21 group has identified the potential to collectively reduce the unit price of replacing existing light fittings with energy efficient LED streetlights to achieve sustainable lower operating costs. Financial modelling indicates that the joint replacement of 1,000 lights could reduce the replacement cost per light by as much as 29% with this investment able to be recovered with sustained significant operational savings achieved after 7 years. Ongoing operating costs of LED streetlights could be reduced by as much as 75% compared to current mercury vapour light technology.

4. The potential for a joint tender to achieve more favourable rates for the acceptance, decontamination and processing of the green organic material collected through the green waste service.

BoQ introduced a kerbside green waste service at the beginning of the 2015/16 financial year, led by strong community support. BoQ has tendered for the acceptance, decontamination and processing of the green organic material collected through this service. BoQ is working collaboratively with one of the G21 councils in undertaking a joint tender to achieve more favourable rates for the disposal of green organic material collected from the kerbside.

7. Whether consideration has been given to reprioritising proposed expenditures and alternative funding options and why the council does not consider those options to be adequate

Options and trade-offs:

1. Planning the future of the Tourist Parks

BoQ is proposing to responsibly transition the Borough's tourist parks through a proposed redevelopment in the short term that will lower the burden on ratepayers over the long term in maintaining its open spaces on Crown land.

BoQ has attracted significant capital grant funding from State and Federal Governments for the redevelopment of the tourist parks because Council has had the capacity to contribute adequate funds. The expected outcomes are critical to the long term financial sustainability of BoQ and involve increasing future tourist park revenues to enable Council to direct additional income to improve the management of open spaces and community facilities on coastal Crown land across the Borough, while minimising future rate increases and achieving sustainable underlying operating surpluses in the long term.

Council officers have modelled the financial implications of implementing the Caravan Park Master Plan and developed a set of financial assumptions and forecasts aligned to achieve sustainable financial outcomes over the long term. Financial modelling has demonstrated that the financial plan will be impacted during the redevelopment of the caravan parks over the short to medium term. It is imperative that Council establishes a responsible financial planning framework that ensures financial capacity for Council to achieve sustainable financial outcomes from its caravan parks. Whilst BoQ needs to effectively manage the redevelopment period in the short term, which will be impacted by lost revenue, the redevelopment will provide ongoing capacity to maintain greatly improved facilities for visitors that will benefit the local economy, as well as lower the burden on ratepayers over the longer term to fund maintenance of its highly valued open spaces located on Crown land managed by Council.

2. Borrowings

Council officers have explored different scenarios and options to borrow responsibly to fund major capital expenditure in future years, given Council's current low level of debt.

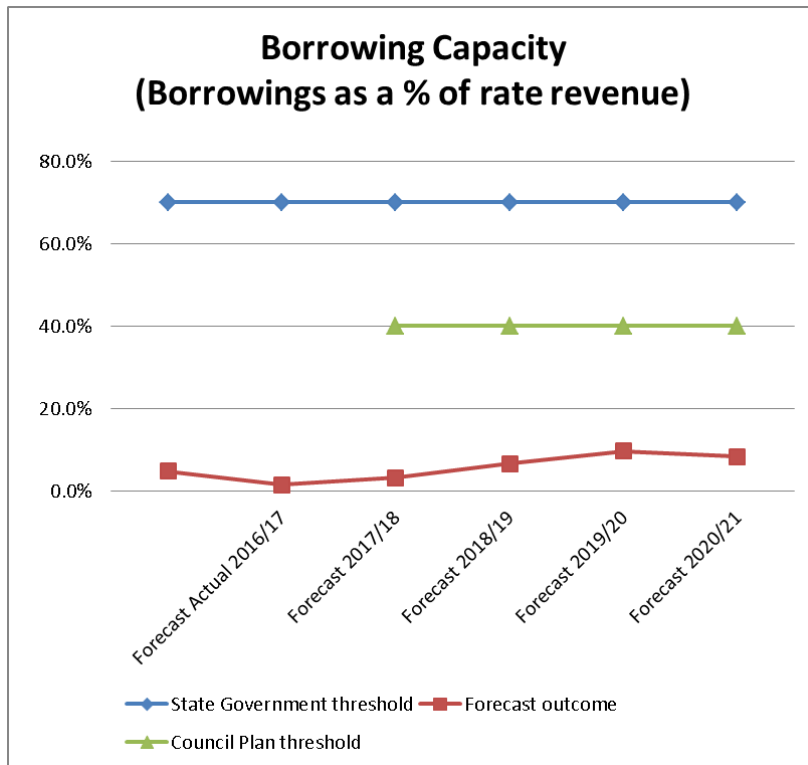
Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2016/17	0	207	10	107
2017/18	177	51	11	233
2018/19	300	44	22	489
2019/20	300	70	33	719
2020/21	0	86	29	633

Council has maintained a debt management strategy over many years to continue to repay and minimise debt levels. As a result, BoQ has sufficient capacity to borrow for future capital works projects.

BoQ plans to take up new borrowings in 2017-18 for the replacement of energy efficient LED streetlights (\$177,000) and anticipates further borrowings during 2018-19 (\$300,000) and 2019-20 (\$300,000) to fund major capital works. Council has planned to borrow responsibly where the

benefits of a capital works project can be attained for future generations across the wider community.

BoQ’s responsible borrowing forecasts are well below borrowing levels recommended by the State Government and are in line with Council targets, as demonstrated in the following graph:



Although BoQ appears to have an additional capacity to borrow more, BoQ has a greater risk exposure to servicing higher levels of debt, given BoQ’s size and relatively small revenue base.

3. Service reviews

BoQ provides just 26 different service areas to the community with 43.5 staff (FTE). BoQ’s programs and services reflect a lean organisation with a mix of legislative obligations, agreed service arrangements with other levels of government and commitments to Council priorities. These services are clearly expressed through the draft Council Plan 2017-2021 (**Appendix E**) and draft 2017-18 Budget (**Appendix D**). Our size necessitates that the range of services provided does not include discretionary services or projects unless the service will meet or respond to high priority community needs or interests. Council has continued to achieve sustainable operational efficiencies to reduce costs and minimise waste and duplication. Yet, in order to maintain current services and deliver on the draft Council Plan 2017-2021, Council cannot responsibly sustain rate rises equivalent to the State Treasury CPI forecast over the next four years without a) significantly reducing priority project expenditure annually, increasing future borrowing levels above the levels currently proposed and/or selling assets to fund capital works. It will also be necessary for Council to consider reapplying for a higher rate cap in 2018-19.

4. Reducing priority project expenditure

One of the options available to Council to comply with a 2.0% rate cap is to not deliver some of the priorities developed with our community over the next four years. This would be short sighted, contrary to achieving the Council Plan 2017-2021 strategic objectives and undermine the community

consultation process. It would also be necessary for Council to consider reapplying for a higher rate cap in 2018-19.

5. Sale of assets

BoQ does not have surplus assets as most Council-managed building assets are situated on Crown land for which Council is the appointed Committee of Management. In the event that Council should identify potential land sales, Council only intends to responsibly use the proceeds toward either retiring debt; investing in projects that will generate additional revenue streams, or to attract matching funds from other levels of government.

8. That the assumptions and proposals in the application are consistent with the council's long term strategy and financial management policies set out in the council's planning documents and annual budget

Sound processes, plans and policies:

1. Long term financial planning

Council is gradually improving its financial planning systems, progressively extending the financial forecasts to provide long term financial modelling. Council has achieved a five year financial modelling outlook in the current planning cycle. This continual improvement has assisted Council to develop a clearer understanding of the longer term financial implications of its decisions.

2. Draft Council Plan 2017-2021

The draft Council Plan 2017-2021 (**Appendix E**) provides the 42 strategies developed together with the community. The draft Council Plan established the foundation for Council to frame the priorities identified by the community into the draft 2017-18 Implementation Plan (**Appendix X**) and draft 2017-18 Budget (**Appendix D**). This was achieved by giving due consideration to the costs and alternative options available to implement the priorities over the next four years.

3. Asset management plans

The Asset Management Plans provide the framework for BoQ's capital works program and the Queenscliffe Building Asset Management & Condition Review Report (**Appendix G**) has been referred to in this application to highlight the risks associated with ageing building assets in the Borough.

4. Rating Strategy

Council completed a review of the Rating Strategy (**Appendix Y**) in 2016 to separate waste management charges from general rate revenue and establish full cost recovery to those who receive the benefits of the waste management services.

5. Annual report

The 2015-16 Annual report (**Appendix B**) provides the final report on Council's performance for the financial year. Council has also undertaken responsible quarterly financial performance monitoring and reporting to Council against the Local Government Performance Reporting Framework and Annual Implementation Plan.

9. APPENDICES

Appendix A	Council Report 2017- 18 Rate Cap Variation - Minutes Ordinary Meeting 27 April 2017
Appendix B	Borough of Queenscliffe Annual Report 2015-16
Appendix C	Budget 2016-17
Appendix D	Draft Budget 2017-18
Appendix E	Draft Council Plan 2017-2021
Appendix F	Borough of Queenscliffe Community Satisfaction Survey 2016
Appendix G	Asset Management Plans PART C Buildings Facilities
Appendix H	Draft 2017-18 Budget Baseline Information
Appendix I	Draft 2017-18 Budget - G21 Rate Comparison
Appendix J	Council Report Rate Capping Submission Variation Process - Minutes Ordinary Meeting of Council 19 January 2017
Appendix K	Queenscliffe Building Asset Condition Report 24 Jan 2014
Appendix L	Queenscliffe Public Toilet Strategy 2015-2025
Appendix M	CP003 Community Engagement Policy
Appendix N	Community Bulletin - Why a higher rate cap?
Appendix O	Feedback Form - 2017-18 rate increase
Appendix P	Draft Council Plan 2017-2021- Summary of Community Feedback
Appendix Q	Queenscliffe Coastal Management Plan 2006
Appendix R	Council Report Coastal Management Plan - Ordinary Meeting 19 September 2006
Appendix S	Council Report Lighthouse Reserves - Minutes Ordinary Meeting 18 October 2011
Appendix T	Council Report Queenscliff Lighthouse Reserve - Minutes Ordinary Meeting 22 Oct 2014
Appendix U	Council Report Point Lonsdale Lighthouse Reserve - Minutes Ordinary Meeting 22 Oct 2014

- Appendix V Council Report Point Lonsdale Lighthouse Reserve - Minutes Ordinary Meeting 29 April 2015
- Appendix W Council Report Queenscliff Lighthouse Reserve - Minutes Ordinary Meeting 29 April 2015
- Appendix X Draft 2017-18 Implementation Plan
- Appendix Y Rating Strategy - April 2016



Appendix A

**Council Report 2017- 18 Rate Cap Variation
Minutes Ordinary Meeting 27 April 2017**

**Essential Services Commission
Higher Rate Cap Application
2017-18**



16.5 2017/18 Rate Cap Variation

File:	QG-227-08-04
Report Author:	General Manager Corporate and Community Services
Strategic Objective:	A proactive and accountable Council
Portfolio:	Governance and Finance
Portfolio Holder:	Cr Susan Salter

Purpose

The purpose of this report is to determine if Council will formally make an application for a higher rate cap for the 2017/18 rating year.

Background

The Victorian Government has established the Fair Go Rates System (FGRS), which is the framework limiting the maximum amount councils may increase rates in a year without seeking additional approvals.

Each year the Minister for Local Government sets the rate cap that will specify the maximum increase in councils' rates and charges (excluding waste management charges) for the forthcoming financial year. The Minister has the capacity to set a cap that applies to all councils, a group of councils or a single council.

In circumstances where the rate cap is insufficient for the Borough of Queenscliffe Council's needs, Council may apply to the Essential Services Commission (ESC) for a higher cap.

The ESC is responsible for:

- providing advice to the Minister on the annual rate cap,
 - assessing council applications for a higher cap,
 - accepting or rejecting council applications for a higher cap,
 - monitoring and reporting annually on councils' compliance with the cap or approved higher cap,
 - monitoring and reporting biennially on the overall outcomes in the sector arising from the FGRS, and
 - issuing guidance materials and guidelines on the implementation and administration of the FGRS.
-



Application process

The key dates for making a submission for a higher rate cap in the 2017/18 rating year are:

Key date	Timeframe
Minister announces cap	31 December 2016
Council seeking approval for a higher cap notifies the ESC of intention to apply	31 January 2017
Council applies for a higher cap and submits Budget Baseline Information	1 February – 31 May 2017
ESC assesses Council applications	February - July 2017
ESC notifies Council of decisions	Within two months of receipt of application
Council formally adopts budget by	31 August 2017
Council submits Annual Baseline Information by	31 October 2017
ESC publishes Compliance Report	30 November 2017

In considering whether to approve a higher cap, the ESC has regard to:

- the proposed higher cap and the specified year(s) that it will apply,
- the reasons for which Council seeks the higher cap,
- how the views of ratepayers and the community have been taken into account in proposing the higher cap,
- how the higher cap is an efficient use of Council resources and represents value for money,
- whether consideration has been given to reprioritising proposed expenditures and alternative funding options and why Council does not consider those options to be adequate, and
- that the assumptions and proposals in the application are consistent with Council's long term strategy and financial management policies set out in Council's planning documents and annual budget.

A higher cap is not appropriate when an application:

- does not demonstrate a long-term funding need
- proposes to apply the higher cap to fund short-term needs
- is not supported by adequate long-term financial planning
- does not demonstrate that Council accounted for the views of the community and ratepayers
- is inconsistent with Council's internal plans and policies, and conflicts with information provided to the community and the ESC



- is not supported by the ESC's analysis of Council's financial capacity and overall flexibility to manage its short-term needs.

The Minister determined that the rate cap to apply to Victorian councils in 2017/18 will be 2.00% in line with the forecast Consumer Price Index (CPI) for 2017/18.

At its February 2017 Ordinary Meeting, Council considered whether or not it intended to formally consider an application for a higher rate cap for the 2017/18 rating year at a future date. At that meeting it was resolved:

That Council requests the CEO to advise the Essential Services Commission that given the current early position in the budget preparation cycle, Council is currently of the view that it should retain the option to consider a future submission for a higher rate cap.

The Chief Executive Officer then formally advised the Essential Services Commission of Council's view.

Council has held a number of informal financial planning briefings and workshops with Council officers during the period from December 2016 – April 2017 in preparation of the draft Council Plan 2017-2021, draft 2017/18 Budget and Strategic Resource Plan. These briefings and workshops have provided a range of information to assist Councillors to consider the implications of the draft Council Plan 2017-2021 and draft 2017/18 Budget on the long term financial plan.

Key Issues

The ESC requires councils intending to make a submission for a variation to the 2017/18 rate cap, to submit an application to the Essential Services Commission by 31 May 2017. The ESC may take up to two months to make a final decision on an application, however it is anticipated that applications submitted early may be assessed in much less time and avoid any potential delay in adopting the final 2017/18 Budget, which is currently scheduled for consideration and adoption by Council at the July 2017 Ordinary Meeting. If Council decides not to submit an application, it should advise the ESC of the decision at the earliest possible time.

The ESC has published guidance material to help councils meet their obligations under the FGRS, including how to apply for a higher cap.

Council officers have explored with Councillors the long term financial implications of the draft Council Plan 2017-2021, as presented in Item 16.4 of this Agenda, at the financial planning briefings held during December – April 2017. In preparing this report, Council officers will provide advice to enable Council to:

- assess how the draft long term strategies will affect Council's future financial sustainability, and
 - assess the need for a rate cap variation against the ESC's application criteria.
-



This assessment aims to illustrate the ramifications of Council's strategies on Council's long term financial plan and consider options for the effective alignment of Council's long term strategies as well as outline any other relevant considerations.

Applications for a higher cap are required to demonstrate a long-term funding need that would justify a permanent increase in the rates base higher than that provided by the cap. A long-term funding need is a situation in which a council projects that its long-term operating revenue will be less than the projected long-term operating expenditure needed to perform its duties and functions, including some capacity to accommodate unforeseen events.

Applications must specify and address each of the following six legislative matters:

1. a proposed higher cap for each specified financial year (up to four financial years); and
2. the reasons for which the Council seeks the higher cap; and
3. how the views of ratepayers and the community have been taken into account in proposing the higher cap; and
4. how the higher cap is an efficient use of Council resources and represents value for money; and
5. whether consideration has been given to reprioritising proposed expenditure and alternative funding options and why those options are not adequate; and
6. that the assumptions and proposals in the application are consistent with the Council's long term strategy and financial management policies set out in the Council's planning documents and annual budget.

In addressing each of these matters an application should demonstrate the funds needed, the reason, the actions that Council has taken to address the need, and that Council has robust long-term financial management policies and plans informed by meaningful engagement with the community.

The ESC will give consideration to the following matters in assessing an application for a 2017/18 rate cap variation:

1. What is the financial capacity of Council (to meet the need)?
2. What actions has Council taken to address the need?
3. How robust are Council's plans, policies and strategies?
4. Is the need short-term or long-term?

Discussion

A decision by the ESC to approve a higher cap ultimately rests on how confident the ESC is that Council's application demonstrates that long-term financial planning can deliver sustainable outcomes in services and infrastructure to its community.

1. What is the financial capacity of Council (to meet the need)?

Council officers have incorporated Council's proposed priority projects, emanating from the preparation of the draft Council Plan 2017-2021 and presented in Item 16.4 of this Agenda, into



the long term financial plan following an extensive community engagement process outlined in further detail in this report.

Council Officers reviewed and discussed with Councillors, at a series of briefings and workshops held during December – April, the financial implications of implementing the Council Plan priorities and programs to achieve the proposed key strategic objectives and strategies. A range of information was provided to assist Councillors to consider the implications of the draft Council Plan 2017-2021, draft 2017/18 Implementation Plan and draft 2017/18 Budget on the long term financial plan.

The Borough of Queenscliffe Strategic Resource Plan demonstrates a number of key financial strengths that place Council in a sound financial management position. This provides Council with some financial capacity and flexibility to deliver a wide range of key strategic objectives in the new Council Plan. These financial strengths include:

- a) Sound cash position with cash reserves available to allocate to deliver Council priority projects that deliver outcomes in the new Council Plan.
- b) Significant capacity to borrow prudently in current and future years.
- c) Significant upgrades and renewals delivered on a number of Council's assets in recent years, which have contributed to meeting Council's asset renewal requirements in the Annual Asset Renewal Program (AARP).
- d) Major planned capital projects over the next few years have attracted significant state and federal government grant funding levels and do not rely on the AARP.
- e) Plans, policies and strategies put in place to achieve operational efficiencies (refer Section 3 below).
- f) Containment of growth in future employee costs, making up one third of the operating expenditure, to 2% wage increases for the three year life of the Enterprise Agreement in line with the State Government rate cap.

There are however, a number of significant long term financial implications for the delivery of the outcomes included in the draft Council Plan 2017-2021. These financial implications have been discussed with Councillors in light of a number of important external influences, and though not exhaustive, include:

- The introduction of rate capping from 1 July 2016,
- Freeze of indexation on Victorian Grants Commission funding,
- Cessation of key infrastructure funding programs, such as the Local Government Infrastructure Program,
- Ongoing cost shifting where Local Government provides a service to the community on behalf of the State or Federal Government, and
- A range of external cost increases that are typically higher than CPI.

The key financial implications of the draft Council Plan 2017-2021 are summarised below:

- a) A 2.5% rate cap variation in the 2017/18 year, without any further variation, is proposed to enable Council to effectively manage the redevelopment of Council-managed caravan parks, recognising:
-



- The need to maximise income generation to ensure the sustainability of the parks to continue to fund the effective management and maintenance of the Borough's significant areas of public open spaces.
 - The need to manage the medium term cash flow impact on caravan park revenue during the redevelopment and construction phase of the Council-managed caravan parks.
- b) In addition to a 2017/18 rate cap variation, it is anticipated that Council will need to take up new borrowings during 2018/19 (\$300k) and 2019/2020 (\$300k) to fund major capital works projects, where intergenerational benefits can be attained for the wider community in line with the Council Plan priority projects.
- c) Any potential future sale of assets could be used to retire debt or invest in capital works projects where the wider community would benefit.
- d) Consideration should be given to the risk of a catastrophic failure of infrastructure in Council's financial planning framework, given Council's ageing infrastructure network. A rate cap variation would provide some capacity to manage a public asset failure that could cause a disruption to the community and visitors (e.g. drain failure causing partial road failure). Further, there is an increasing likelihood of impacts on the quality and reliability of utility services presently at the caravan parks, which also negatively impacts the level of revenues currently generated and level of investment required to ensure that the caravan parks are sustainable in the long term.
- e) A declining level of available funds from rate revenue to deliver Council's priority projects will result over time without approval of a rate cap variation in 2017/18. Council's available cash for priority projects will continue to be eroded over time and will impact on program service delivery beyond the planned transition period for redevelopment of the caravan parks.

2. What actions has Council taken to address the need?

- a) Council has undertaken significant planning for the future of the three Council-managed caravan parks in the Borough with the development of the Caravan Parks Master Plan in progress. Financial modelling has been undertaken to understand the implications of the Master Plan options and it is evident that the financial plan will be impacted during the redevelopment transition period over the short to medium term. While the community consultation process is yet to commence, it is imperative that Council establishes a responsible financial planning framework that provides financial capacity for Council to achieve sustainable financial outcomes from its caravan parks.
- b) Council has engaged widely with the community in developing the draft Council Plan 2017-2021, which identified a vision, strategic objectives and strategies, in relation to which Council sought feedback during Phase 1 of the Council Plan community consultation process.
- c) One of the new Council Plan strategies is to: *"Implement improvements to the Council managed caravan parks to achieve benefits for the whole community."* This strategy also significantly underpins the new Strategic Objective: *"Maintain a cohesive, well governed, financially sustainable and independent Borough."*

3. How robust are Council's plans, policies and strategies?

Demonstrating good long term financial planning means:

- a) Having in place best practice processes, plans and policies that ensure that the assumptions in a council's long-term plans and financial strategies are based on reasonable and reliable information:
-



- Council officers have expanded the four-year financial forecasts in the Strategic Resource Plan to five years and modelled some of the key financial outcomes over a ten-year period, to better understand the financial implications of its decisions.
 - Detailed financial forecasts have been prepared for each of the major capital works projects over the next five years, including forecasting the implications of any anticipated operational changes.
 - Detailed review of Annual Asset Replacement Program funding requirements over the next five years.
 - Council has maintained a debt management strategy in recent years of continuing to retire debt, with outstanding debt of just \$0.189m at 31 March 2017. This strategy provides Council with financial capacity for future new borrowings for major capital works projects where intergenerational benefits can be attained for the wider community in line with the Council Plan.
 - Consideration of effective strategies to minimise operational and financial risk over the next five years, including:
 - Completion of a review of the Rating Strategy in 2016 to separate waste management charges from general rate revenue and establish full cost recovery to those who receive the benefits of the waste management services,
 - Development of a financially responsible project management and resourcing plan for the delivery of significant major capital works projects to be delivered over the next three years.
 - Responsible quarterly financial performance monitoring, including transferring identified operational savings to cash reserves to support the implementation of the new Council Plan 2017-2021.
- b) Council effectively managing those areas within their control to deliver services and fulfil its functions in a cost-effective way, including:
- programs of continuous improvement and efficiency
 - Enterprise Bargaining Agreement No. 9, 2016 negotiated financially responsible EBA quantum increases of 2% for three years and includes a commitment by the parties to co-operating positively to increase the efficiency, productivity and competitiveness of the Council. The agreement makes provision for staff to identify and review opportunities or proposals for future ways of working to achieve sustained improvements in efficiency to manage costs, increase income or improve productivity.
 - Council officers have reviewed the way in which budgets for contingency expenditure are managed to consolidate resources and avoid unnecessarily tying up funds.
 - consideration of options and trade-offs for different models of funding, financing and service delivery
 - Council officers have modelled the financial implications of implementing the Caravan Park Master Plan and developed a set of financial assumptions and forecasts aligned to achieve sustainable financial outcomes over the long term.
 - Council officers have explored different scenarios and options to borrow responsibly to fund major capital expenditure in future years, given Council's current low level of debt.
 - opportunities for collaboration with other councils (shared services etc.)
 - Council currently shares staffing resources with the G21 Region councils.
 - Council is exploring new opportunities to work collaboratively across the group, including:
-



- the potential to collectively reduce the unit price of replacing existing light fittings with energy efficient LED streetlights to achieve sustainable lower operating costs
 - the potential for a joint tender to achieve more favourable rates for the acceptance, decontamination and processing of the green organic material collected through the green waste service.
- c) Undertaking regular service reviews (service planning and service prioritisation) that are responsive to the community's preferences (good community engagement) and based on sustainable finances.
- a. Council officers have undertaken significant service planning for the future of the three Council-managed caravan parks in the Borough with the development of the Caravan Parks Master Plan currently underway. A number of economic risk issues identified have been addressed to ensure the sustainability of the parks, recognising the critical role that the parks play in the long term financial sustainability of the Borough.
- d) Providing a stable and predictable rating burden on ratepayers (avoiding rate shocks)
- a. The Caravan Park Master Plan will incorporate the following critical financial sustainability outcomes:
 - Increase revenue from Tourist Parks operations to enable Council to direct additional income to improve the management of coastal Crown Land and minimise future rate increases.
 - Ensure minimal or no impact on Council's annual tourist park revenue during the Redevelopment Plan phase.

4. Is the need short-term or long term?

While Council has needs to effectively manage the transition of the caravan parks, the financial impact without a rate cap variation over the long term is evident with declining financial capacity, which will prevent Council from delivering on its vision and strategic objectives through its strategies and priority projects.

Council Plan

Council's response to the rate cap released by the Minister for Local Government in December 2016 is a crucial element to Council's decision making processes in preparation of a sustainable long term financial plan, including the Strategic Resource Plan and annual budget. It is aligned with the key strategy in the 2013-2017 Council Plan to: *'Provide accountable governance and long term sustainable financial management'*.

Financial

The Council officer recommendation to consider seeking a higher rate cap has been informed by the development of the Strategic Resource Plan and draft 2017/18 Budget. Council officers have expanded the Strategic Resource Plan financial forecasts from four years to a five year time horizon to assist Council to fully understand the longer term financial implications of its decision making.



Social

Any application for a higher rate cap must demonstrate good community engagement and provide a stable and predictable rating burden on ratepayers. Specifically, an application should clearly explain how the community was engaged with and why the methodology chosen was the most suitable, what information was provided to the community, what the outcomes of the process were and, crucially, how Council took those views into account in deciding to seek a higher cap.

Environmental

No specific items to report.

Risk Management

Council officers have already adjusted the timetable to enable the adoption of the 2017/18 Budget, including a Strategic Resource Plan by 27 July 2017. Any decision by Council to apply for a higher rate cap may necessitate a further extension to this timeframe within the statutory timeframe, which has been extended to 31 August 2017.

Officer Direct or Indirect Interest

Under Section 80C (1) (2) of the Local Government Act 1989, Council staff and persons engaged under a contract to provide advice or a report to a meeting of the Council or a special committee, and who have a direct or indirect interest in a matter to which the advice or report relates, must disclose the type of interest when providing the advice or report and before the advice or report is consider by the Council or the committee.

Officers involved in developing the report have no direct or indirect interests.

Assessment

In providing Council with advice, Council officers have considered:

- how the draft long term strategies will affect Council's future financial sustainability, and
- the need for a rate cap variation against the ESC's application criteria.

In particular, Council officers propose that consideration be given to seeking a higher cap of 4.5% (2.5% above the rate cap) in the 2017/18 rating year only.

Reasons for the higher cap

The reasons for the rate cap are primarily driven by two key issues:

- a) Declining financial capacity to deliver Council priority projects to support the strategies and strategic objectives in the new Council Plan, and
 - b) Responsibly managing the planned transition period for redevelopment of the caravan parks.
-



How the community's views have been taken into account

Extensive community engagement activities for the development of the draft Council Plan 2017-2021 took place during January-February 2017 with public submissions to be invited during April-May 2017, following consideration of the draft Council Plan at this meeting. The community engagement phase for the 2017/18 Implementation Plan is scheduled to occur in May-June 2017 to enable the Budget and Implementation Plan to be adopted by July 2017, subject to the process for any submission for a variation to the rate cap.

The key community engagement activities scheduled to take the community's views into account are described in detail below:

- January Ordinary Meeting Council endorsed draft Council Plan Strategic Framework and community consultation framework.
- January – February Phase 1 community consultation to build awareness and encourage feedback on draft Council Plan Strategic Framework and project / initiative suggestions) – Borough Snapshot; Mayor's video message; Councillor targeted connections with community groups and 'on the street'/'over coffee' discussions with community members; networking with local organisations and external agencies to disseminate information; focused media campaign targeting local and regional newspapers and newsletters; community survey; Community Summit for all community organisations; Children's Summit to encourage feedback from pre-school and primary school-aged children and their parents / carers; social media campaign to seek the views and ideas of young people in the Borough.
- March – April Council Workshops to consider community feedback, priority projects and to develop draft Council Plan, 2017/18 Implementation Plan and 2017/18 budget.
- April Ordinary Meeting Council Meeting to consider the final draft Council Plan 2017-2021 prior to public exhibition.
- April – May Phase 2 (a) community consultation on draft Council Plan 2017-2021 – formal S223 submission process
- May Ordinary Meeting Council Meeting to consider the draft 2017/18 Implementation Plan and 2017/18 Budget prior to public exhibition.
- May – June Phase 2 (b) community consultation draft 2017/18 Implementation Plan and draft 2017/18 Budget – formal S223 submission process



- June Public meetings in Queenscliff (5th) and Melbourne (6th).
- June Community presentation of submissions to Council in relation to the draft Council Plan 2017-2021.
- June Ordinary Meeting Council Meeting to adopt the Council Plan 2017-2021.
- July Community presentation of submissions to Council in relation to the draft 2017/18 Implementation Plan and draft 2017/18 Budget.
- July Ordinary Meeting Council Meeting to adopt the 2017/18 Implementation Plan and 2017/18 Budget at its Ordinary Meeting.

An efficient use of Council resources that represents value for money

Council has undertaken a number of strategies and programs to achieve operational savings and efficiencies in a small organisation with very limited resources. These strategies and programs have been explained in this report.

Reprioritisation of expenditures and alternative funding options

Council officers believe that Council has exhausted every available avenue to explore alternative sources of revenue and has leveraged significant grant funding to maximise outcomes for the community.

Consistency with Council's long term strategy and financial management policies

Council has demonstrated sound long term financial planning by integrating a range of strategies, plans and policies to support an independent, financially sustainable Borough into the long term.

Conclusion

In conclusion, Council officers request direction from Council regarding whether Council is seeking to apply for a higher rate cap for the 2017/18 rating year prior to the deadline on 31 May 2017.

Recommendation:

That Council:

- a) Formally determine whether or not Council will seek to apply for a higher rate cap for the 2017/18 rating year, and**
- b) Request the Chief Executive Officer to make a submission to the Essential Services Commission prior to the deadline of 31 May 2017 for submissions, if required.**



Councillors Merriman / Salter:

That Council:

- 1. Confirm its intention to apply for a higher rate cap of 4.5% in the 2017/18 rating year,**
- 2. Request the Chief Executive Officer to prepare a community engagement bulletin and invite community feedback, and receive written feedback by no later than 4pm on Wednesday, 7 June 2017,**
- 3. Present the options for a higher rate cap at two public information sessions to be held at 7:00pm on Monday 5 June 2017 at the Town Hall, Queenscliff and at 7:30pm on Tuesday 6 June 2017 at the City of Boroondara Municipal Offices, Camberwell,**
- 4. Request the Chief Executive Officer to make a submission to the Essential Services Commission prior to the deadline of 31 May 2017 for submissions, based on a higher rate cap of 4.5% and subject to providing the community feedback to the Essential Services Commission as supplementary information by Friday, 9 June 2017, and**
- 5. Note that the final rate increase will be determined by Council, after considering the decision by the Essential Services Commission, when Council adopts the 2017/18 Budget, noting that this will follow the statutory community consultation process.**
- 6. Request the Chief Executive Officer to issue a media release regarding the resolution on this matter on Friday, 28 April 2017.**

Carried unanimously



Appendix C

Budget 2016-17

Essential Services Commission Higher Rate Cap Application 2017-18

Budget 2016/17

Adopted 22 June 2016



Borough of Queenscliffe
Queenscliff & Point Lonsdale, Victoria, Australia

This Budget Report has been prepared with reference to Chartered Accountants Australia and New Zealand "Victorian City Council Model Budget 2016/2017", a best practice guide for reporting local government budgets in Victoria.

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Mayor's introduction

The Councillors and I are pleased to present this Budget to the community of the Borough of Queenscliffe.

This budget builds on our Council Plan 2013-17 vision, to sustain a vibrant, safe and welcoming community that draws inspiration and life from our heritage, unique environment and connection to the sea. The Budget focuses on the following five key strategic objectives:

- A healthy, involved and creative community
- A vibrant local economy
- A unique natural environment
- A well-planned and attractive place to live and visit
- A proactive and accountable Council

The Council Plan 2013-2017 sets out our strategic plan to deliver our vision over the full term of the Council. As this is the final year of the current Council term, the focus over this year will be completion of our current commitments, including delivery of a number of new priority projects in the 2016/17 year.

The Budget details the resources required over the next year to fund the large range of services that are highly valued by our community. It also includes details of capital expenditure allocations to improve and renew our Borough's physical infrastructure, buildings and operational assets as well as funding a range of priority projects.

As Councillors, it is our job to listen to community sentiment and understand your priorities. Since we started our term of office in 2012, we have consistently heard that Council's services are valued by the community, and that Council needs to be financially responsible and keep its rates as low as possible. In response, Council has achieved sustainable operational efficiencies to reduce costs and minimise waste and duplication and has applied for external funds to maximise revenue.

Council will, with the introduction of rate capping in the 2016/17 financial year, continue to focus on delivering value for money, transparently and responsibly that will enable it to deliver high quality, responsive and accessible services to the community.

The Budget is developed in the first instance through a formal process of community engagement, including a public exhibition and submission period as well as an opportunity to attend public information sessions held in Queenscliff and Melbourne. Council has prepared, advertised and consulted on its Draft Budget (following a similar process undertaken for its Rating Strategy) and this Budget is now presented as the final outcome.

The Budget sets a rate increase of 2.5% to cover all expenditure requirements, excluding waste management services, as permitted by State Government legislation. This is in line with the new State Government system that has capped rate increases of Victorian councils to the movement in the State Treasury Consumer Price Index (CPI) forecast. While Council did not elect to apply to the Essential Services Commission (ESC) for a variation, it has reprioritised some projects and identified operational efficiencies, resulting in savings of \$108,000 as included in the Draft Budget and which enabled Council to meet the 2.5% rate cap with no affect on services. A further \$100,000 cash surplus is now forecast in the June 2016 quarter and included in the 2016/17 Budget as a transfer to Asset Replacement Reserve until confirmed at year-end.

An important component of the 2016/17 Budget process was the revision by Council of its Rating Strategy, which was made available to the community for consultation and feedback in February and March 2016. In adopting the Rating Strategy, Council made a commitment to fully recover the costs of waste management through separating the waste management charges and clearly showing what you pay on your rates notice.

The State Government acknowledges that typical waste management cost increases are significantly higher than CPI. In line with this, the *Local Government Act 1989* permits Council to separately charge for waste services. This will then be audited by the Victorian Auditor-General's Office. Council considers that its recent decision to separate out the waste charges from general rates and achieve full cost recovery is the most financially responsible option available to it. Council intends to provide the full and transparent disclosure of all waste management services on the rates notice for the first time. Waste charges for general, public and green waste services will be disclosed separately where a ratepayer has access to the service, so ratepayers are aware of their contribution to each service.

Council is budgeting \$849,800 for all waste services (kerbside, green and public waste) in 2016/17. Council's current waste collection and disposal contract expires at the end of the 2015/16 financial year, therefore costs included in the budget are reflective of Council's new contractual commitment forward from 2016/17.

Given the significant change that the application of fixed charges for full cost recovery of all waste management would have on a greater section of the ratepayer base, particularly those with lower value properties, Council has determined that for the 2016/17 budget year the most equitable method for establishing waste charges for full cost recovery of waste management will be as follows:

- Kerbside Waste charge, applicable to residential and tourist accommodation properties only, will be charged on the basis of a rate in the dollar multiplied by property value (CIV) consistent with past practices for decades. This charge will increase by an average of 1.41% per property;
- Public Waste charge, applicable to all rateable properties, will be charged at a fixed amount of \$96.50 per property. This charge will increase by an average of 25.09% per property; and
- Green Waste charge, applicable to residential and tourist accommodation properties only, will continue to be charged a fixed amount which will remain at \$36.90 per property in the 2016/17 year.

Council identified a number of significant and/or unexpected cost and revenue impacts during the budget process which have been responsibly funded. These include:

- Victorian Electoral Commission costs to conduct the Borough of Queenscliffe general election on 22 October 2016 (\$80,200);
- A net increase of 6.14% in total waste management costs, with the bulk of this increase relating to public waste collection and disposal and minor adjustments for kerbside and green waste (\$49,200);
- Withdrawal of indexation from the Commonwealth Government's financial assistance grants program to local government (\$6,600).

In this Budget Council has allocated funding of \$1,909,000 for asset renewals, upgrades and expansions. The Budget also funds \$1,724,000 for new assets. Together, these Capital Works projects total \$3,633,000 in the 2016/17 year, though noting some of these projects will depend on successfully securing external funding. Highlights of the capital program include:

- Seek funding from other levels of government to implement the Point Lonsdale Lighthouse Reserve Master Plan (\$700,000);
- Continue construction of the Queenscliff Sports & Recreation Precinct (\$491,000 – project continuing on from 2015/16);
- Progress streetlight replacement to energy efficient LED technology (\$236,000 – includes \$58,600 carry forward funds noted below);
- Construct stage 1 of Queenscliffe Park, including construction of a new public toilet (\$179,800 – includes \$104,800 carry forward funds noted below);
- Investigate and plan path lighting at key locations in the Borough (\$143,000);
- Upgrade the shared pathway from 'The Narrows' to Point Lonsdale Primary School (\$80,000);
- Upgrade local street name signs (\$25,000);
- Improve the amenity of vacant land adjacent to Town Hall (\$8,000); and
- Install a CCTV camera at the Queenscliff boat ramp to improve safety and reduce vandalism (\$7,000).

Council has also allocated funding of \$166,500 to deliver other key initiatives (operating projects) including:

- Improve regulation of statutory planning compliance (\$37,500);
- Work with local businesses and community organisations to implement the Queenscliffe Winter Light Festival proposal (\$29,000);
- Support and encourage planning for the future use of the Fisherman's Cooperative building (\$25,000);
- Prepare a plan to improve Council's records management systems (\$25,000);
- Introduce new on-line services available on Council's website (\$20,000);
- Undertake a risk assessment and produce a mitigation plan for gun emplacements near the Point Lonsdale Lighthouse Reserve (\$10,000);
- Extend Council's support for local organisations to plan and implement community recreation, sport and civic activities and events (\$10,000); and
- Undertake a review of Council's office accommodation requirements (\$10,000).

Funds totalling \$1,488,000 (\$554,000 operating and \$934,000 capital) are carried forward from previous years and held in reserve in 2015/16, including key priority projects to be undertaken in the 2016/17 year as follows:

- Annual Asset Renewal Program – buildings, infrastructure, open space and other assets (\$233,872);
- Point Lonsdale Foreshore Revitalisation: Village Park (\$230,000);
- Purchase and implementation of new finance system (\$136,269);
- Camping and caravan parks improvements and master planning (\$120,000);
- Construct Stage 1 of Queenscliffe Park (\$104,800);
- Coastal vegetation management including Point Lonsdale Lighthouse Reserve maintenance and noxious weed eradication (\$91,360);
- Complete review of Planning Scheme and Queenscliffe Planning Scheme Panel (\$91,231);
- Queenscliff front beach boardwalk (\$90,000);
- Coastal tender works at Ocean Road and The Narrows (\$81,600);
- Tourism and economic development strategy and actions stemming from this strategy (\$67,500);
- Plan for sale of land (\$60,505);
- Produce a Pedestrian, Cyclist and Road Safety Strategy (\$40,000);
- Develop a 'Tree Replacement Plan' for the Borough's historic Avenue of Honour in consultation with the community (\$34,920);
- Home and community care minor capital – grant funding received in June 2016 (\$34,848);
- Pedestrian crossing at Flinders Street (\$15,000);
- Review of Council's Road Management Plan (\$10,000)
- Apply for Lakers Cutting to be included as part of RAMSAR listed Swan Bay site (\$10,000);
- Implement cleaning of Queenscliff front beach (\$10,000); and
- Electoral boundary communications (\$6,000).

Council will continue to focus on financially responsible service delivery to achieve outcomes that are valued by our community. We will also explore new approaches to providing services in a tighter fiscal environment.

While the State Government imposed rate cap of 2.5% will be applied for the first time in 2016/17, the actual rate increases experienced by individual ratepayers will vary. This is due to the effect of separating waste charges from general rate revenue as well as the general revaluation of all properties. General revaluations occur every two years across the municipality, at 1 January 2016 and will be applied to the 2016/17 rate notices. If your property increases by more in value than the average for Queenscliffe (4.74%), your rates will increase by more than 2.5%. If your property value increases by less than the 4.74% average, your rates will increase by less than 2.5% and may in fact reduce from the previous year.

The Budget was developed through a rigorous process of consultation and review and Council endorses it as financially responsible. I encourage you to read the remainder of this document, in conjunction with our Implementation Plan 2016/17 to support the achievement of the strategic objectives of the 2013-2017 Council Plan.



Cr Helene Cameron
Mayor

Executive summary

Council has prepared a Budget for 2016/17 that is aligned to the vision in the Council Plan 2013-2017. It seeks to maintain existing services and infrastructure as well as deliver projects and services that are valued by our community, and do this within the rate increase mandated by the State Government. This Executive Summary provides an overview of the key dynamics that has shaped the preparation of this budget.

1. What's our 'starting point'?

- Total Revenue: \$11,360,000 (2015/16 = \$10,656,000)
- Total Expenditure: \$10,554,000 (2015/16 = \$10,377,000)
- Accounting Result: \$ 806,000 Surplus (2015/16 = \$ 278,000 Surplus)
(Refer Income Statement in Section 3)
(Note: Based on total income of \$11,360,000, which includes capital grants and capital contributions)
- Underlying operating result: \$ 616,000 Deficit (2015/16 = \$ 630,000 Deficit)
(Refer Analysis of operating Budget in Section 10.1)
(Note: Underlying operating result is an important measure of financial sustainability as it excludes income, which is to be used for capital, from being allocated to cover operating expenses)
- Cash result: \$ 33,000 Deficit (2015/16 = \$ 372,000 Deficit)
(Refer Statement of Cash Flows in Section 3)
(Note: This is the net funding result after considering the funding requirements to meet loan principal repayments and reserve transfers)
- Total Capital Works Program \$ 3,633,000
 - \$1,222,300 from external grants
 - \$1,049,300 from Council operations (rates funded)
 - \$ 200,000 from community contributions
 - \$ 177,400 from borrowings
 - \$ 889,000 from cash and reserves (net)
 - \$ 95,000 from asset sales

How our rates are spent (per \$100)



capital works program



INFRASTRUCTURE



2. What are the key influences on our budget?

External to the Borough

The preparation of the budget is influenced by the following external factors:

- The Victorian State Government has introduced a cap on rate increases from 2016/17. The cap for 2016/17 has been set at 2.5% based on a State Treasury CPI forecast.
- Consumer Price Index (CPI) increases on goods and services of 1.3% through the year to March quarter 2016 (ABS release 27 April 2016). State-wide CPI is forecast to be 2.25% for the 2016/17 year and 2.50% in the subsequent two years (Victorian Budget Papers 2016/17). For the purposes of this budget, inflation of 2.5% has been included.
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to November 2015 was 3.1% (ABS release 25 February 2016). The wages price index in Victoria was projected to be 2.75% per annum in 2016/17, 3.00% per annum in 2017/18 and 3.25% in 2018/19 (Victorian Budget Papers 2016/17). An update for forecast Average Weekly Earnings growth had not yet been released by the ABS at the time of preparation of the 2016/17 Budget. Council is currently negotiating a new Enterprise Bargaining Agreement (EBA) during the 2015/16 year.
- Victoria Grants Commission funding is not advised until August each year, although Council notes the freeze of indexation on this grant funding for three years (2014/15, 2015/16 and 2016/17). This budget is framed based on indicative advice received from the Victoria Grants Commission in May 2016 that \$247,200 is expected to be received for the 2016/17 year.
- Council is the recipient of \$3,155,000 grant funding for the Queenscliff Sports & Recreation Precinct, to be received and expended over three financial years from 2015/16 to 2017/18, of which \$491,000 is included in the 2016/17 Budget.
- The federally funded Roads to Recovery program is continuing. Given the comparatively small road network in the Borough, Council is expecting to receive an allocation of \$231,300 over four years, with its full allocation budgeted to be received in the 2016/17 year.
- Ongoing cost shifting occurs where Local Government provides a service to the community on behalf of the State or Federal Government. Over time the funds received by local governments do not increase in line with real cost increases. There is clear evidence that demonstrates a trend by State and Federal Governments to transfer increasing levels of responsibility to local councils. This has a comparatively greater impact on small population councils, such as the Borough of Queenscliffe. The most significant examples include:
 - A total cost of Home and Community Care over the last five years is \$2,343,500 of which \$1,514,400 (65%) is funded by government grant, \$293,400 (12%) by user fees and charges and the balance of \$535,700 (23%) contributed by Council.
 - A total cost of Maternal and Child Health services over the last five years of \$315,900 of which \$229,800 (73%) is funded by government grant and the balance of \$86,000 (27%) contributed by Council.
 - A total cost of School Crossing supervision of \$114,900 from 2011/12 to 2015/16. The net Council contribution in 2016/17 is \$24,000 or 59%, which continues to be above the original 50/50 funding split proposed by the State Government.
 - A total cost of \$29,700 in Professional Life Guard Services, which is an increase of 5% from 2015/16 to 2016/17.
- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition, councils are entrusted with the maintenance of more than 30% of all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the *Fire Services Property Levy Act 2012*.

Internal influences

As well as external influences, there are also a number of internal influences which are expected to have a significant impact on the preparation of the 2016/17 Budget. These matters have arisen from events occurring in the 2015/16 year, resulting in variances between the forecast actual and budgeted results for that year and matters expected to arise in the 2016/17 year. These matters and their financial impact are set out on the following page:

- Council is budgeting \$849,800 for all waste services (kerbside, green and public waste) in the 2016/17 financial year. This includes the State Government landfill disposal levy, which has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in the 2015/16 year (572% increase over seven years). With an estimated garbage disposal of 1,200 tonnes p.a., this levy adds approximately \$73,000 to Council's costs in the current 2015/16 year and a similar level of impost (with indexation) is provided for in the 2016/17 Budget. Council's current waste collection and disposal contract expires at the end of the 2015/16 financial year, therefore costs included in the budget are reflective of Council's new contractual commitment forward from 2016/17.
- Application of waste charges for the full cost recovery of all waste management services, including:
 - A kerbside waste charge, applicable to residential and tourist accommodation properties only for kerbside, recycling and hard waste collection, will be charged on the basis of a rate in the dollar multiplied by property value (CIV) consistent with past practices for decades. The kerbside waste charge will increase by an average of 1.41% per property.
 - A public waste charge, applicable to all rateable properties, to be charged at a fixed amount of \$96.50 per property in the 2016/17 year. The public waste charge will increase by an average of 25.09% per property.
- Consistent with the Council Plan 2013-2017 continued commitment to promote recycling and minimise waste and work with the community to reduce carbon emissions, Council introduced a new green waste bin collection and disposal on 1 July 2015. A fixed green waste charge will continue be applied to all residential and tourist accommodation properties (excluding vacant land), with this charge proposed to remain at \$36.90 per property in the 2016/17 year to recover the full cost of the green waste service. The cost of the green waste service is expected to reduce by 2.96% compared to the 2015/16 year, as a result of a higher green waste cost than budgeted in 2015/16. The increase in the 2015/16 cost was funded from general rate revenue in 2015/16.
- Significant capital grant funding estimates have been included in the 2016/17 Budget and are limited to Roads to Recovery funding (\$231,300), Queenscliff Sports & Recreation Precinct (\$491,000) and Point Lonsdale Lighthouse Reserve (\$500,000), with the latter two continuing on into the 2017/18 year. The forecast is updated during the financial year, if and when Council is advised of its success with grant applications.
- Council continues to make annual allocations to reserve accounts on the Balance Sheet, with \$45,000 set aside for the renewal of Council building assets.
- A cash surplus of \$458,000 is forecast to be achieved, noting \$148,000 of this relates to the balance of the \$191,000 cash surplus achieved in 2014/15. This amount has not yet been allocated to projects and is budgeted to be transferred to the asset replacement reserve in the 2016/17 year. An increase in the surplus of \$100,000, from \$358,000 to \$458,000, was identified in the June 2016 quarter. The remaining cash surplus relates to savings expected to be achieved in the 2015/16 year, following a high level review of all program budgets by management. This review has been completed in planning for the introduction of rate capping legislation with these funds allocated in the 2016/17 Budget process.

3. What are key things that have determined Council's rates and charges?

- Meeting current service delivery needs (balanced with greater service demands from residents).
- Maintaining renewal of infrastructure and community assets.
- Effectively managing and responding to cost shifting of service responsibilities from State and Federal Governments to local Councils (refer Section 9.4)
- Dealing with a reduction in funding from the Commonwealth Government via the Victoria Grants Commission freezing of the indexation of the grant allocation.
- Ensuring Council maintains its financial sustainability in light of the introduction of a rate cap of 2.5% by the State Government, excluding waste management.
- Applying the State Government legislation provisions that allow Council to fully recover the costs of waste management through separate waste management charges.
- Achieving operational efficiencies across all program areas, resulting in reduce costs and minimise waste and duplication.

4. What are the key things we are funding?

- Ongoing delivery of services to the Borough of Queenscliffe community funded by a budget of \$10,554,000, including \$166,500 to deliver tangible progress on key initiatives. These services are detailed in Section 2 and the financial cost is summarised in Section 2.7.

- Continued investment in infrastructure assets (\$2,496,000) for renewal and upgrade works as well as the creation of new assets. This investment in infrastructure includes roads (\$366,000); footpaths and cycleways (\$132,000); drainage (\$61,000); recreational, leisure and community facilities (\$462,000); parks, open space and streetscapes (\$1,072,000); and other infrastructure (\$404,000). The Statement of Capital Works can be found in Section 3 and further details on the capital works budget can be found in Sections 6 and 12.
- Victorian Electoral Commission costs to conduct the Borough of Queenscliffe general election on 22 October 2016 (\$80,200).

Strategic Objective 1: A healthy, involved and creative community

- 1) Extend Council's support for local organisations to plan and implement community recreation, sport and civic activities and events (\$10,000)

Strategic Objective 2: A vibrant local economy

- 2) Work with local businesses and community organisations to implement the Queenscliffe Winter Light Festival proposal (\$29,000)

Strategic Objective 3: A unique natural environment

- 3) Support and encourage planning for the future use of the Fisherman's Cooperative building (\$25,000)
- 4) Undertake a risk assessment and produce a mitigation plan for gun emplacements near the Point Lonsdale Lighthouse Reserve (\$10,000)

Strategic Objective 4: A well-planned and attractive place to live and visit

- 5) Improve regulation of statutory planning compliance (\$37,500)

Strategic Objective 5: A proactive and accountable Council

- 6) Prepare a plan to improve Council's records management systems (\$25,000)
- 7) Introduce new on-line services available on Council's website (\$20,000)
- 8) Undertake a review of Council's office accommodation requirements (\$10,000)

5. What we are seeking from other levels of Government?

Council will advocate to other levels of government on the following key local priorities:

- Introduction of power efficient street lighting throughout the Borough
- Fort Queenscliff tourism activation
- Queenscliff Community Hub
- Queenscliff Lighthouse Reserve
- Point Lonsdale Lighthouse Reserve
- National Broadband Network (NBN) connectivity for Queenscliff and Point Lonsdale
- Further Green Army Projects, including native vegetation / weed removal at the Point Lonsdale Lighthouse Reserve and along the Queenscliff Foreshore

6. In Summary

This budget has been informed by the strategic objectives of the 2013-2017 Council Plan with due consideration given to maintaining financial sustainability over time. In a year that presents many and varied fiscal challenges, Council has produced a responsible budget that achieves a surplus of \$806,000 for 2016/17 and an adjusted underlying deficit of \$616,000 after adjusting for capital grants and capital contributions (refer Sections 5 and 10.1).

Budget reports

The following reports include all statutory disclosures of information and are supported by the analysis contained in sections 8 to 15 of this report.

This section includes the following reports and statements in accordance with the *Local Government Act 1989* and the Local Government Model Financial Report.

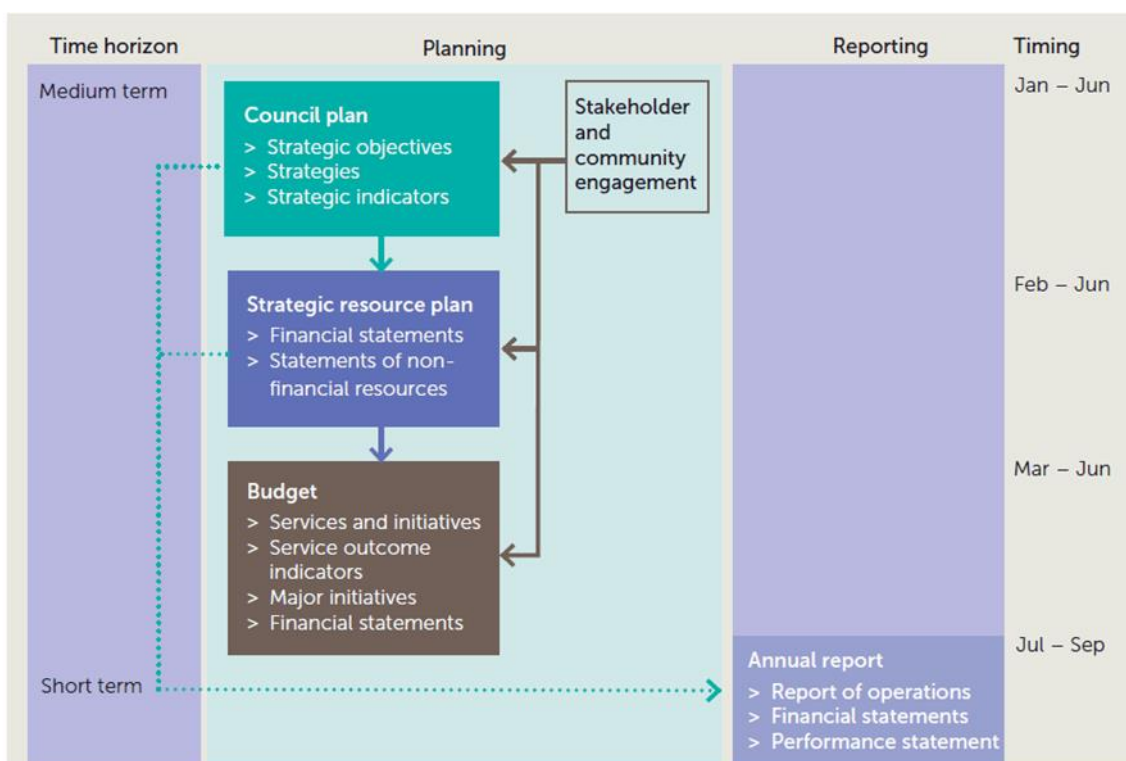
1. Link to the Council Plan
2. Services and service performance indicators
3. Financial statements
4. Financial performance indicators
5. Grants and borrowings
6. Detailed list of capital works
7. Rates and charges

1. Link to the Council Plan

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

1.1 Planning and accountability framework

The Strategic Resource Plan, part of and prepared in conjunction with the Council Plan, is a rolling four year plan that outlines the financial and non-financial resources that Council requires to achieve the strategic objectives described in the Council Plan. The Annual Budget is framed within the Strategic Resource Plan, taking into account the services and initiatives which contribute to achieving the strategic objectives specified in the Council Plan. The diagram below depicts the planning and accountability framework that applies to local government in Victoria.



Source: Department of Environment, Land, Water and Planning (formerly Department of Transport, Planning and Local Infrastructure)

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Council Plan, including the Strategic Resource Plan, is required to be completed by 30 June following a general election and is reviewed each year in advance of the commencement of the Annual Budget process.

1.2 Our purpose

Council's vision

A vibrant, safe and welcoming community that draws inspiration and life from our heritage, unique environment and connection to the sea.

Our Values

The values below guide our behaviour and help us achieve our vision.

Community	Strongly connected to, greatly interested in and responsible to the Borough community
Collaboration	Respecting and working effectively with those around us
Professionalism	Motivated to improve what we do and how we do it
Accountability	Being open and transparent in our decision making and reporting
Balance	Fostering a productive, flexible and family-friendly environment
Heritage	Drawing on our history to shape our future
Environment	Living sustainably and protecting our diverse natural environment

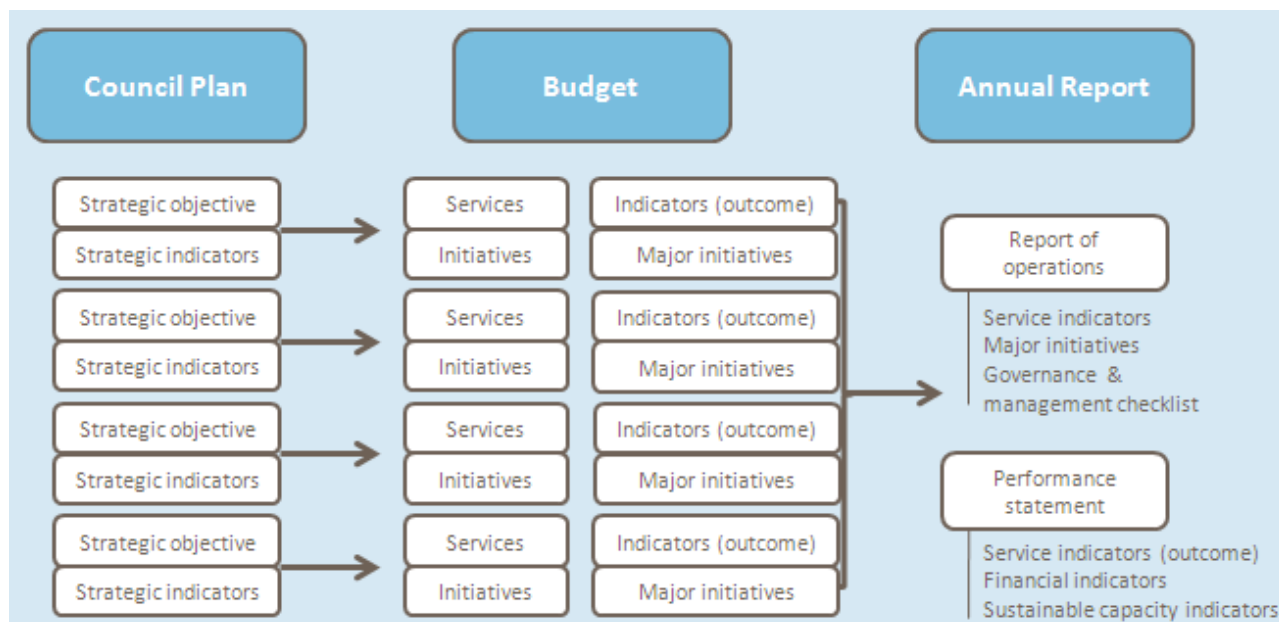
1.3 Strategic objectives

Council delivers services and initiatives under 29 major service categories. Each contributes to the achievement of one of the five Strategic Objectives as set out in the Council Plan for the years 2013-2017. The following table lists the five Strategic Objectives as described in the Council Plan and the Portfolio to which they relate.

	Strategic Objective	Portfolio
1	A healthy, involved and creative community	Community Wellbeing and Amenity
2	A vibrant local economy	Local Economy
3	A unique natural environment	Sustainability and Local Environment
4	A well-planned and attractive place to live and visit	Planning, Heritage, Arts and Culture
5	A proactive and accountable Council	Governance and Finance

2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2016/17 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes a number of major initiatives, initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify major initiatives, initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below.



Source: Department of Environment, Land, Water and Planning (formerly Department of Transport, Planning and Local Infrastructure)

Services for which there are prescribed performance indicators to be reported on in accordance with the Regulations are shown in **bold** and underlined in the below sections.

2.1 Strategic Objective 1: A healthy, involved and creative community

To achieve our objective of a healthy, involved and creative community, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are described below.

Services

Program area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Aged and Disability Services	<p>This service provides a range of home and community care services including home care, personal care and respite care, home maintenance and senior citizens centre.</p> <p>Council provides an accredited, responsive aged and disability support service with a 'zero waiting' list.</p> <p>Federal grant funding of \$375,000 is budgeted for community aged care packages, with \$42,000 to be received from the State government. The balance of \$86,000 is comprised of user fees and charges.</p>	649 (503)
		146
Community Development	<p>Council's role in Community Development is to assist the different Borough Communities to join together to enhance social health and wellbeing of all the communities within the Borough. In particular, the Community Development program area is responsible for leading the development and implementation of policies and projects that support social inclusion, access and equity within the Borough.</p> <p>Council administers a community grants and sponsorship program to support local clubs and community organisations.</p> <p>State government grant funding comprises \$2,600 for Senior Citizens Week. Council has also budgeted to seek \$12,500 in community contributions for the Fisherman's Cooperative building.</p>	194 (15)
		179
Events	<p>Council works with local community organisations and clubs to plan and implement events that contribute to the health and wellbeing and build on the social fabric of the Borough community. Council's role in events can cover: leading, facilitating, supporting or permit administration, depending on the nature of the event and the level of community responsibility for the specific event.</p> <p>Council supports local organisations to plan and implement community recreation, sport, and civic activities and events. Public events are also conducted which recognise the contribution of volunteers.</p>	82 0
		82

Program area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Maternal and Child Health (MCH)	<p>The Maternal and Child Health Service (MCH) is a primary care service for local families with children from birth to school age. The service aims to promote healthy outcomes for children and their families by providing a comprehensive and focused approach for the promotion, prevention, early detection, and intervention of the physical, emotional or social factors affecting young children and their families in their communities.</p> <p>Maternal and child health services are externally provided by the City of Greater Geelong.</p> <p>State government grant funding of \$40,000 is budgeted to be received toward the cost of MCH.</p>	60 (40)
		20
Kindergarten	<p>Kindergarten provides support for pre-school children to learn and develop the skills needed for the transition to their school years. Queenscliff Kindergarten is operated independent of Council by a Committee of Management.</p> <p>Council has previously received external grant funding to support the Kindergarten planning activities and will continue to seek funding opportunities in order to facilitate the Kindergarten in their operations.</p>	0 0
		0
Environmental Health	<p>This service protects the community's health and well-being by coordinating food safety support programs, Tobacco Act activities and smoke free dining venues. The service also works to rectify any public health concerns relating to unreasonable noise emissions and housing standards.</p> <p>Council ensures statutory obligations are met with respect to the <i>Food Act 1984</i> and the <i>Public Health & Wellbeing Act 2008</i>.</p> <p>Fees and charges income of \$30,000 is budgeted to be received for annual health registrations/renewals.</p>	103 (30)
		73
TOTAL	Expenditure	1,088
	(Revenue)	(588)
	Net Cost	500

Major Initiatives

- Implement the Borough of Queenscliffe Municipal Health & Wellbeing Plan 2013-2017 (\$10,000);

Initiatives

- Extend Council's support for local organisations to plan and implement community recreation, sport and civic activities and events (\$10,000);
- Support and encourage planning for the future use of the Fisherman's Cooperative building (\$25,000);
- Contribution to the Great Victorian Bike Ride (\$5,000).

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Home and community care	Participation	Participation in HACC service (Percentage of the municipal target population who receive a HACC service)	[Number of people that received a HACC service / Municipal target population for HACC services] x100
		Participation in HACC service by CALD people (Percentage of the municipal target population in relation to CALD people who receive a HACC service)	[Number of CALD people who received a HACC service / Municipal target population in relation to CALD people for HACC services] x100
Maternal and child health	Participation	Participation in the MCH service (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100
		Participation in MCH service by Aboriginal children (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100
Food safety	Health and safety	Critical and major non-compliance notifications (Percentage of critical and major non-compliance notifications that are followed up by Council)	[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100

2.2 Strategic Objective 2: A vibrant local economy

To achieve our objective of a vibrant local economy, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are described below.

Services

Program area	Description of services provided	Expenditure (Revenue) (Net Income) \$'000
Caravan parks and boat ramp	<p>This service provides approximately 400 camping sites and associated facilities, including maintenance of seven amenities blocks. Also included is the boat ramp service, which provides a two lane sheltered access to the region's fishing grounds.</p> <p>User fees and charges are budgeted to be received for caravan parks and camping (\$1,733,000) and boat ramp fees (\$106,000).</p> <p>This program area generates a net income result, which is used to fund the bulk of Council's foreshore activities, including that expenditure in the Coastal & Environment program area (refer page 20 of this budget document) and the cost of corporate support and overheads (refer page 26 of this budget document) as they relate to foreshore activities.</p>	<p>1,055 (1,839) (784)</p>
Visitor Information Centre (VIC)	<p>This service provides a state accredited tourist information service year round. Professional and friendly advice from paid and volunteer staff, ensure that visitors have a positive experience in the seaside townships of Queenscliff and Point Lonsdale.</p> <p>Council maintains accreditation of the Visitor Information Centre (VIC) service and actively engages volunteers in the delivery of VIC services. It seeks to improve the level of Council, community, business and visitor information available through Council's electronic media.</p> <p>User fees and charges of \$12,000 are budgeted, which includes income from the sale of souvenirs (\$6,000) and heritage walks (\$6,000).</p>	<p>207 (12) 195</p>

Program area	Description of services provided	Expenditure (Revenue) (Net Income) \$'000
Tourism and economic development	<p>This service is integrated with the activities of regional and local tourism organisations. Marketing and promoting the Borough and its attractions is key to increasing the number of day trippers and visitors who choose to stay in the Borough. Includes activities of economic development.</p> <p>Council facilitates local businesses by providing access to information and professional development opportunities, and supports them to effectively plan and promote major public participation events in the Borough. It supports local fundraising initiatives associated with the Royal Children's Hospital Good Friday Appeal. Council also works with neighbouring municipalities, G21 & State government to implement the priorities in the G21 Public Transport Plan.</p> <p>User fee income of \$1,000 is budgeted to be received from the historical centre.</p>	206 (1)
		205
TOTAL	Expenditure	1,468
	(Revenue)	(1,852)
	Net Income	(386)

Major Initiatives

- Advocate to all levels of government to implement the Fort Queenscliff Tourism Master Plan;

Initiatives

- Work with local businesses and community organisations to implement the Queenscliffe Winter Light Festival proposal (\$29,000).

Carry forward operating projects

- Camping and caravan parks improvement investment fund (\$100,000);
- Complete the Queenscliff Recreation Reserve and Caravan Parks Masterplan (\$20,000);
- Tourism and economic development strategy (\$55,000) + actions stemming from the tourism and economic development strategy (\$12,500).

Service Performance Outcome Indicators

There are no mandatory performance indicators to be reported for this Strategic Objective.

2.3 Strategic Objective 3: A unique natural environment

To achieve our objective of a unique and natural environment, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are described below.

Services

Program area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Sustainability and environment	<p>This program area has carriage of the sustainability policy and facilitates community projects and works with other services to improve Council's environmental performance. Reducing greenhouse gas emissions within Council operations and the community are a key priority, as is dealing with Climate Change.</p> <p>Council continues to implement its Corporate Carbon Neutral Action Plan, and facilitates community participation in the implementation of the Community Environment Alliance.</p> <p>Grant funding balance of \$1,000 is budgeted to be received for Community Environment Alliance work.</p>	<p>144 (1) 143</p>
Coastal and environment	<p>This service implements State government coastal management policy and plans and implements environmental projects and works with other services to improve Council's management of Coastal Crown Land.</p> <p>Council collaborates with local and regional organisations to continue with weed reduction programs, and supports local organisations and volunteers in undertaking projects designed to protect and enhance the natural environment. A tree planting program is implemented that reflects the character of Queenscliff and Point Lonsdale. Council is also working towards the development of a network of connected walking and cycling routes.</p> <p>The budget includes \$114,000 for user fees and charges associated with the leasing of Council facilities by various government departments and community groups.</p>	<p>610 (114) 496</p>

Program area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Waste disposal	<p>This service includes regular bin based waste collection of kerbside garbage and recycling as well as a cyclic hard rubbish collection, e-waste and a green waste bin service, for all residential and tourist accommodation properties. Public waste includes bins located in the Borough's parks and reserves.</p> <p>Council works with local and regional organisations (including the Barwon Region Waste Management Group) and neighbouring councils, to increase community awareness and promote behaviours that reduce waste and promote recycling in the Borough.</p> <p>The budget provides for \$13,000 in fees and charges to be received with respect to recyclables disposed of and \$13,000 in grant funding towards beach cleaning.</p>	<p>876 (26) 850</p>
TOTAL	Expenditure	1,630
	(Revenue)	(141)
	Net Cost	1,489

Major Initiatives

- Advocate to State Government for inclusion of Laker's Cutting in RAMSAR listed Swan Bay site;
- Work with the City of Greater Geelong and State Government partners to implement recommendations from the Geelong Queenscliffe Coastal Mapping Project.

Initiatives

- Completion of coastal tender works at Ocean Road and The Narrows (\$81,600);
- Undertake a risk assessment and produce a mitigation plan for gun emplacements near the Point Lonsdale Lighthouse Reserve (\$10,000).

Carry forward operating projects

- Coastal vegetation management assisted by other organisations (\$30,000) + Point Lonsdale Lighthouse Reserve vegetation management (\$30,000) + noxious weed eradication (\$16,500);
- Develop a 'Tree Replacement Plan' for the Borough's historic Avenue of Honour in consultation with the community (\$34,900);
- Significant tree register (\$20,000);
- Implement cleaning of Queenscliff front beach (\$10,000);
- Continue with Lighthouse Reserves maintenance works (\$7,000).

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Waste collection	Waste diversion	Kerbside collection waste diverted from landfill (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100

2.4 Strategic Objective 4: A well-planned and attractive place to live and visit

To achieve our objective of a well-planned and attractive place to live and visit, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are described below.

Services

Program area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Road Maintenance and Works	<p>Provided by an external contractor, this service includes maintenance of local roads, kerb and channel, footpaths and shared use trails, drainage, street cleaning and sweeping, parks and gardens and sports ovals.</p> <p>Council implements an asset renewal and maintenance program for infrastructure including roads, paths and drainage.</p> <p>The budget includes \$54,000 local roads funding from the Victoria Grants Commission. Road opening fees of \$5,000 are also budgeted.</p>	<p>824 (59) 765</p>
Engineering	<p>This service undertakes design, tendering, contract management and supervision of various works within Council's capital works program.</p> <p>The service also approves and supervises private development activities such as build over easement, legal point of discharge, vehicle point of access and infrastructure associated with unit developments.</p>	<p>178 0 178</p>
Planning and Development Control	<p>This statutory planning service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing Council at the Victorian Civil and Administrative Tribunal where necessary.</p> <p>It monitors Council's Planning Scheme as well as preparing major policy documents shaping the future of the Borough. It also processes amendments to the Council Planning Scheme and carries out research on demographic, economic and social issues affecting Council.</p> <p>Council's Planning Scheme, Policies and Local Laws are used to protect significant vegetation.</p> <p>The budget provides for \$50,000 to be collected in fees and charges relating to planning applications.</p>	<p>330 (50) 280</p>

Program area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Local Law Enforcement	<p>This service provides staff at school crossings throughout the municipality to ensure that all pedestrians, but mainly school aged children, are able to cross the road safely.</p> <p>It maintains and improves the health and safety of people, animals and the environment by providing animal management services including a dog and cat collection service, a lost and found notification service, a registration and administration service, an after hours service and an emergency service.</p> <p>This service also facilitates the smooth flow of traffic and parking throughout the municipality through the provision of safe, orderly and equitable parking enforcement and education.</p> <p>It also provides education, regulation and enforcement of General Local Law and relevant State legislation, which includes the protection of significant vegetation.</p> <p>State government funding of \$17,000 is budgeted toward the cost of school crossing supervision. Statutory fees budgeted include local laws permits and fines (\$13,000) and parking fines (\$15,000). Animal registration fees and charges total \$21,000.</p>	<p>288 (66) 222</p>
Public Conveniences	Maintenance, cleaning and renewal of 14 public conveniences (in addition to seven located at the caravan parks, see page 18 of this budget document) is required to maintain a level of service acceptable to the general community as well as tourists.	<p>101 0 101</p>
Street Lighting	Operation, maintenance and renewal plus energy costs associated with the Borough's street lights.	<p>57 0 57</p>
Powerline Clearance	This is to maintain the legislative clear zones around powerlines to ensure safety and prevention of fire.	<p>27 0 27</p>
Building Maintenance	<p>This service prepares long term maintenance management programs for Council's buildings in an integrated and prioritised manner in order to optimise their strategic value and service potential.</p> <p>Council implements an asset renewal and maintenance program for all of the Council owned and managed community buildings.</p>	<p>96 0 96</p>
Heritage Assets	<p>Advice is provided via an external contractor regarding Council's heritage assets, in order to maintain the Borough's heritage values.</p> <p>Council is developing a Heritage Strategy to increase community awareness of, and provide direction to the Council regarding, the Borough's significant heritage.</p>	<p>54 0 54</p>

Program area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Building Control	This service provides statutory building services to the Council community including processing of siting variation consent, emergency management responsibilities, building safety inspections / audits and investigations of complaints and illegal works. Provided by a part time external contractor (a shared service arrangement with Surf Coast Shire Council). The budget provides for \$15,000 to be collected in fees and charges relating to building applications.	57 (15)
		42
Library	A public library service is provided in Queenscliff, operated by the Geelong Regional Library Corporation (GRLC), for which Council contributes to the cost of the service. The budget assumes \$Nil change in equity for Council's investment in the GRLC (noting this cannot be confirmed until the year-end process is completed).	226 0
		226
Arts, Recreation and Culture	This service provides a varied ongoing program of arts and cultural events. Council promotes and supports a range of arts, cultural and reconciliation activities and events.	29 0
		29
TOTAL	Expenditure	2,267
	(Revenue)	(191)
	Net Cost	2,078

Major Initiatives

- Complete the Queenscliffe Planning Scheme statutory amendment process including the determination of priority recommendations (\$21,200)

Initiatives

- Improve regulation of statutory planning compliance (\$37,500).

Carry forward operating projects

- Queenscliffe Planning Scheme Panel (\$70,000);
- Undertake a review of Council's Road Management Plan (\$10,000).

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Roads	Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads
Statutory Planning	Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100
Animal Management	Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
Libraries	Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100

2.5 Strategic Objective 5: A proactive and accountable Council

To achieve our objective of being a proactive and accountable Council, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are described below.

Services

Program area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Governance	<p>This relates predominantly to the Mayor and Councillors, also governance items such as the community satisfaction survey and membership of various organisations including the MAV and the G21 alliance.</p> <p>Council builds collaborative relationships with local organisations, neighbouring Councils and other levels of government, and establishes reference groups on major community projects. It participates in the annual Local Government Community Satisfaction Survey. Council ensures its behaviour complies with a Councillor Code of Conduct.</p>	<p>350 0 350</p>
Administration	<p>This area includes the Chief Executive Officer, Executive Management Team and associated support which cannot be easily attributed to direct service provision areas. Officers ensure the behaviour of all staff complies with the Staff Code of Conduct.</p> <p>An annual review of Council's Strategic Resource Plan and long term budget is conducted as part of the annual budget preparation process. The Council Plan, Budget (including the Strategic Resource Plan), Performance Statement and Annual Budget are produced and forwarded to the Minister for Local Government by the statutory deadline (within 28 days following Council adoption).</p> <p>The budget includes \$193,000 funding from Victoria Grants Commission (indexation is currently paused). Fees and charges income of \$6,000 is budgeted, associated with hall hire and photocopying charges.</p>	<p>1,448 (199) 1,249</p>
Community Engagement and Customer Service	<p>Included here is customer and civic services, providing a range of governance, statutory and corporate support services, and acting as the main customer interface with the community.</p> <p>Services include the coordination of council and committee meetings, records and information management, office support services and community engagement. Legislative requirements under Privacy and Freedom of Information Acts are also administered here.</p>	<p>391 0 391</p>

Program area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Finance, risk & audit	<p>This service predominantly provides financial based services to both internal and external customers including the management of Council's finances, payment of salaries and wages to Council employees, procurement and contracting of services, fleet management, insurance and risk management.</p> <p>Depreciation expense for all Council assets is included in this program area.</p> <p>Audit services include those provided by external and internal auditors, insurance auditors and Council's Audit Committee.</p> <p>Council ensures adherence to guidelines on prudent management of debt, cash and asset renewal, and reviews its assets to improve return on investment. It effectively manages public and organisational risk and meets all legislative requirements.</p> <p>The budget is for \$90,000 interest on investments, in addition to \$34,000 lease income for use of Council properties (noting Crown Land leases are in the Coastal & Environment program area (refer page 20).</p>	1,734 (124)
		1,610
Rates and information technology	<p>This service is responsible for the raising and collection of rates and charges, and the maintenance of property information for both Council and Land Victoria databases.</p> <p>Expenditure related to external provision of both valuation and information technology services are also included.</p> <p>Municipal rates are minimised for local sporting clubs that have limited revenue sources, and Council continues to administer the Fire Services Property Levy in accordance with legislative requirements.</p> <p>State government funding of \$37,000 is budgeted to be received for the Fire Services Property Levy implementation. Interest on rates arrears is budgeted at \$15,000 and other fees and charges is \$9,000 (e.g. land information certificates).</p>	178 (61)
		117
TOTAL	Expenditure	4,100
	(Revenue)	(384)
	Net Cost	3,716

Major Initiatives

- Implement Council's 'Community Information and Engagement' policy to increase public participation and improve access to information.

Initiatives

- Introduce new on-line services available on Council's website (\$20,000);
- Prepare a plan to improve Council's records management systems (\$25,000);
- Undertake a review of Council's office accommodation requirements (\$10,000).

Carry forward operating projects

- Complete implementation of the new finance system (\$11,300);
- Population summit / electoral boundary communications (\$6,000).

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Governance	Satisfaction	Satisfaction with council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community)	Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community

2.6 Performance Statement

The service performance outcome indicators detailed in the preceding pages will be reported on in the Performance Statement which is prepared at the end of the year as required by Section 132 of the Act and included in the 2016/17 Annual Report. The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in Section 8) and sustainable capacity, which are not included in this budget report. The prescribed performance indicators contained in the Performance Statement are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed in the preceding pages will be reported on in the Annual Report in the form of a statement of progress in the Report of Operations.

2.7 Reconciliation with budgeted operating result

	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
A healthy, involved and creative community	500	1,088	587
A vibrant local economy	(385)	1,468	1,852
A unique natural environment	1,489	1,630	141
A well-planned and attractive place to live and visit	2,078	2,267	191
A proactive and accountable Council	3,716	4,100	384
Total services and initiatives	7,399	10,554	3,155
Other non-attributable	0		
Deficit before funding sources	7,399		
Funding sources			
Rates and charges	6,783		
Capital grants and contributions	1,422		
Total funding sources	8,205		
Surplus for the year	806		

3. Financial statements

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the years 2017/18 to 2019/20 has been extracted from the Strategic Resource Plan.

This section includes the following financial statements in accordance with the *Local Government Act 1989* and the Local Government Model Financial Report:

- 3.1 Comprehensive Income Statement
- 3.2 Balance Sheet
- 3.3 Statement of Changes in Equity
- 3.4 Statement of Cash Flows
- 3.5 Statement of Capital Works
- 3.6 Statement of Human Resources

3.1 Comprehensive Income Statement

Comprehensive Income Statement

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16	2016/17	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Income					
Rates and charges	6,562	6,783	6,953	7,127	7,306
Statutory fees and fines	98	88	88	88	88
User fees	2,135	2,174	2,273	2,273	2,369
Grants - operating	846	775	776	778	780
Grants - capital	852	1,222	3,089	500	0
Contributions - monetary - operating	4	13	0	0	0
Contributions - monetary - capital	56	200	0	0	0
Other income	102	106	101	101	101
Share of net profits of associates	0	0	0	0	0
Net gain on disposal of property, infrastructure, plant and equipment	0	0	0	0	0
Total income	10,656	11,360	13,279	10,867	10,643
Expenses					
Employee costs	3,615	3,847	4,013	4,164	4,310
Materials and services	5,360	5,260	4,709	4,780	4,941
Bad and doubtful debts	1	3	3	3	3
Depreciation	1,136	1,175	1,214	1,229	1,244
Borrowing costs	24	22	16	12	10
Other expenses	242	247	257	265	267
Total expenses	10,377	10,554	10,212	10,453	10,774
Surplus / (deficit) for the year	278	806	3,067	414	(132)
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods					
Net asset revaluation increment / (decrement)	0	0	0	0	0
Total comprehensive result	278	806	3,067	414	(132)

3.2 Balance Sheet

Balance Sheet

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16	2016/17	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets					
Current assets					
Cash and cash equivalents	\$1,064	\$1,031	\$1,118	\$941	\$984
Trade and other receivables	\$350	\$350	\$350	\$350	\$350
Other financial assets	\$2,500	\$1,000	\$1,000	\$1,000	\$1,000
Inventories	\$4	\$4	\$4	\$4	\$4
Other assets	\$200	\$200	\$200	\$200	\$200
Total current assets	\$4,118	\$2,585	\$2,672	\$2,495	\$2,538
Non-current assets					
Investments in associates	\$255	\$255	\$255	\$255	\$255
Property, infrastructure, plant and equipment	\$68,899	\$71,262	\$74,204	\$74,514	\$74,275
Total non-current assets	\$69,154	\$71,517	\$74,459	\$74,769	\$74,531
Total assets	\$73,272	\$74,102	\$77,130	\$77,264	\$77,068
Liabilities					
Current liabilities					
Trade and other payables	\$853	\$908	\$924	\$671	\$634
Trust funds and deposits	\$53	\$53	\$53	\$53	\$53
Provisions	\$817	\$846	\$875	\$906	\$938
Interest-bearing loans and borrowings	\$341	\$149	\$105	\$90	\$75
Other liabilities	\$75	\$75	\$75	\$75	\$75
Total current liabilities	\$2,139	\$2,031	\$2,033	\$1,796	\$1,776
Non-current liabilities					
Provisions	\$71	\$73	\$76	\$78	\$81
Interest-bearing loans and borrowings	\$114	\$243	\$200	\$154	\$107
Total non-current liabilities	\$185	\$316	\$276	\$232	\$188
Total liabilities	\$2,324	\$2,347	\$2,308	\$2,027	\$1,964
Net assets	\$70,948	\$71,755	\$74,822	\$75,236	\$75,105
Equity					
Accumulated surplus	\$35,269	\$37,238	\$40,267	\$40,637	\$40,461
Reserves	\$35,679	\$34,517	\$34,555	\$34,599	\$34,644
Total equity	\$70,948	\$71,755	\$74,822	\$75,236	\$75,105

3.3 Statement of Changes in Equity

Statement of Changes in Equity

For the four years ending 30 June 2020

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2015/16 Forecast				
Balance at beginning of the financial year	70,670	33,245	33,903	3,522
Surplus / (deficit) for the year	278	278	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	0	(639)	0	639
Transfer from other reserves	0	2,385	0	(2,385)
Balance at end of the financial year	70,948	35,269	33,903	1,776
2016/17 Budget				
Balance at beginning of the financial year	70,948	35,269	33,903	1,776
Surplus / (deficit) for the year	806	806	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	0	(318)	0	318
Transfer from other reserves	0	1,480	0	(1,480)
Balance at end of the financial year	71,755	37,238	33,903	614
2017/18 Budget				
Balance at beginning of the financial year	71,755	37,238	33,903	614
Surplus / (deficit) for the year	3,067	3,067	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	0	(45)	0	45
Transfer from other reserves	0	7	0	(7)
Balance at end of the financial year	74,822	40,267	33,903	652
2018/19 Budget				
Balance at beginning of the financial year	74,822	40,267	33,903	652
Surplus / (deficit) for the year	414	414	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	0	(45)	0	45
Transfer from other reserves	0	1	0	(1)
Balance at end of the financial year	75,236	40,637	33,903	696
2019/20 Budget				
Balance at beginning of the financial year	75,236	40,637	33,903	696
Surplus / (deficit) for the year	(132)	(132)	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	0	(45)	0	45
Transfer from other reserves	0	0	0	0
Balance at end of the financial year	75,105	40,461	33,903	741

3.4 Statement of Cash Flows

Statement of Cash Flows

For the four years ending 30 June 2020

	Forecast	Budget 2016/17 \$'000	Strategic Resource Plan Projections		
	Actual 2015/16 \$'000		2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
Cash flows from operating activities					
<i>Receipts</i>					
Rates and charges	\$6,557	\$6,783	\$6,953	\$7,127	\$7,306
Statutory fees and fines	\$99	\$88	\$88	\$88	\$88
User fees	\$2,182	\$2,174	\$2,273	\$2,273	\$2,369
Grants - Operating	\$972	\$775	\$776	\$778	\$780
Grants - Capital	\$947	\$1,222	\$3,089	\$500	\$0
Contributions - monetary - operating	\$4	\$13	\$0	\$0	\$0
Contributions - monetary - capital	\$78	\$200	\$0	\$0	\$0
Interest received	\$98	\$105	\$100	\$100	\$100
Other receipts	\$3	\$1	\$1	\$1	\$1
Net GST refund / (payment)	\$41	\$0	\$0	\$0	\$0
Total receipts	\$10,981	\$11,360	\$13,279	\$10,867	\$10,643
<i>Payments</i>					
Employee costs	(\$3,585)	(\$3,815)	(\$3,981)	(\$4,130)	(\$4,276)
Materials and services	(\$5,748)	(\$5,204)	(\$4,693)	(\$5,034)	(\$4,978)
Other payments	(\$243)	(\$250)	(\$259)	(\$268)	(\$269)
Total payments	(\$9,576)	(\$9,270)	(\$8,933)	(\$9,432)	(\$9,522)
Net cash provided by operating activities	\$1,405	\$2,090	\$4,347	\$1,435	\$1,120
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(\$2,901)	(\$3,633)	(\$4,236)	(\$1,629)	(\$1,095)
Proceeds from sale of property, infrastructure, plant and equipment	\$91	\$95	\$80	\$90	\$90
Payments for investments	\$1,140	\$1,500	\$0	\$0	\$0
Proceeds from sale of investments	\$0	\$0	\$0	\$0	\$0
Net cash used in investing activities	(\$1,670)	(\$2,038)	(\$4,156)	(\$1,539)	(\$1,005)
Cash flows from financing activities					
Borrowing costs	(\$24)	(\$22)	(\$16)	(\$12)	(\$10)
Proceeds from borrowings	\$140	\$177	\$0	\$0	\$0
Repayment of borrowings	(\$223)	(\$240)	(\$88)	(\$60)	(\$63)
Net cash provided by / (used in) financing activities	(\$107)	(\$85)	(\$103)	(\$73)	(\$73)
Net increase / (decrease) in cash and cash equivalents	(\$372)	(\$33)	\$87	(\$177)	\$43
Cash and cash equivalents at the beginning of the financial year	\$1,436	\$1,064	\$1,031	\$1,118	\$941
Cash and cash equivalents at the end of the financial year	\$1,064	\$1,031	\$1,118	\$941	\$984

3.5 Statement of Capital Works

Statement of Capital Works

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16	2016/17	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Property					
Land improvements	9	81	0	0	0
Buildings	1,190	666	1,292	241	245
Total property	1,201	746	1,292	241	245
Plant and equipment					
Plant, machinery and equipment	221	202	179	190	190
Fixtures, fittings and furniture	5	5	5	5	5
Computers and telecommunications	75	184	30	30	30
Total plant and equipment	301	391	214	225	225
Infrastructure					
Roads	132	366	200	105	105
Footpaths and cycleways	187	132	44	12	12
Drainage	75	61	51	35	35
Recreational, leisure and community facilities	591	462	1,132	144	148
Waste management	175	0	0	0	0
Parks, open space and streetscapes	122	1,072	1,013	533	33
Off street car parks	66	0	0	0	0
Other infrastructure	52	404	0	0	0
Total infrastructure	1,400	2,496	2,440	829	333
Available Cash for Council Priority Projects	0	0	290	334	292
Total capital works expenditure	2,901	3,633	4,236	1,629	1,095
Represented by:					
New asset expenditure	552	1,724	1,418	202	54
Asset renewal expenditure	1,673	1,363	1,345	1,012	716
Asset upgrade expenditure	676	546	1,183	81	32
Available Cash for Council Priority Projects	0	0	290	334	292
Total capital works expenditure	2,901	3,633	4,236	1,629	1,095

3.6 Statement of Human Resources

Statement of Human Resources

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16	2016/17	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Staff expenditure					
Employee costs - operating	3,615	3,847	4,013	4,164	4,310
Employee costs - capital (project management - priority infrastructure projects)	247	194	201	208	216
Total staff expenditure	3,862	4,041	4,214	4,372	4,526
	EFT	EFT	EFT	EFT	EFT
Staff expenditure					
Employees - operating	40.2	40.6	40.6	40.6	40.6
Employees - capitalised	1.6	1.6	1.6	1.6	1.6
Total staff numbers	41.8	42.2	42.2	42.2	42.2

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

Program area	Budget	Comprises	
		Permanent	Permanent
	2016/17	Full time	Part time
	\$'000	\$'000	\$'000
Administration	800	754	46
Aged and disability services	501	0	501
Caravan parks	451	229	222
Finance, risk and audit	386	320	66
Community engagement and customer service	379	196	183
Planning and development	216	121	95
Local law enforcement	198	198	0
Engineering	159	94	65
Community development	127	41	86
Coastal and environment	123	123	0
Visitor information centre	106	73	33
Tourism and economic development	80	41	39
Sustainability and environment	70	0	70
Environmental health	70	0	70
Events	34	0	34
Total permanent staff expenditure	3,700	2,189	1,511
Casuals and other expenditure	147		
Total employee costs (operating)	3,847		
Capitalised Labour costs	194		
Total expenditure	4,041		

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

Program area	Budget FTE	Comprises	
		Permanent Full time	Permanent Part time
Administration	4.9	4.5	0.4
Aged and disability services	6.8	0.0	6.8
Caravan parks	5.4	2.4	3.0
Community engagement and customer service	4.6	2.0	2.6
Finance, risk and audit	3.8	3.0	0.8
Planning and development	2.6	1.5	1.1
Local law enforcement	2.0	2.0	0.0
Engineering	1.5	1.5	0.6
Community development	1.4	0.4	1.0
Coastal and environment	1.1	1.1	0.0
Visitor information centre	1.7	1.2	0.5
Tourism and economic development	0.9	0.4	0.5
Sustainability and environment	0.8	0.0	0.8
Environmental health	0.6	0.0	0.6
Events	0.3	0.0	0.3
Total permanent staff	38.4	20.0	19.1
Casuals and other	2.2		
Total staff (operating)	40.6		
Capitalised Labour costs	1.6		
Total staff	42.2		

4. Financial performance indicators

The following table highlights Council's current and projected performance across a range of key financial performance indicators. These indicators provide a useful analysis of Council's financial position and performance and should be interpreted in the context of the organisation's objectives.

Indicator	Measure	Notes	Strategic Resource Plan Projections							
			Actual 2014/15	Forecast Actual 2015/16	Budget 2016/17	SRP 2017/18	SRP 2018/19	SRP 2019/20	Trend +/-	
Operating position										
Adjusted underlying result	Adjusted underlying result / Adjusted underlying revenue	1	2.0%	(6.5%)	(6.2%)	(0.2%)	(0.8%)	(1.2%)	-	
Liquidity										
Working Capital	Current assets / Current liabilities	2	218.4%	192.5%	127.3%	131.4%	138.9%	142.9%	+	
Unrestricted cash	Unrestricted cash / Current liabilities		84.2%	105.5%	97.0%	101.5%	105.1%	108.8%	+	
Obligations										
Loans and borrowings	Interest bearing loans and borrowings / Rate revenue	3	9.0%	6.9%	5.8%	4.4%	3.4%	2.5%	+	
Loans and borrowings	Interest and principal repayments / Rate revenue		4.0%	3.8%	3.9%	1.5%	1.0%	1.0%	+	
Indebtedness	Non-current liabilities / Own source revenue		1.0%	2.1%	3.4%	2.9%	2.4%	1.9%	+	
Asset renewal	Asset renewal expenditure / Depreciation	4	70.0%	147.3%	116.0%	110.8%	82.3%	57.6%	-	
Stability										
Rates concentration	Rate revenue / Adjusted underlying revenue	5	55.0%	67.3%	68.3%	68.2%	68.8%	68.6%	○	
Rates effort	Rate revenue / Property values (CIV)		0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	○	
Efficiency										
Expenditure level	Total expenditure / No. of assessments		\$3,572	\$3,388	\$3,445	\$3,334	\$3,413	\$3,518	+	
Revenue level	Residential rate revenue / No. of residential assessments		\$1,989	\$2,063	\$1,907	\$1,954	\$2,003	\$2,054	+	
Workforce turnover	No. of resignations & terminations / average no. of staff		8.0%	11.3%	1.6%	0.0%	0.0%	0.0%	+	

Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance / financial position indicator
- O Forecasts that Council's financial performance / financial position indicator will be steady
- Forecasts deterioration in Council's financial performance / financial position indicator

Notes to indicators

1. **Adjusted underlying result** – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. A large deficit is expected in both the 2015/16 Forecast and 2016/17 Budget – in both financial years, this relates to carry forward works that are fully funded, with cash from budgets and government grant funding being held in reserves until works are completed and paid for. A small deficit is expected over each of the SRP years 2017/18 through 2019/20, reflecting an increase in operating costs to maintain the same level of service which is at a greater rate than the 2.5% rate increase allowed under the State government's rate capping legislation, coupled with limited budget assumptions with respect to future grant funding opportunities over the SRP years 2017/18 through 2019/20.
2. **Working Capital** – The proportion of current liabilities represented by current assets. Working capital is forecast to improve over the four year period, noting it appears lower due to existing loans being reported as 100% current liabilities when actual repayment is expected over the next two to three years, however the current loan agreements do not provide a clause sufficient to enable Council to spread the loans over both current and non-current liabilities in the Balance Sheet. New borrowings budgeted for 2016/17 are expected to be treated as largely non-current and loan agreements which enable this to occur will be sought.
3. **Debt compared to rates** – Trend indicates Council's reducing reliance on debt against its annual rate revenue through the redemption of long term debt, in accordance with existing loan schedules. This is despite new borrowings of \$177,400 in 2016/17 for the Streetlight replacement to LEDs project.
4. **Asset renewal** – This percentage indicates the extent of Council's renewals against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100% indicates Council is maintaining its existing assets, while a percentage less than 100% means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets. Council needs to average at least 100% over a longer term of 7-10 years, with peaks and troughs occurring as large assets are programmed for expenditure. This renewal target is expected to be achieved over the long term, with an average of 102.8% p.a. for the years from 2015/16 forecast, through to 2016/17 budget and each of the SRP years to 2019/20, predominantly due to significant funded projects including the Queenscliff Sports & Recreation Precinct project (total funding of \$3,155,000 over three years from 2015/16 to 2017/18). The annual asset renewal program continues to average \$580,000 per annum, and Roads to Recovery funding of \$231,000 is also confirmed and expected to be received and spent on asset renewal projects in the 2016/17 budget year.
5. **Rates concentration** – Reflects the extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates Council will remain consistent in its reliance on rate revenue compared to all other revenue sources, largely the result of rate capping legislation which commences from the 2016/17 year, and also particularly in the absence of significant grant funding assumptions in the out years, noting assumptions are reviewed annually to consider new information from other levels of government.

5. Other budget information (grants and borrowings)

This section presents other budget related information required by the Regulations.

This section includes the following statements and reports:

- 5.1 Grants – operating
- 5.2 Grants – capital
- 5.3 Statement of Borrowings

5.1 Grants – operating (\$71,000 decrease)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall, the level of operating grants is projected to decrease by \$71,000 (8%) compared to 2015/16. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below.

Operating Grants	Forecast	Budget	Variance	
	Actual		\$'000	%
	2015/16	2016/17	\$'000	%
	\$'000	\$'000	\$'000	%
Recurrent - Commonwealth Government				
Home and community care	63	375	312	496%
Recurrent - State Government				
Victoria Grants Commission	124	247	123	99%
Home and community care	348	43	(306)	(88%)
Maternal and child health	40	40	0	1%
Fire Services Property Levy implementation	36	37	1	3%
School crossing supervisors	17	17	0	0%
Beach cleaning	13	13	(0)	(0%)
Other grants (< \$10,000 each)	3	3	0	0%
Total recurrent operating grants	643	774	131	20%
Non-recurrent - State Government				
Queenscliff historic railway precinct	72	0	(72)	(100%)
Queenscliff sports and recreation precinct	70	0	(70)	(100%)
Tourism and economic development strategy	45	0	(45)	(100%)
Tobacco activity	14	0	(14)	(100%)
Walk to school	10	0	(10)	(100%)
Other grants (< \$10,000 each)	(8)	1	9	(113%)
Total non-recurrent operating grants	203	1	(202)	(100%)
Total operating grants	846	775	(71)	(8%)

With respect to the two variances in the above table which refer to Home and community care, there is minor indexation expected on these recurrent grants, however this variance is most notable for the change in source of funding – with the exception of \$43,000 assessments funding which will continue to be funded by the State, all other home and community care grants will change from State to a Federal source of funding commencing from 1 July 2016.

The favourable variance for Victoria Grants Commission (VGC) funding is due to the 2015/16 allocation being 50% prepaid in the 2014/15 year. The level of VGC grants to Victorian councils has been affected by the Commonwealth Government's decision to pause indexation for three years commencing in 2015/16. The VGC analysis indicates that Victorian councils will be impacted by \$200 million during the freeze as well as lowering the base from which indexation will be resumed by approximately 12.5%. Total indexation foregone for the Borough of Queenscliffe is \$19,500 from 2015/16 to 2017/18.

Council has only budgeted for the balance due of \$1k for one non-recurrent operating grant to be received in 2016/17. Any grant funding opportunities, for which Council may be successful in securing additional operating grants, will be updated in quarterly forecast reviews during the 2016/17 financial year.

5.2 Grants – capital (\$370,000 increase)

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall, the level of capital grants has increased by \$370,000 (43%) compared to 2015/16, due mainly to specific funding for some large capital works projects. Section 6 “Analysis of Capital Budget” includes a more detailed analysis of the grants and contributions expected to be received during the 2016/17 year. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Capital Grants	Forecast	Budget	Variance	
	Actual 2015/16 \$'000	2016/17 \$'000	\$'000	%
Recurrent - State Government				
Queenscliff sports and recreation precinct	485	491	6	1%
Total recurrent capital grants	485	491	6	1%
Non-recurrent - Commonwealth Government				
Roads to Recovery program	0	231	231	100%
Non-recurrent - State Government				
Point Lonsdale lighthouse reserve	0	500	500	100%
Point Lonsdale foreshore revitalisation Stage 3	260	0	(260)	(100%)
Queenscliff historic railway precinct	28	0	(28)	(100%)
Home and community care	28	0	(28)	(100%)
Green waste bins	23	0	(23)	(100%)
Towns entry and main road tourism signage plan	13	0	(13)	(100%)
New bus stop in Point Lonsdale Road	13	0	(13)	(100%)
Other grants (< \$10,000 each)	2	0	(2)	(100%)
Total non-recurrent capital grants	367	731	364	99%
Total capital grants	852	1,222	370	43%

Most capital grants are considered non-recurrent, i.e. they are funds generally provided to Council to assist in the delivery of specific projects and are only available for a limited period of time. Further, some forecast and/or budgeted non-recurrent capital grants are estimates only, with funding not yet confirmed. Where Council is unsuccessful in attracting such grants, projects will not proceed until alternative funding sources are identified and funds confirmed.

The Queenscliff sports and recreation precinct project is classified as recurrent due to funds expected to be received and expended over the three financial years from 2015/16 to 2017/18.

The Roads to Recovery program has been a source of funding for Council over many years, however it is treated as non-recurrent given funds under the current four year funding program are expected to be received and expended in the 2016/17 financial year only.

5.3 Statement of Borrowings

The table below shows information on borrowings specifically required by the Regulations.

	2015/16 \$'000	2016/17 \$'000
Total amount borrowed as at 30 June of the prior year	538,633	455,213
Total amount to be borrowed	140,000	177,400
Total amount projected to be redeemed	(223,420)	(240,300)
Total amount proposed to be borrowed as at 30 June	455,213	392,313

6. Detailed list of capital works

This section presents a listing of the capital works projects that will be undertaken for the 2016/17 year.

The capital works projects are grouped by class and include the following:

- 6.1 New works for 2016/17
- 6.2 Works carried forward from the 2015/16 year
- 6.3 Summary

Capital works program

For the year ending 30 June 2017

6.1 New works for 2016/17

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources				
		New \$'000	Renewal \$'000	Upgrade \$'000	Government Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000	Asset Sales \$'000
PROPERTY									
LAND IMPROVEMENTS									
Plan for the sale of Council freehold land	20	0	0	20	0	0	20	0	0
TOTAL LAND IMPROVEMENTS	20	0	0	20	0	0	20	0	0
BUILDINGS									
Annual renewal program - Council buildings	85	0	85	0	0	0	85	0	0
Annual renewal program - Planning for future building renewal	15	0	15	0	0	0	15	0	0
Annual renewal program - Queenscliff Recreation Reserve	16	0	16	0	0	0	16	0	0
Annual renewal program - Foreshore public conveniences	16	0	16	0	0	0	16	0	0
Queenscliff sports and recreation precinct	246	86	37	123	246	0	0	0	0
Management of priority infrastructure projects	96	24	59	13	0	0	96	0	0
TOTAL BUILDINGS	474	110	227	137	246	0	228	0	0
TOTAL PROPERTY	494	110	227	157	246	0	248	0	0

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources				
		New	Renewal	Upgrade	Government Grants	Contributions	Council Cash	Borrowings	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PLANT AND EQUIPMENT									
PLANT, MACHINERY AND EQUIPMENT									
Annual renewal program - Council motor vehicles	151	0	151	0	0	0	56	0	95
Annual renewal program - Minor plant and equipment	5	0	5	0	0	0	5	0	0
Install a CCTV camera at the Queenscliff boat ramp to improve safety and reduce vandalism	7	7	0	0	0	0	7	0	0
TOTAL PLANT, MACHINERY AND EQUIPMENT	163	7	156	0	0	0	68	0	95
FIXTURES, FITTINGS AND FURNITURE									
Annual renewal program - Council fixtures, fittings and furniture	5	0	5	0	0	0	5	0	0
TOTAL FIXTURES, FITTINGS AND FURNITURE	5	0	5	0	0	0	5	0	0
COMPUTERS AND TELECOMMUNICATIONS									
Annual renewal program - computers and telephone equipment	30	0	30	0	0	0	30	0	0
TOTAL COMPUTERS AND TELECOMMUNICATIONS	30	0	30	0	0	0	30	0	0
TOTAL PLANT AND EQUIPMENT	198	7	191	0	0	0	103	0	95

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources				
		New	Renewal	Upgrade	Government Grants	Contributions	Council Cash	Borrowings	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INFRASTRUCTURE									
ROADS									
Annual renewal program - roads	75	0	75	0	0	0	75	0	0
Annual renewal program - pavement repair	20	0	20	0	0	0	20	0	0
Annual renewal program - access roads and carparks	10	0	10	0	0	0	10	0	0
Annual renewal program - roads to recovery	231	0	231	0	231	0	0	0	0
Queenscliff sports and recreation precinct	15	5	2	8	15	0	0	0	0
TOTAL ROADS	351	5	338	8	246	0	105	0	0
FOOTPATHS AND CYCLEWAYS									
Annual renewal program - footpaths	12	0	12	0	0	0	12	0	0
Upgrade the shared pathway from 'The Narrows' to Point Lonsdale Primary School	80	0	0	80	0	0	80	0	0
TOTAL FOOTPATHS AND CYCLEWAYS	92	0	12	80	0	0	92	0	0
DRAINAGE									
Annual renewal program - drainage	35	0	35	0	0	0	35	0	0
TOTAL DRAINAGE	35	0	35	0	0	0	35	0	0

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources				
		New	Renewal	Upgrade	Government Grants	Contributions	Council Cash	Borrowings	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INFRASTRUCTURE (continued)									
RECREATIONAL, LEISURE AND COMMUNITY FACILITIES									
Annual renewal program - walking tracks and signage	5	0	5	0	0	0	5	0	0
Annual renewal program - beach access tracks and fencing	5	0	5	0	0	0	5	0	0
Annual renewal program - beach access handrails and steps	20	0	20	0	0	0	20	0	0
Annual renewal program - fencing at Caravan Parks	5	0	5	0	0	0	5	0	0
Annual renewal program - other foreshore assets	5	0	5	0	0	0	5	0	0
Queenscliff sports and recreation precinct	231	81	35	115	231	0	0	0	0
Management of priority infrastructure projects	97	24	57	15	0	0	97	0	0
Improve the amenity of vacant land adjacent to Town Hall	8	8	0	0	0	0	8	0	0
TOTAL RECREATIONAL, LEISURE AND COMMUNITY FACILITIES	376	113	133	130	231	0	145	0	0

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources				
		New	Renewal	Upgrade	Government Grants	Contributions	Council Cash	Borrowings	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INFRASTRUCTURE (continued)									
PARKS, OPEN SPACE AND STREETSCAPES									
Annual renewal program - open space	16	0	16	0	0	0	16	0	0
Annual renewal program - foreshore and park furniture	7	0	7	0	0	0	7	0	0
Annual renewal program - Lower Princess, Princess & Citizens Parks	10	0	10	0	0	0	10	0	0
Seek funding from other levels of Government to implement the Point Lonsdale Lighthouse Reserve Master Plan	700	700	0	0	500	200	0	0	0
Construct stage 1 of Queenscliffe Park including construction of a new public toilet	75	75	0	0	0	0	75	0	0
TOTAL PARKS, OPEN SPACE AND STREETSCAPES	808	775	33	0	500	200	108	0	0
OTHER INFRASTRUCTURE									
Streetlight Replacement to LED	177	177	0	0	0	0	0	177	0
Investigate and plan path lighting at key locations in the Borough	143	143	0	0	0	0	143	0	0
Upgrade local street name signs	25	0	0	25	0	0	25	0	0
TOTAL OTHER INFRASTRUCTURE	345	320	0	25	0	0	168	177	0
TOTAL INFRASTRUCTURE	2,007	1,213	550	243	977	200	653	177	0
TOTAL NEW CAPITAL WORKS 2016/17	2,699	1,330	969	399	1,222	200	1,004	177	95

6.2 Works carried forward from the 2015/16 year

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources				
		New \$'000	Renewal \$'000	Upgrade \$'000	Government Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000	Asset Sales \$'000
PROPERTY									
LAND IMPROVEMENTS									
Plan for the sale of Council freehold land	61	0	0	61	0	0	61	0	0
TOTAL LAND IMPROVEMENTS	61	0	0	61	0	0	61	0	0
BUILDINGS									
Annual renewal program - Council buildings	60	0	60	0	0	0	60	0	0
Annual renewal program - Queenscliff Recreation Reserve	16	0	16	0	0	0	16	0	0
Point Lonsdale Foreshore Stage 3: Village Park	115	0	92	23	0	0	115	0	0
TOTAL BUILDINGS	191	0	168	23	0	0	191	0	0
TOTAL PROPERTY	252	0	168	84	0	0	252	0	0

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources				
		New	Renewal	Upgrade	Government Grants	Contributions	Council Cash	Borrowings	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PLANT AND EQUIPMENT									
PLANT, MACHINERY AND EQUIPMENT									
Annual renewal program - Council motor vehicles	39	0	39	0	0	0	39	0	0
TOTAL PLANT, MACHINERY AND EQUIPMENT	39	0	39	0	0	0	39	0	0
COMPUTERS AND TELECOMMUNICATIONS									
Annual renewal program - computers and telephone equipment	29	0	29	0	0	0	29	0	0
Purchase of new finance system	125	125	0	0	0	0	125	0	0
TOTAL COMPUTERS AND TELECOMMUNICATIONS	154	125	29	0	0	0	154	0	0
TOTAL PLANT AND EQUIPMENT	193	125	68	0	0	0	193	0	0

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources				
		New	Renewal	Upgrade	Government Grants	Contributions	Council Cash	Borrowings	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INFRASTRUCTURE									
ROADS									
Pedestrian crossing at Flinder Street	15	15	0	0	0	0	15	0	0
TOTAL ROADS	15	15	0	0	0	0	15	0	0
FOOTPATHS AND CYCLEWAYS									
Footpath Strategy	40	0	20	20	0	0	40	0	0
TOTAL FOOTPATHS AND CYCLEWAYS	40	0	20	20	0	0	40	0	0
DRAINAGE									
Annual renewal program - drainage	26	0	26	0	0	0	26	0	0
TOTAL DRAINAGE	26	0	26	0	0	0	26	0	0
RECREATIONAL, LEISURE AND COMMUNITY FACILITIES									
Annual renewal program - fencing at Caravan Parks	5	0	5	0	0	0	5	0	0
Annual renewal program - beach access tracks and fencing	2	0	2	0	0	0	2	0	0
Annual renewal program - beach access handrails and steps	5	0	5	0	0	0	5	0	0
Annual renewal program - other foreshore assets	8	0	8	0	0	0	8	0	0
Queenscliff Recreation Reserve and Caravan Parks Masterplan	20	0	0	20	0	0	20	0	0
Point Lonsdale Foreshore Stage 3: Village Park	46	0	37	9	0	0	46	0	0
TOTAL RECREATIONAL, LEISURE AND COMMUNITY FACILITIES	86	0	57	29	0	0	86	0	0

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources				
		New	Renewal	Upgrade	Government Grants	Contributions	Council Cash	Borrowings	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INFRASTRUCTURE (continued)									
PARKS, OPEN SPACE AND STREETSCAPES									
Construct stage 1 of Queenscliffe Park including construction of a new public toilet	105	105	0	0	0	0	105	0	0
Point Lonsdale Foreshore Stage 3: Village Park	69	0	55	14	0	0	69	0	0
Queenscliff front beach boardwalk	90	90	0	0	0	0	90	0	0
TOTAL PARKS, OPEN SPACE AND STREETSCAPES	264	195	55	14	0	0	264	0	0
OTHER INFRASTRUCTURE									
Streetlight Replacement to LED	59	59	0	0	0	0	59	0	0
TOTAL OTHER INFRASTRUCTURE	59	59	0	0	0	0	59	0	0
TOTAL INFRASTRUCTURE	489	269	158	63	0	0	489	0	0
TOTAL CARRY FORWARD CAPITAL WORKS 2015/16	934	394	394	147	0	0	934	0	0

6.3 Summary

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources				
		New	Renewal	Upgrade	Government Grants	Contributions	Council Cash	Borrowings	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PROPERTY	746	110	395	241	246	0	500	0	0
PLANT AND EQUIPMENT	391	132	259	0	0	0	296	0	95
INFRASTRUCTURE	2,496	1,482	709	305	976	200	1,143	177	0
TOTAL CAPITAL WORKS	3,633	1,724	1,363	546	1,222	200	1,939	177	95

7. Rates and charges

This section presents information about rates and charges which the Act and the Regulations require to be disclosed in the Council's annual budget.

7.1 Rates and charges

In developing the Strategic Resource Plan (referred to in Section 14), rates and charges were identified as an important source of revenue, accounting for almost 60% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The State Government has introduced rate capping legislation, which sets out the maximum amount councils may increase rates in a year. For 2016/17 the rates cap has been set at 2.5%. The cap applies to both general rates and municipal charges and is calculated on the basis of Council's average rates and charges.

The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the Queenscliffe community.

It is predicted that the 2016/17 operating position will be impacted by annual increases in employee costs and other major contracts, coupled with reductions in government funding, that combine to put pressure on Council's ability to meet service demand and asset renewal requirements. It will therefore be necessary to achieve future revenue growth while containing costs in order to continue to achieve breakeven operating results in the Strategic Resource Plan and to maintain a robust capital works program into the future.

In order to achieve these objectives, while maintaining service levels and a strong capital expenditure program, the average general rate, excluding waste management services, will increase by 2.5% in line with the rate cap and waste charges will increase by 7.9% (excluding waste management from the 2015/16 base year) as permitted under the rate capping legislation. Council's waste costs have increased significantly due to renegotiation of Council's waste collection and disposal service in the 2015/16 year. The kerbside waste costs will increase by 1.41%, public waste costs will increase by 25.09% and the cost of additional waste bin services will increase by 4.8%, although noting that green waste costs are expected to reduce by 13.61%.

The State Government legislation allows councils to calculate a separate charge for the collection and disposal of waste management services. This enables recovery of all waste management costs, which the State Government acknowledges to be a user pay service with typical cost increases that are significantly higher than CPI. Council's Rating Strategy, adopted in April 2016, outlines Council's policy intent regarding how rates and charges will be applied and the methodology to be used. The Rating Strategy acknowledges that the previous practice of recovering all waste costs from general rate revenue is no longer achievable under the new rate capping legislation. These waste management cost streams include residential kerbside collection and disposal, green waste collection and disposal as well as public waste collection and disposal. The Rating Strategy explains that separation of waste management charges from general rates does not raise additional revenue, but shifts the burden of full cost recovery from all rateable properties under the existing general rates system to only those ratepayers who may access the services. Separating waste management charges on the rates notice will clearly show what ratepayers pay for these services.

Council will continue its commitment to a green waste bin collection and disposal in 2016/17. A fixed green waste charge will continue to be applied to all residential and tourist accommodation properties (excluding vacant land), with this charge proposed to remain at the current level of \$36.90 per property in the 2016/17 year to recover the full cost of the green waste service.

Council will apply a kerbside waste charge to residential and tourist accommodation properties only for kerbside, recycling and hard waste collection, to be charged on the basis of a rate in the dollar multiplied by property value (CIV) consistent with past practice for decades. The kerbside waste charge will increase by an average of 1.41% per property, in line with the expected increase in costs of 1.41%, however this cost will now be spread across residential and tourist accommodation properties, excluding vacant land (previous practice was for all rateable properties in the Borough to share this cost by applying the differential rate to the property value (CIV)).

Council will also apply a public waste charge to all rateable properties, to be charged at a fixed amount of \$96.50 per property in the 2016/17 year. The public waste charge will increase by 25.09%, reflecting an increase in the number of bins placed around the parks and reserves in Queenscliffe.

Total rates and charges of \$6,782,812 will be raised for 2016/17, including \$10,000 generated from supplementary rates and a reduction in rate revenue of \$16,320 resulting from an additional Council pensioner concession of \$40 offered to eligible ratepayers, with a further reduction of \$4,886 being a rebate for properties of conservation and environmental land management interest.

In the tables that follow, the 2015/16 year has been restated from the information included in the 2015/16 Adopted Budget, where relevant, to show the revised base year information in line with rate capping legislation and after separating the waste management charges, including the kerbside waste charge and public waste charge elements, from the general rates that are applicable for the first time in 2016/17.

7.1.1 The rate in the dollar to be levied as general rates under Section 158 of the Act for each type or class of land compared with the previous financial year

Type or class of land	2015/16 cents/\$CIV	2016/17 cents/\$CIV	Change
General rate for rateable residential properties	0.239294	0.236536	(1.2%)
General rate for rateable commercial properties	0.311082	0.307495	(1.2%)
General rate for rateable tourist accommodation properties	0.263224	0.260188	(1.2%)
Rate concession for rateable cultural and recreational properties	0.059824	0.059134	(1.2%)

7.1.2 The estimated total amount to be raised by general rates in relation to each type or class of land, and the estimated total amount to be raised by general rates, compared with the previous financial year

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	4,812,501	4,936,278	2.6%
Commercial	374,575	376,289	0.5%
Tourist accommodation	608,475	627,991	3.2%
Cultural and recreational	3,685	3,660	(0.7%)
Total amount to be raised by general rates	5,799,237	5,944,218	2.5%

7.1.3 The number of assessments in relation to each type of class of land, and the total number of assessments, compared with the previous financial year

Type or class of land	2015/16 No.	2016/17 No.	Change
Residential	2,600	2,574	(1.0%)
Commercial	164	163	-0.6%
Tourist accommodation	285	321	12.6%
Cultural and recreational	5	5	0.0%
Total number of assessments	3,054	3,063	0.3%

7.1.4 The basis of valuation to be used is the Capital Improved Value (CIV)

7.1.5 The estimated total value of each type or class of land, and the estimated total value of land, compared with the previous financial year

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	1,987,858,500	2,086,906,500	5.0%
Commercial	120,410,001	122,371,824	1.6%
Tourist accommodation	231,162,000	241,359,500	4.4%
Cultural and recreational	6,159,500	6,188,500	0.5%
Total value of land	2,345,590,001	2,456,826,324	4.7%

7.1.6 \$Nil municipal charge is to be levied under Section 159 of the Act (2015/16: \$Nil).

7.1.7 The rate or unit amount to be levied for each type of service rate or charge under Section 162 of the Act compared with the previous financial year

Type of Charge	Per Rateable Property 2015/16	Per Rateable Property 2016/17	Change
Kerbside waste - rate in the dollar x CIV	0.019337	0.019210	-0.7%
Green waste - fixed charge	\$36.90	\$36.90	0.0%
Public waste - rate in the dollar x CIV	0.010649	\$96.50	25.1%
Additional set of bins - fixed charge	\$210.00	\$220.00	4.8%
One extra bin - fixed charge	\$105.00	\$110.00	4.8%

7.1.8 The estimated total amount to be raised by each type of service rate or charge, and the estimated total amount to be raised by service rates and charges, compared with the previous financial year

Type of Charge	Per Rateable Property 2015/16	Per Rateable Property 2016/17	Change
Kerbside waste - rate in the dollar x CIV	0.019337	0.019210	-0.7%
Green waste - fixed charge	\$36.90	\$36.90	0.0%
Public waste - rate in the dollar x CIV	0.010649	\$96.50	20.1%
Additional set of bins - fixed charge	\$210.00	\$220.00	4.8%
One extra bin - fixed charge	\$105.00	\$110.00	4.8%

7.1.9 The estimated total amount to be raised by all rates and charges compared with the previous financial year

	2015/16 \$	2016/17 \$	Change
General rates	5,788,017	5,944,218	2.7%
Supplementary rates	0	10,000	100.0%
Waste charges	787,415	849,800	7.9%
Less: additional pensioner concession offered by Council	(8,680)	(16,320)	88.0%
Less: rebate for properties of environmental interest	(4,755)	(4,886)	2.7%
Total rates and charges	6,561,997	6,782,812	3.4%

7.1.10 Any significant changes that may affect the estimated amounts to be raised by rates and charges

There are no known significant changes which may affect the estimated amounts to be raised by rates and charges. However, the total amount to be raised by rates and charges may be affected by:

- The making of supplementary valuations (estimated at \$10,000 p.a.)
- The variation of returned levels of value (e.g. valuation appeals)
- Changes in use of land such that rateable land becomes non-rateable land and vice versa
- Changes in use of land such that residential land becomes commercial land and vice versa
- Changes in use of land such that residential land becomes tourist accommodation land and vice versa.

7.2 Differential rates

7.2.1 Rates to be levied

The rate and amount of rates payable in relation to land in each category of differential are:

- A general rate of 0.236536% (0.236536 cents in the dollar of CIV) for all rateable residential properties
- A general rate of 0.307495% (0.307495 cents in the dollar of CIV) for all rateable commercial properties including properties with six or more bedrooms which are rented out as holiday accommodation
- A general rate of 0.260188% (0.260188 cents in the dollar of CIV) for all rateable tourist accommodation properties, that is properties having five or less bedrooms which are rented out as holiday accommodation
- A general (concessional) rate of 0.059134% (0.059134 cents in the dollar of CIV) for all rateable cultural and recreational properties.

Each differential rate will be determined by multiplying the Capital Improved Value of rateable land (categorised by the characteristics described below) by the relevant percentages indicated above.

Council believes each differential rate will contribute to the equitable and efficient carrying out of council functions. Details of the objectives of each differential rate, the types of classes of land which are subject to each differential rate and the uses of each differential rate are set out below.

7.2.2 Residential land

Residential land is any land, which is:

- used primarily for residential purposes; or
- unoccupied but zoned Residential under the Borough of Queenscliffe Planning Scheme; and
- not Commercial land or Tourist accommodation land.

The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- Construction and maintenance of infrastructure assets
- Development and provision of community services
- Provision of general support services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

The geographic location of the land within this differential rate is wherever it is located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to residential land. The vacant land affected by this rate is that which is zoned residential under the Borough of Queenscliffe Planning Scheme. The classification of land which is improved will be determined by the occupation of that land, and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2016/17 financial year.

7.2.3 Commercial land

Commercial land is any land which is:

- used primarily for the carrying out the manufacture or production of, or trade in, goods or services (including accommodation); or
- unoccupied but zoned Business under the Borough of Queenscliffe Planning Scheme; and
- not Tourist accommodation land

The objective of this differential rate is to ensure that all rateable commercial properties make an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited) to the:

- Costs associated with the Visitor Information Centre service and tourism promotion.
- Construction and maintenance of infrastructure assets
- Development and provision of community services
- Provision of general support services

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

The geographic location of the land within this differential rate is wherever it is located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to commercial land. The vacant land affected by this rate is that which is zoned commercial under the Borough of Queenscliffe Planning Scheme. The classification of land which is improved will be determined by the occupation of that land, and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2016/17 financial year.

7.2.4 Tourist accommodation land

Tourist accommodation land is any land, which:

- contains a dwelling, unit, cabin or house or part of a house, with five or less bedrooms available for holiday rental that is used, whether primarily or otherwise, to provide holiday accommodation for the purpose of generating income from the provision of such holiday accommodation;

The objective of this differential rate is to ensure that all smaller scale rateable tourist accommodation properties make an equitable and appropriate financial contribution to the cost of carrying out the functions of Council including (but not limited) to the:

- Costs associated with the Visitor Information Centre service and tourism promotion.
- Construction and maintenance of infrastructure assets
- Development and provision of community services
- Provision of general support services

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

7.3 Other service charges and concessions

7.3.1 Cultural and recreational rates

Under the Cultural and Recreational Lands Act 1963, provision is made for a Council to grant a rating concession to any 'recreational lands' which meet the test of being 'rateable land' under the Act. Council has applied this rating concession in recognition of the voluntary nature of the not-for-profit sport and recreation clubs operating on the rateable land and the limited revenue streams available to these community organisations. The rate concession for recreational land is set at 75% of the residential rate and is treated as a contribution in lieu of rates.

7.3.2 Kerbside waste charge

An annual CIV-based kerbside waste charge is declared for the collection and disposal of residential kerbside waste, including general waste, hard waste and recycling services. The service is defined as a volume of 120 litres of general waste collected weekly from the kerbside and a volume of 120 litres of recyclable material collected weekly from the kerbside. An annual kerbside collection is also provided for hard waste.

The objective of the kerbside waste charge is to recover all waste management costs associated with the collection and disposal of residential kerbside waste.

The criteria for the kerbside waste charge is:

- Residential premises, excluding vacant residential land, rated as General rate properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner; and
- Residential premises rated as Tourist Accommodation properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner.

This service is not available to:

- Residential premises attached to a Commercial rated property where there is no suitable access to the property to provide the service in a safe and practical manner;
- Commercial properties; and
- Cultural and recreational properties

7.3.3 Green waste charge

An annual fixed green waste charge is declared for the collection and disposal of residential green waste. The service is defined as a volume of 240 litres of green waste collected fortnightly from the kerbside.

The objective of the green waste charge is to recover all waste management costs associated with the collection and disposal of residential green waste.

The criteria for the green waste charge is:

- Residential premises, excluding vacant residential land, rated as General rate properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner and
- Residential premises rated as Tourist Accommodation properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner.

This service is not available to:

- Residential premises attached to a Commercial rated property where there is no suitable access to the property to provide the service in a safe and practical manner;
- Commercial properties; and
- Cultural and recreational properties

7.3.4 Public waste charge

An annual fixed public waste charge is declared for the collection and disposal of public waste, including public street and park bins collection, street cleaning, street sweeping and beach cleaning services.

The objective of the public waste charge is to recover all waste management costs associated with the collection and disposal of public waste.

The public waste charge applies to all rateable properties within the municipality.

The benefits of public waste services are accessible by all properties within the municipality.

7.3.5 Additional kerbside bin charges

A fixed additional bin charge per service is declared for each optional additional bin service (set of general waste and recycle bins) considered on formal application and approved where exceptional circumstances exist for the collection and disposal of residential kerbside waste. The service is defined as an additional volume of 120 litres of general waste collected weekly from the kerbside and/or a volume of 120 litres of recyclable material collected weekly from the kerbside.

The objective of the additional bin charge is to recover all waste management costs associated with the additional collection and disposal of residential kerbside waste.

The criteria for the additional kerbside bin charge is:

- Residential premises, excluding vacant residential land, rated as General rate properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner;
- Residential premises rated as Tourist Accommodation properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner;
- Premises rated as Cultural and recreational properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner; and
- Non-rateable residential premises that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner.

This additional bin service is not available to:

- Residential premises attached to a Commercial rated property where there is no suitable access to the property to provide the service in a safe and practical manner; and
- Commercial properties.

7.3.6 Additional green waste bin charges

A fixed additional bin charge per service is declared for each optional additional bin service considered on formal application and approved where exceptional circumstances exist for the collection and disposal of residential green waste. The service is defined as an additional volume of 240 litres of green waste collected fortnightly from the kerbside.

The objective of the additional bin charge is to recover all waste management costs associated with the additional collection and disposal of residential green waste.

The criteria for the additional green waste bin charge is:

- Residential premises, excluding vacant residential land, rated as General rate with access to the green waste service;
- Residential premises rated as Tourist Accommodation properties that are capable of being occupied with access to the green waste service;
- Premises rated as Cultural and recreational properties that are capable of being occupied with access to the green waste service; and
- Non-rateable residential premises that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner.

This additional bin service is not available to:

- Residential premises attached to a Commercial rated property where there is no suitable access to the property to provide the service in a safe and practical manner; and
- Commercial properties.

7.3.3 Other charges

Council does not have a separate municipal charge.

7.3.4 Pensioner concession

Holders of a Centrelink or Veteran Affairs Pension Concession card or a Veteran Affairs Gold card which stipulates TPI or War Widow, may claim a rebate on their sole or principal place of residence, with only one rebate per property.

An additional pensioner concession, above the government funded pensioner rebate, per eligible ratepayer property applies for the 2016/17 financial year. Eligibility for this additional concession includes application on a principal place of residence with only one rebate per property.

Budget analysis

The following reports provide detailed analysis to support and explain the budget reports in the previous section.

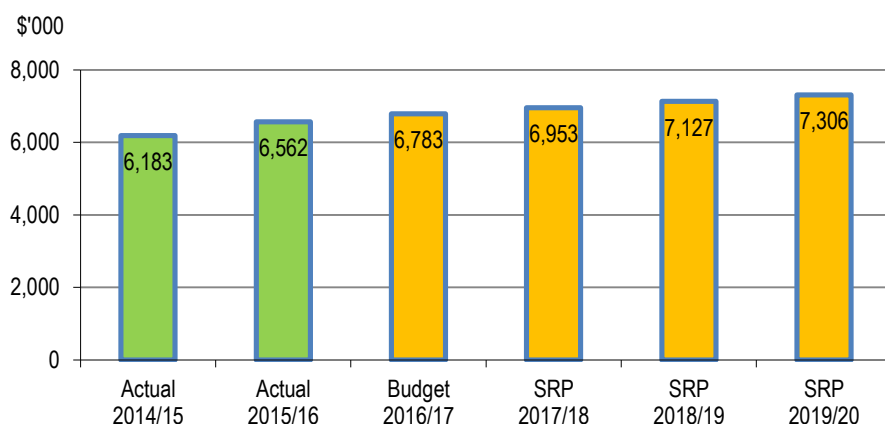
This section includes the following analysis and information:

8. Summary of financial position
9. Budget influences
10. Analysis of operating budget
11. Analysis of budgeted cash position
12. Analysis of capital budget
13. Analysis of budgeted financial position

8. Summary of financial position

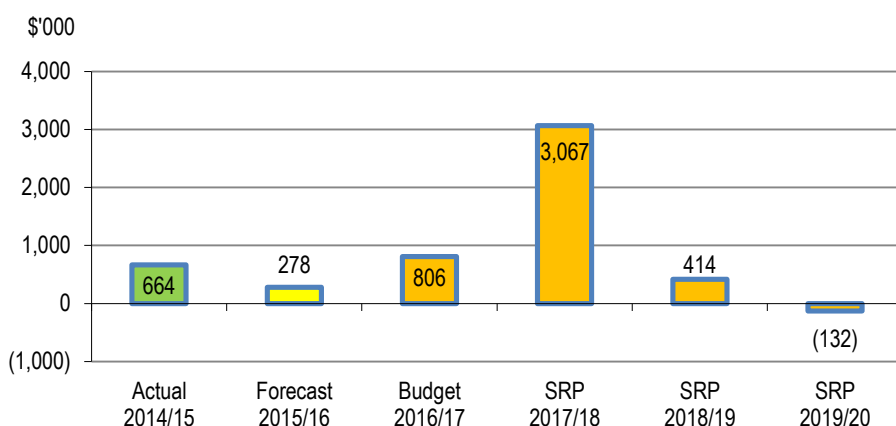
Council has prepared a Budget for the 2016/17 financial year which seeks to balance the community's capacity to meet the cost of rate increases with the demand for improved services and facilities, renewal, upgrade and maintenance of infrastructure and continued management of the Borough's natural environment. Key budget information is provided below regarding the rate increase, operating result, services, cash and investments, capital works, financial position, financial sustainability and strategic objectives of the Council. In the following graphs "SRP" denotes Strategic Resource Plan estimates (the Council's four year budget).

8.1 Total rates and charges



It is proposed that the average general rate increase by 2.5% for the 2016/17 year. Total rates and charges to be raised is \$6,783,000, which includes full recovery of waste management costs for the collection and disposal of kerbside, green waste and public waste and an estimated \$10,000 to be generated from supplementary rates (additional rates for new or improved properties that occur during the 2016/17 year). The 2.5% general rate increase, coupled with the full recovery of waste management costs, will enable Council to maintain current service levels and provide funding for new initiatives and capital works for the refurbishment and upgrade of existing assets, as well as a variety of new projects around the Borough. This rate increase is in line with the rate cap set by the State Government. (The rate increase for the 2015/16 year was 3.8%). Refer also Sections 7 and 10 for more information.

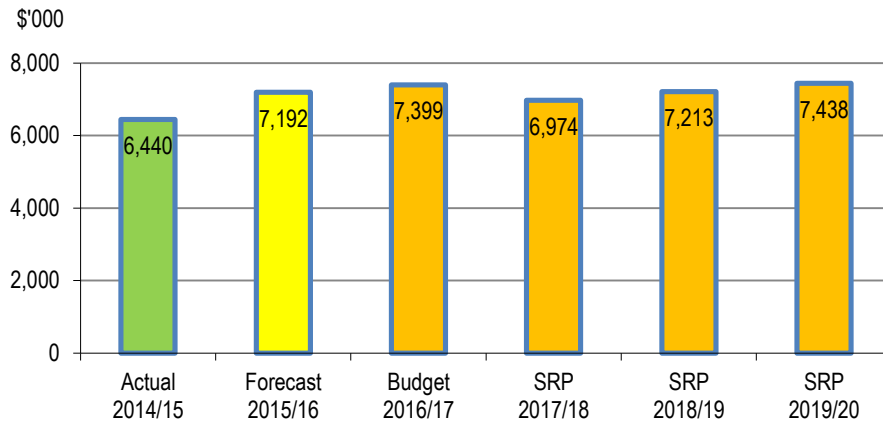
8.2 Operating result



The expected operating result for 2016/17 is a surplus of \$806,000, which is an increase of \$528,000 over 2015/16. The improved operating result is due mainly to external funding for capital works which is forecast to increase by \$370,000 to \$1,222,000, largely the result of confirmed funding totalling \$3155,000 (over three years) of which \$491,000 is estimated to be received in 2016/17 for the Queenscliff Sports & Recreation Precinct project, coupled with reduced expenditure of \$443,000 relating to non-recurrent projects expected to be completed in 2015/16. (The forecast operating result for the 2015/16 year is a surplus of \$278,000).

The adjusted underlying result, which excludes items such as non-recurrent capital grants and non-cash contributions, is a deficit of \$616,000 in 2016/17, which is a minor improvement of \$14,000 on the 2015/16 forecast underlying deficit and relates to funded carry forward works experienced for both financial years – refer to Section 7 of this summary for further information. (The forecast underlying operating result for the 2015/16 year is a deficit of \$630,000).

8.3 Services

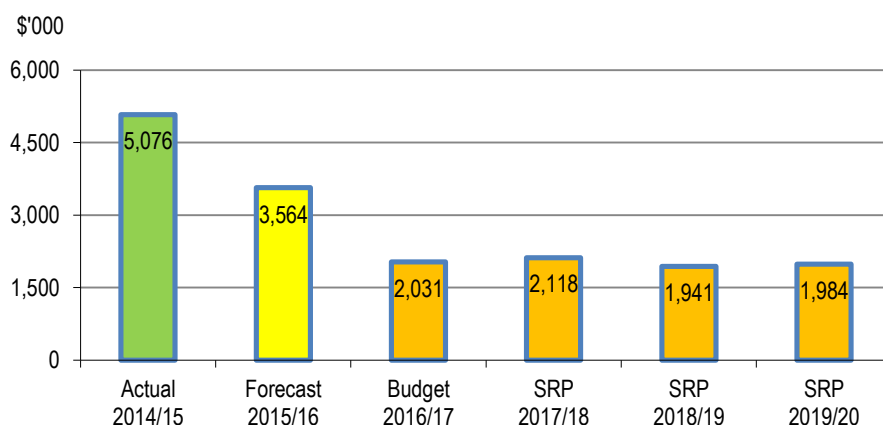


The net cost of services delivered to the community for 2016/17 is expected to be \$7,399,000, which is an increase of \$207,000 over 2015/16, largely due to carry forward operating projects experienced across both financial years. For the 2016/17 year, service levels have been maintained and a number of initiatives proposed. (The forecast net cost for the 2015/16 year is \$7,192,000).

Refer Section 2 for a list of services.

A key influencing factor in the development of the 2016/17 Budget has been the objective to maintain existing services and infrastructure as well as to deliver projects and services that are valued by our community.

8.4 Cash and investments

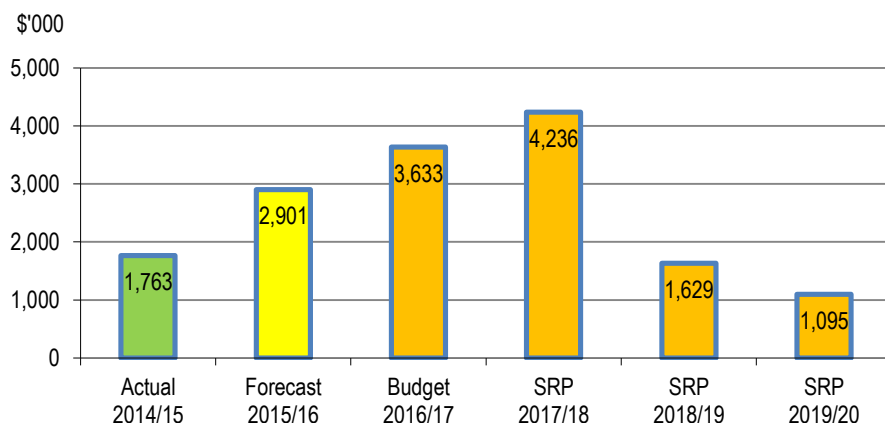


Cash and investments are expected to decrease by \$1,533,000 during the year to \$2,031,000 as at 30 June 2017. This is due mainly to operating projects and capital works carried forward from 2015/16 for completion in the 2016/17 financial year. The reduction in cash and investments is in line with Council's Strategic Resource Plan. (Cash and investments are forecast to be \$3,564,000 as at 30 June 2016).

Note 2016/17 cash and investments includes both Cash and cash equivalents (\$1,031,000) and Financial assets (\$1,000,000) including investments with 3-12 month maturities.

Refer also Section 4 for the Statement of Cash Flows and Section 11 for an analysis of the cash position.

8.5 Capital works



The capital works program for the 2016/17 year is expected to be \$3,633,000 of which \$934,000 relates to projects for which funds are held in reserves on the Balance Sheet in 2015/16 and will be carried forward to the 2016/17 year for completion.

Of the \$3,633,000 of capital funding required, \$1,222,300 will come from external grants (some projects within the budgeted capital works program are dependent on the success of funding submissions to Federal and State Government and reflects Council's continuing efforts to maximise grants and minimise the financial demands on ratepayers) and \$200,000 from community contributions, with the balance of \$2,210,700 from Council cash. The Council cash amount comprises \$889,000 net transfer from reserves (\$934,000 carry forward projects as mentioned above, less \$45,000 reserved for future renewal projects); \$177,400 proceeds from new borrowings (for Streetlight Replacement to LEDs); \$95,000 from asset sales (annual vehicle replacement program); and \$1,049,300 cash generated through operations in 2016/17.

The capital expenditure program has been set and prioritised based on a process of consultation that has enabled Council to assess needs and develop sound business cases for each project. This year's program includes Point Lonsdale Lighthouse Reserve Master Plan (\$700,000); Queenscliff Sports & Recreation Precinct (\$491,000); Streetlight Replacement to LEDs (\$236,000); Queenscliffe Park (\$180,000); and Council's annual asset renewal program (\$969,000) which includes Roads to Recovery funding of \$231,000, carry forward projects and the renewal of Council's buildings, infrastructure, foreshore/reserves/open space, vehicles and information technology). (Capital works is forecast to be \$2,901,000 for the 2015/16 year).

Council continues to allocate funds averaging \$580,000 p.a. for asset renewal, with the total allocation over the four years 2016/17 to 2019/20 budgeted at \$10,593,000 (average of \$2,648,000 p.a.). This forms part of the total capital works allocation, including priority projects determined by Council through its Council Plan.

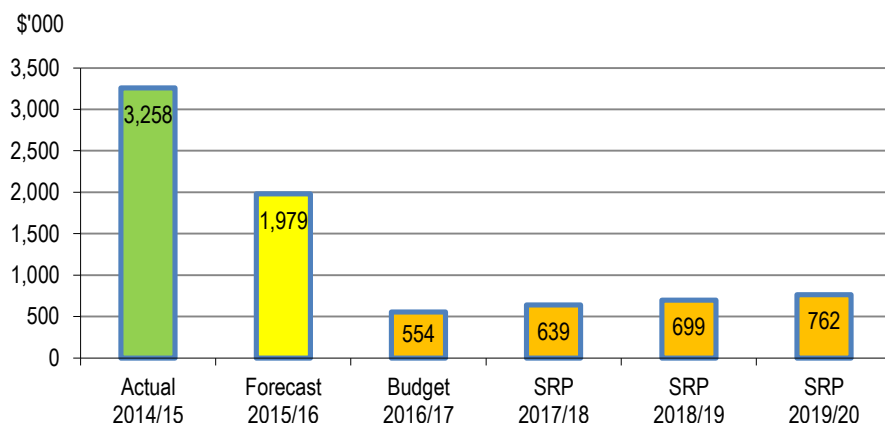
A review of all Council buildings and road infrastructure assets is conducted every four years. The last review was conducted during the 2013/14 financial year, and the outcomes of this review continue to be used to inform the annual budget process. The next review is scheduled for the 2017/18 financial year.

Key findings from the most recent review of Council buildings and infrastructure assets in 2013/14 include:

- Council has managed its road assets very well since the last condition survey in 2010 with all overall asset condition indicators better than the previous audit with the exception of footpaths. The footpath assets were found to be in good overall condition with very low levels of isolated failure, although there is a slight decline in their condition. The sealed road pavements were found to be in excellent overall condition, with the sealed surfaces found to be in fair overall condition. Kerb assets were found to be in very good overall condition, however there was an increase in isolated kerb failures.
- The last condition assessment for buildings was undertaken in January 2014, with the next review scheduled to occur in the 2017/18 financial year. The overall condition of Council's 64 buildings has a 'typical' condition distribution, with 29% of buildings assessed as being in very good to good condition. The condition assessment also indicated that 8% of the buildings were near the end of their practical life and urgent works would be required over the next 1-5 years. The report recommends that, prior to any major renewal works, Council should undertake a strategic review to determine the services it requires and the facilities it needs in order to deliver those services. Recent building works include the Queenscliff Kindergarten and the Senior Citizens & Sea Scouts shared building.

Refer also Section 4 for the Statement of Capital Works and Section 12 for an analysis of the capital budget.

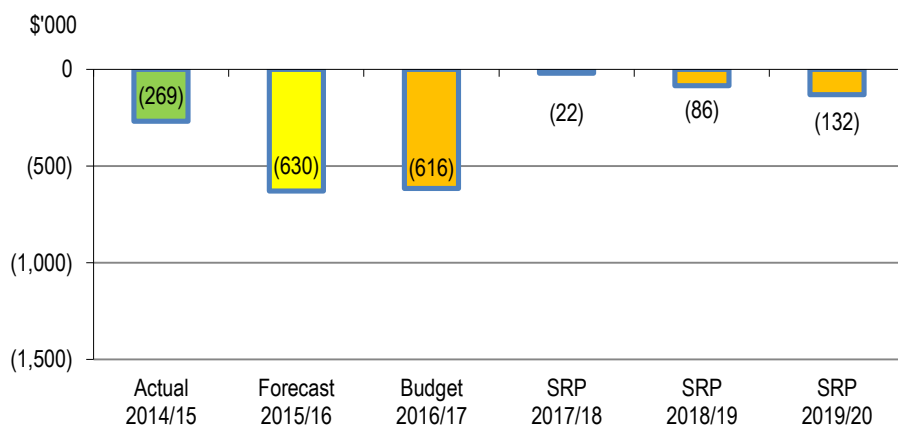
8.6 Financial position



The financial position is expected to improve with net assets (net worth) to increase by \$806,000 to \$71,755,000, although net current assets (working capital) – as illustrated in the above graph – will reduce by \$1,425,000 to \$554,000 as at 30 June 2017. This is mainly due to the use of cash reserves to complete operating projects and capital works carried over from 2015/16 and fund the 2016/17 capital works program. (Total equity is forecast to be \$70,948,000 as at 30 June 2016).

Refer also Section 4 for the Balance Sheet and Section 13 for an analysis of the budgeted financial position.

8.7 Financial sustainability



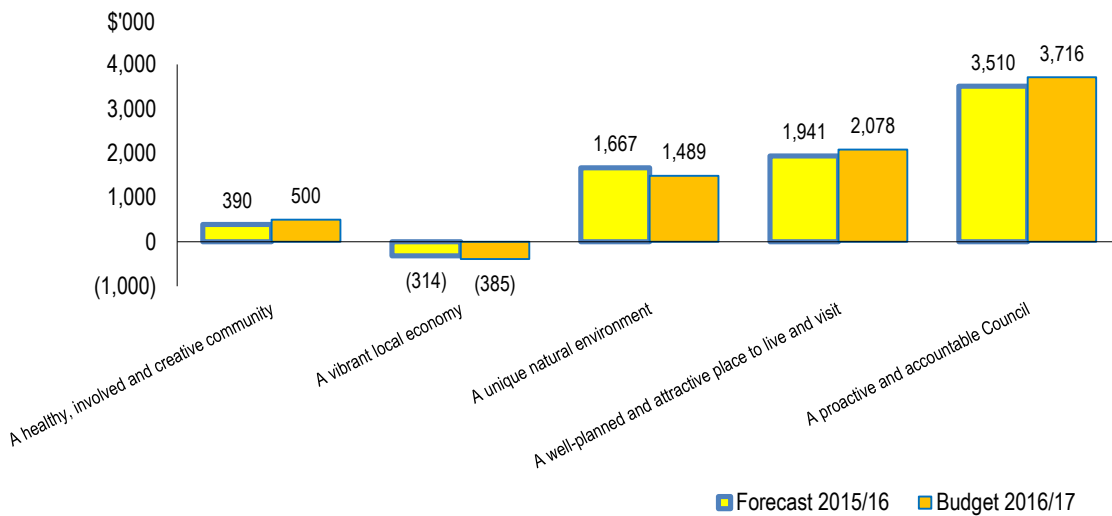
A high level Strategic Resource Plan for the years 2017/18 to 2019/20 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long-term, while still achieving the Council's strategic objectives as specified in the Council Plan.

The adjusted underlying result, which is a measure of financial sustainability, shows a large deficit in both the 2015/16 Forecast and 2016/17 Budget – in both financial years, this relates to carry forward works that are fully funded, with cash from budgets and government grant funding being held in reserves until works are completed and paid for. Note that Council expects this result to improve somewhat, with much smaller levels of underlying deficit predicted in the SRP years 2017/18 through 2019/20.

The adjusted underlying result, which excludes non-recurrent capital grants and contributions, is a deficit of \$616,000. (The forecast underlying result for 2015/16 is a deficit of \$630,000).

Refer Section 14 for more information on the Strategic Resource Plan.

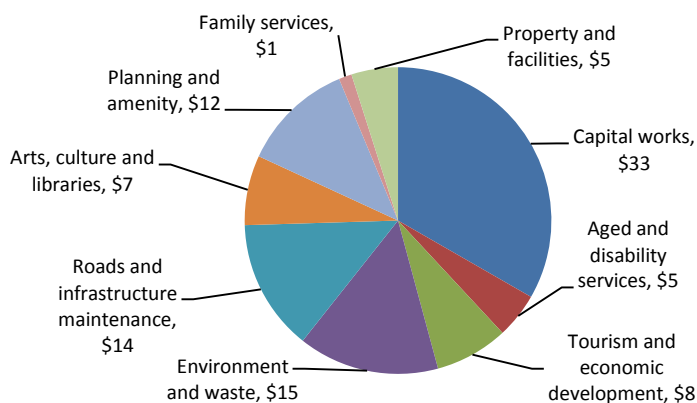
8.8 Strategic objectives



The Annual Budget includes a range of services and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan. The above graph shows the level of funding allocated in the budget to achieve the strategic objectives as set out in the Council Plan for the 2016/17 year. Note that income generated from council-managed caravan and camping parks is included in the objective, “A vibrant local economy” identified above, hence the net income position shown for that strategic objective.

Aside from increases expected from the 2015/16 forecast to the 2016/17 budget year, as a result of applying appropriate assumptions such as levels of indexation, notable variances shown in the above graph relate to non-recurrent and/or carry forward projects expected to be completed in each of the 2015/16 and 2016/17 financial years, as well as a range of new operating projects/initiatives included in the 2016/17 budget. The services that contribute to these objectives are set out in Section 2, and further information regarding the 2016/17 budget initiatives are included below each of the Strategic Objectives tables in Section 2.

8.9 Council expenditure allocations



The above chart provides an indication of how Council allocates its expenditure across the main services that it delivers. It shows how much is allocated to each service area for every \$100 that Council spends. Council overheads, governance costs and administrative costs are allocated to our external facing services using internal overhead allocations, which are reviewed on an annual basis.

Note caravan parks and the coastal and environment program area are excluded from the above chart, as these services are funded from caravan park fees and crown land grants, rather than from general rates.

Capital works represents 33% of the total budget to be expended in 2016/17 (including corporate overheads), and is boosted by significant grant funding confirmed and expected to be received for three years from 2015/16 through 2017/18 for the Queenscliff Sports & Recreation Precinct project.

9. Budget influences

This section sets out the key budget influences arising from the internal and external environment within which the Council operates.

9.1 Snapshot of the Borough of Queenscliffe

The Borough of Queenscliffe is located to the south of Melbourne on the south eastern tip of the Bellarine Peninsula. The Borough has a land area of 10.7 square kilometres all of which is essentially coastal land.

The Borough was proclaimed a municipality in 1863 and is unique in Victoria in that it is the only Local Government untouched by any boundary change. It remained unchanged through the amalgamation process in the first half of the 1990's.

Population

In the 2011 Census, the Borough's permanent resident population was 3,000, living in 2,777 dwellings, with an average household size of 2.09. 1,596 people were living in Point Lonsdale and 1,404 were residing in Queenscliff as well as a significant non-residential population. The Borough's population increases to around 16,700 people over the summer period. (Source: National tourism survey data)

The estimated resident population as at 30 June 2014 was 3,027 (2013: 3,058). It is anticipated that the population will remain around this level in the foreseeable future as the municipality is fully developed and has a long history of having a large non permanent ownership of property. (Source: Australian Bureau of Statistics, Estimated Resident Population).

Ageing population

In the 2011 Census, the population aged 65 years and older was 33.7%, compared with the Victorian average of 14.2%. Our population is older than Victoria's, with 14.2% of the Borough's population aged between 0 and 15, compared to 18.7% for Victoria; and 34% of the Borough's population aged 65 years and over, compared with 14.2% for Victoria. The median age is 55, the second highest in the nation.

The Borough's population aged 65 years and older is estimated to be 40% in 2016 and 45% by 2031. For this reason, there is significant emphasis on the need to provide aged services, although it is also acknowledged that age is not the sole determinant of the need for particular health services. (Source: Australian Bureau of Statistics, Census of Population and Housing).

Council has a strong commitment to providing aged care and prides itself on maintaining a 'zero waiting list' for aged care and disability services.

We provide our high-quality service through very capable and caring Community Care Workers, who work with you and/or your carer following an assessment undertaken with you in your home.

Births

New births in the Borough remain relatively low with 19 babies being born in 2013/14 (2012/13: 24 births). (Source: Maternal and Child Health database).

Cultural diversity

The three largest ancestries in the Borough of Queenscliffe are English, Australian, and Irish. Of the total population, 83% were born in Australia. Of those residents born overseas, 47% come from the United Kingdom. (Source: Australian Bureau of Statistics, Census of Population and Housing).

Housing

The Census population of the Borough of Queenscliffe in 2011 was 2,999, living in 2,777 dwellings with an average household size of 1.08 compared with the average household size of 1.40 in regional Victoria.

Property values in the Borough are generally high with the top quartile averaging \$1,297,950 and the overall median house price being \$664,000. Source: Opteon Property Group - January 2014 revaluation of all properties in the Borough (adjusted to February 2015).

Education and occupation

The percentage of residents aged 15 and over who have post-school qualifications is 60.2%. 1,051 people (35%) have a tertiary qualification. (Source: Australian Bureau of Statistics, Census of Population and Housing).

There is an above average proportion (81%) of managers, professionals, associate professionals and intermediate clerical and administrative workers, and a below average number of labourers and other semi-skilled or unskilled workers in the Borough.

The workforce statistics show a high proportion of people not in the workforce (retired) and a below average unemployment level of 4.3% for those actively in the workforce. Of those active in the workforce, 53% are in full time employment and 46% are working part time. (Source: Australian Bureau of Statistics, Census 2011).

Budget implications

As a result of the Borough's demographic profile there are a number of budget implications in the short and long term as follows:

- Approximately 16% of residential ratepayers are entitled to the State Government pensioner rebate. As pensioners are often asset rich but income poor, the application of Council's Rating Strategy has a real impact on the disposable income of this section of the community. Bearing this in mind, Council will increase Council's additional pensioner concession from \$20 to \$40 per eligible property, which is above the government funded pension rebate of \$213.00 or 50% of the rate payment, whichever is the lesser amount. The additional Council pensioner rebate will assist in reducing the level of rates payable to Council by those ratepayers who have less capacity to pay. This recognises that the burden of the cost of kerbside waste collection and disposal will no longer be shared by all rateable properties, only residential properties that have access to the service within the Borough. This impacts the budget by an income reduction of \$16,000.
- The relatively compact area of the Borough gives some inherent service advantages as services are being delivered across a compact area. This is unusual in a non-Melbourne metropolitan council.
- The Council also has to consider the fact that just outside its border there is a significant resident population at Point Lonsdale that is located in the City of Greater Geelong. Council needs to continue to plan its community facilities around the fact that the cohort utilises the services of the Borough.
- A large percentage of land under Council control is in fact Crown Land and therefore is non-rateable. Council must be constructive in the way in which it approaches the management of Crown Land to ensure that there are sufficient revenue streams to review and maintain facilities on the various Crown Land reserves.

9.2 External influences

The preparation of the budget is influenced by the following external factors:

- The Victorian State Government has introduced a cap on rate increases from 2016/17. The cap for 2016/17 has been set at 2.5% based on a State Treasury CPI forecast.
- Consumer Price Index (CPI) increases on goods and services of 1.3% through the year to March quarter 2016 (ABS release 27 April 2016). State-wide CPI is forecast to be 2.25% for the 2016/17 year and 2.50% in the subsequent two years (Victorian Budget Papers 2016/17). For the purposes of this budget, inflation of 2.5% has been included.
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to November 2015 was 3.1% (ABS release 25 February 2016). The wages price index in Victoria was projected to be 2.75% per annum in 2016/17, 3.00% per annum in 2017/18 and 3.25% in 2018/19 (Victorian Budget Papers 2016/17). An update for forecast Average Weekly Earnings growth had not yet been released by the ABS at the time of preparation of the 2016/17 Budget. Council is currently negotiating a new Enterprise Bargaining Agreement (EBA) during the 2015/16 year.
- Victoria Grants Commission funding is not advised until August each year, although Council notes the freeze of indexation on this grant funding for three years (2014/15, 2015/16 and 2016/17). This budget is framed based on indicative advice received from the Victoria Grants Commission in May 2016 that \$247,200 is expected to be received for the 2016/17 year.
- Council is the recipient of \$3,155,000 grant funding for the Queenscliff Sports & Recreation Precinct, to be received and expended over three financial years from 2015/16 to 2017/18, of which \$491,000 is included in the 2016/17 Budget.
- The federally funded Roads to Recovery program is continuing. Given the comparatively small road network in the Borough, Council is expecting to receive an allocation of \$231,300 over four years, with its full allocation budgeted to be received in the 2016/17 year.

- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition, councils are entrusted with the maintenance of more than 30% of all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels. Note that for every \$100 in taxes paid by Victorian residents, rates make up approximately \$3.50. The other \$96.50 goes to the State and Federal Governments.
- Cost shifting occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases. Cost shifting continues to occur and is addressed in Section 9.4.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the *Fire Services Property Levy Act 2012*.

9.3 Internal influences

As well as external influences, there are also a number of internal influences which are expected to have a significant impact on the preparation of the 2016/17 Budget. These matters have arisen from events occurring in the 2015/16 year, resulting in variances between the forecast actual and budgeted results for that year and matters expected to arise in the 2016/17 year. These matters and their financial impact are set out below:

- Council is budgeting \$849,800 for all waste services (kerbside, green and public waste) in the 2016/17 financial year. This includes the State Government landfill disposal levy, which has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in the 2015/16 year (572% increase over seven years). With an estimated garbage disposal of 1,200 tonnes p.a., this levy adds approximately \$73,000 to Council's costs in the current 2015/16 year and a similar level of impost (with indexation) is provided for in the 2016/17 Budget. Council's current waste collection and disposal contract expires at the end of the 2015/16 financial year, therefore costs included in the budget are reflective of Council's new contractual commitment forward from 2016/17.
- Application of waste charges for the full cost recovery of all waste management services, including:
 - A kerbside waste charge, applicable to residential and tourist accommodation properties only for kerbside, recycling and hard waste collection, will be charged on the basis of a rate in the dollar multiplied by property value (CIV) consistent with past practices for decades. The kerbside waste charge will increase by an average of 1.41% per property.
 - A public waste charge, applicable to all rateable properties, to be charged at a fixed amount of \$96.50 per property in the 2016/17 year. The public waste charge will increase by an average of 25.09% per property.
- 2016/17 is a general revaluation year for all properties within the municipality. Valuations will be as per the general revaluation date of 1 January 2016.
- Consistent with the Council Plan 2013-2017 continued commitment to promote recycling and minimise waste and work with the community to reduce carbon emissions, Council introduced a new green waste bin collection and disposal on 1 July 2015. A fixed green waste charge will continue be applied to all residential and tourist accommodation properties (excluding vacant land), with this charge proposed to remain at \$36.90 per property in the 2016/17 year to recover the full cost of the green waste service. The cost of the green waste service is expected to reduce by 2.96% compared with the 2015/16 year.
- Significant capital grant funding estimates have been included in the 2016/17 Budget and are limited to Roads to Recovery funding (\$231,300), Queenscliff Sports & Recreation Precinct (\$491,000) and Point Lonsdale Lighthouse Reserve (\$500,000), with the latter two continuing on into the 2017/18 year. The forecast is updated during the financial year, if and when Council is advised of its success with grant applications.
- Council continues to make annual allocations to reserve accounts on the Balance Sheet, with \$45,000 set aside for the renewal of Council building assets.
- A cash surplus of \$458,000 is forecast to be achieved, noting \$148,000 of this relates to the balance of the \$191,000 cash surplus achieved in 2014/15. This amount has not yet been allocated to projects and is therefore budgeted to be transferred to the asset replacement reserve in the 2016/17 year. An increase in the surplus of \$100,000, from \$358,000 to \$458,000, was identified in the June 2016 quarter. The remaining cash surplus relates to savings expected to be achieved in the 2015/16 year, following a high level review of all program budgets by management. This review has been completed in planning for the introduction of rate capping legislation with these funds allocated in the 2016/17 Budget process.

9.4 Cost shifting

Cost shifting occurs when Commonwealth and State programs transfer responsibilities to local government with insufficient funding or grants that do not keep pace with delivery costs. The level of payment received by Council from the State Government for these services does not reflect the real cost of providing the service to the community.

There is clear evidence that demonstrates a trend by State and Federal Governments to transfer increasing levels of responsibility to local councils. This has a comparatively greater impact on small population councils, such as the Borough of Queenscliffe.

Type 1: Cost shifting for specific services

Examples:

1. Home and Community Care (HACC) - the total cost over the last five years is \$2,343,500 of which \$1,514,400 (65%) is funded by government grant, \$293,400 (12%) by user fees and charges and the balance of \$535,700 (23%) contributed by Council.
2. Maternal and Child Health – a total cost over the last five years is \$315,900 of which \$229,800 (73%) was funded by government grant and the balance of \$86,000 (27%) contributed by Council.
3. School Crossing Supervision - a total cost of School Crossing supervision of \$114,900 from 2011/12 to 2015/16. The net Council contribution in 2016/17 is \$24,000 or 59%, which continues to be above the original 50/50 funding split proposed by the State Government.
4. Professional Life Guard services – a total cost of \$29,700, which is an increase of 5% from 2015/16 to 2016/17.

Type 2: Loss of funding in general

Examples:

5. A freeze on indexation of the federal financial assistance grants. The Commonwealth announced in its 2014/15 Budget that it will pause indexation of the total national pool of financial assistance grants to local government for three years (2014/15, 2015/16 and 2016/17). The cumulative impact on the Borough of Queenscliffe for the three years totals \$19,500.
6. Country Roads and Bridges Program (\$1m p.a. over four years from 2011/12 and ended in 2014/15).
7. Local Government Infrastructure Program (\$813,300 over three years from 2012/13 and ended in 2014/15).
8. Heritage Advisor – \$165,400 net cost from 2011/12 to 2015/16, noting total cost over the last five years is \$198,100 of which a total of \$32,700 (17%) was funded by government grant, with this grant funding program ceasing during the 2013/14 year and costs now fully borne by Council.

Type 3: Statutory fee that prohibits full cost recovery

Examples:

9. Planning fees (set by the State and frozen for most of the past 14 years).
10. Revenue foregone for the five years from 2011/12 to 2015/16 is estimated to be \$772,200 (76%), of the total cost of \$1,018,700 to provide planning services, if Council were allowed to fully recover its costs by way of user fees and charges.

Type 4: Levies

Examples:

11. State Government landfill levy - this levy has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in 2015/16 (572% over six years). The increase from 2014/15 to 2015/16 was 3.45% and a similar level of increase is budgeted for the 2016/17 financial year. Total landfill levy for the Borough of Queenscliffe is \$396,300 for the 6 years from 2010/11 to 2015/16.
12. Animal registration levy - \$11,200 from 2011/12 to 2015/16.

Type 5: Statutory requirements lead to increased costs

Examples:

13. Line clearance (cutting back tree branches around power lines) – total cost is \$180,100 over the five years from 2011/12 to 2015/16.

9.5 Budget principles

In response to these influences and implications of cost shifting, guidelines were prepared and distributed to all Council officers with budget responsibilities. The guidelines set out the key budget principles upon which the officers were to prepare their budgets. The principles included:

- Real savings in expenditure and increases in revenue that result in cash surpluses are typically directed to the asset replacement reserve as part of the year end process.
- Any future proceeds from asset sales are directed to either retiring debt; or investing in projects that will generate additional revenue streams; or to attract matching funds from other levels of government
- Any borrowings will only be used to invest in projects that will generate additional revenue streams; or to attract matching funds from other levels of government.
- Grants to be based on estimated funding levels. Unsuccessful applications will result in the project not proceeding (unless alternative funding is sourced).
- Capital works projects to be prioritised based on the asset renewal requirements as determined by the regular review of asset conditions.
- New initiatives (operating items) prioritised based on community consultation undertaken at the beginning of this Council's term and in accordance with the Council Plan 2013-2017.
- Employee resourcing proposals to be justified through a business case.
- New revenue sources to be identified where possible.
- Existing fees and charges to be reviewed annually and if increased will take into account CPI, market levels and capacity to pay.
- Implications for operating revenues and expenses, arising from completed 2015/16 capital projects, to be included such as ongoing maintenance and depreciation.
- With an emphasis on innovation and efficiency, service levels to be maintained at 2015/16 levels with operational efficiencies to be identified that reduce costs or minimise waste and duplication. Exception to the assumption may occur where grant funding enables expansion to service delivery.
- Salaries and wages growth to be increased in line with estimated Enterprise Bargaining Agreement (EBA) wage increases, banding increments and increased staffing, noting that Council is currently negotiating a new EBA during the 2015/16 year.
- Construction and material costs to increase in line with the Engineering Construction Index (refer 'Rawlinsons Australian Construction Handbook').

9.6 Long term strategies

The budget includes consideration of a number of long term strategies and contextual information to assist Council to prepare the Budget in a proper financial management context. These include a Strategic Resource Plan for 2016/17 to 2019/20 (Section 14), Rating Information (Section 15) and Other Long Term Strategies (Section 16) including borrowings, infrastructure and service delivery.

10. Analysis of operating budget

This section analyses the operating budget including expected income and expenses of the Council for the 2016/17 year.

10.1 Budgeted income statement

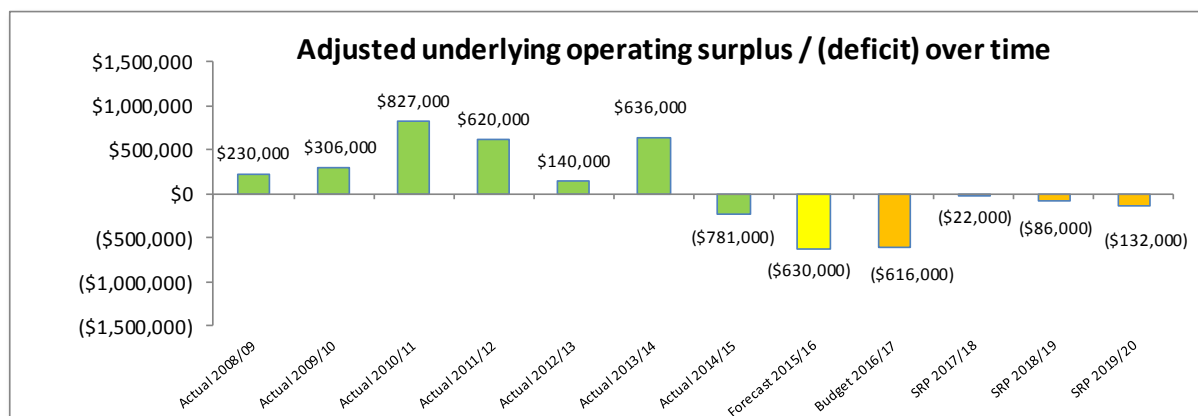
	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000	%
Total income	10.2	10,656	11,360	704	7%
Total expenses	10.3	10,377	10,554	176	2%
Surplus / (deficit) for the year		278	806	528	190%
Grants - capital	5.2	(852)	(1,222)	(369)	43%
Contributions - monetary - capital	10.2.4	(56)	(200)	(144)	256%
Adjusted underlying deficit	10.1.1	(630)	(616)	14	(2%)

10.1.1 Adjusted underlying deficit (\$14,000 decrease)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items, which can often mask the operating result. The adjusted underlying result for the 2016/17 year is a deficit of \$616,000, which is a decrease of \$14,000 from the deficit of \$630,000 forecast for the 2015/16 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes, which are non-recurrent and capital contributions from other sources. No budget has been provided for non-monetary asset contributions in the 2016/17 year.

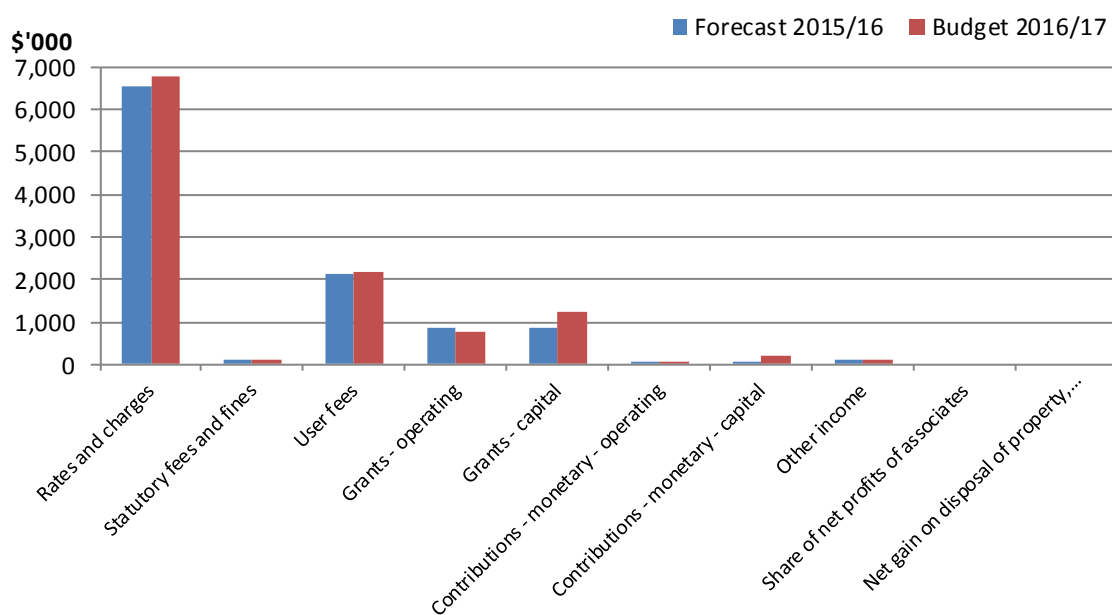
Note Council has funds allocated to operating expenditure in the 2015/16 and 2016/17 financial years, for which operating grants were received in previous years (and operating surpluses previously reported). These funds are held in a reserve account on the Balance Sheet and are being used to offset expenditure when works carried forward are completed in the 2015/16 and 2016/17 years.

One of the key objectives in Council's Strategic Resource Plan is to achieve a breakeven operating result cumulatively (this allows for timing differences between years in terms of operating grants received in one year and spent in the next). The graph below illustrates Council's achievement of underlying operating surpluses for six years to 2013/14, including the receipt of operating grant funding, which has been held in cash reserves and carried forward for completion of works in more recent years. The underlying operating deficit in 2014/15 reflects delivery of carry forward projects for which Council has successfully attracted significant external grant funding in previous years, with completion of carry forward works also expected to occur in the 2016/17 budget year. Small deficits are estimated for the SRP forward years 2017/18 through 2019/20 as shown in the graph below reflecting Council's reduced capacity to raise additional rate revenue.

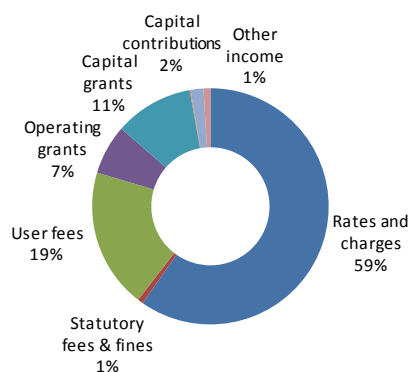


10.2 Income

Income Types	Ref	Forecast	Budget	Variance	
		Actual	2016/17	\$'000	%
		2015/16	2016/17	\$'000	%
		\$'000	\$'000	\$'000	%
Rates and charges	10.2.1	6,562	6,783	221	3%
Statutory fees and fines	10.2.2	98	88	(10)	(10%)
User fees	10.2.3	2,135	2,174	38	2%
Grants - operating	5.1	846	775	(71)	(8%)
Grants - capital	5.2	852	1,222	370	43%
Contributions - monetary - operating	10.2.4	4	13	9	233%
Contributions - monetary - capital	10.2.5	56	200	144	256%
Other income	10.2.6	102	106	4	4%
Share of net profits of associates	10.2.7	0	0	0	0%
Net gain on disposal of property, infrastructure, plant and equipment	10.2.8	0	0	0	0%
Total income		10,656	11,360	704	7%



Source: Section 3



Budgeted income 2016/17

10.2.1 Rates and charges (\$221,000 increase)

It is proposed that income raised by all rates and charges be increased by \$221,000 (3%) over the 2015/16 forecast to \$6,783,000. This includes increases in general rates of 2.5% in line with rate capping legislation and the full recovery of waste management collection and disposal costs including kerbside waste (increase of 1.41% in costs), public waste (increase of 25.09%) and green waste (reduction of 2.6%). Additional waste bin charges, where applicable, will increase by \$10 (4.8%) per bin. Further supplementary rates are budgeted to be consistent with the 2015/16 budget at \$10,000.

Section 7 "Rates and Charges" includes a more detailed analysis of the rates and charges to be levied for 2016/17 and the rates and charges information specifically required by the Regulations.

10.2.2 Statutory fees and fines (\$10,000 decrease)

Statutory fees relate mainly to fees and fines levied in accordance with legislation and include animal registrations, *Public Health and Wellbeing Act 2008* registrations and parking fines. Increases in statutory fees are made in accordance with legislative requirements, noting changes in legislated fees are typically advised after Council's budget setting process is complete, with any increases to be included in the revised forecast position for 2016/17, where applicable.

Statutory fees are forecast to decrease by \$10,000 (10%) compared to 2015/16. This variance largely reflects planning infringement income achieved in 2015/16, which is infrequent and not budgeted in the 2016/17 year.

A detailed listing of statutory fees is included in Appendix A.

10.2.3 User fees (\$38,000 increase)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include the use of council facilities, the provision of aged care services, as well as camping and caravan fees. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases reflect CPI increases or market levels.

User charges are projected to increase by \$38,000 (2%) over 2015/16. The fees from Council's camping and caravan parks contributes the largest portion of the fees and charges budget. There is also some lease income which only commenced on a pro rata basis in 2015/16 and is expected to increase due to the full year effect of income to be received in the 2016/17 year. Note the 2015/16 forecast includes \$40,000 reimbursement from the State Revenue Office for rates revaluation work, which is only received every second year in line with the revaluation process and is therefore not included in the 2016/17 budget. There are also some fees and charges which have not been increased in 2016/17 as they are dependent on volume which is difficult to predict, including building control fees and boat ramp parking fees.

A detailed listing of fees and charges is included in Appendix A.

10.2.4 Contributions – monetary – operating (\$9,000 increase)

Contributions relate to monies paid by community groups in regard to the provision of buildings and facilities. Operating cash contributions are projected to increase by \$9,000 (233%) compared to 2015/16 in which only \$3,700 in contributions is forecast to be received. A non-recurrent operating cash contribution of \$12,500 is budgeted to be received in 2016/17 to support and encourage planning for the future use of the Fisherman's Cooperative building.

10.2.5 Contributions – monetary – capital (\$144,000 increase)

Contributions relate to monies paid by community groups in regard to the provision of buildings and facilities. Capital cash contributions are projected to increase by \$144,000 (256%) compared to 2015/16 in which \$56,000 of contributions for the Queenscliff Kindergarten redevelopment were received. A non-recurrent capital cash contribution of \$200,000 is budgeted to be received in 2016/17 as Council is proposing to seek funding from other levels of Government to implement the Point Lonsdale Lighthouse Reserve Master Plan.

10.2.6 Other income (\$4,000 increase)

Other income relates almost entirely to interest revenue on investments and rates arrears. Interest income is forecast to remain at levels reasonably consistent with the 2015/16 year, noting the 2015/16 forecast has been reduced in June 2016, with the budget reflecting an increase of \$4,000 (4%) compared to 2015/16.

While significant movements in cash and investments is projected to occur in the 2016/17 budget year, as carry forward projects are completed, it should be noted that major grant funding for projects such as the Queenscliff Sports & Recreation Precinct is expected to be received and, realistically, that there will always be some carry forwards for projects not expected to be completed at the financial year-end. It is on this basis that interest income is budgeted to be consistent with levels achieved in recent years. Note quarterly reports to Council during the year include a review of forecast interest income.

10.2.7 Share of net profits of associates (\$nil movement)

Council is forecasting \$nil movement in its equity share of the Geelong Regional Library Corporation, for both the 2015/16 and 2016/17 years. Any adjustment to equity is not known and cannot be confirmed until the year-end process is completed by the library and reported through to Council, this usually occurs in July and the outcome is included in the revised forecast as part of the quarterly financial report to Council in September of each year.

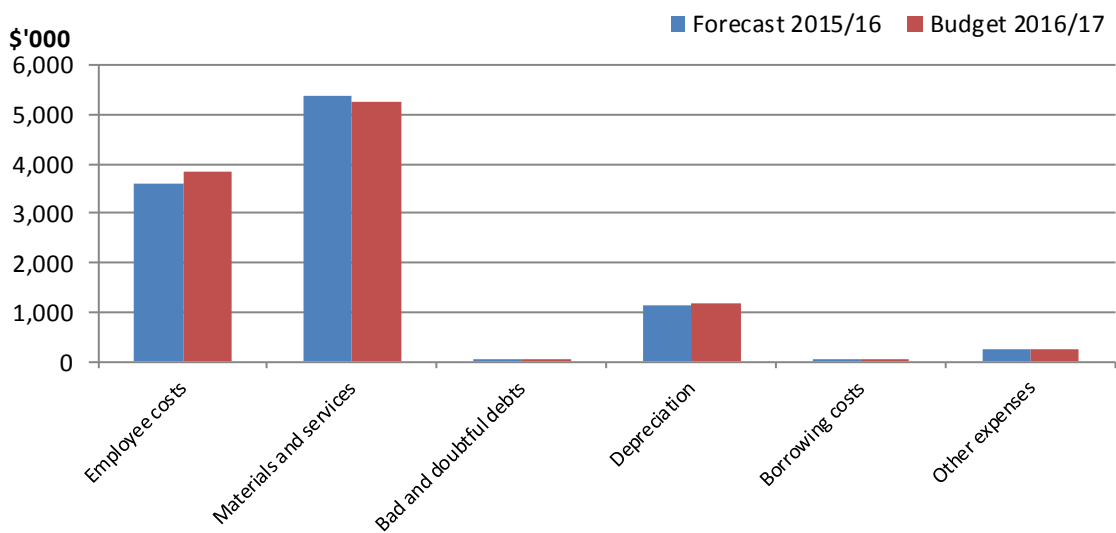
10.2.8 Net gain on disposal of property, infrastructure, plant & equipment (\$nil movement)

Council is forecasting \$nil movement in its asset sales book adjustments, for both the 2015/16 and 2016/17 years. Any adjustment is generally minor in nature and the forecast is adjusted as actual results are realised.

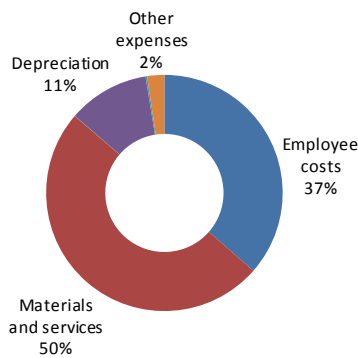
Proceeds from the sale of Council assets are budgeted to be \$95,000 for 2016/17 and relates to the planned cyclical replacement of part of the vehicle fleet. The written down value of assets sold is budgeted to be in line with the proceeds expected to be achieved, as generally depreciation charges closely reflect asset life and residual value, and therefore \$nil gain/(loss) on the disposal of motor vehicles is budgeted in 2016/17.

10.3 Expenses

Expense Types	Ref	Forecast Actual	Budget	Variance	
		2015/16 \$'000	2016/17 \$'000	\$'000	%
Employee costs	10.3.1	3,615	3,847	232	6%
Materials and services	10.3.2	5,360	5,260	(100)	(2%)
Bad and doubtful debts	10.3.3	1	3	2	231%
Depreciation	10.3.4	1,136	1,175	39	3%
Borrowing costs	10.3.5	24	22	(2)	(8%)
Other expenses	10.3.6	242	247	5	2%
Total expenses		10,377	10,554	177	2%



Source: Section 3



Budgeted expenses 2016/17

10.3.1 Employee costs (\$232,000 increase)

Employee costs include all labour related expenditure, including wages, salaries and on-costs such as allowances, leave entitlements, employer superannuation, rostered days off and time-in-lieu owed to employees, work cover premium and fringe benefits tax.

Employee costs are forecast to increase by \$232,000 (6%) compared to 2015/16. This increase relates to the following key factors:

- Estimated annual increases in the Enterprise Bargaining Agreement (EBA) currently being negotiated;
- Increases related to annual increment increases as staff progress through banding levels;
- \$20,000 contingency included for aged care services, given the fluctuating nature of personal and respite care services (which are paid at a higher rate), which is difficult to predict;
- \$65,000 aged care services included for provision of funded community aged care packages, which may vary during the year to meet demand and result in variances reported in the quarterly finance report to Council;
- A net increase in the 2016/17 year of 0.4 Full Time Equivalent (FTE) staff, resulting from Council's proposal to improve regulation of statutory planning compliance;
- Provision for estimated maternity leave (15 weeks paid leave) per annum; and
- A full year of staffing budgets provided for all positions, noting the 2015/16 forecast is lower for employee costs due to temporary vacancies during the year, with some key positions filled by contract staff in the interim period (included in Materials and Services).

Staff absences may sometimes be filled by contract staff arrangements to meet temporary operational requirements, resulting in a reduction in employee costs with a related increase in Materials & Services. Such variations are adjusted in the forecast and reported to Council in the quarterly financial report during the financial year.

It is anticipated that the caravan and camping master plan review and the proposed high quality eco-cabins at the Queenscliffe Lighthouse Reserve will identify future staff resourcing requirements. The operational impact of these projects is not yet known therefore not included in the 2016/17 Budget.

Note two engineering positions funded in the 2016/17 Budget for the project management of priority infrastructure projects are not included in employee costs (operating), although included in the Statement of Human Resources at Section 3. This salary cost is capitalised, i.e. added to the value of fixed assets included in Council's Balance Sheet.

Program area	Comprises		
	Budget	Permanent	Permanent
	2016/17	Full time	Part time
	\$'000	\$'000	\$'000
Administration	800	754	46
Aged and disability services	501	0	501
Caravan parks	451	229	222
Finance, risk and audit	386	320	66
Community engagement and customer service	379	196	183
Planning and development	216	121	95
Local law enforcement	198	198	0
Engineering	159	94	65
Community development	127	41	86
Coastal and environment	123	123	0
Visitor information centre	106	73	33
Tourism and economic development	80	41	39
Sustainability and environment	70	0	70
Environmental health	70	0	70
Events	34	0	34
Total permanent staff expenditure	3,700	2,189	1,511

Program area	Comprises		
	Budget 2016/17	Permanent Full time	Permanent Part time
	\$'000	\$'000	\$'000
Casuals and other expenditure	147		
Total employee costs (operating)	3,847		
Capitalised Labour costs	194		
Total expenditure	4,041		

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

Program area	Comprises		
	Budget FTE	Permanent Full time	Permanent Part time
	Administration	4.9	4.5
Aged and disability services	6.8	0.0	6.8
Caravan parks	5.4	2.4	3.0
Community engagement and customer service	4.6	2.0	2.6
Finance, risk and audit	3.8	3.0	0.8
Planning and development	2.6	1.5	1.1
Local law enforcement	2.0	2.0	0.0
Engineering	1.5	1.5	0.6
Community development	1.4	0.4	1.0
Coastal and environment	1.1	1.1	0.0
Visitor information centre	1.7	1.2	0.5
Tourism and economic development	0.9	0.4	0.5
Sustainability and environment	0.8	0.0	0.8
Environmental health	0.6	0.0	0.6
Events	0.3	0.0	0.3
Total permanent staff	38.4	20.0	19.1
Casuals and other	2.2		
Total staff (operating)	40.6		
Capitalised Labour costs	1.6		
Total staff	42.2		

The most significant increases in employee costs by program area, inclusive of casual staff budgets utilised in each program area, are summarised below:

Program area (including casual staff budgets)	Forecast	Budget	Variance	
	Actual			
	2015/16	2016/17	\$'000	%
Administration	769	800	31	4%
Aged and disability services	471	501	30	6%
Community engagement and customer service	354	392	38	11%
Finance, risk and audit	360	386	26	7%
Planning and development	163	216	53	33%
Local law enforcement	233	256	23	10%
Other immaterial variances (< \$20,000 each)	1,265	1,296	31	2%
Total employee costs (operating)	3,615	3,847	232	6%
Capitalised Labour costs	247	194	(53)	(22%)
Total expenditure	3,862	4,041	179	5%

Variances in the employee costs budget each year largely reflect the annual increases payable under Council's Enterprise Bargaining Agreement (EBA) and banding increments. In addition, the above program areas represent variances from the 2015/16 forecast as follows:

- **Administration** – the increase of \$31,000 in this program area relates to EBA and banding increases.
- **Community engagement and customer service** - \$19,000 of the increase relates to EBA and banding increases, with the balance of \$11,000 largely reflecting the additional full year costs in the 2016/17 budget year associated with the recent appointment of the former Communications Officer to Executive Officer Community Engagement and Customer Service, and the subsequent recruitment of a part time Communications Officer, offset in part by some reduction in customer service casual hours.
- **Finance, risk and audit** – \$14,000 of the increase relates to EBA and banding increases, with the balance of \$12,000 reflecting the full year costs in the 2016/17 budget year associated with the appointment during 2015/16 of a full time Assistant Accountant, while retaining the part time Assistant Accountant role to assist with the implementation of the new finance system and provide ongoing finance support to the program leaders.
- **Planning and development** - \$7,000 of the increase relates to EBA and banding increases and \$37,000 relates to Council's proposal in the 2016/17 budget to improve regulation of statutory planning compliance (0.4 FTE), with the balance of \$9,000 reflecting full year costs in the 2016/17 budget year compared to forecast savings in the current 2015/16 year for staff leave backfill budgets not utilised.
- **Local law enforcement** – \$9,000 of the increase relates to EBA and banding increases, with the balance of \$14,000 reflecting the full year costs in the 2016/17 budget year associated with the appointment of a full time Local Laws Officer.
- **Employee costs – capital** – the net reduction of \$53,000 relates to some one-off additional budget in 2015/16 for the capitalisation of project management costs in progressing priority infrastructure projects. While a budget remains in 2016/17 for 1.6 FTE Engineers to be capitalised, it was 2.0 FTE in 2015/16.

10.3.2 Materials and services (\$100,000 decrease)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to decrease by \$100,000 (2%) compared to 2015/16. Significant movements in materials and services are summarised below:

Materials & Services	Forecast	Budget	Variance	
	Actual		\$'000	%
	2015/16	2016/17		
	\$'000	\$'000	\$'000	%
<i>Non-recurrent operating projects (grant funded):</i>				
Tourism and economic development strategy	27	55	28	104%
Aged and community care minor capital	3	35	32	1255%
Plan for future use of Fisherman's Cooperative building	0	25	25	100%
Queenscliff historic railway precinct	323	0	(323)	(100%)
Point Lonsdale cliff stability	183	0	(183)	(100%)
Queenscliff sports and recreation precinct	70	0	(70)	(100%)
Other grant funded projects (< \$20,000 variance each)	123	99	(24)	(19%)
	728	214	(515)	(71%)
<i>Non-recurrent operating projects (rates funded):</i>				
Camping and caravan parks improvement investment fund	0	100	100	100%
Queenscliffe Planning Scheme Panel	0	70	70	100%
Point Lonsdale lighthouse reserve vegetation management	0	30	30	100%
Implement Queenscliffe Winter Light Festival proposal	0	29	29	100%
Plan to improve Council's record management systems	0	27	27	100%
Queenscliff Precinct Planning	0	25	25	100%
Improve options for Self Service via BoQ website	0	20	20	100%
Significant tree register	0	20	20	100%
Building condition survey	25	0	(25)	(100%)
Queenscliff Cultural Hub	20	0	(20)	(100%)
Other rates funded projects (< \$20,000 variance each)	119	140	21	18%
	164	461	297	181%
<i>Recurrent operating expenditure:</i>				
Contractors/consultants	1,678	1,715	37	2%
Public waste service	105	159	54	51%
Green waste service	182	104	(78)	(43%)
Local Government election costs	6	81	75	1251%
Legal expenses	68	42	(27)	(39%)
Climate change adaptation (AECOM report)	45	25	(20)	(44%)
Implement cleaning of Queenscliff front beach	0	20	20	100%
Other expenses (< \$20,000 variance each)	2,383	2,441	58	2%
	4,468	4,585	118	3%
Total materials and services	5,360	5,260	(100)	(2%)

The decrease in materials and services largely comprises of a reduction in non-recurrent grant funded projects compared with that expended in the 2015/16 year (\$515,000 decrease, from \$728,000 in 2015/16 to \$214,000 in the 2016/17 budget) and an increase in non-recurrent rates funded major operating projects including projects carried forward from 2015/16 for completion in the 2016/17 year (\$297,000 increase, from \$164,000 in 2015/16 to \$461,000 in 2016/17). Significant projects are listed in table on the previous page.

The increase in recurrent operating expenditure budgets is \$118,000 (3%) compared to 2015/16, largely the result of costs expected to be incurred by Council for the Local Government elections to be held in October 2016 (\$80,200), fluctuations in kerbside, green and public waste service costs (including one-off start-up green waste costs incurred in 2016/17), and annual increases in line with contract arrangements (\$37,000).

Contractors/consultants are used to provide important ongoing services, including roads, parks and reserves maintenance, waste services (kerbside, green and public waste), maintenance of public conveniences, powerline and sundry tree clearance, weed control and revegetation, aged services home maintenance, maternal and child health, property valuations, building inspections and heritage advice. Budget increases are in accordance with increases included in contract agreements and are generally aligned to CPI.

Utility costs relate to telecommunications, including usage of telephones and other utilities such as water, gas and electricity. These are forecast to increase by 5%, based on trend data, which is substantially above CPI. Insurance premiums are predicted to increase by 10%, reflecting overall claims market experience, noting the renewal amount will not be advised until late June 2016 and the 2016/17 forecast will need to be adjusted for the variance from actual premiums accordingly.

10.3.3 Bad and doubtful debts (\$2,000 increase)

A provision for bad and doubtful debts is budgeted at \$3,000 p.a. and relates to parking fines forwarded to Councils debt collection agent which result in reduced collection rates. Note the 2015/16 forecast is for only \$1,000 of expenditure, as we have received some late payment of debts in the 2015/16 year which had previously been written off.

10.3.4 Depreciation (\$39,000 increase)

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment, including infrastructure assets such as roads and drains. The increase of \$39,000 (3%) compared to 2015/16 is due mainly to expected completion of the 2016/17 capital works program and the full year effect of depreciation on 2015/16 capital works. Refer to Section 6. "Analysis of Capital Budget" for a more detailed analysis of Council's capital works program for the 2016/17 year.

10.3.5 Borrowing costs (\$2,000 decrease)

Borrowing costs relate to interest charged by financial institutions on funds borrowed. The reduction in borrowing costs of \$2,000 (8%) compared to 2015/16 results from the planned reduction in borrowings due to repayment of principal in accordance with loan agreements. Although new borrowings of \$177,000 are budgeted to occur in 2016/17, these are expected to be drawn down late in the financial year, hence there is only a minor impact on borrowing costs in the 2016/17 budget year.

10.3.6 Other expenses (\$5,000 increase)

Other expenses relate to a range of unclassified items, including mayoral and councillor allowances, internal and external audit fees, landfill disposal levy and photocopier lease expense. Other expenses are forecast to increase by \$5,000 (2%) compared to 2015/16, which is mainly due to expected increases in mayoral and councillor allowances and external audit fees. Note the landfill disposal levy, previously reported within Other Expenses, is now included within Materials & Services in this Budget document – consistent with the model financial report which must be applied by Councils each financial year.

11. Analysis of budgeted cash position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2016/17 year. Budgeting cash flows for Council is a key factor in setting the level of rates (within rate capping legislation of course) and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

The analysis is based on three main categories of cash flows:

- **Operating activities** – Refers to the cash generated or used in the normal service delivery functions of Council. Cash remaining after paying for the provision of services to the community may be available for investment in capital works, or repayment of debt.
- **Investing activities** – Refers to cash generated or used in the enhancement or creation of infrastructure and other assets. These activities also include the acquisition and sale of other assets such as vehicles, property and equipment.
- **Financing activities** – Refers to cash generated or used in the financing of Council functions and include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities also include repayment of the principal component of loan repayments for the year.

11.1 Budgeted cash flow statement

	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000	%
Cash flows from operating activities					
Receipts					
Rates and charges		6,557	6,783	226	3%
User fees and fines		2,281	2,261	(20)	(1%)
Grants - Operating		972	775	(197)	(20%)
Grants - Capital		947	1,222	275	29%
Contributions - monetary - operating		4	13	9	233%
Contributions - monetary - capital		78	200	122	156%
Interest received		98	105	7	7%
Other receipts		44	1	(43)	(97%)
Total receipts from operating activities		10,981	11,360	379	3%
Payments					
Employee costs		(3,585)	(3,815)	(230)	6%
Supplier payments		(5,748)	(5,204)	543	(9%)
Other payments		(243)	(250)	(6)	3%
Total payments for operating activities		(9,576)	(9,270)	306	(3%)
Net cash provided by operating activities	11.1.1	1,405	2,090	685	49%
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment		(2,901)	(3,633)	(734)	25%
Proceeds from sale of property, infrastructure, plant and equipment		91	95	4	5%
Payments for investments		1,140	1,500	360	32%
Net cash used in investing activities	11.1.2	(1,670)	(2,038)	(368)	22%

	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance	
				\$'000	%
Cash flows from financing activities					
Borrowing costs		(24)	(22)	2	(8%)
Proceeds from borrowings		140	177	37	27%
Repayment of borrowings		(223)	(240)	(17)	8%
Net cash used in financing activities	11.1.3	(107)	(85)	22	(20%)
Net increase/(decrease) in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		1,436	1,064	(372)	(26%)
Cash and cash equivalents at the end of the year	11.1.4	1,064	1,031	(33)	(3%)

Source: Section 3

11.1.1 Net cash provided by operating activities (\$685,000 increase)

The increase in cash inflows from operating activities (\$379,000) is due mainly to an increase in rates and charges (\$226,000) in line with the general rate increase of 2.5% plus the full recovery of waste management costs, additional community contributions (\$131,000) and government grants (\$78,000) including significant projects such as the Point Lonsdale Lighthouse Reserves Master Plan, offset in part by less user fees and fines (\$20,000) and other receipts (\$43,000) expected to be received in 2016/17, when compared with the 2015/16 year in which some income was received that related to, and was accrued, for the 2014/15 year.

The reduction in cash outflows from operating activities (\$306,000) largely comprises a reduction in supplier payments (\$543,000) associated with large carry forward funding and related expenditure forecast to occur in the 2015/16 year, offset in part by an increase in employee costs (\$230,000) in line with Enterprise Bargaining Agreement outcomes that are consistent with the Federal Government Fair Work Act legislative provisions relating to the enterprise bargaining processes.

The net cash flows from operating activities do not equal the surplus / (deficit) for the year as the expected revenues and expenses of Council include non-cash items which have been excluded from the Cash Flow Statement. Interest expense is included as a financing activity in the Cash Flow Statement and therefore also needs to be adjusted when reconciling the surplus/(deficit) with net cash flows from operating activities. The budgeted operating result is reconciled to budgeted cash flows available from operating activities as set out in the following table.

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance	
			\$'000	%
Surplus / (deficit) for the year	278	806	528	190%
Depreciation	1,136	1,175	39	3%
Borrowing costs	24	22	(3)	(13%)
Net decrease in current assets - trade receivables	137	0	(137)	(100%)
Net decrease in current assets - other assets	243	0	(243)	(100%)
Net increase in current and non-current liabilities - provisions	30	31	1	4%
Net decrease in current liabilities - trade payables	(417)	56	474	(114%)
Net decrease in current liabilities - other liabilities	(26)	0	26	(100%)
Cash flows available from operating activities	1,405	2,090	685	49%

11.1.2 Net cash used in investing activities (\$368,000 increase)

The increase in net cash used for investing activities in the 2016/17 year is largely due to an increase in payments for property, infrastructure, plant and equipment, compared with the 2015/16 year (\$734,000), associated with the completion of carry forward projects. This is offset in part by additional funds of \$360,000 invested for more than three months at 30 June 2016, to complete further carry forward projects in 2016/17.

11.1.3 Net cash used in financing activities (\$22,000 decrease)

New borrowings of \$177,400 are proposed in the 2016/17 budget year, compared with \$140,000 in 2015/16. The total of principal repayments on all Council loans is \$240,000 and borrowing costs (interest expense on bank loans) is projected to be \$22,000.

11.1.4 Cash and cash equivalents at the end of the year (\$33,000 decrease)

Cash and cash equivalents is expected to decrease by \$33,000 to \$1,031,000 as at 30 June 2017, reflecting Council's strategy of using excess cash and investments to enhance existing and create new infrastructure. This is consistent with Council's Strategic Resource Plan (see Section 8). This reduction in cash reflects project funding received in prior years and held in reserve, for completion in 2016/17, coupled with new capital works and major operating projects budgeted to be undertaken in the 2016/17 financial year.

11.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement on the previous page shows that Council estimates at 30 June 2017 that it will have cash and cash equivalents of \$1,031,000, in addition to \$1,000,000 of short term investments (invested for terms between 3 and 12 months) held as financial assets in the Balance Sheet, totalling \$2,031,000 of cash and investments – which is restricted as shown in the following table.

	Ref	Forecast	Budget	Variance	
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000	%
Total cash and investments		3,564	2,031	(1,533)	(43%)
Restricted cash and investments					
- Cash held to fund carry forward operating projects	11.2.1	(554)	(8)	546	(99%)
- Cash held to fund carry forward capital works	11.2.2	(700)	0	700	(100%)
- Trust funds and deposits	11.2.3	(53)	(53)	0	0%
Unrestricted cash and investments	11.2.4	2,257	1,970	(287)	(13%)
- Cash held to fund asset replacement (allocated)	11.2.5	(269)	(105)	164	(61%)
- Cash held to fund asset replacement (unallocated)	11.2.6	(213)	(461)	(248)	116%
- Cash held to fund defined benefits superannuation calls	11.2.7	(40)	(40)	0	0%
Cash held in discretionary reserves	11.2.8	(522)	(606)	(84)	16%
Unrestricted cash adjusted for discretionary reserves	11.2.9	1,735	1,364	(371)	(21%)

11.2.1 Cash held to fund carry forward operating projects (\$8,000)

The 2016/17 budget provides for \$8,000 in Lighthouse Reserves Maintenance grant funding which is not expected to be completed until the 2017/18 year (funding received for expenditure over a three year period). An amount of \$554,000 is forecast to be held at 30 June 2016 to fund operating projects budgeted but not completed in the 2015/16 financial year.

11.2.2 Cash held to fund carry forward capital works (\$nil)

There is no amount shown as cash held to fund carry forward capital works at 30 June 2017, as it is expected that the capital works budget in the 2016/17 financial year will be fully expended. An amount of \$700,000 is forecast to be held at 30 June 2016 to fund capital works budgeted but not completed in the 2015/16 financial year. Section 6.2 contains further details on capital works funding.

11.2.3 Trust funds and deposits (\$53,000)

This includes monies paid to Council for tender deposits and contract retention etc. and are held as a liability until due to be returned or forfeited. The balance is projected to be consistent with 2015/16 levels.

11.2.4 Unrestricted cash and investments (\$1,970,000)

The amount shown is in accordance with the definition of unrestricted cash included in Section 3 of the Regulations. These funds are free of statutory reserve funds and cash to be used to fund major operating projects and capital works expenditure from the previous financial year.

11.2.5 Cash held to fund allocated asset renewal projects (\$105,000)

In addition to its usual annual asset renewal program for building assets, Council sets aside \$45,000 each financial year toward such projects, in an effort to smooth out fluctuations in building asset renewal needs over time. An amount of \$105,000 is forecast to be held at 30 June 2017, after allowing for the completion of asset renewal projects carried forward from the 2015/16 financial year as well as those budgeted in 2016/17.

11.2.6 Cash held to fund unallocated asset renewal projects (\$461,000)

These funds are shown as discretionary reserves as, although not restricted by a statutory purpose, Council has decided to set aside those cash surpluses achieved in previous financial year-end accounts so that they may be allocated to asset renewal or other major projects in the future. Until such time as a Council resolution is made, these funds remain unallocated and at the discretion of Council regarding future use. The 2015/16 forecast is \$213,000, with \$148,000 of remaining cash surplus from the 2014/15 year to be transferred to this reserve account in the 2016/17 year, and an additional cash surplus of \$100,000 forecast during the June 2016 quarter to also be transferred to reserve in 2016/17, once the 2015/16 year-end audit is completed and the forecast cash surplus is either confirmed or adjusted to reflect the actual experience.

11.2.7 Cash held to fund defined benefits superannuation calls (\$40,000)

These funds are shown as discretionary reserves and although not restricted for a statutory purpose, Council has made the decision to set aside \$40,000 to date in reserve as a provision for future calls with respect to defined benefits superannuation liability. Any changes in the future use of these funds will be made in the context of Council's Strategic Resource Plan.

11.2.8 Cash held in discretionary reserves (\$606,000)

Council holds a number of discretionary reserves, as described above, which are used to hold unspent Council asset renewal budgets until such time as these works are completed, in addition to banking cash surpluses achieved in prior years until allocated by Council to specific projects and also providing a contingency for future calls on the defined benefits superannuation fund. The use of such discretionary reserves is designed to ensure Council sets aside sufficient cash to meet its existing obligations and honour budget commitments from prior years.

11.2.9 Unrestricted cash adjusted for discretionary reserves (\$1,364,000)

These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the following year such as grants and contributions. Council regards these funds as the minimum necessary to ensure that it can meet its commitments as and when they fall due without borrowing further funds.

12. Analysis of capital budget

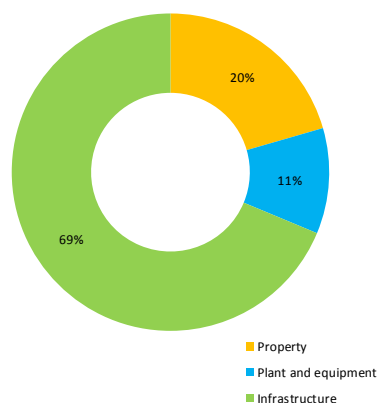
This section analyses the planned capital works expenditure budget for the 2016/17 year and the sources of funding for the capital budget. Further detail on the capital works program can be found in Section 6.

12.1 Capital works expenditure

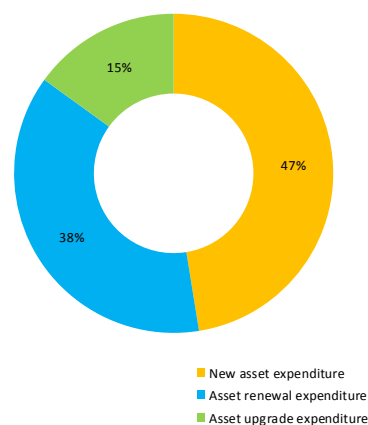
Capital Works Areas	Ref	Forecast	Budget	Variance	
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000	%
<u>Works carried forward</u>					
Property					
Land improvements		9	61	52	575%
Buildings		728	191	(537)	(74%)
Total property		737	252	(485)	(66%)
Plant and equipment					
Plant, machinery and equipment		36	39	3	9%
Computers and telecommunications		75	154	79	105%
Total plant and equipment		111	193	82	74%
Infrastructure					
Roads		0	15	15	100%
Footpaths and cycleways		177	40	(137)	(77%)
Drainage		40	26	(14)	(35%)
Recreational, leisure and community facilities		166	86	(80)	(48%)
Waste management		160	0	(160)	(100%)
Parks, open space and streetscapes		42	264	222	534%
Off street car parks		66	0	(66)	(100%)
Other infrastructure		0	59	59	100%
Total infrastructure		651	489	(162)	(25%)
Total works carried forward	12.1.1	1,499	934	(565)	(38%)
<u>New works</u>					
Property					
Land improvements		0	20	20	100%
Buildings		462	474	12	3%
Total property	12.1.2	462	494	32	7%
Plant and equipment					
Plant, machinery and equipment		185	163	(22)	(12%)
Fixtures, fittings and furniture		5	5	0	0%
Computers and telecommunications		0	30	30	100%
Total plant and equipment	12.1.3	190	198	8	4%

Capital Works Areas	Ref	Forecast	Budget	Variance	
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000	%
<u>New works (continued)</u>					
Property					
Land improvements		0	20	20	100%
Buildings		462	474	12	3%
Total property	12.1.2	462	494	32	7%
Plant and equipment					
Plant, machinery and equipment		185	163	(22)	(12%)
Fixtures, fittings and furniture		5	5	0	0%
Computers and telecommunications		0	30	30	100%
Total plant and equipment	12.1.3	190	198	8	4%
Infrastructure					
Roads		132	351	219	166%
Footpaths and cycleways		10	92	82	792%
Drainage		35	35	0	0%
Recreational, leisure and community facilities		425	376	(49)	(12%)
Waste management		15	0	(15)	(100%)
Parks, open space and streetscapes		80	808	728	907%
Other infrastructure		53	345	292	554%
Total infrastructure	12.1.4	750	2,007	1,257	167%
Total new works		1,402	2,699	1,297	93%
Total capital works expenditure		2,901	3,633	732	25%
Represented by:					
New asset expenditure	12.1.5	552	1,724	1,172	212%
Asset renewal expenditure	12.1.5	1,673	1,363	(310)	(19%)
Asset upgrade expenditure	12.1.5	676	546	(130)	(19%)
Total capital works expenditure		2,901	3,633	732	25%

Budgeted capital works 2016/17
Expenditure by asset class



Expenditure by classification



Source: Section 3. A more detailed listing of the capital works program is included in Section 6.

12.1.1 Carried forward works (\$934,000)

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2015/16 year, it is forecast that \$934,000 of capital works will be incomplete, with funds to be held in reserves at the 2015/16 year-end and carried forward into 2016/17 for the completion of these works.

Carry forward projects are provided in detail at Section 6.2 of this budget document.

12.1.2 Property (\$494,000)

The property class comprises land and land improvements, buildings and building improvements. Buildings include community facilities, municipal offices, sports facilities, public conveniences and pavilions. For the 2016/17 year, \$20,000 will be expended on land improvements and \$474,000 on buildings.

The single most significant project is that of the Queenscliff Sports & Recreation Precinct (total project is \$3,155,000 over three years, of which \$3,085,000 is capital and \$70,000 is operating in nature – \$491,000 of this capital expenditure is planned for the 2016/17 budget year, with \$246,000 (50%) of the capital expenditure in 2016/17 related to work on Council's building assets). The balance of works in 2016/17 relate to the annual asset renewal program for Council buildings including those at the Queenscliff Recreation Reserve and foreshore public conveniences.

12.1.3 Plant and equipment (\$198,000)

Plant and equipment includes motor vehicles, plant, machinery and equipment, fixtures, fittings and furniture, computers and telecommunications.

For the 2016/17 year, \$163,000 will be expended on plant and equipment, \$30,000 on computers and telecommunications and \$5,000 on fixtures, fittings and furniture. Expenditure includes the ongoing cyclical replacement of the vehicle fleet (\$156,000), computers and telecommunications (\$30,000) and other minor assets (\$5,000) and the installation of a CCTV camera at the Queenscliff boat ramp to improve safety and reduce vandalism (\$7,000).

12.1.4 Infrastructure (\$2,007,000)

Infrastructure includes roads, footpaths and cycle ways, drainage, recreation, leisure and community facilities, waste management, parks, open space and streetscapes, off street car parks and other structures.

For the 2016/17 year, \$351,000 will be expended on road projects. Road assets include local roads, kerb and channel, declared main roads, traffic devices, street lighting and traffic signals. Works include federally funded Roads to Recovery projects (\$231,000), the annual asset renewal program for roads (\$105,000) and that part of the Queenscliff Sports & Recreation Precinct project which relates to roads (\$15,000).

A total of \$92,000 will be spent on footpaths and cycle ways in 2016/17, for upgrade of shared pathway from 'The Narrows' to Point Lonsdale Primary School (\$80,000) and the annual asset renewal program (\$12,000).

Annual asset renewal for drainage assets is budgeted at \$35,000 for the 2016/17 year. Drains include drains in road reserves, retarding basins and waterways.

A total of \$376,000 is to be spent in 2016/17 on recreational, leisure and community facilities, with the most significant project here being the Queenscliff Sports & Recreation Precinct (\$231,000). Other expenditure includes management of priority projects (\$97,000), the annual asset renewal program (\$40,000) and improvements to the amenity of vacant land adjacent to Town Hall (\$8,000).

Waste management is a \$nil budget in 2016/17, noting last purchase of bins (green waste) was in 2014/15.

The parks, open space and streetscapes budget provides for \$808,000 to be expended in the 2016/17 year, with \$700,000 of this planned to be spent on implementation of the Point Lonsdale Lighthouse Reserves Master Plan (dependent on grant funding being secured from other levels of Government), \$75,000 for constructing stage 1 of Queenscliffe Park including construction of a new public toilet (in addition to funds of

\$105,000 currently held in reserve for carry forward of this project to 2016/17) and the balance of \$33,000 being for the annual asset renewal program as it relates to this asset class.

Other infrastructure is budgeted at \$345,000 for 2016/17 and comprises \$177,000 for Streetlight replacement to LEDs (which is expected to cost \$236,000 to implement, to be funded by new borrowings of \$177,000 and \$59,000 currently held in reserve for carry forward of this project to 2016/17), \$143,000 to investigate and plan path lighting at key locations in the Borough and \$25,000 to upgrade local street name signs.

12.1.5 New assets (\$1,724,000), asset renewal (\$1,363,000), upgrade (\$546,000) and expansion (\$nil)

A distinction is made between expenditure on new assets, asset renewal, upgrade and expansion. Expenditure on asset renewal is expenditure on an existing asset, or on replacing an existing asset that returns the service of the asset to its original capability. Expenditure on new assets does not have any element of expansion or upgrade of existing assets but will result in an additional burden for future operation, maintenance and capital renewal.

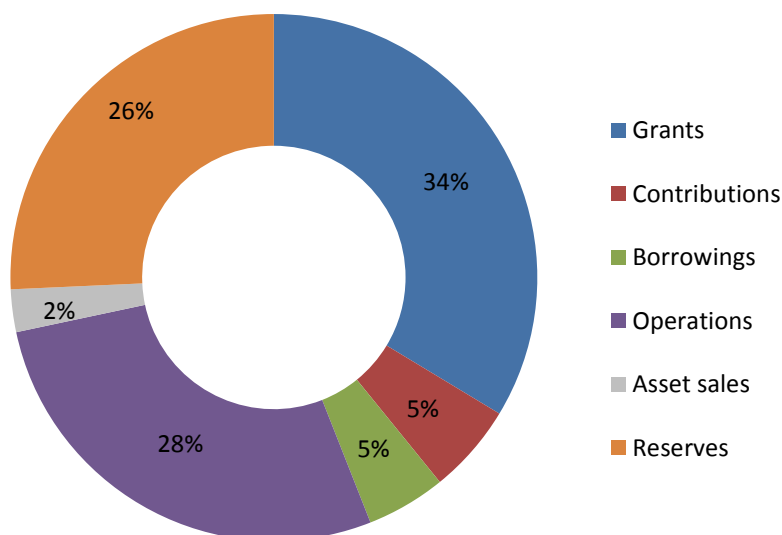
Major projects in the above categories, which constitute expenditure on new assets, comprise:

- Seek funding from other levels of Government to implement the Point Lonsdale Lighthouse Reserve Master Plan (\$700,000);
- Streetlight replacement to LED (\$236,000);
- Construct stage 1 of Queenscliffe Park including construction of a new public toilet (\$180,000);
- Queenscliff sports and recreation precinct (\$172,000);
- Investigate and plan path lighting at key locations in the Borough (\$143,000);
- Purchase of new finance system (\$200,000);
- Queenscliff front beach boardwalk (\$90,000);
- Management of priority infrastructure projects (\$32,000);
- Improve the amenity of vacant land adjacent to Town Hall (\$8,000); and
- Install a CCTV camera at the Queenscliff boat ramp to improve safety and reduce vandalism (\$7,000).

Remaining capital expenditure represents renewals and upgrades of existing assets. No expansion spending is included in the 2016/17 Budget.

12.2 Funding sources

Sources of Funding	Ref	Forecast	Budget	Variance	
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000	%
Works carried forward					
<i>Current year funding</i>					
Grants		428	0	(428)	(100%)
Council cash					
- reserve cash and investments		1,071	934	(137)	(13%)
Total works carried forward	12.2.1	1,499	934	(565)	(38%)
New works					
<i>Current year funding</i>					
Grants	12.2.2	852	1,222	370	43%
Contributions	12.2.3	56	200	144	256%
Borrowings	12.2.4	140	177	37	26%
Council cash					
- operations (net of transfers to reserve)	12.2.5	263	1,004	741	282%
- proceeds from sale of assets	12.2.6	91	95	4	5%
Total new works		1,402	2,699	1,297	92%
Total funding sources		2,901	3,633	732	25%



Source: Section 6.

12.2.1 Carried forward works (\$934,000)

At the end of each financial year there are projects that are either incomplete or not commenced due to factors relating to planning issues, weather delays and extended public consultation. For the 2015/16 year, it is estimated that \$934,000 of capital works will be incomplete and will be carried forward into 2016/17.

Carry forward projects are provided in detail at Section 6.2 of this budget document.

12.2.2 Grants (\$1,222,000)

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Significant grants are budgeted to be received for the Point Lonsdale Lighthouse Reserve Master Plan (\$500,000), Queenscliff Sports & Recreation Precinct (\$491,000) and Roads to Recovery projects (\$231,000).

12.2.3 Contributions (\$200,000)

Capital contributions include all monies received from government agencies and community sources for the purposes of funding the capital works program. In addition to grant funding, the 2016/17 budget includes funding from community contributions for the Point Lonsdale Lighthouse Reserve Master Plan (\$200,000).

12.2.4 Borrowings (\$177,000)

The 2016/17 budget provides for Council to borrow \$177,000 for Streetlight replacement to LEDs (subject to a partnership project with neighbouring councils and/or government funding for this project, noting total expenditure for this project is budgeted as \$236,000, with \$59,000 currently held in carry forward reserves).

12.2.5 Council cash - operations (\$1,004,000)

Council generates cash from its operating activities, which is used as a funding source for capital works. It is budgeted that a net \$1,004,000 will be generated from operations to fund the 2016/17 capital works program, after first transferring \$45,000 from its Council cash of \$1,049,000 (refer Section 16.2 of budget document) to the Asset Replacement Reserve in order to meet future building renewal requirements.

12.2.6 Council cash - proceeds from sale of assets (\$95,000)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$95,000.

13. Analysis of budgeted financial position

This section analyses the movements in assets, liabilities and equity between 2015/16 and 2016/17. It also considers a number of key financial performance indicators.

13.1 Budgeted balance sheet

	Forecast Actual 2015/16	Budget 2016/17	Variance	
Ref	\$'000	\$'000	\$'000	%
Assets				
Current assets				
Cash and cash equivalents	1,064	1,031	(32)	(3%)
Trade and other receivables	350	350	0	0%
Other financial assets	2,500	1,000	(1,500)	(60%)
Inventories	4	4	0	0%
Other assets	200	200	0	0%
Total current assets	13.1.1	4,118	(1,533)	(37%)
Non-current assets				
Investments in associates	255	255	0	0%
Property, infrastructure, plant and equipment	68,899	71,262	2,363	3%
Total non-current assets	13.1.1	69,154	2,363	3%
Total assets		73,272	830	1%
Liabilities				
Current liabilities				
Trade and other payables	853	908	55	6%
Trust funds and deposits	53	53	0	0%
Provisions	817	846	29	4%
Interest-bearing loans and borrowings	341	149	(192)	(56%)
Other liabilities	75	75	0	0%
Total current liabilities	13.1.2	2,139	(108)	(5%)
Non-current liabilities				
Provisions	71	73	2	4%
Interest-bearing loans and borrowings	114	243	129	113%
Total non-current liabilities	13.1.2	185	131	71%
Total liabilities		2,324	23	1%
Net assets		70,948	806	1%
Equity				
Accumulated surplus	35,269	37,238	1,968	6%
Asset revaluation reserve	33,903	33,903	0	0%
Other reserves	1,776	614	(1,162)	(65%)
Total equity	13.1.4	70,948	806	1%

Source: Section 3

13.1.1 Current assets (\$1,533,000 decrease) & non-current assets (\$2,363,000 increase)

Cash and cash equivalents include cash and investments such as cash held in the bank, petty cash and the value of investments held in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to decrease by \$32,000 mainly to fund the capital works program during the 2016/17 year and to complete projects carried forward from 2015/16.

Trade and other receivables are monies owed to Council by ratepayers and others. The level of short-term debtor balance owing to Council, which largely comprises rates arrears, is not expected to change in the budget. Payment arrangements and other collection procedures are performed monthly and debtor balances are included in quarterly financial reports to Council.

Financial assets are those investments held with banks, having maturities greater than three months. This balance is projected to decrease by \$1,500,000 during 2016/17, as investments are reverted back to cash in order to pay for carry forward projects from 2015/16 which are now expected to be completed in 2016/17.

Inventories held for sale comprise of merchandise made available through Council's Visitor Information Centre. Stocktakes are conducted on an annual basis at financial year-end. Net nil movement is budgeted for stock in the 2016/17 year.

Other assets include items such as prepayments for expenses that Council has paid in advance of service delivery and other revenues due to be received in the next 12 months. Again, no movement is budgeted.

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 audited financial statements each year. The Borough's share of the net assets is calculated on the same ratio as it contributes to the operating costs of the service. The 2016/17 Budget assumes no movement in equity, with any adjustment in the level of equity to occur at the 2016/17 year-end. Annual contributions to the library service are included as expenditure in the Income Statement.

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc. which has been built up by Council over many years. The \$2,363,000 increase in this balance is attributable to the net result of the capital works program (\$1,363,000 for renewal and \$546,000 for upgrade of existing assets, plus \$1,724,000 associated with the creation of new assets), less depreciation of assets (\$1,175,000) and proceeds on sale of assets (\$95,000).

13.1.2 Current liabilities (\$108,000 decrease) & non-current liabilities (\$131,000 increase)

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to increase by \$55,000, being calculated as a percentage of supplier payments and capital works which are likely to remain outstanding at the financial year-end, with the increase on prior year reflecting a greater level of expenditure including the completion of 2015/16 carry projects in the 2016/17 financial year.

Trust funds and deposits includes monies paid to Council for tender deposits, hall hire etc. They are held as a liability until due to be refunded. This is budgeted to remain consistent from year to year as old deposits are returned and new deposits collected.

Provisions include accrued long service leave, annual leave, rostered days off and time-in-lieu owing to employees. These employee entitlements are expected to increase by \$31,000 largely in line with Enterprise Bargaining Agreement increases. Active management of leave balances may result in some forecast savings during the financial year, this will be adjusted in 2016/17 should a positive outcome be achieved.

Interest-bearing loans and borrowings are borrowings of Council. Council is budgeting to repay a loan principal of \$240,000 over the year. New borrowings of \$177,000 are budgeted to be drawn down in the 2016/17 year, for Streetlight replacement to LEDs. The net result is a decrease in interest-bearing loans and borrowings of \$63,000 in the 2016/17 budget year.

Other liabilities include income received in advance for caravan park seasonal package fees and overpayment by rates and sundry debtors. These liabilities are budgeted as consistent with the 2015/16 forecast.

13.1.3 Working capital (\$1,425,000 decrease)

Working capital is the excess of current assets above current liabilities. This calculation recognises that although Council has current assets, some of those assets are already committed to the future settlement of liabilities in the following 12 months, and are therefore not available for discretionary spending.

Some of Council's cash assets are restricted in that they are required by legislation to be held in reserve for specific purposes or are held to fund carry forward operating projects and capital works from the previous financial year.

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance	
			\$'000	%
Current assets	4,118	2,585	(1,532)	(37%)
Current liabilities	2,139	2,031	(108)	(5%)
Working capital	1,979	554	(1,425)	(72%)
Restricted cash and investment current assets				
- Cash held to fund carry forward operating projects	554	8	(545)	(98%)
- Cash held to fund renewal & carry forward capital works	934	0	(934)	(100%)
- Trust funds and deposits	53	53	0	0%
Unrestricted working capital	438	492	54	12%

In addition to the restricted cash shown above, Council is also projected to hold \$606,000 in discretionary reserves at 30 June 2017. Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and, unless there is a Council resolution, these funds should be used for those earmarked purposes.

13.1.4 Equity (\$806,000 increase)

Total equity always equals net assets and is made up of the following components:

- Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations;
- Other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and for which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council and separately disclosed; and
- Accumulated surplus which is the value of all net assets less reserves that have accumulated over time. \$806,000 of the \$1,968,000 increase in accumulated surplus results directly from the surplus for the year. An amount of \$1,162,000 (net) is budgeted to be transferred from other reserves to accumulated surplus. This reflects the usage of investment cash reserves to partly fund the capital works program and to complete those projects carried forward from 2015/16 for expenditure in the 2016/17 financial year. This is a transfer between equity balances only and does not impact on the total balance of equity.

13.2 Key assumptions

In preparing the Balance Sheet for the year ending 30 June 2017 it was necessary to make a number of assumptions about assets, liabilities and equity balances. The key assumptions are as follows:

- Trade and other receivables – 97% of total rates and charges raised is expected to be collected in the 2016/17 year (2015/16: 97% forecast actual). Other debtor balances are estimated as follows: \$23,000 pensioner rebate (government funded), \$10,000 community services, \$10,000 caravan park fees, \$5,000 local laws infringements, \$25,000 sundry debtor accounts and \$50,000 GST receivable.
- Financial assets – investments held for more than three months are estimated at \$1,000,000 p.a. with the balance of Council's investment of surplus funds assumed to be held for less than three months to meet current liabilities (therefore forming part of Cash and cash equivalents on the Balance Sheet).
- Inventories – merchandise for the Visitor Information Centre to remain consistent at \$4,000.

- Other current assets – estimated as follows: \$85,000 prepaid expenses and \$115,000 accrued income (including \$25,000 interest on investments, \$40,000 user fees & charges and \$50,000 grant funding).
- Investment in regional library – no increase in equity is budgeted (adjusted at year-end when known).
- Property, infrastructure, plant and equipment – increased by cash expenditure on these fixed assets (\$3,633,000 for the 2016/17 year) and reduced by depreciation expense (\$1,175,000) and asset sales (\$95,000). No gain/(loss) on sale of assets is budgeted (usually minor in nature and the forecast is adjusted when actual results are known). No asset revaluation increment/(decrement) is budgeted (not generally known until after the financial year-end and will be adjusted in the forecast as necessary),
- Trade and other payables - based on an estimated 10% of capital expenditure, materials and services and other operating expenses remaining outstanding at year-end. A further \$44,000 is included for accrued wages, payable for work to be undertaken in June 2017 but not due to be paid until July 2017.
- Trust funds and deposits to remain consistent at \$53,000.
- Employee entitlements to be increased by the Enterprise Bargaining Agreement (EBA) outcome, noting any impact of active management of leave entitlements will be adjusted in the forecast as necessary.
- Interest-bearing loans and borrowings are based on existing loan schedules (three existing loans), with the addition of new loans of \$140,000 prior to the 2015/16 year-end and a further \$177,000 proposed for the 2016/17 budget year, less the repayment of loan principal totalling \$240,000 in the 2016/17 year. The net reduction in loan liability is budgeted to be \$63,000 for the 2016/17 financial year.
- Other liabilities (income received in advance) estimated as follows: \$50,000 caravan park fees, \$20,000 rate overpayments (usually applied to the first instalment in the following financial year, unless a specific request is made by ratepayers for refunds to be paid) and \$5,000 for sundry income received in advance.
- A total of \$1,162,000 (net) to be transferred from reserves to accumulated surplus, representing the internal funding of part of the capital works program for the 2016/17 year and the completion of 2015/16 carry forward projects in the 2016/17 financial year.

Long term strategies

This section includes the following analysis and information:

14. Strategic resource plan
15. Rating information
16. Other long term strategies

14. Strategic resource plan

This section includes an extract of the adopted Strategic Resource Plan (SRP) to provide information on the long term financial projections of the Council.

14.1 Plan development

The Act requires a Strategic Resource Plan (SRP) to be prepared describing both financial and non-financial resources (including human resources) for at least the next four financial years to achieve the strategic objectives in the Council Plan. In preparing the SRP, Council must take into account all other plans and strategies in regard to services and initiatives which commit financial and non-financial resources for the period of the SRP.

Council has prepared a SRP for the four years 2016/17 to 2019/20 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework. The SRP takes the strategic objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next four years.

The key objective, which underlines the development of the SRP, is financial sustainability in the medium to long term, while still achieving Council's strategic objectives as specified in the Council Plan. The key financial objectives, which underpin the SRP, are:

- Maintain existing service levels (except where increases are the result of funded programs).
- Achieve a breakeven adjusted underlying surplus (noting this is impacted by operating grants received in one financial year for which works are not completed until the following year, resulting in an underlying surplus in the year in which funds are received and a deficit in the year works are undertaken) – ongoing surpluses are desirable so as not to erode Council's asset base.
- Maintain a capital expenditure program which averages \$580,000 per annum for Council's annual asset renewal program, in addition to the funding of new assets and priority projects identified by Council and the community - asset renewal expenditure should occur at levels that ensure assets are replaced as and when required (target is 100% of the asset depreciation level cumulative over a 7-10 year period).
- Achieve a balanced budget on a cash basis.
- Cash/liquidity – ensure sufficient cash to meet short-medium liabilities (working capital ratio of greater than 100%, target is at least 120%).
- Debt – ensure only low to moderate debt levels and that debt ratios are within prudential guidelines (debt of <80% of rate revenue, although a moderate target of less than 50% is desirable).

In preparing the SRP, Council has also been mindful of the need to comply with the following Principles of Sound Financial Management as contained in the Act:

- Prudently manage financial risks relating to debt, assets and liabilities;
- Provide reasonable stability in the level of rate burden;
- Consider the financial effects of Council decisions on future generations; and
- Provide full, accurate and timely disclosure of financial information.

The SRP is updated annually through a rigorous process of consultation with Council service providers, followed by a detailed sensitivity analysis to achieve the key financial objectives.

14.2 Financial resources

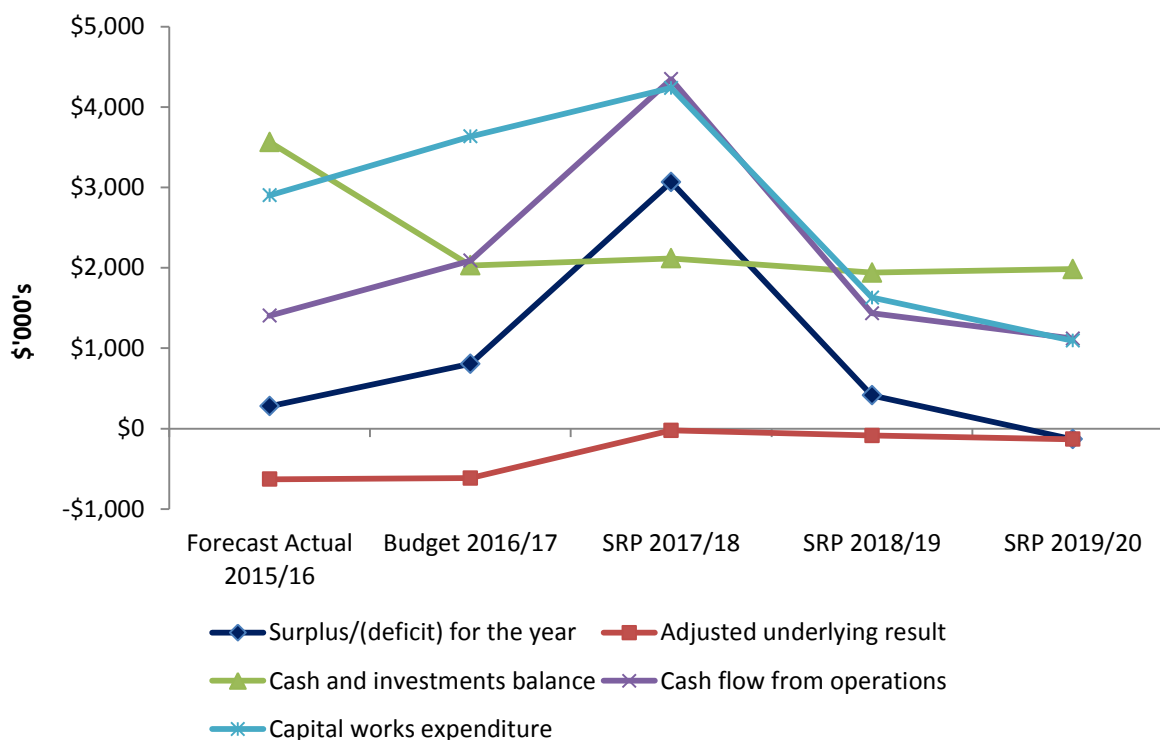
The following table summarises the key financial results for the next four years as set out in the SRP for years 2016/17 to 2019/20. Section 3 includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Strategic Resource Plan Projections					
	Forecast Actual 2015/16	Budget 2016/17	SRP 2017/18	SRP 2018/19	SRP 2019/20	Trend +/O/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/(deficit) for the year	278	806	3,067	414	(132)	-
Adjusted underlying result	(630)	(616)	(22)	(86)	(132)	-
Cash and investments balance	3,564	2,031	2,118	1,941	1,984	O
Cash flow from operations	1,405	2,090	4,347	1,435	1,120	-
Capital works expenditure	2,901	3,633	4,236	1,629	1,095	-

Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance / financial position indicator
- O Forecasts that Council's financial performance / financial position indicator will be steady
- Forecasts deterioration in Council's financial performance / financial position indicator

The following graph shows the general financial indicators over the four year period.



The key outcomes of the SRP are as follows:

- **Financial sustainability (Section 11)** - Cash and investments is forecast to reduce marginally over the four year period from \$2,031,000 to \$1,984,000, indicating a balanced budget on a cash basis in each year.
- **Rating levels (Section 15)** – The proposed budget sets a rate increase of 2.5%. This is line with the new State Government System which has capped rates increases by Victorian councils to the forecast movement of 2.5% in the Treasury determined Consumer Price Index (CPI). Council did not elect to apply to the Essential Services Commission (ESC) for a variation in the 2016/17 year.
- **Borrowing strategy (Section 16.1)** – Borrowings are forecast to reduce from \$393,000 to \$182,000 over the four year period. This reduction reflects existing loans nearing maturity and is net of new borrowings of \$177,400 in 2016/17 for the Streetlight replacement to LEDs project.
- **Infrastructure (Section 16.2)** – Capital expenditure over the four year period will total \$10,593,000 at an average of \$2,648,000 per annum. Budgeted capital expenditure includes \$2,600,000 for the Queenscliff Sports & Recreation Precinct (for which external funding is confirmed and expected to be received over the 2016/17 and 2017/18 financial years), \$1,230,000 for Point Lonsdale Lighthouse Reserves Master Plan (budgeted as a grant funded project over the 2016/17 and 2017/18 years, with funding yet to be secured) and \$1,000,000 for Royal Park Tourist Park Improvements (budgeted as a grant funded project over the 2017/18 and 2018/19 years, with funding also yet to be secured). Excluding the significant capital expenditure for these three projects, average capital expenditure of \$1,441,000 is achieved per annum.
- **Service delivery strategy (Section 16.3)** – Service levels have been maintained throughout the four year period. An operating surplus of \$806,000 is budgeted for the 2016/17 year, largely due to \$491,000 grant funding confirmed to be received for the Queenscliff Sports & Recreation Precinct (total funding of \$3,155,000 over the three years from 2015/16 to 2017/18). Aside from this important project, and \$700,000 in the 2016/17 budget year for Point Lonsdale Lighthouse Reserve Master Plan (funding not yet secured), very little in government grants for capital projects has been included in future budget years. Excluding the effects of non-recurrent capital grants and contributions, the adjusted underlying result indicates an underlying deficit for each financial year through to 2019/20. The adjusted underlying result is a measure of financial sustainability and is an important measure as non-recurrent capital items can often mask the operating result.

15. Rating information

This section contains information on Council's past and foreshadowed rating levels along with Council's rating structure and the impact of changes in property valuations. This section should be read in conjunction with Council's Rating Strategy which is available on Council's website.

15.1 Rating context

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for approximately 60% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process.

The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the Queenscliffe community. However, it has been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly recent changes in property valuations and subsequently rates for some properties in the municipality. To ensure that deliberations about future rate increases have been made on an informed basis, comparisons of historical rate increases were made between Council and other similar sized councils. The following table shows the Borough's rate increases over the last five years and the average rates per capita for the 2015/16 year.

Year	Rate increase
2011/12	4.50%
2012/13	4.00%
2013/14	4.50%
2014/15	4.50%
2015/16	3.80%
Average rate increase	4.26%
Average rates per capita 2015/16	\$1,845
Average rates per assessment 2015/16	\$1,866

The table above indicates that over the past five years Council's general rate increases have averaged 4.26% per annum. The dilemma faced by the Borough as with many small shires is the low growth in rateable properties (and therefore rate income) and the unavoidable increase in costs related to legislative compliance and the demand for services and infrastructure renewal.

The rate increase included in the 2016/17 Budget is as indicated in the table below.

Year	Rate increase
2016/17	2.50%
Average rates per capita 2016/17	\$1,896
Average rates per assessment 2016/17	\$1,918

Source: Council's Strategic Resource Plan 2016/17 to 2019/20

While the State Government imposed rate cap of 2.5% will be applied for the first time in 2016/17, the actual rate increases experienced by individual ratepayers will vary. This is due to the effect of separating waste charges from general rate revenue as well as the general revaluation of all properties. General revaluations occur every two years across the municipality, at 1 January 2016 and will be applied to the 2016/17 rate notices. If your property increases by more in value than the average for Queenscliffe (4.74%), your rates will increase by more than 2.5%. If your property value increases by less than the 4.74% average, your rates will increase by less than 2.5% and may in fact reduce from the previous year.

15.2 Current year rates and charges

The following table sets out future proposed increases in revenue from rates and charges and the total rates to be raised, based on the forecast financial position of Council as at 30 June 2016.

Year	General Rate Increase %	Kerbside Waste Charge Increase %	Public Waste Charge Increase %	Green Waste Charge Increase %	Second Bin Charge Increase %	Total Rates Raised \$'000
2015/16	3.80%	3.80%	3.80%	n/a	5.00%	6,562
2016/17	2.50%	1.41%	25.09%	0.00%	4.80%	6,783
2017/18	2.50%	2.50%	2.50%	2.50%	4.50%	6,953
2018/19	2.50%	2.50%	2.50%	2.50%	4.30%	7,127
2019/20	2.50%	2.50%	2.50%	2.50%	4.20%	7,306

The general rate will increase by 2.5% in line with rate capping legislation, which takes effect for the first time in the 2016/17 financial year. General rate increases are indicative and will be set by the State Government annually, therefore are subject to change from 2017/18.

The kerbside waste charge has up to now been included in general rates. Council proposes to separate out this charge on rates notices for the first time in the 2016/17 budget year to enable the continued full recovery of the costs of kerbside waste collection and disposal. This charge will be applied to all residential and tourist accommodation properties (excluding vacant land) and will be calculated on the basis of a rate in the dollar x property value (CIV). Costs are expected to increase by 1.41% in 2016/17, compared to the 2015/16 year.

The green waste charge, introduced for the first time in 2015/16, has been reviewed to reflect the expected costs in 2016/17. This charge applies to all residential and tourist accommodation properties (excluding vacant land) and will remain at the same level as charged in 2015/16, that is \$36.90 per green waste bin.

The public waste charge has up to now been included in general rates. Council proposes to separate out this charge on rates notices for the first time in the 2016/17 budget year to enable the continued full recovery of the costs of public waste collection and disposal. This charge will be applied to all rateable properties in the Borough and will be charged at a fixed price of \$96.50 for the 2016/17 year (an increase of 25.09% compared with the 2015/16 year).

Council's additional kerbside waste bin charges will increase by \$5 per bin for a 120 litre general waste bin and/or a \$120 litre recycle bin, consistent with increases applied in previous years and reflective of the cost of Council providing this additional waste collection and disposal service.

Total rates and charges of \$6,782,812 will be raised for 2016/17, including \$10,000 generated from supplementary rates and a reduction in rate revenue of \$16,320 resulting from the additional \$40 pensioner concession offered by Council to eligible ratepayers and a further reduction of \$4,886 being a rebate for properties of environmental interest.

15.3 Rating structure

Council has established a rating structure which is comprised of three key elements. These are:

- Property values, which form the central basis of rating under the *Local Government Act 1989*
- Compulsory waste management charges for the full cost recovery of residential kerbside waste, green waste and public waste collection and disposal.
- Optional additional waste bin services for kerbside general waste, recycle waste and green waste (first set of bins included in the compulsory kerbside and green waste charges)

Striking a proper balance between these elements provides equity in the distribution of the rate burden across residents.

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for residential, commercial or tourist accommodation purposes. This distinction is based on the concept that business should pay a fair and

equitable contribution to rates, taking into account the benefits those commercial and tourist accommodation properties derive from the local community.

Having reviewed the various valuation bases for determining the property value component of rates, Council has determined to apply a Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality. There are currently no plans to change that basis, but Council does review its rating structure at least every four years.

The existing rating structure comprises three differential rates (residential, commercial and tourist accommodation), and a rate concession for recreational land. These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. Under the *Cultural and Recreational Lands Act 1963*, provision is made for a Council to levy the rate for recreational lands at "such amount as the municipal council thinks reasonable having regard to the services provided by the municipal council in relation to such lands and having regard to the benefit to the community derived from such recreational lands".

The commercial rate is set at 130% of the residential rate, the tourist accommodation rate is set at 110% of the residential rate and the rate concession for recreational land is set at 75% of the residential rate.

Council also levies additional bin charges, as allowed under the Act.

Council has not applied a municipal charge, nor a charge for the first bin allocated to residential ratepayers. An additional pensioner concession of \$40, above the government funded pensioner rebate, is offered by Council to eligible ratepayers. A rebate is also granted for properties of conservation and land management environmental interest to Council.

The following table summarises the rates to be determined for the 2016/17 year. A more detailed analysis of the rates to be raised is contained in Section 7 'Rates and Charges'.

Rate type	How applied	2015/16	2016/17	Total Raised \$'000	Change
Residential rates	Cents in \$ of CIV	0.239294	0.236536	4,936	(1.2%)
Commercial rates	Cents in \$ of CIV	0.311082	0.307495	376	(1.2%)
Tourist accommodation rates	Cents in \$ of CIV	0.263224	0.260188	628	(1.2%)
Cultural and recreational rates	Cents in \$ of CIV	0.059824	0.059134	4	(1.2%)
Kerbside waste charge	Cents in \$ of CIV	0.019337	0.019210	434	(0.7%)
Green waste charge	\$ per bin	\$36.90	\$36.90	104	0.0%
Public waste charge	\$ per rateable property	0.010649	\$96.50	296	20.1%
Additional bins (set)	\$ per set of bins	\$210.00	\$220.00	15	4.8%
Extra bin (one)	\$ per bin	\$105.00	\$110.00	1	4.8%

Council has adopted a formal *Rating Strategy* that contains expanded information on Council's rating structure and the reasons behind its choices in applying the rates mechanisms it has used.

15.4 General revaluation of properties

During the 2015/16 year, a revaluation of all properties within the municipality was carried out and will apply from 1 July 2016 for the 2016/17 year. Overall, property valuations across the Borough have increased by an average of 4.74%. Of this increase, residential properties have increased by 4.98%, commercial properties have increased by 1.63%, tourist accommodation properties have increased by 4.41% and cultural and recreational properties have increased by 0.47%.

The following table summarises the valuation changes between the 2014 and 2016 general revaluations for each property type, together with the rating changes between the 2015/16 and 2016/17 years based on a 2.5% average rate increase and the valuation movements listed.

Property type	2014 Total CIV	2016 Total CIV	Valuation Increase/ (Decrease) (\$)	Valuation Increase/ (Decrease) (%)
Residential	\$1,987,858,500	\$2,086,906,500	\$99,048,000	4.98%
Commercial	\$120,410,001	\$122,371,824	\$1,961,823	1.63%
Tourist Accommodation	\$231,162,000	\$241,359,500	\$10,197,500	4.41%
Cultural & Recreational	\$6,159,500	\$6,188,500	\$29,000	0.47%
Total: Rateable Properties	\$2,345,590,001	\$2,456,826,324	\$111,236,323	4.74%

In deliberating over the setting of the differential rates structure for the 2016/17 year, Council has been mindful of the greater increase in residential property valuations compared to those in the commercial sector.

In view of the outcomes of the general revaluation of all properties within the Borough during the 2015/16 year, Council has chosen not to make any changes to the existing rate differential. In aggregate, total rates and charges revenue will increase by 3.0% compared to 2015/16, including a 2.5% capped increase in general rates (excluding waste management from the 2015/16 base year) and a 7.9% increase in waste charges to recover the full cost of all waste management costs. The general rate revenue increase of 2.5% will be achieved by reducing the rate in the dollar to offset the 4.74% average increase in property valuations across the Borough following the general revaluation.

15.5 Waste management charges

An important component of Council's 2016/17 budget process has been the review and adoption of its Rating Strategy in April 2016 following an extensive community consultation process. Council has made a firm commitment to three key principles in relation to funding waste management services:

1. Full cost recovery of all waste management services;
2. Clear identification of the waste management cost streams of kerbside waste, green waste and public waste and specifying these on the Rate Notice where applicable; and
3. Disclosure of all costs associated with each of the waste management streams to the community as supplementary information to accompany the 2016/17 Rate Notice.

Given the significant impact that the application of fixed charges for full cost recovery of waste would have on a large section of the rate base, particularly those with lower value properties, Council has determined that for the 2016/17 budget year the most equitable method of full waste cost recovery will be as follows:

- Kerbside waste, applicable to residential and tourist accommodation properties, will be charged on the basis of a rate in the dollar multiplied by property value (CIV) consistent with past practice for decades;
- Public waste, applicable to all rateable properties, will be charged a fixed amount; and
- Green waste, applicable to residential and tourist accommodation properties only, will continue to be charged a fixed amount.

The provision of full and transparent disclosure of waste management charges on the rates notice will occur for the first time in 2016/17. This information will be presented as separate lines on the rates notice to clearly identify the waste management cost streams of kerbside waste, green waste and public waste.

The *Local Government Act 1989* permits Council to raise separate service charges for the recovery of waste management services, rather than continue to include this in general rates. Separating out waste management charges from general rates to achieve full cost recovery is the most financially responsible option available to Council given the introduction by the State Government of rate capping legislation. The following is a list of all waste management cost streams included in the 2016/17 Budget and fully recovered from waste management charges, summarised by waste charge type.

Description	2015/16 Forecast	2016/17 Budget	Increase/(decrease)	
			\$	%
Sustainability - Roadside E Waste Collection	15,000	15,000	0	0.00%
Kerbside Waste Collection (including hard waste)	276,315	278,400	2,085	0.75%
Landfill Disposal Including Landfill Levy	155,000	158,800	3,800	2.45%
Waste Collection Bin Renewal	6,000	6,000	0	0.00%
Waste & Litter Education	2,000	2,000	0	0.00%
Regional Waste Management Group	3,000	3,400	400	13.33%
Recycling Disposal Income	(13,286)	(13,300)	(14)	0.11%
Sub-total: Kerbside waste costs	444,029	450,300	6,271	1.41%
Green Waste - opex - pickup & disposal of waste	120,275	103,900	(16,375)	(13.61%)
Sub-total: Green waste costs	120,275	103,900	(16,375)	(13.61%)
Public Waste	105,085	159,100	54,015	51.40%
Fixed Price Contract - Street Cleaning and Sweeping	109,151	113,100	3,949	3.62%
Fixed Price Contract - Beach Cleaning	34,799	36,100	1,301	3.74%
Beach Cleaning Subsidy	(12,722)	(12,700)	22	(0.17%)
Sub-total: Public waste costs	236,313	295,600	59,287	25.09%
Total: Waste management costs	800,617	849,800	49,183	6.14%

16. Other long term strategies

This section sets out summaries of the strategies that have been developed and incorporated into the Strategic Resource Plan including borrowings, infrastructure and service delivery.

16.1 Borrowings

In developing the Strategic Resource Plan (SRP) (see Section 14), borrowings was identified as an important funding source for capital works programs. In the past, Council has borrowed to finance large infrastructure projects and since then has been in a phase of debt reduction. This has resulted in a reduction in debt servicing costs, but has meant that cash and investment reserves have been used as an alternate funding source to maintain robust capital works programs. With Council reserves now forecast to be \$1,776,000 at 30 June 2016, followed by a reduction of \$1,162,000 in 2016/17 when carry forward projects are completed to end up with \$614,000 at 30 June 2017, it has been necessary to reconsider the issue of borrowings.

The SRP includes the results of an analysis of Council's debt position against both State averages and small shire council averages over a number of different indicators. It also shows the results of the 'obligations' indicators that are part of the prescribed financial reporting indicators. The outcome of the analysis highlighted that the Borough has a low level of debt for its size and that the proposed debt levels can be comfortably accommodated.

For the 2016/17 year, Council has budgeted to take out \$177,400 of new borrowings to fund the Streetlight replacement to LEDs project and therefore, after making loan repayments of \$240,300, will reduce its borrowings by \$62,900 to a total of \$392,300 owing as at 30 June 2017. Additional borrowings may be required in future years, to fund future infrastructure initiatives, however no new borrowings have been budgeted for the SRP years 2017/18 through 2019/20.

The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2016.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2015/16	140	223	24	455
2016/17	177	240	22	392
2017/18	0	88	16	305
2018/19	0	60	12	244
2019/20	0	63	10	181

The table below shows information on borrowings specifically required by the Regulations.

	2015/16 \$	2016/17 \$
Total amount borrowed as at 30 June of the prior year	538,633	455,213
Total amount to be borrowed	140,000	177,400
Total amount projected to be redeemed	(223,420)	(240,300)
Total amount proposed to be borrowed as at 30 June	455,213	392,313

16.2 Infrastructure

The Council has Asset Management Plans, which set out the capital expenditure requirements of Council for the next 20 years by class of asset, and these are a key input to the SRP. These plans predict infrastructure consumption and renewal needs, and consider infrastructure needs to meet future community service expectations.

The Asset Management Plans have been developed through a process of consultation and evaluation. The key aspects of the process are as follows:

- Long term capital planning process which integrates with the Council Plan, Strategic Resource Plan and Annual Budget processes.
- Identification of capital projects through the preparation of asset management plans.
- Prioritisation of capital projects within classes on the basis of condition and level of service criteria.
- Methodology for allocating annual renewal funding to classes of capital projects.
- Evaluation of capital projects on a number of criteria including legislative compliance, risk assessment, funding opportunities and ongoing operational funding requirements, and Council Plan priorities (priority given to renewal and upgrade of existing assets versus creation of new assets).

A key objective of the Asset Management Plans is to maintain or renew Council's existing assets at desired condition levels. If sufficient funds are not allocated to asset renewal then Council's investment in those assets will reduce, along with the capacity to deliver services to the community. To this end Council has created an Asset Replacement Reserve which serves to accumulate funds in years when asset interventions do not require as much funding as in other years (when the reserve can be drawn upon).

Significant progress has been made to address buildings with deteriorating conditions. The Queenscliff Sports Club building (Monahan Centre) has been enhanced through a combination of State Government, Council and community contributions. Future renewals and upgrades to the building are planned, with a total of \$3,155,000 in grant funding to be received by Council over three years from 2015/16 to 2017/18 for the Queenscliff Sports & Recreation Precinct project.

Drainage management is a challenge for Council. This will continue to be performed on a reactive basis due to the nature of the assets and excessive costs to small councils in undertaking condition based assessments.

At present, Council is similar to most municipalities in that it is presently unable to fully fund asset renewal requirements identified in Asset Management Plans. Whilst the plans, which include asset condition assessment and estimated remaining asset lives, are endeavouring to provide a sufficient level of annual funding to meet ongoing asset renewal needs, the available funds are not sufficient to fund the projected level of annual renewal expenditure. This creates an asset renewal gap and increases the level of backlog. Backlog is the renewal works that Council has not been able to fund over the past years and is equivalent to the accumulated asset renewal gap.

In updating the Asset Management Plans for the 2016/17 year, the following influences have had a significant impact:

- Reduction in the amount of cash and investment reserves to fund future capital expenditure programs.
- The ending of significant State and Federal funding received in recent years for upgrade of roads and other local infrastructure (Country Roads & Bridges Program in particular) and no announcements to date of a replacement funding program.
- The enactment of the *Road Management Act 2004* removing the defence of nonfeasance on major assets such as roads.
- The number and condition of ageing assets, particularly building assets.
- The demand for new assets and/or upgrade of assets.
- Review of levels of services and utilisation of existing assets.
- Modelling of asset condition and intervention levels (factoring in grant funded programs).
- The Queenscliff Sports & Recreation Precinct project, for which \$3,155,000 funding is confirmed over three years from 2015/16 through 2017/18, of which \$491,000 is included in the 2016/17 budget year.

The following table summarises Council's forward outlook on capital expenditure including funding sources for the next four years.

Year	Total Capital Program \$'000	Government Grants \$'000	Community Contributions \$'000	New Borrowings \$'000	Sale of Assets \$'000	Transfer from Cash Reserves \$'000	Transfer to Cash Reserves \$'000	Council Cash \$'000
2015/16	2,901	852	56	140	91	1,499	(73)	335
2016/17	3,633	1,222	200	177	95	934	(45)	1,049
2017/18	4,236	3,089	0	0	80	0	(45)	1,112
2018/19	1,629	500	0	0	90	0	(45)	1,084
2019/20	1,095	0	0	0	90	0	(45)	1,050

In addition to using cash generated from its annual operations, asset sales, borrowings, government grants and community contributions, Council has significant cash or investment reserves that are also used to fund a variety of capital projects. These reserves are 'discretionary' cash reserves and relate to those cash and investment balances that have been set aside by Council and can be used at Council's discretion, even though they may be earmarked for a specific purpose.

The following table summarises the balance expected to be held in Council's discretionary reserves on the Balance Sheet as at 30 June each year. Note these reserves include provision for both operating and capital expenditure requirements to be met in future years.

Year	Total Discretionary Reserves \$	(1) Asset Replacement (allocated) \$	(2) Asset Replacement (unallocated) \$	(3) Projects carried forward \$	(4) Provision for superannuation liabilities \$
2015/16	1,776,385	269,038	213,340	1,254,008	40,000
2016/17	614,381	105,165	461,340	7,876	40,000
2017/18	652,381	150,165	461,340	876	40,000
2018/19	696,505	195,165	461,340	0	40,000
2019/20	741,505	240,165	461,340	0	40,000

Notes:

1. \$45,000 per annum is set aside for future building renewal works. Asset renewal projects, totalling \$233,872, are carried forward for completion in 2016/17.

2. Surplus funds from Council operations are reserved for Council's discretion in allocating these funds to future projects. \$148,000 of the remaining cash surplus from 2014/15 is expected to be transferred to reserve in the 2016/17 year, as well as \$100,000 additional cash surplus forecast in the June 2016 quarter (to be confirmed as part of finalising the 2015/16 year-end accounts and actual surplus transferred).

3. Some operating projects (\$554,000) and capital works, excluding asset renewal works included at Note 1 above (\$700,000) have been identified in the 2015/16 year, for carry over and completion in 2016/17. A further \$7,000 in operating projects is expected to be completed in 2017/18 and the balance of \$876 spent in 2018/19.

4. Council has to date set aside \$40,000 for possible future calls which may be made on the defined benefits superannuation fund. No movement in this reserve balance is budgeted for 2016/17 or the SRP years 2017/18 through 2019/20.

16.3 Service delivery

The key objectives in Council's Strategic Resource Plan (referred to in Section 14.) which directly impact the future service delivery strategy are to maintain existing service levels, achieve a breakeven operating result cumulatively (this allows for timing differences between years in terms of operating grants received in one year and spent in the next) and to achieve a breakeven cash position. The Rating Information (see Section 15.) refers to a 2.5% rate increase in 2016/17 in line with rate capping legislation, with 2.5% also applied to each SRP year 2017/18 through 2019/20. With these key objectives as a basis, a number of internal and external influences have been identified through discussions with management which will have a significant impact on the scope and level of services to be provided over the next four years.

The general influences affecting all operating revenue and expenditure include the following:

	2016/17	2017/18	2018/19	2019/20
	%	%	%	%
Income				
Rates and charges				
General rate increase	2.50%	2.50%	2.50%	2.50%
Kerbside waste charge	1.41%	2.50%	2.50%	2.50%
Public waste charge	25.09%	2.50%	2.50%	2.50%
Green waste charge	0.00%	2.50%	2.50%	2.50%
Second bin charge	4.80%	4.50%	4.30%	4.20%
Investment return	3.00%	3.00%	3.00%	3.00%
Government funding - recurrent	2.00%	2.00%	2.00%	2.00%
Statutory fees - non legislated	2.50%	2.50%	2.50%	2.50%
User charges	CPI or market-tested	CPI or market-tested	CPI or market-tested	CPI or market-tested
Expenses				
Consumer Price Index	2.50%	2.50%	2.50%	2.50%
Wages growth - EBA plus oncosts	4.00%	4.00%	4.00%	4.00%
Insurance premiums	10.00%	10.00%	10.00%	10.00%
Electricity	5.00%	5.00%	5.00%	5.00%
Gas	5.00%	5.00%	5.00%	5.00%
Water	5.00%	5.00%	5.00%	5.00%
Postage	5.00%	5.00%	5.00%	5.00%
Regional library contribution	0.00%	5.00%	5.00%	5.00%

* General rate increases are indicative and will be set by the State Government annually, therefore are subject to change from 2017/18

As well as the general influences, there are also a number of specific influences which relate directly to service areas or activities. The most significant changes in these areas are summarised below.

Waste Disposal

Council is budgeting \$849,800 for all waste services (kerbside, green and public waste) in 2016/17. Council's current waste collection and disposal contract expires at the end of the 2015/16 financial year, therefore costs included in the budget are reflective of Council's new contractual commitment forward from 2016/17.

An important component of the 2016/17 Budget process was the revision by Council of its Rating Strategy, which was made available for community consultation and feedback in February and March 2016. Council has committed to the provision of full and transparent disclosure on the rates notice with respect to all rates and charges, noting in particular that each component of Council's waste collection and disposal costs will be recovered in full and, for the first time in 2016/17. This information will be presented as separate lines on the rates notice so the community are aware of their contribution to the general, public and green waste charges.

Given the significant impact that the application of fixed charges for full cost recovery of waste would have on a greater section of the rate base, particularly those with lower value properties, Council has determined that for the 2016/17 budget year the most equitable method for establishing waste charges for full cost recovery of waste management will be as follows:

- Kerbside Waste charge, applicable to residential and tourist accommodation properties only, will be charged on the basis of a rate in the dollar multiplied by property value (CIV) consistent with past practices for decades. This charge will increase by an average of 1.41% per property;
- Public Waste charge, applicable to all rateable properties, will be charged at a fixed amount of \$96.50 per property. This charge will increase by an average of 25.09% per property; and
- Green Waste charge, applicable to residential and tourist accommodation properties only, will continue to be charged a fixed amount which will remain at \$36.90 per property in the 2016/17 year.

Further, the recent awarding of a new waste management contract in 2016 has resulted in an increase in the cost of waste services which significantly exceeds the 2.5% rate cap. The *Local Government Act 1989* permits Council to separately charge for waste services, rather than continue to include this in general rates, and Council considers that its recent decision as part of the 2016/17 Budget process to separate out the waste charges from general rates and achieve full cost recovery is the most financially responsible option available to it.

Valuation Services

The Council is required to revalue all properties with the municipality every two years. The last general revaluation was carried out as at 1 January 2016 effective for the 2016/17 year and the next revaluation will be undertaken as at 1 January 2018. An allowance of approximately \$50,000 has been made every two years to meet the additional cost of resources (contracted out) to complete the revaluation process. Approximately \$40,000 of this expenditure is refunded by the State Revenue Office under a Memorandum of Understanding arrangement. A smaller allowance of approximately \$5,000 per annum is included in the budget to cover the cost of additional resources (contracted out) to complete valuations for supplementary rating purposes.

Revaluation of Council owned and managed assets also occurs on a regular basis and funding is provided for this to occur each year for different classes of assets. Land and buildings were last revalued in the 2013/14 financial year and will next be revalued as part of the 2015/16 year-end process, with any revaluation adjustments to be included in the 2015/16 final year-end statutory accounts. Road network infrastructure and drainage infrastructure assets are revalued every three years, with the next revaluation scheduled to occur in 2016/17, although this is now expected to be brought forward to the 2015/16 year-end.

Roads, Parks and Reserves Maintenance

The Roads, Parks and Reserves Maintenance Services contract was tendered and awarded in the 2012/13 financial year. The costs included in the 2016/17 budget are reflective of Council's contractual commitment.

A provisional sum of \$35,000 (compared to \$40,000 in the 2015/16 year) is included for costs which may arise that fall outside of the fixed price components of the contract, and which are difficult to predict. This amount is reviewed as part of quarterly financial reporting and the year-end forecast is adjusted as required.

Audit costs

The legislative and compliance responsibilities of Council are such that a significant amount of audit work is carried out annually. There are insurance audits carried out by council's insurance broker, as well as end of year financial auditing as required by the Auditor-General. An audit contract for external audit services (that is, the end of year audit of Council's financial statements and performance statement, in the Annual Report) is provided through the Victorian Auditor General's Office and the fees are passed on to Council.

The Internal Audit function that carries out a number of compliance and performance audits on Council operations each year is carried out by an audit firm that is contracted directly to council through a public tendering process.

As well as contracted services, Council has an internal Audit Committee comprising two councillors and four independent members. A sitting fee is paid to each of the independent members, details of which are declared in Council's Annual Report each year.

Aged Care Services

This includes provision of general home care, personal care, respite care and home maintenance services. An additional provision of \$20,000 is included within the Aged Care & Disability Services salary budget to allow for any increase in the levels of personal and respite care that may be required. This is required as the provision of these services is more expensive than general home care (that is, carers are paid at a higher rate). This amount is reviewed as part of quarterly financial reporting and the year-end forecast is adjusted as required throughout the year.

The Commonwealth government will continue to fund community aged care packages in 2016/17. The Commonwealth government will also now fund aged care and disability services, previously funded under the State government program, from 1 July 2016. The State government remains committed to continuing funding for the community care assessments program.

The service delivery outcomes measured in financial terms are shown in the following table.

Year	Surplus/ (deficit) for the year \$'000	Adjusted Underlying Surplus/ (deficit) \$'000	Net Service/ (Cost) \$'000
2015/16	278	(630)	(7,192)
2016/17	806	(616)	(7,399)
2017/18	3,067	(22)	(6,974)
2018/19	414	(86)	(7,213)
2019/20	(132)	(132)	(7,438)

Service levels have been maintained throughout the four year period with operating surpluses forecast for the years 2016/17, 2017/18 and 2018/19.

The surplus is greater in 2016/17 and 2017/18 as a result of significant capital grant funding confirmed to be received for the Queenscliff Sports & Recreation Precinct project, with grant funding budgeted (although not yet secured) for the Point Lonsdale Lighthouse Reserve Master Plan (2016/17 and 2017/18) and Royal Park Tourist Park Improvements (2017/18 and 2018/19). No further assumption has been made regarding other significant capital grant funding in the out years, aside from these important projects.

Excluding capital grant funding, the adjusted underlying result reflects a movement from large deficits in 2015/16 and 2016/17 (resulting from timing differences between operating grants received in one year and carry forwards for expenditure in the next financial year) to somewhat smaller, though increasing deficits, in the SRP years 2017/18 through 2019/20. This reflects the limited assumptions regarding future grant funding, as well as costs increasing at a rate higher than that able to be recovered by way of rate revenue, now that a 2.5% rate cap is to be applied in line with rate capping legislation.

The net cost of the services provided to the community increases over the four year period, from \$7,399,000 in the 2016/17 budget year (noting this includes \$544,000 of carry forward operating projects) to \$7,438,000 in the 2019/20 financial year.

Appendices

A Fees and charges schedule

This appendix presents the fees and charges of a statutory and non-statutory nature which will be charged in respect to various goods and services provided during the 2016/17 year.

The following information is listed for each type of fee charged by Council:

- Program / activity to which the user fee relates (example: law enforcement)
- Type of fee charged (example: dog registration)
- More details regarding each fee type (example: dog registration – sterilised dog)
- An indication as to whether the fee is legislated or at the discretion of Council
- Whether the fee is inclusive of GST, or if in fact GST does not apply to the fee
- Fees for both the current year (2015/16) and proposed fees for the next year (2016/17)
- % increase in fees compared with that charged for the previous year

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2016/17 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2015/16 Forecast		2016/17 Budget	
					Price	% Increase	Price	% Increase
Rates & Charges	Land Information Certificates	Per certificate	Legislated	N	\$24.80	24.0%	\$25.40	2.4%
	Rates Debt Collection Fee	Per debt collection agency letter issued		Y	\$20.00	0.0%	\$20.00	0.0%
	Previous year rates notices	Per notice fee (per 20 minutes)		N	\$10.00	-16.7%	\$10.00	0.0%
	Rate history enquiry	Administration fee (per hour)		N	\$45.00	2.3%	\$46.00	2.2%
	Dishonoured Cheque Fee	Per cheque dishonoured - Australia Post transactions		N	\$15.00	0.0%	\$15.00	0.0%
			Per cheque dishonoured - Bank transactions		N	\$10.00	0.0%	\$10.00
Administration	Photocopy charges - per page	Own paper supplied		Y	\$0.20	0.0%	\$0.25	25.0%
		A4 paper		Y	\$0.25	0.0%	\$0.30	20.0%
		A3 paper		Y	\$0.50	0.0%	\$0.55	10.0%
		A4 colour copy		Y	\$1.15	0.0%	\$1.20	4.3%
		A3 colour copy		Y	\$1.65	0.0%	\$1.70	3.0%
		A4 laminating		Y	\$2.15	0.0%	\$2.25	4.7%
		A3 laminating		Y	\$3.70	0.0%	\$3.85	4.1%
	Freedom of Information Enquiries	Per hour	Legislated	N	\$27.70	4.5%	\$28.40	2.5%
Facility Hire	Per day hire - Town Hall	Social Events / Functions - Charity		Y	\$46.00	2.2%	\$46.00	0.0%
		Social Events / Functions - Local organisations/community events		Y	\$102.00	2.0%	\$102.00	0.0%
		Social Events / Functions - Private events		Y	\$287.00	2.5%	\$294.00	2.4%
		Set-up / clean-up fee for events in the Town Hall		Y	\$50.00	0.0%	\$51.00	2.0%
		Commercial		Y	\$456.00	2.5%	\$467.00	2.4%
	Per day hire - Pavilion	Local		Y	\$80.00	2.6%	\$82.00	2.5%
		Non-local		Y	\$174.00	2.4%	\$178.00	2.3%
		Power usage only		Y	\$45.00	2.3%	\$46.00	2.2%
	Per day hire - Oval	Booking fee		Y	\$72.00	2.9%	\$74.00	2.8%
	Visitor Information Centre	Historical Walks	Per guided walk		Y	\$15.00	25.0%	\$15.00
Display Banners		Per week		Y	\$20.00	-50.0%	\$20.00	0.0%
Souvenirs		Per item *		Y	Various	2.5%	Various	0.0%

** Please ask at the Visitor Information Centre for a current price list for souvenirs.*

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2016/17 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2015/16 Forecast		2016/17 Budget	
					Price	% Increase	Price	% Increase
Aged Care	Charges dependant on client means test	Home Care		N	\$5.00 - \$19.15	0.0%	\$5.00 - \$19.15	0.0%
		Personal Care		N	\$5.00 - \$19.16	0.0%	\$5.00 - \$19.16	0.0%
		Respite Care		N	\$2.55	0.0%	\$2.55	0.0%
		Home Maintenance		N	\$10.15 - \$17.55	0.0%	\$10.15 - \$17.55	0.0%
	Client Travel	Per hour, extra to \$ rate for care received		N	\$1.00	0.0%	\$1.00	0.0%
	Other Agencies \$/hour	Home Care		Y	\$48.00	0.0%	\$48.00	0.0%
		Personal Care		Y	\$50.30	0.0%	\$50.30	0.0%
		Respite Care		Y	\$51.30	0.0%	\$51.30	0.0%
		Home Maintenance		Y	\$53.40	0.0%	\$53.40	0.0%
		Travel fees per km		Y	\$1.15	0.0%	\$1.15	0.0%
	Community Aged Care Packages	varies per package		N	\$10.00 - \$50.00	0.0%	\$10.00 - \$50.00	0.0%
Engineering	Build Over Easement Permit	Per permit	Legislated	N	\$250.65	2.7%	\$256.90	2.5%
	Legal Point of Discharge Enquiry	Per enquiry		N	\$62.60	2.8%	\$64.10	2.4%
	Road Opening Permit	Per permit (maximum fee of 11.5 units)		N	\$108.00	0.0%	\$110.70	2.5%
	Cross-over Reinstalment	Provision of asphalt (incl. administrative costs) - per square metre		N	n/a	n/a	\$180.00	n/a
Building	Lodgement Fees - Building Permits	Per lodgement	Legislated	N	\$37.40	2.7%	\$38.35	2.5%
	Building Certificate - Property Enquiry	Per certificate		N	\$49.90	2.7%	\$51.15	2.5%
	Building Surveyors Consent - Permit	Per permit		N	\$250.65	5.0%	\$256.90	2.5%
	Building Surveyors Consent - Permit	Per permit - where land is liable to flooding		N	\$250.65	5.0%	\$256.90	2.5%
	Copying of Building Permit Documentation	Per copy		Y	\$100 min.	0.0%	\$100 min.	0.0%
	Records Search Fee	Per hour (additional cost if we need to send to PROV for documents)		Y	\$105.00	2.9%	\$105.00	0.0%
Environmental Health	Food - Class 1 & 2	Per registration		N	\$334.00	2.5%	\$342.00	2.4%
	Food - Class 3	Per registration		N	\$220.00	2.3%	\$226.00	2.7%
	Mobile food premises - Class 2	Per registration		N	\$334.00	2.5%	\$342.00	2.4%
	Mobile food premises - Class 3	Per registration		N	\$220.00	2.3%	\$226.00	2.7%
	Accomodation	Per registration		N	\$334.00	2.5%	\$342.00	2.4%
	Hairdresser/Beauty Premises	Per registration		N	\$167.00	2.5%	\$171.00	2.4%
	Premises	Per transfer inspection		Y	\$174.00	2.4%	\$178.00	2.3%
	Septic tank fees	Per permit to install		N	\$368.00	2.5%	\$377.00	2.4%
	Septic tank fees	Per permit to alter / 801 report and content		N	\$183.00	2.2%	\$188.00	2.7%
	Temporary food registration	Per for-profit organisation		N	\$183.00	2.2%	\$188.00	2.7%
	Temporary food registration - Class 2 & 3	Per community organisation (up to 12 events held each year)		N	\$0.00	0.0%	\$0.00	0.0%
	Temporary food registration - Class 2	Per community organisation (more than 12 events held each year)		N	\$0.00	0.0%	\$171.00	0.0%
	Temporary food registration - Class 3	Per community organisation (more than 12 events held each year)		N	\$0.00	0.0%	\$113.00	0.0%
	Temporary food registration - Class 4	Per community organisation		N	\$0.00	0.0%	\$0.00	0.0%
	Associated fixed premise (temporary food)	Per registration		N	\$0.00	0.0%	\$0.00	0.0%

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2016/17 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2015/16 Forecast		2016/17 Budget		
					Price	% Increase	Price	% Increase	
Town Planning	Certificate	Per certificate	Legislated	N	\$18.20	0.0%	\$18.20	0.0%	
	Planning Permit - new application	Per permit		N	\$102 - \$16,130	0.0%	\$102 - \$16,130	0.0%	
	Planning Permit - extension of time	Per permit		N	\$102.00	0.0%	\$102.00	0.0%	
	Planning Permit - amendment	Per permit		N	\$102 - \$815	0.0%	\$102 - \$815	0.0%	
	Planning Permit - subdivision	Per subdivision		N	\$386 - \$781	0.0%	\$386 - \$781	0.0%	
	Certification - subdivision	Per subdivision		N	\$140.00	0.0%	\$140.00	0.0%	
	Section 29A request	Per request		N	\$62.60	2.8%	\$64.15	2.5%	
	Planning Infringements	Per infringement - natural person (five penalty units)		N	\$758.35	7.7%	\$758.35	0.0%	
	Planning Infringements	Per infringement - body corporate (ten penalty units)		N	\$1,516.70	7.7%	\$1,516.70	0.0%	
Town planning fees are legislated by State Government and subject to change. Please contact Council's planning department for current information on applicable planning fees.									
Local Laws	Dog Registrations - per registration <i>Note: fees are in accordance with the Domestic Animals Act, where applicable.</i>	Declared Restricted Breed		N	\$500.00	0.0%	\$500.00	0.0%	
		Declared Menacing Breed		N	\$500.00	0.0%	\$500.00	0.0%	
		Declared Dangerous Dog		N	\$500.00	0.0%	\$500.00	0.0%	
		Entire		Partially legislated	N	\$102.90	2.4%	\$105.00	2.0%
		Entire (pensioner concession)			N	\$51.45	2.4%	\$52.50	2.0%
		Entire & Existing Microchipped			N	\$34.30	2.4%	\$35.00	2.0%
		Registered Organisation (both owner and animal)			N	\$34.30	2.4%	\$35.00	2.0%
		Desexed			N	\$34.30	2.4%	\$35.00	2.0%
		Desexed & Microchipped			N	\$34.30	2.4%	\$35.00	2.0%
		Desexed (Pensioner Concession)			N	\$17.15	2.4%	\$17.50	2.0%
		Dual Registered			N	\$7.00	0.0%	\$7.00	0.0%
		Guide Dog		Legislated	N	\$0.00	0.0%	\$0.00	0.0%
		Replacement Dog Tag		N	\$2.00	0.0%	\$2.00	0.0%	
	Cat Registrations - per registration <i>Note: fees are in accordance with Domestic Animals Act, where applicable.</i>	Entire (not applicable in BoQ as local law does not allow entire cat)		N	n/a	0.0%	n/a	0.0%	
		Registered Organisation (both owner and animal)		N	\$29.70	2.4%	\$30.00	1.0%	
		Microchipped (existing reg'ns only)		N	\$29.70	2.4%	\$30.00	1.0%	
		Desexed		N	\$29.70	2.4%	\$30.00	1.0%	
		Desexed & Microchipped		N	\$29.70	2.4%	\$30.00	1.0%	
		Desexed (Pensioner Concession)		N	\$14.85	2.4%	\$15.00	1.0%	
		Dual Registered		N	\$7.00	0.0%	\$7.00	0.0%	
Replacement Cat Tag		N	\$2.00	0.0%	\$2.00	0.0%			

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2016/17 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2015/16 Forecast		2016/17 Budget	
					Price	% Increase	Price	% Increase
Local Laws (continued)	Local Law Permit Fees <i>Note: unless otherwise stipulated, these are annual permit fees.</i>	Planting on or removal of plants from naturestrip		N	Nil	0.0%	Nil	0.0%
		Keeping more animals or birds than prescribed - application fee		N	\$84.00	2.4%	\$86.00	2.4%
		Keeping more animals or birds than prescribed - annual renewal		N	\$16.00	3.2%	\$16.50	3.1%
		Keeping an animal or bird not listed		N	Nil	0.0%	Nil	0.0%
		Lighting a fire in the open		N	\$105.00	2.4%	\$107.50	2.4%
		Builders construction of temporary vehicle crossing		N	\$120.00	2.6%	\$123.00	2.5%
		Tapping into Council drain		N	\$59.50	2.6%	\$61.00	2.5%
		Road opening		N	\$120.00	2.6%	\$123.00	2.5%
		Bringing a horse or donkey		N	\$26.50	1.9%	\$27.00	1.9%
		Erecting booth, stall scaffolding etc - for charitable purposes		N	Nil	0.0%	Nil	0.0%
		Erecting booth, stall scaffolding etc - for other purposes		N	\$162.00	2.5%	\$166.00	2.5%
		Placing signs, displaying or storing goods - for charitable purposes		N	Nil	0.0%	Nil	0.0%
		Placing signs, displaying or storing goods - for other purposes		N	\$33.00	3.1%	\$34.00	3.0%
		Placing signs, displaying or storing goods - annually		N	\$97.50	2.6%	\$100.00	2.6%
		Singing, playing a musical instrument, delivering a public address, using sound amplifying equipment - for charitable purposes		N	Nil	0.0%	Nil	0.0%
		Singing, playing a musical instrument, delivering a public address, using sound amplifying equipment - for other purposes (<=7 days)		N	\$16.50	3.1%	\$17.00	3.0%
		Singing, playing a musical instrument, delivering a public address, using sound amplifying equipment - for other purposes (annual		N	\$54.50	2.8%	\$56.00	2.8%
		Sell or hire or offer for sale or hire goods or services or raffle or lottery tickets - for charitable purposes		N	Nil	0.0%	Nil	0.0%
		Sell or hire or offer for sale or hire goods or services or raffle or lottery tickets - for other purposes		N	By arrangement	0.0%	By arrangement	0.0%
		Filming within the Borough - Feature Films & Commercials - First day		N	\$269.50	2.5%	\$276.00	2.4%
		Filming within the Borough - Feature Films & Commercials - Subsequent day(s), per day		N	\$107.50	2.4%	\$110.00	2.3%
		Filming within the Borough - Major Television Productions, low and medium budget films, telemovies - First day		N	\$215.00	2.4%	\$220.50	2.6%
		Filming within the Borough - Major Television Productions, low and medium budget films, telemovies - Subsequent day(s), per day		N	\$107.50	2.4%	\$110.00	2.3%
		Filming within Borough - Commercial Stills Photography - First day		N	\$162.00	2.5%	\$166.00	2.5%
		Filming within the Borough - Commercial Stills Photography - Subsequent Day(s), per day		N	\$54.50	2.8%	\$56.00	2.8%

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2016/17 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2015/16 Forecast		2016/17 Budget		
					Price	% Increase	Price	% Increase	
Local Laws (continued)	Local Law Permit Fees (continued) <i>Note: unless otherwise stipulated, these are annual permit fees.</i>	Filming within the Borough - Small Scale Television Productions - First day		N	\$107.50	2.4%	\$110.00	2.3%	
		Filming within the Borough - Small Scale Television Productions - Subsequent day(s), per day		N	\$54.50	2.8%	\$56.00	2.8%	
		Filming within the Borough - Productions for Charities		N	By arrangement	0.0%	By arrangement	0.0%	
		Using a crane, hoist or movable platform etc		N	\$162.00	2.5%	\$166.00	2.5%	
		Fly an engine powered model airplane		N	\$33.00	3.1%	\$34.00	3.0%	
		Landing a helicopter - weekdays 9am-5pm		N	\$105.00	2.4%	\$107.50	2.4%	
		Landing a helicopter - week nights and all day Saturday		N	\$210.00	2.4%	\$215.00	2.4%	
		Landing a helicopter - all day on a Sunday		N	\$315.00	2.4%	\$323.00	2.5%	
		Removing paint, painting or repairing a vehicle or boat in a public place - per permit		N	\$1,050.50	2.5%	\$1,077.00	2.5%	
		Place a skip - accredited & have insurance - per week		N	\$33.00	3.1%	\$34.00	3.0%	
		Place a skip - non-accredited - per week		N	\$86.00	2.4%	\$88.00	2.3%	
		Events - local law - weddings		N	\$107.50	2.4%	\$110.00	2.3%	
		Events - local law - major event (promote or conduct an event for which an entry fee is charged or which is intended to make a profit)		N	By arrangement	0.0%	By arrangement	0.0%	
		Conduct a road activity - for charitable purposes		N	Nil	0.0%	Nil	0.0%	
		Conduct a road activity - for other purposes		N	\$54.50	2.8%	\$56.00	2.8%	
		Camping or keeping a caravan in a public place or private land - per day (NIL for the first 6 weeks on private land)		N	\$28.50	1.8%	\$29.00	1.8%	
		Special uses and events		N	By arrangement	0.0%	By arrangement	0.0%	
		Street appeals - for charitable purposes		N	Nil	0.0%	Nil	0.0%	
		Street appeals - for other purposes		N	\$107.50	2.4%	\$110.00	2.3%	
		Consumption of liquor		N	\$5.00	0.0%	\$5.50	10.0%	
		Itinerant trading (roadside vendors)		N	By arrangement	0.0%	By arrangement	0.0%	
		Failure to comply with a notice to comply (three penalty units)		N	\$455.00	5.0%	\$455.00	0.0%	
		Parking Fines - per infringement	Minimum fee	Legislated	N	\$70.00	0.0%	\$70.00	0.0%
			Medium fee		N	\$70.00	0.0%	\$70.00	0.0%
			Maximum fee		N	\$116.00	0.0%	\$116.00	0.0%
			Courtesy letter fee		N	\$22.00	4.8%	\$22.00	0.0%

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2016/17 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2015/16 Forecast		2016/17 Budget		
					Price	% Increase	Price	% Increase	
Local Laws (continued)	Fire Hazard Charges	Failing to comply with a fire prevention notice	Legislated	N	\$1,517.00	7.6%	\$1,517.00	0.0%	
		Failing to obtain a permit to conduct road opening		N	\$531.00	0.2%	\$531.00	0.0%	
	Animal Infringements	Dog not on lead in public place	Legislated	N	\$152.00	7.8%	\$152.00	0.0%	
		Dog wandering at large, day time		N	\$228.00	8.1%	\$228.00	0.0%	
		Dog wandering at large, night time		N	\$303.00	7.4%	\$303.00	0.0%	
		Failure to register a dog or cat		N	\$303.00	7.4%	\$303.00	0.0%	
		Registered dog or cat not wearing tag		N	\$70.00	0.0%	\$70.00	0.0%	
		Unregistered dog or cat wearing a tag		N	\$70.00	0.0%	\$70.00	0.0%	
		Contravening council order regarding dogs or cats in public place		N	\$152.00	7.8%	\$152.00	0.0%	
		Dog or cat being a nuisance		N	\$70.00	0.0%	\$70.00	0.0%	
	Animal Infringements	Cat at large or not securely confined to owners premises	Legislated	N	\$152.00	7.8%	\$152.00	0.0%	
		Greyhounds not muzzled or chain outside owners premises		N	\$228.00	8.1%	\$228.00	0.0%	
		Non compliance of order to abate nuisance		N	\$228.00	8.1%	\$228.00	0.0%	
Boat Ramp	All	Casual (day use) pass		Y	\$10.00	0.0%	\$12.00	20.0%	
	Resident	Annual pass		Y	\$121.00	2.5%	\$124.00	2.5%	
	Non Resident	Annual pass		Y	\$189.00	2.4%	\$194.00	2.6%	
	Commercial Operators	Annual pass		Y	n/a	n/a	\$275.00	n/a	
	Government Agencies	Annual pass		Y	n/a	n/a	\$194.00	n/a	
Foreshore Other	Tour Operators	Licence (permit to carry out recreational business for profit on Crown Land managed by Council)	Legislated	Y	\$275.00	0.0%	\$275.00	n/a	
Caravan Parks	Go Lightly (based on 2 adults & 4 children)	Annual fees - A		Y	\$8,694.00	2.5%	\$8,912.00	2.5%	
		Annual fees - B		Y	\$7,943.00	2.5%	\$8,142.00	2.5%	
		Annual fees - C		Y	\$7,617.00	2.5%	\$7,808.00	2.5%	
	Recreation Reserve (based on 2 adults)	Annual fee		Y	\$5,448.00	2.5%	\$5,585.00	2.5%	
	Victoria Park (based on 2 adults)	Annual fee		Y	\$5,448.00	2.5%	\$5,585.00	2.5%	
	Seasonal Package - All Parks	1 December - 30 April		Y	\$4,455.00	2.5%	\$4,567.00	2.5%	
	Seasonal Package - All Parks	1 December - 31 March		Y	\$3,877.00	2.5%	\$3,974.00	2.5%	
	Seasonal Package - All Parks	1 December - 28 February		Y	\$3,068.00	2.5%	\$3,145.00	2.5%	
	Seasonal Package - All Parks	26 December - 31 January		Y	\$2,017.00	2.5%	\$2,068.00	2.5%	
	Seasonal Package - All Parks	1 February - 30 April		Y	\$2,047.00	9.1%	\$2,099.00	2.5%	
	Seasonal Package - All Parks	1 February - 31 March		Y	\$1,416.00	12.7%	\$1,452.00	2.5%	
	Seasonal Package - All Parks	1 February - 28 February		Y	\$840.00	n/a	\$861.00	2.5%	
	All Seasonal Packages are based on 2 adults only								

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2016/17 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2015/16 Forecast		2016/17 Budget		
					Price	% Increase	Price	% Increase	
Caravan Parks	Additional persons	Extra adult on annual permit or seasonal package		Y	\$127.00	2.4%	\$130.00	2.4%	
		Extra child on annual permit or seasonal package		Y	\$65.00	1.6%	\$67.00	3.1%	
		Extra adult - Casual site, per night		Y	\$15.00	0.0%	\$15.00	0.0%	
		Extra child - Casual site, per night		Y	\$10.00	0.0%	\$10.00	0.0%	
	Seniors discount of 10% applies to casual camping, extra rates, during shoulder and off peak only								
	Casual - per night *	Prime (21 December to 31 January)		Y	\$64.00	4.9%	\$66.00	3.1%	
		Peak (Labour Day weekend, Easter and special events)		Y	\$54.00	1.9%	\$55.00	1.9%	
		Shoulder (1 February to 30 April & 1 November to 20 December, with Peak exclusions)		Y	\$41.00	2.5%	\$42.00	2.4%	
		Off Peak (1 May to 31 October)		Y	\$34.00	3.0%	\$35.00	2.9%	
		Queenscliff Music Festival weekend		Y	\$180.00	2.5%	TBC		
	Cabins - per night	New Cabin - Peak (21 December to 31 January plus Labour Day weekend, Easter and special events)		Y	\$254.00	2.8%	\$260.00	2.4%	
		New Cabin - Shoulder (1 February to 30 April & 1 November to 20 December, with Peak exclusions)		Y	\$193.00	2.7%	\$198.00	2.6%	
		New Cabin - Off Peak (1 May to 31 October)		Y	\$170.00	2.4%	\$174.00	2.4%	
	Cabins - per night	Old Cabin ("Whale") - Peak (dates as per new cabin)		Y	\$150.00	2.0%	\$154.00	2.7%	
		Old Cabin ("Whale") - Shoulder (dates as per new cabin)		Y	\$127.00	2.4%	\$130.00	2.4%	
		Old Cabin ("Whale") - Off Peak (dates as per new cabin)		Y	\$112.00	2.8%	\$115.00	2.7%	
		Old Cabin ("Sardine") - Peak (dates as per new cabin)		Y	\$133.00	2.3%	\$136.00	2.3%	
		Old Cabin ("Sardine") - Shoulder (dates as per new cabin)		Y	\$112.00	2.8%	\$115.00	2.7%	
		Old Cabin ("Sardine") - Off Peak (dates as per new cabin)		Y	\$100.00	2.0%	\$103.00	3.0%	
		Additional Person		Y	\$17.00	0.0%	\$17.00	0.0%	
	Other Charges (applies for all sites)	Cancellation Fee		Y	\$50.00	0.0%	\$50.00	0.0%	
		Late Checkout Fee - Camp sites only		Y	\$10.00	-66.7%	\$10.00	0.0%	
		Unoccupied site fee (Seasonal Christmas/January package only)		Y	\$15.00	0.0%	\$15.00	0.0%	
		Laundry Charges - Washing Machine		Y	\$4.00	0.0%	\$4.00	0.0%	
		Laundry Charges - Dryer (per 15 minutes)		Y	\$3.00	0.0%	\$3.00	0.0%	
		Bags of Ice (per bag)		Y	\$4.00	14.3%	\$4.00	0.0%	

* Given the competitive nature of camping and caravan park accommodation, casual rates for long-term (minimum 20 night stay) camping during the off-peak season may be varied to a maximum discount of 20%. A 20% premium may apply for the duration of publicly advertised major events. Any discounts/premiums to be approved by a member of the Executive Management Team.

B Budget processes

This section lists the budget processes to be undertaken in order to adopt the Budget in accordance with the *Local Government Act 1989* (the Act) and *Local Government (Planning and Reporting) Regulations 2014* (the Regulations).

Under the Act, Council is required to prepare and adopt an annual budget for each financial year. The budget is required to include certain information about the rates and charges that Council intends to levy as well as a range of other information required by the Regulations which support the Act.

The 2016/17 budget, which is included in this report, is for the year 1 July 2016 to 30 June 2017 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ended 30 June 2017 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards and the Local Government Model Accounts. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information Council requires in order to make an informed decision about the adoption of the budget.

A 'proposed' budget is prepared in accordance with the Act and submitted to Council in April for approval 'in principle'. Council is then required to give 'public notice' that it intends to 'adopt' the budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its web site. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council.

With the introduction of the State Government's rate capping legislation in 2015, Councils are now unable to determine the level of rate increase and instead must use a maximum rate increase determined by the Minister for Local Government, which is announced in December for application in the following financial year.

If a Council wishes to seek a rate increase above the maximum allowable, it must submit a rate variation submission to the Essential Services Commission (ESC). The ESC will determine whether the rate increase variation submission has been successful, by 31 May. In many cases, this will require Councils to undertake 'public notice' on two separate proposed budgets simultaneously, i.e. the Minister's maximum rate increase and the Council's required rate increase.

The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. The budget is required to be adopted by 30 June and a copy submitted to the Minister within 28 days after adoption. The key dates for the budget process are summarised below:

Budget process	Timing
1. Officers update Council's long term financial projections	October – November
2. Officers prepare operating and capital budgets	November – December
3. Councillors consider draft budgets at informal briefings and workshop	December – February
4. Proposed budget submitted to Council for approval	27 April
5. Public notice advising intention to prepare budget	29 April
6. Budget available for public inspection and comment	29 April – 26 May
7. Public submission process undertaken	29 April – 26 May
8. Public information sessions	9-10 May
9. Submissions period closes (28 days)	26 May
10. Hearing of submissions by Council	2 June
11. Budget and submissions presented to Council for adoption	22 June
12. Copy of adopted budget submitted to the Minister	27 June

Glossary

Term	Definition
Act	Local Government Act 1989
Accounting Standards	Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and have the force of law for Corporations law entities under s 296 of the <i>Corporations Act 2001</i> . They must also be applied to all other general purpose financial reports of reporting entities in the public and private sectors.
Adjusted underlying revenue	The adjusted underlying revenue means total income other than non-recurrent grants used to fund capital expenditure, non-monetary asset contributions, and contributions to fund capital expenditure from sources other than grants and non-monetary contributions. <i>Local Government (Planning and Reporting) Regulations 2014 – Schedule 3</i>
Adjusted underlying surplus (or deficit)	The adjusted underlying surplus (or deficit) means adjusted underlying revenue less total expenditure. It is a measure of financial sustainability of the Council which can be masked in the net surplus (or deficit) by capital-related items. <i>Local Government (Planning and Reporting) Regulations 2014 – Schedule 3</i>
Annual budget	Plan under section 127 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required.
Annual report	The annual report prepared by Council under sections 131, 132 and 133 of the Act. The annual report to the community contains a report of operations and audited financial and performance statements.
Annual reporting requirements	Annual reporting requirements include the financial reporting requirements of the Act, Accounting Standards and other mandatory professional reporting requirements.
Asset expansion expenditure	Expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to existing beneficiaries. <i>Local Government (Planning and Reporting) Regulations 2014 – Regulation 5</i>
Asset renewal expenditure	Expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability. <i>Local Government (Planning and Reporting) Regulations 2014 – Regulation 5</i>
Asset upgrade expenditure	Expenditure that: (a) enhances an existing asset to provide a higher level of service; or (b) increases the life of the asset beyond its original life. <i>Local Government (Planning and Reporting) Regulations 2014 – Regulation 5</i>
Borrowing strategy	A borrowing strategy is the process by which the Council's current external funding requirements can be identified, existing funding arrangements managed and future requirements monitored.
Balance sheet	The balance sheet shows the expected net current asset, net non-current asset and net asset positions in the forthcoming year compared to the forecast actual in the current year. The balance sheet should be prepared in accordance with the requirements of AASB 101 – Presentation of Financial Statements and the Local Government Model Financial Report.

Term	Definition
Comprehensive income statement	The comprehensive income statement shows the expected operating result in the forthcoming year compared to the forecast actual result in the current year. The comprehensive income statement should be prepared in accordance with the requirements of AASB 101 – Presentation of Financial Statements and the Local Government Model Financial Report.
Financial Statements	<p>Section(s) 126(2)(a), 127(2)(a) and/or 131(1)(b) of the Act require the following documents to include financial statements:</p> <ul style="list-style-type: none"> - Strategic resource plan - Budget - Annual report <p>The financial statements to be included in the Budget include:</p> <ul style="list-style-type: none"> - Comprehensive Income Statement - Balance Sheet - Statement of Changes in Equity - Statement of Cash Flows - Statement of Capital Works <p>The financial statements must be in the form set out in the Local Government Model Financial Report.</p>
Statement of capital works	<p>The statement of capital works shows the expected internal and external funding for capital works expenditure and the total proposed capital works expenditure for the forthcoming year with a comparison with forecast actual for the current year. The statement of capital works should be prepared in accordance with Regulation 9.</p> <p><i>Local Government (Planning and Reporting) Regulations 2014 – Regulation 9</i></p>
Statement of cash flows	The statement of cash flows shows the expected net cash inflows and outflows in the forthcoming year in the form of reconciliation between opening and closing balances of total cash and investments for the year. Comparison is made to the current year's expected inflows and outflows. The cash flow statement should be prepared in accordance with the requirements of AASB 107 – Statement of Cash Flows and the Local Government Model Financial Report.
Statement of changes in equity	The statement of changes in equity shows the expected movement in Accumulated Surplus and reserves for the year. The statement of changes in equity should be prepared in accordance with the requirements of AASB 101 – Presentation of Financial Statements and the Local Government Model Financial Report.
Budget preparation requirement	<p>Under the Act, a Council is required to prepare and adopt an annual budget by 30 June each year.</p> <p>The <i>Local Government Amendment (Performance Reporting and Accountability) Bill 2013</i> amends the date the budget must be adopted to 30 June each year – refer section 11(1) of the Bill. This amends section 130(3) of the Act.</p>
Capital expenditure	Capital expenditure is relatively large (material) expenditure that produces economic benefits expected to last for more than 12 months. A pre-determined 'threshold' may be used which indicates the level of expenditure deemed to be material in accordance with Council's policy. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and upgrade expenditures, the total project cost needs to be allocated accordingly.

Term	Definition
Capital works program	A detailed list of capital works expenditure that will be undertaken during the 2015/16 financial year. Regulation 10 requires that the budget contains a detailed list of capital works expenditure and sets out how that information is to be disclosed by reference to asset categories, asset expenditure type and funding sources.
Carry forward capital works	Carry forward capital works are those that are incomplete in the current budget year and will be completed in the following budget year.
Council Plan	Means a Council Plan prepared by the Council under Section 125 of the <i>Local Government Act 1989</i> . This document sets out the strategic objectives of the Council and strategies for achieving the objectives as part of the overall strategic planning framework required by the Act.
Department of Environment, Land, Water and Planning (DELWP)	Local Government Victoria is part of the Department of Environment, Land, Water and Planning (DELWP). It was previously part of the former: <ul style="list-style-type: none"> • Department of Transport, Planning and Local Infrastructure (DTPLI) • Department of Planning and Community Development (DPCD) • Department of Victorian Communities (DVC)
Discretionary reserves	Discretionary reserves are funds earmarked by Council for various purposes. Councils can by resolution change the purpose of these reserves.
External influences in the preparation of a budget	Matters arising from third party actions over which Council has little or no control e.g. change in legislation.
Financial sustainability	A key outcome of the strategic resource plan. Longer term planning is essential in ensuring that a Council remains financially sustainable in the long term.
Financing activities	Financing activities means those activities which relate to changing the size and composition of the financial structure of the entity, including equity, and borrowings not falling within the definition of cash.
Four way budgeting methodology (<i>Strategic resource plan</i>)	The linking of the income statement, balance sheet, cash flow statement and capital works statement to produce forecast financial statements based on assumptions about future movements in key revenues, expenses, assets and liabilities.
Infrastructure	Non-current property, plant and equipment excluding land.
Infrastructure strategy	An infrastructure strategy is the process by which current infrastructure and ongoing maintenance requirements can be identified, budgeted capital works implemented and future developments monitored. The key objective of an infrastructure strategy is to maintain or preserve Council's existing assets at desired condition levels. If sufficient funds are not allocated to asset preservation then Council's investment in those assets will reduce, along with the capacity to deliver services to the community.
Internal influences in the preparation of a budget	Matters arising from Council actions over which there is some element of control (e.g. approval of unbudgeted capital expenditure).
Investing activities	Investing activities means those activities which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash.
Key assumptions	When preparing a budgeted balance sheet of financial position, key assumptions upon which the statement has been based should be disclosed in the budget to assist the reader when comparing movements in assets, liabilities and equity between budget years.

Term	Definition
Legislative framework	The Act, Regulations and other laws and statutes which set a Council's governance, planning and reporting requirements.
Local Government Model Financial Report	Local Government Model Financial Report published by the Department from time to time including on the Department's Internet website.
Local Government (Planning and Reporting) Regulations 2014	Regulations, made under Section 243 of the Act, prescribe: (a) The content and preparation of the financial statements of a Council (b) The performance indicators and measures to be included in a budget, revised budget and annual report of a Council (c) The information to be included in a Council Plan, Strategic Resource Plan, budget, revised budget and annual report (d) Other matters required to be prescribed under Parts 6 and 7 of the Act.
New asset expenditure	Expenditure that creates a new asset that provides a service that does not currently exist. <i>Local Government (Planning and Reporting) Regulations 2014 – Regulation 5</i>
Non-financial resources	Means the resources other than financial resources required to deliver the services and initiatives in the budget.
Non-recurrent grant	Means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a Council's Strategic Resource Plan.
Operating activities	Operating activities means those activities that relate to the provision of goods and services.
Operating expenditure	Operating expenditure is defined as consumptions or losses of future economic benefits, in the form of reductions in assets or increases in liabilities; and that result in a decrease in equity during the reporting period.
Operating performance (<i>Impact of current year on 2015/16 budget</i>)	This statement shows the expected operating result as compared to the budget result in the current year, separating operating and capital components of revenue and expenditure.
Operating revenue	Operating revenue is defined as inflows or other enhancements or savings in outflows of future economic benefits in the form of increases in assets or reductions in liabilities; and that result in an increase in equity during the reporting period.
Own-source revenue	Means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants). <i>Local Government (Planning and Reporting) Regulations 2014 – Regulation 5</i>
Performance statement	Means a statement including the results of the prescribed service outcome indicators, financial performance indicators and sustainable capacity indicators for the financial year and included in the annual report.
Rate structure (<i>Rating information</i>)	Site value (SV), capital improved value (CIV) or net annual value (NAV) are the main bases upon which rates will be levied. These should be detailed in the budget statement.

Term	Definition
Rating strategy	A rating strategy is the process by which the Council's rate structure is established and how the total income generated through rates and charges is allocated across properties in the municipality. Decisions regarding the quantum of rate levels and increases from year to year are made as part of Council's long term financial planning processes and with consideration of Council's other sources of income and the planned expenditure on services and works to be undertaken for its community.
Recurrent grant	A grant other than a non-recurrent grant.
Regulations	<i>Local Government (Planning and Reporting) Regulations 2014.</i>
Restricted cash	Cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year.
Revised budget	The revised budget prepared by a Council under Section 128 of the Act. Section 128 of the Act permits a Council to prepare a revised budget if circumstances arise which cause a material change in the budget and which affects the financial operations and position of the Council.
Road Management Act	The purpose of this Act which operates from 1 July 2004 is to reform the law relating to road management in Victoria and to make relating amendments to certain Acts, including the <i>Local Government Act 1989</i> .
Services, Initiatives and Major Initiatives	<p>Section 127 of the Act requires a budget to contain a description of the services and initiatives to be funded by the budget, along with a statement as to how they will contribute to the achievement of the Council's strategic objectives as specified in the Council Plan.</p> <p>The budget must also include major initiatives, being initiatives identified by the Council as priorities to be undertaken during the financial year.</p> <p>The services delivered by Council means assistance, support, advice and other actions undertaken by a council for the benefit of the local community.</p> <p>Initiatives means actions that are once-off in nature and/or lead to improvements in service.</p> <p>Major initiatives means significant initiatives that will directly contribute to the achievement of the council plan during the current year and have a major focus in the budget.</p>
Statement of Capital Works	Means a statement which shows all capital expenditure of a council in relation to non-current assets and asset expenditure type prepared in accordance with the model statement of capital works in the Local Government Model Financial Report. Refer also Commentary for the Financial Statements at Appendix A.
Statement of Human Resources	Means a statement which shows all Council staff expenditure and the number of full time equivalent Council staff. Refer also Commentary for the Financial Statements at Appendix A.
Strategic Resource Plan	Means the Strategic Resource Plan prepared by a Council under Section 126 of the Act. Refer also to Section 8 of this Model Budget.
Statutory reserves	Statutory reserves are funds set aside for specified statutory purposes in accordance with various legislative requirements. These reserves are not available for other purposes.
Community Plan / Vision	A "community owned" document or process which identifies the long term needs and aspirations of the Council, and the medium and short term goals and objectives which are framed within the long term plan.

Term	Definition
Strategic resource plan (SRP)	<p>Section 125(2)(d) of the Act requires that a Council must prepare and approve a Council Plan that must include a strategic resource plan containing the matters specified in Section 126.</p> <p>Section 126 of the Act states that:</p> <ul style="list-style-type: none"> • the strategic resource plan is a plan of the resources required to achieve the council plan strategic objectives • the strategic resource plan must include the financial statements describing the financial resources in respect of at least the next four financial years • the strategic resource plan must include statements describing the non-financial resources including human resources in respect of at least the next four financial years • the strategic resource plan must take into account services and initiatives contained in any plan adopted by Council and if the Council proposes to adopt a plan to provide services or take initiatives, the resources required must be consistent with the strategic resource plan • Council must review their strategic resource plan during the preparation of the Council plan • Council must adopt the strategic resource plan not later than 30 June each year and a copy must be available for public inspection at the Council office and internet website. <p>In preparing the strategic resource plan, Councils should comply with the principles of sound financial management (Section 136) as prescribed in the Act being to:</p> <ul style="list-style-type: none"> • prudently manage financial risks relating to debt, assets and liabilities • provide reasonable stability in the level of rate burden • consider the financial effects of council decisions on future generations • provide full, accurate and timely disclosure of financial information. <p>In addition to Section 126 of the Act, parts 2 and 3 of the Regulations also prescribe further details in relation to the preparation of a strategic resource plan.</p>
Unrestricted cash	Unrestricted cash represents all cash and cash equivalents other than restricted cash.
<i>Valuations of Land Act 1960</i>	<p>The <i>Valuations of Land Act 1960</i> requires a Council to revalue all rateable properties every two years.</p> <p><i>Valuations of Land Act 1960 – Section 11</i></p>



Appendix D

Draft Budget 2017-18

Essential Services Commission Higher Rate Cap Application 2017-18

Draft Budget 2017/18



Borough of Queenscliffe
Queenscliff & Point Lonsdale, Victoria, Australia

This Budget Report has been prepared with reference to Chartered Accountants ANZ "Victorian City Council Model Budget 2017/2018", a best practice guide for reporting local government budgets in Victoria.

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Mayor's introduction

The Councillors and I are pleased to present the proposed Budget 2017/18 to the community of the Borough of Queenscliffe for comment and public submissions.

This budget builds on our Council Plan 2017-2021 vision which focuses on the following five key strategic objectives:

1. Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture.
2. Play our part in protecting the local, national and globally significant values within our natural environment for future generations.
3. Foster a diverse and vibrant local economy.
4. Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage.
5. Maintain a cohesive, well governed, financially sustainable and independent Borough.

The Council Plan 2017-2021 sets out our strategic plan to deliver our vision over the full term of the Council. As this is the first year of the current Council term, the focus over the next year will be on planning and designing activities to deliver current commitments, including delivery of a number of new priority projects in the 2017/18 year.

The proposed Budget details the resources required over the next year to fund the large range of services we provide to the community. It also includes details of proposed capital expenditure allocations to improve and renew our Borough's physical infrastructure, buildings and operational assets as well as funding proposals for a range of priority operating projects.

As Councillors, it is our job to listen to community sentiment and understand your priorities. During and following the Council elections in 2016, we have consistently heard that Council's services are valued by the community, and that Council also needs to be financially responsible. During February 2017, Council undertook an extensive community engagement program to ensure our community had a major say in shaping the draft Council Plan for the next four years. This achieved a high level of community participation in the development of the draft Council Plan 2017-2021. After considering the feedback from our community, Council identified 42 strategies for inclusion in the draft Council Plan 2017-2021 to support the community's priorities.

Council has achieved sustainable operational efficiencies to reduce costs and minimise waste and duplication and has applied for external funds to maximise revenue. Some key strategies implemented include: full cost recovery of waste management charges to those who receive the benefits of this service, containment of wage increases within the rate cap, the transfer of identified operational savings to cash reserves to support the implementation of the new Council Plan 2017-2021 and investigating opportunities for collaboration through shared services with other councils to achieve efficiencies (e.g. shared staffing resources, exploring the potential to collectively reduce and sustain lower operating costs for energy efficient LED streetlights and joint tendering opportunities for waste services). Council will continue to focus on delivering value for money, transparently and responsibly to enable it to achieve the Council Plan objectives and deliver high quality, responsive and accessible services to the community.

The proposed Budget includes a rate increase of 4.5% in 2017/18, which is 2.5% above the rate cap of 2.0% set by the Minister for Local Government for the 2017/18 financial year. Council has applied to the Essential Services Commission for the proposed higher cap, which is an increase of 2.5% in the 2017/18 year in order to deliver priority outcomes to the community over the long term. These were identified by Council and its community during consultation and engagement on the 2017-2021 Council Plan.

Council has also identified a number of significant and/or unexpected cost and revenue impacts during the budget process which have been responsibly funded. These include:

- Increase in Council contribution to the operating initiatives (\$223,000);
- Increase in Council's contribution to the capital works program (\$47,000);
- Decrease in tourist parks income during the Queenscliff Sports and Recreation Reserve redevelopment due to reduced number of caravan and camping sites, and the permanent closure of 10 annual sites at the Queenscliff Sports and Recreation Reserve to facilitate the sporting infrastructure upgrades (\$130,000);

- Microsoft Office and Server licensing – typically occurs every five years (\$60,000);
- A net increase of (2.40%) in total waste management charges applied to ratepayers, in accordance with Council's Rating Strategy, to achieve full cost recovery of the waste management and recycling services (\$20,300);
- Special events expenses associated with the Commonwealth Games 2018 (\$12,000); and
- Asset valuations for statutory financial reporting and insurance purposes – undertaken every second year (\$6,000).

These items alone, excluding waste management costs which are recovered from waste management charges, are equivalent to an 8.3% rate increase, being 6.3% over and above the mandatory 2.0% increase allowed by the Fair Go Rates System towards meeting our base costs for delivering core services and projects for our community.

To ease the impact on ratepayers and ensure users help pay for Council services, we are proposing to increase most fees and charges by 2.5%, in line with projected increases in the cost of services provided.

In this proposed Budget, Council has allocated funding of \$2,648,000 for asset renewals and upgrades. The draft Budget also funds \$1,583,000 for new assets. Together, these Capital Works projects total \$4,231,000 in the 2017/18 year, noting that some of these projects will depend on successfully securing external funding.

Highlights of the capital works program include:

- Queenscliff Sports & Recreation Precinct Stage 2 (\$1,363,000);
- Annual asset renewal program – ensuring property, plant and equipment and community infrastructure is maintained to a reasonable standard (\$500,000);
- Project management resourcing – Destination Queenscliff and other priority projects (\$376,000);
- Point Lonsdale Lighthouse Reserve (\$375,000);
- Destination Queenscliff Stage 1 (\$349,000);
- Roads to Recovery program (\$231,000);
- Streetlight Replacement to LED – new borrowings (\$177,000);
- Queenscliffe Cultural Hub (\$100,000);
- Harbour Street road, path and drainage improvements (\$80,000);
- Hesse Street streetscape (\$40,000);
- Plan for park to focus on children and families (\$40,000);
- Contribution to Point Lonsdale Tennis Club lighting (\$30,000);
- Decking at Queenscliff Neighbourhood House (\$15,000);
- Construction of school crossing at St. Aloysius Primary School (\$15,000);
- Plan for enhancing alternate power supply (\$15,000);
- King Street bus stop – additional grant funding (\$10,000);
- Replace kerb and channel in Hobson Street (\$5,000);
- Towns entry and main road tourism signage (\$5,000).

Council has also allocated funding of \$389,500 to deliver tangible progress on other key priorities and initiatives (operating projects) including:

- Complete a review of the heritage provisions in the Queenscliffe Planning Scheme and undertake an amendment to the Scheme to include new provisions (\$100,000);
- Organisation development and workforce management plan (0.6 FTE) (\$65,000);
- Enhance the provision of community information on Council's key decisions and the progress of priority projects (0.4 FTE) (\$36,000);
- Implementation of organisation development and workforce management plan (\$30,000);
- Investigate and respond to the Federal Government policy changes to the Home and Community Care service (\$30,000);
- Produce and implement the recommendations of the Borough of Queenscliffe Council's Economic Development Strategy (\$30,000);
- Work with local businesses and community organisations to implement a Winter Arts Festival (\$30,000);
- Produce a Foreshore Plan to identify priority actions to enhance the amenity and use of the foreshore and beaches (\$20,000);

- Continue planning with the community to determine the future of the Borough's historic Avenue of Honour and how best to manage the replacement of trees along the Avenue, by increasing the current budget allocation from \$40,000 to \$55,000 p.a. for three years to 2019/20 (\$15,000);
- Undertake beach cleaning activities for major public events and at the Queenscliff Front Beach in the Summer, Easter and September School Holiday periods, by increasing the current budget allocation from \$35,000 to \$45,000 p.a. (\$10,000);
- Produce a Strategy to improve the planning and management of arts and culture events (\$10,000);
- Review of targeted Council programs (\$10,000); and
- Implement a new school crossing service at St. Aloysius Primary School (\$3,500).

Funds totalling \$1,015,500 (\$521,500 operating and \$494,000 capital) are carried forward from previous years and held in reserve in 2016/17, including key priority projects to be undertaken in the 2017/18 year as follows:

Capital works:

- Annual Asset Renewal Program – buildings, infrastructure and open space assets (\$180,000);
- Queenscliff Park (\$180,000);
- Plan for subdivision of land (\$75,000);
- Footpath strategy (\$20,000);
- Towns entry and main road tourism signage plan (\$14,000);
- King Street bus stop (\$10,000);
- Streetlight replacement to LED (\$9,000);
- Street signs upgrade (\$5,000);
- Town Hall solar panels (\$2,000).

Operating projects:

- Queenscliff Sports & Recreation Precinct redevelopment – operating component (\$70,000);
- Coastal tender works at Ocean Road and The Narrows (\$104,000);
- Camping and caravan parks improvements investment fund (\$100,000);
- Climate Change Adaptation, based on the AECOM report (\$50,000);
- Coastal vegetation management (\$50,000);
- Significant tree register (\$20,000);
- Planning for heritage buildings (\$15,000);
- Tourist parks marketing and promotion (\$14,000);
- Noxious weed eradication (\$13,000);
- Support planning for the future use of the Fishermen's Co-operative building (\$12,500);
- Review of Asset Management Plans (\$10,000);
- Review of the Road Management Plan (\$10,000);
- Lakers Cutting into RAMSAR listed Swan Bay site (\$10,000);
- Beach cleaning and amenity (\$10,000);
- Review of lease agreements associated with the lease of Crown land properties (\$9,000);
- Maintenance of the Lighthouse Reserves (\$7,000);
- Review of the Queenscliffe Planning Scheme (\$6,000);
- Community Environment Alliance seeding grants (\$5,000);
- Queenscliff Precinct Planning (\$5,000);
- Implement streetscape planting policy to improve the amenity of neighbourhood streets (\$2,000).

Our focus for the next year is to continue to deliver on the projects and services that make our Borough a great place to live in, and respond to the challenges we are currently facing. These challenges, which are highly constrained with a 2.0% rate cap, include:

- Remaining an independent Borough and continuing to be financially sustainable in the long-term;
- Aligning the Budget and Strategic Resource Plan to the draft Council Plan 2017-2021 to provide the resources that will enable the Council Plan priorities to be achieved;
- Maintaining assets into the future, minimising risks and maximising opportunities associated with ongoing Council responsibilities in relation to Crown land and Council-managed assets;
- Positioning Council to continue to attract adequate funding for future capital works projects; and
- Stability in future rate increases for ratepayers over the next four years.

Community feedback was supportive about the use of borrowings to fund major long term community infrastructure rather than rates revenue. The community strongly supports the maintenance of existing service levels and for these to be funded through a mix of rate revenue and user charges. Council will continue to focus on efficient and financially responsible service delivery to achieve outcomes that are valued by our community. We will continue to explore new approaches to provide services in a tighter fiscal environment.

The proposed Budget was developed through a rigorous process of consultation and review and Council endorses it as financially responsible. I encourage you to read the remainder of this document, in conjunction with our revised Council Plan 2017-2021 and I look forward to receiving your submission.

Cr Tony Francis
Mayor

Executive summary

Council has prepared a Budget for 2017/18 that is aligned to the vision in the draft Council Plan 2017-2021. It seeks to maintain and improve services and infrastructure as well as deliver projects and services that are valued by our community, and do this in a financially responsible manner. This Executive Summary provides an overview of the key dynamics that has shaped the preparation of this budget.

This Budget projects a surplus of \$2.126m for 2017/18, however, it should be noted that the adjusted underlying result is a deficit of \$0.495m after adjusting for capital grants and contributions (refer Sections 5 and 10.1).

1. What are the key things we are funding?

- Ongoing delivery of services to the Borough of Queenscliffe community funded by a budget of \$10,949,000, including \$390,000 to deliver tangible progress on key initiatives. These services are detailed in Section 2 and the financial cost is summarised in Section 2.7.
- Continued investment in infrastructure assets (\$2,692,000) for renewal and upgrade works as well as the creation of new assets. This investment in infrastructure includes roads (\$469,000); footpaths and cycle ways (\$64,000); drainage (\$67,000); recreational, leisure and community facilities (\$831,000); parks, open space and streetscapes (\$950,000); off street carparks (\$26,000) and other infrastructure (\$285,000). The Statement of Capital Works can be found in Section 3 and further details on the capital works budget can be found in Sections 6 and 12.
- Significant investment in building assets (\$1,263,000), including the annual asset renewal program (\$216,000); Queenscliff Sports and Recreation precinct Stage 2 (\$681,000); project management resourcing (\$249,000); Queenscliffe cultural hub (\$100,000); and other Council-managed buildings (\$17,000).

Strategic Objective 1: Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture

- 1) Implement a new school crossing service at St. Aloysius Primary School (\$3,500)

Strategic Objective 2: Play our part in protecting the local, national and globally significant values within our natural environment for future generations

- 2) Produce a Foreshore Plan to identify priority actions to enhance the amenity and use of the foreshore and beaches (\$20,000)

Strategic Objective 3: Foster a diverse and vibrant local economy

- 3) Produce and implement the recommendations of the Borough of Queenscliffe Economic Development Strategy (\$30,000)
- 4) Work with local businesses and community organisations to implement a Winter Arts Festival (\$30,000)

Strategic Objective 4: Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage

- 5) Complete a review of the heritage provisions in the Queenscliffe Planning Scheme and undertake an amendment to the Scheme to include new provisions (\$100,000)

Strategic Objective 5: Maintain a cohesive, well governed, financially sustainable and independent Borough

- 6) Organisation development and workforce management plan (\$65,000)
- 7) Enhance the provision of community information on Council's key decisions and the progress of priority projects (0.4 FTE) (\$36,000)
- 8) Implementation of organisation development and workforce management plan (\$30,000)

2. What are key things that have determined Council's rates and charges?

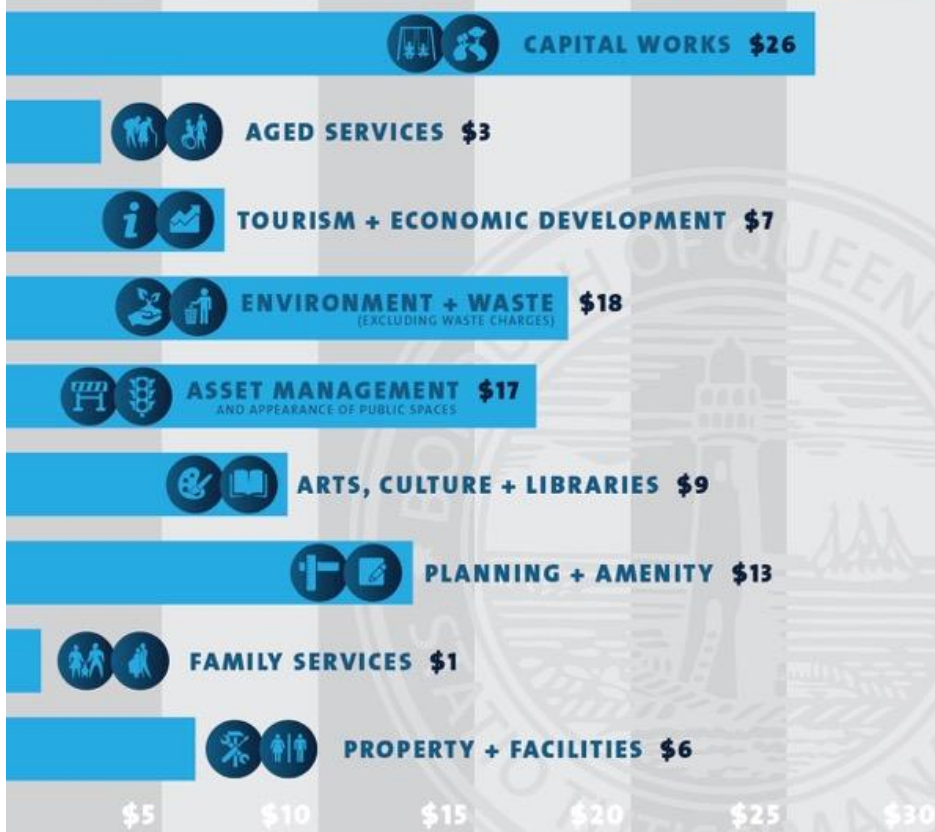
- Ensuring Council maintains its financial sustainability and independence in light of the introduction of a rate capping by the State Government.

- Achieving operational efficiencies across all program areas, resulting in reduce costs and minimise waste and duplication, including containment of wage increases within the rate cap, the transfer of identified operational savings to cash reserves to support the implementation of the new Council Plan 2017-2021 and investigating opportunities for collaboration through shared services with other councils to achieve efficiencies.
- Delivering initiatives and capital works projects that have previously been formally approved by Council but yet to be fully implemented.
- Council's commitment to the community to have a major say in identifying the priorities for the next four years and consideration of the Borough's financial capacity to support the identified priorities in a financially responsible manner;
- Considering and responding to community requests, Councillor identified proposals on behalf of the community and Council offer identified proposals.
- Maintaining renewal of infrastructure and community assets.
- Effectively managing and responding to cost shifting of service responsibilities from State and Federal Governments to local councils (refer Section 9.4)
- Dealing with a reduction in funding from the Commonwealth Government via the Victoria Grants Commission freezing of the indexation of the grant allocation.
- Applying the Borough of Queenscliffe Rating Strategy, including application of the State Government legislation provisions that allow Council to fully recover the costs of waste management through separate waste management charges.

3. What's our 'starting point'?

- Total Revenue: \$13,075,000 (2016/17 = \$10,062,000)
- Total Expenditure: \$10,949,000 (2016/17 = \$10,281,000)
- Accounting Result: \$ 2,126,000 Surplus (2016/17 = \$ 219,000 Deficit)
(Refer Income Statement in Section 3)
(Note: Based on total income of \$13,075,000, which includes capital grants and capital contributions)
- Underlying operating result: \$ 495,000 Deficit (2016/17= \$ 237,000 Deficit)
(Refer Analysis of operating Budget in Section 10.1)
(Note: Underlying operating result is an important measure of financial sustainability as it excludes income, which is to be used for capital, from being allocated to cover operating expenses)
- Cash result: \$ 63,000 Surplus (2016/17 = \$ 161,000 Deficit)
(Refer Statement of Cash Flows in Section 3)
(Note: This is the net funding result after considering the funding requirements to meet loan principal repayments and reserve transfers)
- Total Capital Works Program \$ 4,231,000
 - \$2,848,000 from external grants
 - \$ 981,000 from Council operations (rates funded)
 - \$ 5,000 from community contributions
 - \$ 177,000 from borrowings
 - \$ 142,000 from cash and reserves (net)
 - \$ 78,000 from asset sales

How our rates are spent (per \$100)



capital works program



INFRASTRUCTURE



4. What are the key influences on our budget?

External to the Borough

The preparation of the budget is influenced by the following external factors:

- The Victorian State Government has introduced a cap on rate increases from 2016/17. The cap for 2017/18 has been set at 2.0% based on a State Treasury CPI forecast. Council determined to apply for a one-off higher rate cap of 4.5% in 2017/18 to meet the needs, aspirations and priorities of our community over the long term.
- Consumer Price Index (CPI) increases on goods and services of 2.1%, for All Groups, through the year to March quarter 2017 (ABS release 26 April 2017). State-wide CPI is forecast to be 2.25% for the 2017/18 year and 2.50% in the subsequent two years (Victorian Budget Papers 2017/18). For the purposes of this budget, inflation of 2.5% has been included.
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to November 2016 was 2.2% (ABS release 23 February 2017). The wages price index in Victoria is projected to be 2.75% per annum in 2018/19, 3.25% per annum in 2018/19 and 3.5% in 2019/20 (Victorian Budget Papers 2017/18). The Enterprise Bargaining Agreement (EBA) was renegotiated in 2016 and has contained wage increases within the rate cap.
- Victoria Grants Commission funding is not confirmed until August each year. Council has assumed the continued freeze of indexation on this grant funding for the years 2017/18 through to 2020/21. This budget is framed based on information available at the time of preparation of the draft 2017/18 Budget.
- Council is the recipient of \$3,155,000 grant funding for the Queenscliff Sports and Recreation precinct, which commenced in 2015/16 and is expected to be completed in 2018/19, of which \$1,835,000 is included in the 2017/18 Budget.
- The federally funded Roads to Recovery program is continuing. Given the comparatively small road network in the Borough, Council is expecting to receive an allocation of \$231,300 to be spent on asset renewal projects in the 2017/18 year.
- Ongoing cost shifting occurs where Local Government provides a service to the community on behalf of the State or Federal Government. Over time the funds received by local governments do not increase in line with real cost increases. There is clear evidence that demonstrates a trend by State and Federal Governments to transfer increasing levels of responsibility to local councils. This has a comparatively greater impact on small population councils, such as the Borough of Queenscliffe. The most significant examples include:
 - The total cost of Aged Care Services over the last five years from 2012/13 to 2016/17 is \$2,416,700 of which \$1,606,300 (67%) is funded by government grant, \$298,700 (12%) by user fees and charges and the balance of \$511,700 (21%) contributed by Council.
 - The total cost of Maternal and Child Health services over the last five years from 2012/13 to 2016/17 is \$314,700 of which \$222,500 (71%) is funded by government grant and the balance of \$92,200 (29%) contributed by Council.
 - The total cost of School Crossing supervision over the last five years from 2012/13 to 2016/17 is \$223,900 of which \$78,700 (35%) is funded by government grant and the balance of \$145,200 (65%) contributed by Council. The State Government has recently announced it will start to honour the existing agreement to pay 50% of the costs for school crossing supervision. It acknowledges that payments to councils in the past have not covered the agreed 50% of the cost. While this announcement is welcomed, the details of the level of payments in future have not yet been provided at the time of preparing this draft budget and will be updated in the budget in time for Council adoption in July 2017.
 - The cost of Professional Life Guard Services is \$30,300 in 2016/17, an increase of \$1,300 (4.5%) compared with the 2015/16 financial year. Council does not receive grant funding for this service. Council has contributed a total of \$139,000 over the last five years from 2012/13 to 2016/17.
 - The total cost of Library services was \$225,200 in 2016/17, a reduction of \$17,795 (7.3%) compared with the 2015/16 financial year. Council does not receive grant funding for this service. Council has contributed a total of \$1,148,200 to the Geelong Regional Library Corporation, as well as to Council building asset maintenance and associated costs, over the last five years from 2012/13 to 2016/17.
- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition, councils are entrusted with the maintenance of more than 30% of all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.

- Council has significant responsibilities in relation to Crown land assets with the highest proportion of Crown land management of any municipality in Victoria: 8% of the municipal area consists of foreshore reserves managed by Council. The long term outlook includes financially sustainable outcomes that are critical to Council's financial sustainability and involve increasing future tourist park revenues to enable Council to direct additional income to improve the management of coastal Crown land, while minimising future rate increases and achieving sustainable underlying operating surpluses in the long term.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the *Fire Services Property Levy Act 2012*.

Internal influences

As well as external influences, there are also a number of internal influences that are expected to have a significant impact on the preparation of the 2017/18 Budget. These matters have arisen from events occurring in the 2016/17 year, resulting in variances between the forecast actual and budgeted results for that year and matters expected to arise in the 2017/18 year. These matters and their financial impact are set out on the following page:

- Council is budgeting \$868,200 for all waste management services (kerbside, green and public waste) in the 2017/18 financial year, which is an increase of \$19,075 or 2.25% above the 2017/18 year. This includes the State Government landfill disposal levy, which has increased from \$9 per tonne in 2008/09 to an estimated \$63.27 per tonne in 2017/18. With an estimated garbage disposal of 1,200 tonnes p.a., this levy adds approximately \$74,000 to Council's costs in the current 2016/17 year and a similar level of impost (with indexation) is provided for in the 2017/18 Budget.
- Application of waste charges for the full cost recovery of all waste management services, including:
 - A kerbside waste charge, applicable to residential and tourist accommodation properties only for kerbside, recycling and hard waste collection, will be charged on the basis of a rate in the dollar multiplied by property value (CIV). The kerbside waste charge will increase by an average of 0.000132 cents in the dollar of CIV (0.69%) per property.
 - A public waste charge, applicable to all rateable properties, to be charged at a fixed amount of \$99.20 per property in the 2017/18 year. The public waste charge will increase by \$2.70 (2.80%) per property.
 - A green waste charge, applicable to residential and tourist accommodation properties only, will be charged at a fixed amount of \$37.95 per property. This charge will increase by \$1.05 (2.85%) per property.
- Significant capital grant funding estimates have been included in the 2017/18 Budget, including Roads to Recovery funding (\$231,000), Queenscliff Sports and Recreation precinct (\$1,835,000), Destination Queenscliff Stage 1 (\$349,000), Point Lonsdale Lighthouse Reserve \$300,000 and King Street bus stop (\$10,000), with Queenscliff Sports and Recreation precinct and Destination Queenscliff projects continuing on into the 2018/19 year. The forecast is updated during the financial year, if and when Council is advised of its success with grant applications, including Point Lonsdale Lighthouse Reserve, which is subject to a successful grant application.
- Council continues to make annual allocations to reserve accounts on the Balance Sheet, with \$45,000 set aside for the renewal of Council building assets.
- A cash surplus of \$346,000 is forecast to be achieved in 2016/17, noting the unallocated surplus will be determined once the 2016/17 year-end audit is completed and the forecast accumulated cash surplus is achieved or adjusted to reflect the actual result. This forecast accumulated cash surplus in 2016/17 is expected to be transferred to reserves in the 2017/18 year. Projects totalling \$140,000 will be funded from this cash reserve in the 2017/18 year.

5. What we are seeking from other levels of Government?

Council will advocate to other levels of government on the following key local priorities:

- Introduction of power efficient street lighting throughout the Borough
- Queenscliff community hub
- Point Lonsdale Lighthouse Reserve

6. In Summary

This budget has been informed by the strategic objectives of the draft Council Plan 2017-2021 with due consideration given to maintaining the financial sustainability and independence of the Borough over the long term. As rate capping continues to apply pressure to Council's financial position over the longer term, Council has produced a financially responsible budget that aims to achieve ongoing operating surpluses and underlying surpluses over the long term after adjusting for capital grants and capital contributions (refer Sections 5 and 10.1).

Budget reports

The following reports include all statutory disclosures of information and are supported by the analysis contained in sections 8 to 16 of this report.

This section includes the following reports and statements in accordance with the *Local Government Act 1989* and the Local Government Model Financial Report.

1. Link to the Council Plan
2. Services and service performance indicators
3. Financial statements
4. Financial performance indicators
5. Grants and borrowings
6. Detailed list of capital works
7. Rates and charges

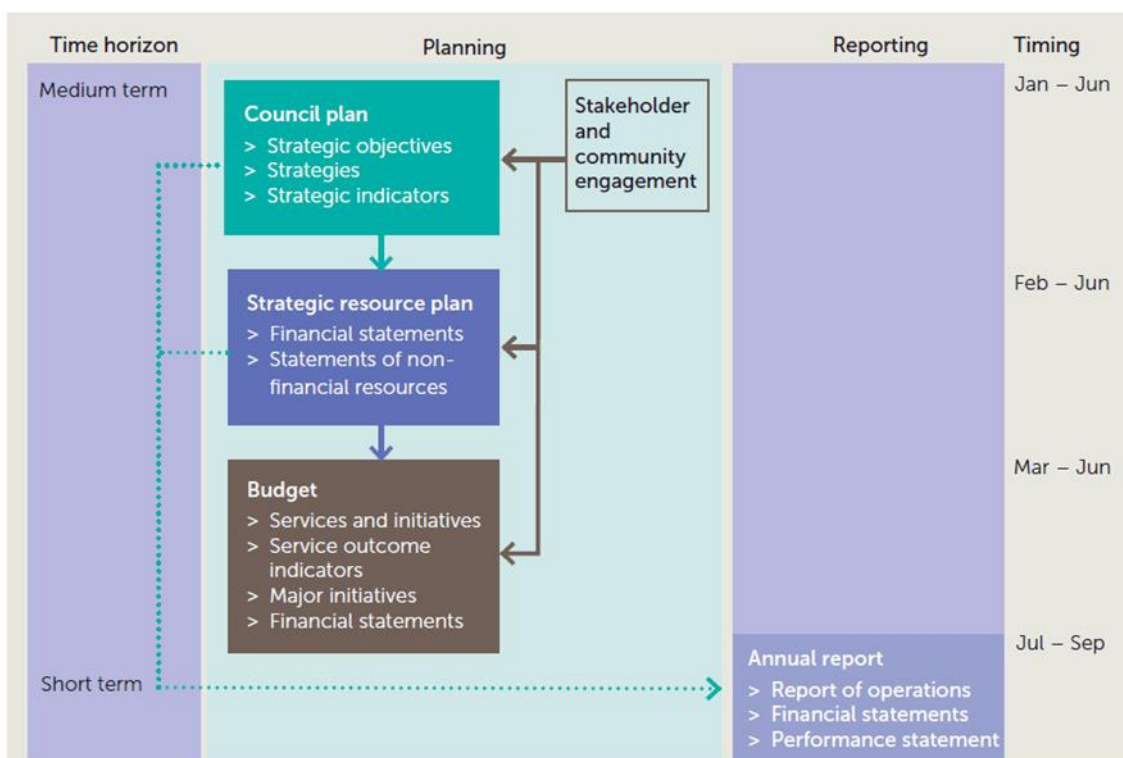
1. Link to the Council Plan

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

1.1 Planning and accountability framework

The Strategic Resource Plan, part of and prepared in conjunction with the Council Plan, is a rolling four year plan that outlines the financial and non-financial resources that Council requires to achieve the strategic objectives described in the Council Plan. The Annual Implementation Plan and Annual Budget are framed within the Strategic Resource Plan, taking into account the services and initiatives that contribute to achieving the strategic objectives specified in the Council Plan. The diagram below depicts the planning and accountability framework that applies to local government in Victoria.

The Council Plan articulates our vision for the community and our values and is prepared in reference to Council's long term planning framework.



Source: Department of Environment, Land, Water and Planning (formerly Department of Transport, Planning and Local Infrastructure)

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Council Plan and Annual Budget, including the Strategic Resource Plan, are normally required to be completed by 30 June following a general election and reviewed each year in advance of the commencement of the Annual Budget process.

The Minister for Local Government granted an extension to all Victorian councils in 2017/18, allowing Council to adopt the Council Plan 2017-2021 and 2017/18 Budget by 31 August 2017, to provide sufficient time for those councils wishing to apply to the Essential Services Commission for a higher rate cap. Council committed to developing the draft Council Plan 2017-2021 by April 2017 to enable the community to have a major say in identifying the priorities for the next four years, at which time Council could consider its financial capacity to support those identified priorities and determine how best to continue to meet the community's expectations in a financially responsible manner.

Early preparation of the draft Council Plan has allowed Council time to consider the need for a higher rate cap and prepare an application by the due date on 31 May 2017. Council must await the ESC's decision on the application, following a community consultation process, before considering the ESC's decision. Council will then be in a position to determine the actual rate increase and adopt the final budget, which is currently scheduled for the July 2017 Ordinary Meeting.

1.2 Our purpose

Statio Tutissima Nautis

The Borough of Queenscliffe was established in 1863. Proudly independent, we are Australia's only Borough and the only council in Victoria whose boundary predates the restructure of local government in the mid 1990s. Whilst its small size presents some of Queenscliffe's key challenges, it also remains its greatest strength and positions the Borough well as a place to pilot new ideas and innovate in many fields.

Overlooking the treacherous Rip at the entrance to Port Phillip, the iconic lighthouses at Queenscliff and Point Lonsdale reflect the essence of the Borough's Latin motto - Statio Tutissima Nautis – translated as 'the safest anchorage for seafarers'.

The 'safest anchorage' theme inspires Council's vision, in that just as it is a safe haven for mariners, the Borough has an enduring role to play in conserving our extraordinary natural beauty with ecological values of global significance, rich architectural heritage and military history fundamental to Australia's defence. Respectful custodianship maintains Queenscliffe as a special, restorative place for an involved and caring community and the many visitors we welcome.

Our Vision

The Borough remains a safe haven defined by its unique heritage, rich culture and significant natural environment. It is a special and restorative place for an involved and caring community and our visitors.

Our Values

The following Values will be embraced by Councillors and staff in our daily interactions and work processes to guide our behaviour and help us achieve our Vision.

- **Leadership**

... underpinned by integrity, strategic thinking and innovation.

- **Balance**

... in the way we listen to, engage with and make decisions in the best interests of the whole community.

- **Professionalism**

... by doing things well, always trying to improve and being accountable.

- **Collaboration**

... demonstrated through working as a team and investing in internal and external relationships.

- **Flexibility**

... by supporting workplace arrangements that sustain healthy and productive staff.

1.3 Strategic objectives

To ensure the Borough remains a safe haven for the historic, cultural and environmental values that make it a special place with high levels of community wellbeing, Council's decision-making and priorities will focus on five Strategic Objectives as set out in the Council Plan for the years 2017-2021.

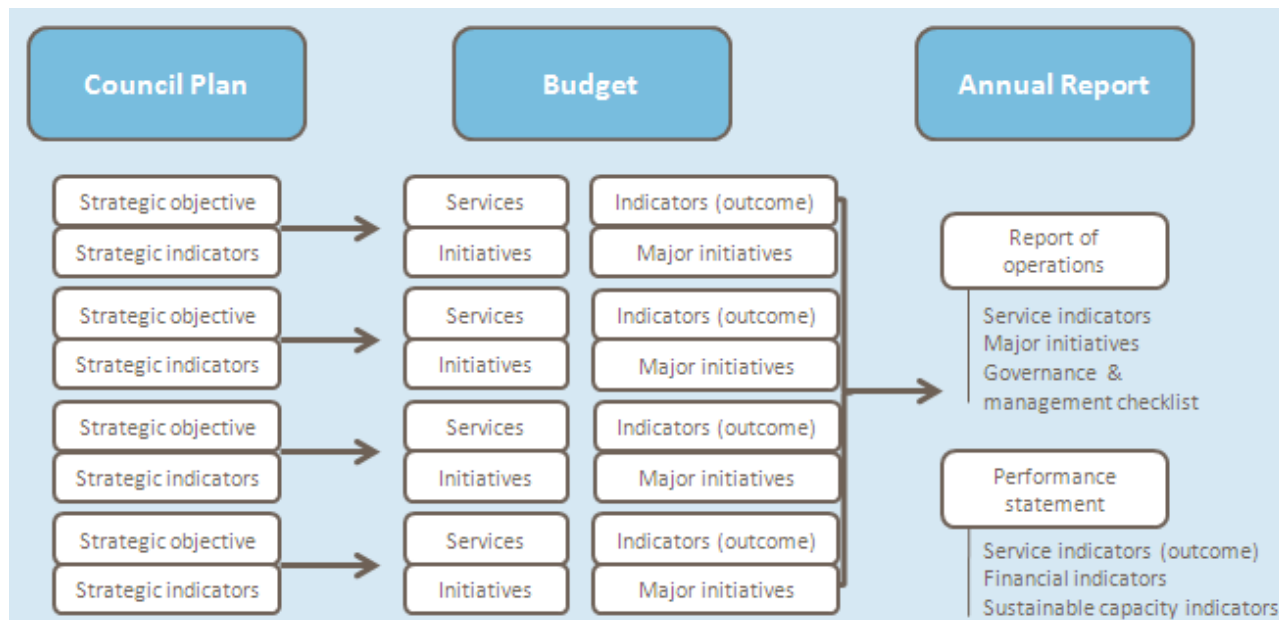
Council delivers services and initiatives under 26 major service categories. Each contributes to the achievement of one of the five Strategic Objectives.

The table on the following page lists the five Strategic Objectives as described in the Council Plan and the Portfolio to which they relate.

Strategic Objective	Portfolio
1. Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture.	Community Wellbeing
2. Play our part in protecting the local, national and globally significant values within our natural environment for future generations.	Environmental Sustainability
3. Foster a diverse and vibrant local economy.	Local Economy
4. Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage.	Planning and Heritage
5. Maintain a cohesive, well governed, financially sustainable and independent Borough.	Governance and Performance

2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2017/18 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes a number of major initiatives, initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify major initiatives, initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below.



Source: Department of Environment, Land, Water and Planning (formerly Department of Transport, Planning and Local Infrastructure)

Services for which there are prescribed performance indicators to be reported on in accordance with the Regulations are shown in **bold** and underlined in the below sections.

2.1 Strategic Objective 1: Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture.

To achieve our objective of enhancing community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance indicators for each program area are described below.

Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Aged Services	The Aged Services program provides care and assistance to older residents and those requiring respite so that their homes remain their safe haven. The program is focused on maximising the wellbeing, safety and health of frail older people, people requiring respite, and their carers. Through the Commonwealth Home Support Programme, support and maintenance services are provided to people living at home, whose capacity for independent living is at risk, or who are at risk of premature or inappropriate admission to long term residential care.	663 (503)
		160
Active Communities	The Active Communities program promotes community wellbeing by supporting people and communities to be involved and active in sport, recreation, arts, culture and other community and civic activities. The program area is responsible for building the capacity of local clubs and community organisations and assisting these organisations to develop and implement projects that support social inclusion, access and equity within the Borough.	203 (3)
		200
Community Events	The Community Events program promotes community wellbeing, celebrates the significance of the Borough and stimulates the local economy through conducting events directly or facilitating, supporting and administering a range of recreation, arts and cultural events planned and implemented by community organisations or commercial businesses. Council also plays a key role in promoting and acknowledging the significant roles played by volunteers in local organisations.	105 0
		105
Maternal and Child Health (MCH)	The Maternal and Child Health program (MCH) plays a key role in supporting and monitoring the health and wellbeing of local families with children from birth to school age. MCH is a primary care service which provides a comprehensive and focused approach for the promotion, prevention, early detection, and intervention of the physical, emotional or social factors affecting young children and their families. Council currently contracts the City of Greater Geelong to provide the Maternal and Child Health services in the Borough.	62 (41)
		21

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Kindergarten	The Kindergarten program is an important part of the Borough's early years services. Kindergarten assists in supporting the wellbeing of pre-school children and providing a safe learning environment to enable children to gain early life skills and knowledge and assist their transition to school. Whilst the Queenscliff Kindergarten is operated independently of Council by a Committee of Management, Council manages the Kindergarten building, facilitates access to external grants and supports the Kindergarten Committee of Management as needs arise.	0 0 0
Environmental Health	The Environmental Health program monitors and maintains a safe environment for public health and wellbeing. This program is designed to meet Council's statutory obligations regarding public health notably under the <i>Food Act 1984</i> and <i>Public Health and Wellbeing Act 2008</i> . Mandatory assessments of food safety , accommodation and beauty treatment premises are completed in accordance with the regulations and risk management frameworks. Tobacco control activities reduce the prevalence of smoking in the community. Nuisance complaint investigations remedy public health and amenity concerns, infectious disease investigations control and reduce the likelihood of notifiable disease. The Environmental health program area also facilitates mosquito control activity.	92 (36) 56
Asset Management and Appearance of Public Places	The Asset Management and Appearance of Public Places program ensures the safety and functionality of public places and infrastructure. This program promotes community wellbeing and encourages people to be active in public settings. The program ensures safe and efficient transport settings, including the development of a network of connected walking and cycling routes, facilitates safe access to and use of community facilities, parks and gardens, sports ovals and local amenities. Responsibilities extend to include maintenance of local roads , kerb and channel, footpaths, shared use trails, drainage and street cleanliness. Council implements an asset renewal and maintenance program for infrastructure including roads, paths, drainage and all Council-owned and managed community buildings. It is also responsible for the maintenance, cleaning and renewal of 14 public toilets.	1,067 (59) 1,008
Local Laws, Safety and Amenity	The Local Laws, Safety and Amenity program promotes community wellbeing and safety in various settings and through monitoring public behaviour consistent with Council's Local Laws. This is achieved through management of school crossings, the provision of animal management services including animal registration and a dog and cat collection service as well as enforcement of local laws, issuing of local law permits, management of the boat ramp and enforcement of parking restrictions. This service is also the first Council respondent to out-of-hours emergencies.	304 (67) 238

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Street Lighting	The Street Lighting program assists in the provision of a safe environment for motorists, pedestrians and cyclists. It involves the operation, maintenance, renewal and energy costs associated with the Borough's street lights.	45 0 45
Powerline Safety	The Powerline Safety program assists in the provision of a safe environment and protection of the Borough's significant vegetation from fire by maintaining clear zones around powerlines to standards as set by legislation.	60 0 60
Library	The Library program promotes community wellbeing by encouraging active participation and life-long learning opportunities in a safe, inclusive setting. Libraries can be restorative places and often a safe haven for people outside their own home. The public library service is provided in Queenscliff in a Council-owned building, and is operated by the Geelong Regional Library Corporation under a financial deed of agreement with Council. Council is one of four municipalities that make up the membership of the Corporation.	212 0 212
Recreation, Arts and Culture	The Recreation, Arts and Culture program promotes community wellbeing by supporting people and communities to be involved, healthy and active. Council plays a key role in managing or leasing community facilities to local organisations, assisting clubs with facility improvements and accessing external funding, and via various club development support programs. The program provides or supports an ongoing program of arts, cultural and reconciliation activities and events, helping to build local capacity, celebrate the rich culture, and enhance the Borough as a special and restorative place.	29 0 29
TOTAL	Expenditure	2,840
	(Revenue)	(709)
	Net Cost	2,131

Major Initiatives

- \$30,000 p.a. in the 2017/18 and 2018/19 years to investigate and respond to the Federal Government policy changes to the former Home and Community Care service.

Initiatives

- \$3,500 (and \$7,000 p.a. in future years) to implement a new school crossing service at St. Aloysius Primary School.

Carry forward operating projects

- \$70,000 Queenscliff Sports & Recreation Precinct – operating (government grant funded);
- \$10,000 review of Asset Management Plans;
- \$10,000 review of the Road Management Plan, expected to be undertaken in 2017/18;
- \$5,000 Queenscliff Precinct Planning; and
- \$2,000 implement streetscape planting policy to improve the amenity of neighbourhood streets.

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Maternal and Child Health	Participation	Participation in the MCH service (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100
		Participation in MCH service by Aboriginal children (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100
Food safety	Health and safety	Critical and major non-compliance notifications (Percentage of critical and major non-compliance notifications that are followed up by Council)	[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100
Roads	Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads
Animal Management	Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
Libraries	Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100

2.2 Strategic Objective 2: Play our part in protecting the local, national and globally significant values within our natural environment for future generations.

To achieve our objective of playing our part in protecting the local, national and globally significant values within our natural environment for future generations, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are described below.

Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Environmental Sustainability	The Environmental Sustainability program sees the Borough playing its part in protecting the natural environment for future generations. This includes Council measuring, monitoring and reducing its carbon emissions as well as assisting the local community to implement various initiatives designed to reduce greenhouse gases through the Community Environment Alliance. Council plays a key role in responding to the challenges of climate change and sea level rise and where possible working with various Federal, State, regional and local organisations to inform and educate the community about practices that support environmental sustainability.	201 (3)
		198
Coastal Protection	The Coastal Protection program seeks to preserve and enhance the Borough's globally significant, highly-valued coast as an iconic environmental asset for current and future generations. Under this program, Council implements State Government coastal management policy, manages environmental projects and works with State, regional and local services to enhance its management of coastal Crown Land. The program involves weed reduction initiatives and planting of trees and other plants.	719 (98)
		621
Waste Management and Recycling	The Waste Management and Recycling program seeks to promote local action in order to protect the environment for future generations. Council works with local and regional organisations, including the Barwon South West Waste and Resource Recovery Group and neighbouring councils to increase community awareness and promote behaviours that reduce waste and promote recycling. In addition to regular kerbside waste collection and a hard rubbish collection, the program includes a recycling service, e-waste and a green waste bin service for all residential and tourist accommodation properties. A range of public waste services are also provided given the comparatively high level of tourist visitation. Note full cost recovery of waste management, including recycling, is achieved via application of waste charges to ratepayers in accordance with Council's Rating Strategy.	894 (26)
		868
TOTAL	Expenditure (Revenue)	1,814 (127)
	Net Cost	1,686

Major Initiatives

- \$20,000 to produce a Foreshore Plan to identify priority actions to enhance the amenity and use of the foreshore and beaches.

Initiatives

- \$15,000 p.a. to continue planning with the community to determine the future of the Borough's historic Avenue of Honour and how best to manage the replacement of trees along the Avenue (increase from \$40,000 to \$55,000 p.a.) for the three financial years from 2017/18 to 2019/20; and
- \$10,000 p.a. to undertake beach cleaning activities for major public events and at the Queenscliff Front Beach in the summer, Easter and September school holiday periods (ongoing increase in budget from \$35,000 to \$45,000 p.a.)

Carry forward operating projects

- \$104,000 coastal tender works at Ocean Road and The Narrows (government grant funded);
- \$50,000 Climate Change Adaptation (based on the AECOM report);
- \$50,000 coastal vegetation management;
- \$20,000 significant tree register;
- \$13,000 noxious weed eradication;
- \$10,000 Lakers Cutting into RAMSAR listed Swan Bay site;
- \$10,000 beach cleaning and amenity;
- \$9,000 review of lease agreements associated with the lease of Crown land properties;
- \$8,000 maintenance of the Lighthouse Reserves, with \$7,000 expected to be undertaken in 2017/18 and the balance of \$1,000 to be completed in 2018/19; and
- \$5,000 Community Environment Alliance seeding grants.

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Waste collection	Waste diversion	Kerbside collection waste diverted from landfill (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100

2.3 Strategic Objective 3: Foster a diverse and vibrant local economy.

To achieve our objective of fostering a diverse and vibrant local economy, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are described below.

Services

Service area	Description of services provided	Expenditure (Revenue) (Net Income) \$'000
Tourist Parks and Boat Ramp Services	The Tourist Parks and Boat Ramp Services program ensures the Borough remains a special place for visitors while increasing tourism's contribution to the local economy. The program includes management of three tourist parks and one boat ramp. It currently provides approximately 400 camping/caravanning sites and associated facilities, including maintenance of seven amenities blocks, and management of the Queenscliff boat ramp which provides access to the fishing in Port Phillip Bay. While contributing significantly to the local economy, this program generates a net income result, which is used to fund improvements to and maintenance of community facilities, foreshore infrastructure and coastal protection activities on Crown land.	1,045 (1,734)
		(689)
Visitor Information Centre	The Visitor Information Centre program promotes the Borough as a special place for visitors, and supports local tourism and related businesses with dissemination of information to build a diverse and vibrant local economy. This program manages a State accredited tourist information service year round, with paid staff and volunteers offering information and advice about the visitor experiences on offer across the Borough and through other parts of Victoria.	208 (12)
		196
Tourism and Economic Development	The Tourism and Economic Development program seeks to build on the Borough's unique heritage, rich culture and significant natural environment to strengthen the diversity and vibrancy of the local economy. The program is integrated with the activities of state, regional and local tourism organisations. Marketing and promoting the Borough and its attractions is key to increasing the number of day trippers and overnight visitors. The program's focus on broader economic development includes supporting local businesses through access to information and professional development and working with neighbouring municipalities, G21 and the State Government to implement regional economic infrastructure priorities.	216 (13)
		203
TOTAL	Expenditure (Revenue)	1,469 (1,759)
	Net Cost	(290)

Major Initiatives

- \$30,000 p.a. to produce and implement the recommendations of the Borough of Queenscliffe Economic Development Strategy; and
- \$30,000 p.a. to work with local businesses and community organisations to implement a Winter Arts Festival.

Initiatives

- \$12,000 special events expenses (Commonwealth Games 2018); and
- \$10,000 to produce a Strategy to improve the planning and management of arts and culture events.

Carry forward operating projects

- \$100,000 camping and caravan parks improvements investment fund;
- \$25,000 to support planning for the future use of the Fishermen's Co-operative building (\$12,500 community contribution and \$12,500 contribution from Council); and
- \$14,000 tourist parks marketing and promotion.

Service Performance Outcome Indicators

There are no mandatory performance indicators to be reported for this Strategic Objective.

2.4 Strategic Objective 4: Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage.

To achieve our objective of preserving and enhancing the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are described below.

Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Design and Project Management	The Design and Project Management program seeks to achieve excellence of design and delivery of projects which enhance the Borough as a special place. Specifically, the program manages design, tendering, contract management and supervision of Council's annual capital works program. It also manages issues associated with private development activities such as building over easements, legal point of discharge, vehicle point of access and unit development infrastructure.	179 0
		179
Land Use Planning	The Land Use Planning program ensures that the Borough conserves its unique heritage, that the built environment is enhanced by design excellence, and that local amenity is protected against inappropriate land use and development. The program monitors Council's Planning Scheme and prepares major policy documents including the Municipal Strategic Statement. It maintains and processes amendments to the Queenscliffe Planning Scheme and carries out research on demographic, economic and social issues affecting Council. The program administers Council's statutory planning responsibilities, including the various processes associated with the assessment of planning permit applications and defence of Council decisions at the Victorian Civil and Administrative Tribunal.	346 (70)
		276
Heritage Conservation Advice	The Heritage Conservation Advice program aims to retain the unique heritage and rich culture captured in the Borough's built form. It adds value to the Land Use Planning program by providing an external heritage expert via contract to advise development applicants on how to respect and achieve compliance with heritage objectives, and to inform Council's assessment of planning permit applications in relation to heritage conservation.	75 0
		75
Building Control	The Building Control program ensures that building construction and maintenance is such that the community remains safe. It provides statutory building services including processing of siting variation consent, emergency management responsibilities, building inspections, building safety audits, and investigation of complaints and illegal works.	59 (15)
		44
TOTAL	Expenditure (Revenue)	659 (85)
	Net Cost	574

Major Initiatives

- \$100,000 complete a review of the heritage provisions in the Queenscliffe Planning Scheme and undertake an amendment to the Scheme to include new provisions (with a further \$100,000 in the 2018/19 year for review of Neighbourhood Character provisions).

Initiatives

- No additional initiatives included in the draft 2017/18 Budget.

Carry forward operating projects

- \$15,000 planning for heritage buildings; and
- \$6,000 review of the Queenscliffe Planning Scheme.

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Statutory planning	Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100

2.5 Strategic Objective 5: Maintain a cohesive, well governed, financially sustainable and independent Borough.

To achieve our objective of maintaining a cohesive, well governed, financially sustainable and independent Borough, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are described below.

Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Council Governance	The Council Governance program supports the Mayor and Councillors to maintain a cohesive Council and a well-governed Borough. The program supports Council's compliance with the Councillor Code of Conduct and its key relationships and memberships with organisations such as the MAV and G21. Council's participation in the annual Local Government Community Satisfaction Survey and meeting all legislative requirements associated with the <i>Local Government Act 1989</i> and any other applicable Act occur as part of this program.	249 0
		249
Organisational Performance and Compliance	The Organisational Performance and Compliance program supports the Chief Executive Officer and Executive Management Team to maintain a cohesive, well-managed and highly performing organisation. This includes supporting organisation development and statutory compliance, and seeking to ensure that the behaviour of all staff complies with the Staff Code of Conduct. Key outputs of the program are the preparation and/or review of the Council Plan, Strategic Resource Plan and long term budget, Annual Implementation Plan, and Council's Annual Budget.	1,240 (199)
		1,041
Community Engagement and Customer Service	The Community Engagement and Customer Service program aims to facilitate community involvement in decision-making, and to deliver high quality customer service. It includes practical and strategic advice regarding Council's internal and external communications and issues management, and supports first point of contact to customers at the Council office. The program provides records management services in accordance with Council policy and procedures, administers the requirements of the privacy and freedom of information legislation, coordinates Council and Committee meetings, and provides other administrative support services.	481 0
		481

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Financial and Risk Management	The Financial and Risk Management program seeks to ensure the ongoing independence and financial sustainability of the Borough. Council ensures sound financial management, and cohesiveness and performance of the organisation's operations, through the maintenance of appropriate systems. The service provides long term financial planning, robust internal risk management, adherence to guidelines on prudent management of debt, cash and asset renewal, and reviews its assets to improve the return on Council's investments. The service predominantly includes management of Council's finances, the raising and collection of revenue, payment of salaries and wages to Council employees, procurement and contracting of services, management and maintenance of robust computer systems, fleet management, insurance and risk management systems. The program also includes the biennial revaluation of properties for rating purposes, processing of supplementary rates and the administration of the State Government's Fire Services Property Levy. Depreciation expense for all Council assets is included in this program area.	2,198 (226) 1,971
TOTAL	Expenditure	4,168
	(Revenue)	(425)
	Net Cost	3,742

Major Initiatives

- \$65,000 p.a. for organisation development and workforce management plan (0.6 FTE);
- \$36,000 p.a. to enhance the provision of community information on Council's key decisions and the progress of priority projects (0.4 FTE); and
- \$30,000 p.a. implementation of organisation development and workforce management plan.

Initiatives

- \$60,000 Microsoft Office and Server licensing (every five years);
- \$10,000 p.a. review of targeted Council programs; and
- \$ 6,500 Asset valuations for financial reporting and insurance purposes (every two years).

Carry forward operating projects

No carry forwards, within Strategic Objective 5, identified for inclusion in the 2017/18 Draft Budget.

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Governance	Satisfaction	Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community

2.6 Performance Statement

The service performance indicators detailed in the preceding pages will be reported on in the Performance Statement, which is prepared at the end of the year as required by Section 132 of the Act and included in the 2017/18 Annual Report. The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in Section 8) and sustainable capacity, which are not included in this budget report. The prescribed performance indicators contained in the Performance Statement are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed in the preceding pages will be reported in the Annual Report in the form of a statement of progress in the Report of Operations.

2.7 Reconciliation with budgeted operating result

	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture	2,131	2,840	709
Play our part in protecting the local, national and globally significant values within our natural environment for future generations	1,686	1,814	127
Foster a diverse and vibrant local economy	(290)	1,469	1,759
Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage	574	659	85
Maintain a cohesive, well governed, financially sustainable and independent Borough	3,742	4,168	425
Total services and initiatives	7,844	10,949	3,105
Other non-attributable	0		
Deficit before funding sources	7,844		
Funding sources			
Rates and charges	7,117		
Capital grants and contributions	2,853		
Total funding sources	9,970		
Surplus for the year	2,126		

3. Financial statements

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the years 2017/18 to 2019/20 has been extracted from the Strategic Resource Plan.

This section includes the following financial statements in accordance with the *Local Government Act 1989* and the Local Government Model Financial Report:

- 3.1 Comprehensive Income Statement
- 3.2 Balance Sheet
- 3.3 Statement of Changes in Equity
- 3.4 Statement of Cash Flows
- 3.5 Statement of Capital Works
- 3.6 Statement of Human Resources

3.1 Comprehensive Income Statement

Comprehensive Income Statement

For the four years ending 30 June 2021

	Forecast	Draft	Strategic Resource Plan		
	Actual 2016/17 \$'000	Budget 2017/18 \$'000	Projections		
			2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Income					
Rates and charges	6,806	7,117	7,264	7,415	7,569
Statutory fees and fines	109	108	108	108	108
User fees	2,013	1,972	1,584	2,033	2,109
Grants - operating	870	779	778	780	782
Grants - capital	18	2,848	7,149	650	881
Contributions - monetary - operating	0	13	0	0	0
Contributions - monetary - capital	0	5	11	0	0
Other income	246	234	237	239	242
Share of net profits of associates	0	0	0	0	0
Net gain on disposal of property, infrastructure, plant and equipment	0	0	0	0	0
Total income	10,062	13,075	17,131	11,225	11,691
Expenses					
Employee costs	3,847	4,057	4,173	4,289	4,409
Materials and services	5,071	5,448	4,927	4,914	5,106
Bad and doubtful debts	3	3	3	3	3
Depreciation	1,121	1,197	1,328	1,345	1,374
Borrowing costs	10	11	22	33	29
Other expenses	229	233	239	243	250
Total expenses	10,281	10,949	10,693	10,827	11,170
Surplus / (deficit) for the year	(219)	2,126	6,438	398	521
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods					
Net asset revaluation increment / (decrement)	0	0	0	0	0
Total comprehensive result	(219)	2,126	6,438	398	521

3.2 Balance Sheet

Balance Sheet

For the four years ending 30 June 2021

	Forecast Actual 2016/17 \$'000	Draft Budget 2017/18 \$'000	Strategic Resource Plan Projections		
			2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Assets					
Current assets					
Cash and cash equivalents	1,347	1,410	1,115	943	931
Trade and other receivables	350	350	350	350	350
Other financial assets	2,500	2,000	1,500	1,000	1,000
Inventories	5	5	5	5	5
Other assets	200	200	200	200	200
Total current assets	4,402	3,965	3,170	2,498	2,486
Non-current assets					
Investments in associates	240	240	240	240	240
Property, infrastructure, plant and equipment	126,209	129,166	137,215	137,814	138,290
Total non-current assets	126,449	129,406	137,455	138,054	138,530
Total assets	130,851	133,371	140,625	140,552	141,016
Liabilities					
Current liabilities					
Trade and other payables	592	835	1,371	644	646
Trust funds and deposits	87	87	87	87	87
Provisions	910	933	956	980	1,005
Interest-bearing loans and borrowings	107	78	86	95	80
Other liabilities	75	75	75	75	75
Total current liabilities	1,771	2,008	2,575	1,881	1,893
Non-current liabilities					
Provisions	64	66	67	69	71
Interest-bearing loans and borrowings	0	155	403	624	553
Total non-current liabilities	64	221	470	693	624
Total liabilities	1,835	2,229	3,045	2,574	2,517
Net assets	129,016	131,142	137,580	137,978	138,499
Equity					
Accumulated surplus	89,707	92,191	99,984	100,353	100,914
Reserves	39,309	38,951	37,596	37,625	37,585
Total equity	129,016	131,142	137,580	137,978	138,499

3.3 Statement of Changes in Equity

Statement of Changes in Equity

For the four years ending 30 June 2021

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2016/17 Forecast				
Balance at beginning of the financial year	129,235	89,082	36,996	3,157
Surplus / (deficit) for the year	(219)	(219)	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	0	(607)	0	607
Transfer from other reserves	0	1,451	0	(1,451)
Balance at end of the financial year	129,016	89,707	36,996	2,313
2017/18 Draft Budget				
Balance at beginning of the financial year	129,016	89,707	36,996	2,313
Surplus / (deficit) for the year	2,126	2,126	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	0	(834)	0	834
Transfer from other reserves	0	1,192	0	(1,192)
Balance at end of the financial year	131,142	92,191	36,996	1,955
2018/19 Draft SRP				
Balance at beginning of the financial year	131,142	92,191	36,996	1,955
Surplus / (deficit) for the year	6,438	6,438	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	0	(45)	0	45
Transfer from other reserves	0	1,400	0	(1,400)
Balance at end of the financial year	137,580	99,984	36,996	600
2019/20 Draft SRP				
Balance at beginning of the financial year	137,580	99,984	36,996	600
Surplus / (deficit) for the year	398	398	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	0	(45)	0	45
Transfer from other reserves	0	16	0	(16)
Balance at end of the financial year	137,978	100,353	36,996	629
2020/21 Draft SRP				
Balance at beginning of the financial year	137,978	100,353	36,996	629
Surplus / (deficit) for the year	521	521	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	0	(45)	0	45
Transfer from other reserves	0	85	0	(85)
Balance at end of the financial year	138,499	100,914	36,996	589

3.4 Statement of Cash Flows

Statement of Cash Flows

For the four years ending 30 June 2021

	Forecast	Draft	Strategic Resource Plan		
	Actual 2016/17 \$'000	Budget 2017/18 \$'000	Projections		
			2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Cash flows from operating activities					
<i>Receipts</i>					
Rates and charges	6,818	7,117	7,265	7,415	7,569
Statutory fees and fines	111	108	108	108	108
User fees	2,055	1,972	1,584	2,032	2,109
Grants - Operating	854	779	778	780	782
Grants - Capital	1,008	2,848	7,149	650	881
Contributions - monetary - operating	0	13	0	0	0
Contributions - monetary - capital	0	5	11	0	0
Interest received	85	100	100	100	100
Other receipts	161	134	137	139	142
Net GST refund / (payment)	32	0	0	0	0
Total receipts	11,123	13,075	17,131	11,225	11,691
<i>Payments</i>					
Employee costs	(3,823)	(4,033)	(4,148)	(4,263)	(4,382)
Materials and services	(5,084)	(5,205)	(4,392)	(5,641)	(5,104)
Other payments	(232)	(236)	(242)	(245)	(253)
Total payments	(9,139)	(9,474)	(8,781)	(10,149)	(9,739)
Net cash provided by operating activities	1,984	3,601	8,350	1,075	1,952
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(1,856)	(4,231)	(9,460)	(2,037)	(1,932)
Proceeds from sale of property, infrastructure, plant and equipment	81	78	83	93	83
Payments for investments	(152)	0	0	0	0
Proceeds from sale of investments	0	500	500	500	0
Net cash used in investing activities	(1,928)	(3,653)	(8,878)	(1,444)	(1,849)
Cash flows from financing activities					
Borrowing costs	(10)	(11)	(22)	(33)	(29)
Proceeds from borrowings	0	177	300	300	0
Repayment of borrowings	(207)	(51)	(44)	(70)	(86)
Net cash provided by / (used in) financing activities	(217)	115	234	197	(115)
Net increase / (decrease) in cash and cash equivalents	(161)	63	(294)	(172)	(12)
Cash and cash equivalents at the beginning of the financial year	1,508	1,347	1,410	1,115	943
Cash and cash equivalents at the end of the financial year	1,347	1,410	1,115	943	931

3.5 Statement of Capital Works

Statement of Capital Works

For the four years ending 30 June 2021

	Forecast	Draft	Strategic Resource Plan		
	Actual 2016/17 \$'000	Budget 2017/18 \$'000	Projections		
			2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Property					
Land improvements	5	76	0	0	0
Buildings	430	1,263	1,100	245	249
Total property	436	1,339	1,100	245	249
Plant and equipment					
Plant, machinery and equipment	172	165	175	195	175
Fixtures, fittings and furniture	5	5	5	5	5
Computers and telecommunications	216	30	30	30	30
Total plant and equipment	393	200	210	230	210
Infrastructure					
Roads	90	469	149	129	336
Footpaths and cycle ways	112	64	12	12	12
Drainage	45	67	35	35	35
Recreational, leisure and community facilities	376	831	844	498	152
Parks, open space and streetscapes	177	950	6,899	33	433
Off street car parks	2	26	26	0	0
Other infrastructure	227	285	185	855	505
Total infrastructure	1,029	2,692	8,150	1,562	1,473
Total capital works expenditure	1,856	4,231	9,460	2,037	1,932
Represented by:					
New asset expenditure	612	1,583	3,134	554	676
Asset renewal expenditure	852	1,542	4,669	750	1,182
Asset upgrade expenditure	393	1,106	1,657	732	74
Total capital works expenditure	1,856	4,231	9,460	2,037	1,932

3.6 Statement of Human Resources

Statement of Human Resources

For the four years ending 30 June 2021

	Forecast	Draft	Strategic Resource Plan		
	Actual	Budget	Projections		
	2016/17	2017/18	2018/19	2019/20	2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000
Staff expenditure					
Employee costs - operating	3,847	4,057	4,173	4,289	4,409
Employee costs - capital (project management - priority infrastructure projects)	194	201	208	216	224
Total staff expenditure	4,041	4,258	4,381	4,505	4,633
	EFT	EFT	EFT	EFT	EFT
Staff expenditure					
Employees - operating	40.8	41.9	41.9	41.9	41.9
Employees - capitalised	1.6	1.6	1.6	1.6	1.6
Total staff numbers	42.4	43.5	43.5	43.5	43.5

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

Program area	Draft	Comprises	
	Budget	Permanent	Permanent
	2017/18	Full time	Part time
	\$'000	\$'000	\$'000
Organisational performance and compliance	886	772	114
Aged services	517	0	517
Tourist parks and boat ramp services	502	229	273
Community engagement and customer service	428	196	232
Financial and risk management	410	336	74
Land use planning	217	155	62
Local laws, safety and amenity	209	209	0
Design and project management	159	159	0
Visitor information centre	138	104	34
Coastal protection	123	123	0
Active communities	91	41	50
Tourism and economic development	82	41	41
Environmental sustainability	71	0	71
Environmental health	69	69	0
Community events	38	0	38
Total permanent staff expenditure	3,940	2,434	1,506
Casuals and other expenditure	117		
Total employee costs (operating)	4,057		
Capitalised Labour costs	201		
Total expenditure	4,258		

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

Program area	Draft Budget 2017/18 \$'000	Comprises	
		Permanent Full time \$'000	Permanent Part time \$'000
Organisational performance and compliance	6.0	5.0	1.0
Aged services	6.9	0.0	6.9
Tourist parks and boat ramp services	5.9	2.4	3.5
Community engagement and customer service	5.5	2.0	3.5
Financial and risk management	3.8	3.0	0.8
Land use planning	2.1	1.4	0.7
Local laws, safety and amenity	2.0	2.0	0.0
Design and project management	1.5	1.5	0.0
Visitor information centre	1.7	1.2	0.5
Coastal protection	1.1	1.1	0.0
Active communities	0.9	0.4	0.5
Tourism and economic development	0.9	0.4	0.5
Environmental sustainability	0.8	0.0	0.8
Environmental health	0.6	0.6	0.0
Community events	0.5	0.0	0.5
Total permanent staff expenditure	40.1	21.0	19.1
Casuals and other expenditure	1.8		
Total employee costs (operating)	41.9		
Capitalised Labour costs	1.6		
Total expenditure	43.5		

4. Financial performance indicators

The following table highlights Council's current and projected performance across a range of key financial performance indicators. These indicators provide a useful analysis of Council's financial position and performance and should be interpreted in the context of the organisation's objectives.

Indicator	Measure	Notes	Actual 2015/16	Forecast Actual 2016/17	Draft Budget 2017/18	Strategic Resource Plan Projections			
						SRP 2018/19	SRP 2019/20	SRP 2020/21	Trend +/-
Operating position									
Adjusted underlying result	Adjusted underlying result / Adjusted underlying revenue	1	(1.9%)	(2.4%)	(4.7%)	(7.2%)	(2.4%)	(1.2%)	-
Liquidity									
Working Capital	Current assets / Current liabilities	2	279.6%	248.4%	197.4%	123.1%	132.8%	131.3%	-
Unrestricted cash	Unrestricted cash / Current liabilities		89.5%	127.4%	108.3%	98.1%	98.6%	97.3%	+
Obligations									
Loans and borrowings	Interest bearing loans and borrowings / Rate revenue	3	4.8%	1.6%	3.3%	6.7%	9.7%	8.4%	-
Loans and borrowings	Interest and principal repayments / Rate revenue		3.8%	3.2%	0.9%	0.9%	1.4%	1.5%	○
Indebtedness	Non-current liabilities / Own source revenue		0.8%	0.7%	2.3%	5.1%	7.1%	6.2%	-
Asset renewal	Asset renewal expenditure / Depreciation	4	137.3%	76.0%	128.8%	351.5%	55.8%	86.1%	-
Stability									
Rates concentration	Rate revenue / Adjusted underlying revenue	5	66.5%	67.8%	68.1%	72.9%	70.1%	68.6%	○
Rates effort	Rate revenue / Property values (CIV)		0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	○
Efficiency									
Expenditure level	Total expenditure / No. of assessments		\$3,286	\$3,347	\$3,564	\$3,481	\$3,524	\$3,636	-
Revenue level	Residential rate revenue / No. of residential assessments		\$2,063	\$1,907	\$1,962	\$2,002	\$2,042	\$2,083	+
Workforce turnover	No. of resignations & terminations / average no. of staff		14.6%	9.1%	1.4%	0.0%	0.0%	0.0%	+

Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance / financial position indicator
- O Forecasts that Council's financial performance / financial position indicator will be steady
- Forecasts deterioration in Council's financial performance / financial position indicator

Notes to indicators

1. **Adjusted underlying result** – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. In recent years, the underlying operating deficits reflect delivery of carry forward projects for which Council has successfully attracted significant external grant funding in previous years, with completion of carry forward works also expected to occur in the 2017/18 budget year. Deficits are also estimated for the SRP forward years 2018/19 through 2020/21, reflecting a decrease in fees and charges over the short term as redevelopment of tourist parks occurs, coupled with Council's reduced capacity to raise additional rate revenue beyond the rate cap. The long term outlook includes financially sustainable outcomes that increase future tourist park revenues to enable Council to direct additional income to improve the management of coastal Crown land, while minimising future rate increases and achieving sustainable underlying operating surpluses in the long term.
2. **Working Capital** – The proportion of current liabilities represented by current assets. Working capital is budgeted to remain reasonably high in 2017/18, given significant grant funding expected to be received, with a forecast decline over the three years in the SRP, as carry forward projects are completed and paid for.
3. **Debt compared to rates** – Trend indicates Council's increasing reliance on debt against its annual rate revenue, due to new borrowings of \$177,400 budgeted in 2017/18 and \$300,000 forecast in each of the 2018/19 and 2019/20 financial years, with expected repayment of each loan over a period of ten years. Council has planned to take up new borrowings to fund major capital works where benefits can be attained for future generations across the wider community.
4. **Asset renewal** – This percentage indicates the extent of Council's renewals against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100% indicates Council is maintaining its existing assets, while a percentage less than 100% means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets. Council needs to average at least 100% over a longer term of 7-10 years, with peaks and troughs occurring as large assets are programmed for expenditure. This renewal target is expected to be achieved over the long term, with an average of 139.6% p.a. for the years from 2016/17 forecast, through to the 2017/18 budget and each of the SRP years to 2020/21. This is predominantly due to significant funded projects, including the Queenscliff Sports & Recreation Precinct and Destination Queenscliff projects. The annual asset renewal program continues to average \$580,000 per annum, and Roads to Recovery funding of \$231,000 is also expected to be received and spent on asset renewal projects in the 2017/18 year.
5. **Rates concentration** – Reflects the extent of reliance on rate revenue to fund all of Council's on-going services. Trend indicates Council will remain relatively more reliant on rate revenue compared to all other revenue sources. Note assumptions with respect to grant funding are reviewed annually to consider new information from other levels of government. The redevelopment of the tourist parks is expected to generate additional future income to improve the management of coastal Crown land, which will reduce the level of rates concentration and minimise future rate increases.

5. Other budget information (grants and borrowings)

This section presents other budget related information required by the Regulations.

This section includes the following statements and reports:

- 5.1 Grants – operating
- 5.2 Grants – capital
- 5.3 Statement of Borrowings

5.1 Grants – operating (\$91,000 decrease)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall, the level of operating grants is projected to decrease by \$91,000 (10.4%) compared to 2016/17. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below.

Operating Grants	Forecast	Draft	Variance	
	Actual 2016/17 \$'000	Budget 2017/18 \$'000	\$'000	%
Recurrent - Commonwealth Government				
Aged services	409	409	0	0.0%
Recurrent - State Government				
Victoria Grants Commission	247	247	0	0.0%
Maternal and child health	40	41	1	2.0%
Fire Services Property Levy administration	37	38	1	2.9%
School crossing supervisors	17	17	0	0.0%
Beach cleaning	13	13	0	0.0%
Aged services	9	9	0	0.1%
Other grants (< \$10,000 each)	3	3	0	0.0%
Total recurrent operating grants	774	776	2	0.2%
Non-recurrent - State Government				
Economic Development Strategy	45	0	(45)	(100.0%)
Queenscliffe Winter Arts Festival	30	0	(30)	(100.0%)
Actions stemming from Economic Development Strategy	13	0	(13)	(100.0%)
Other grants (< \$10,000 each)	8	3	(5)	(62.5%)
Total non-recurrent operating grants	96	3	(93)	(96.9%)
Total operating grants	870	779	(91)	(10.4%)

Funding for a range of aged services will cease on 30 June 2019 and Council will need to make decisions regarding future services to be provided. Until this occurs, funding continues to be budgeted at current levels over each of the four financial years in the Strategic Resource Plan, with no indexation assumed.

The level of Victoria Grants Commission (VGC) funding to Victorian councils is affected by the Commonwealth Government's previous decision to pause indexation of Financial Assistance Grants to councils for three years, which commenced in 2014/15. No indexation has been assumed in the 2017/18 Budget or the Strategic Resource Plan forecasts to 2020/21. Total indexation foregone for the Borough of Queenscliffe from 2014/15 to 2016/17 was \$17,700.

Indexation for Maternal and child health funding, estimated at CPI, will be adjusted in 2017/18, if required.

Funding of Fire Services Property Levy administration as confirmed by the Municipal Association of Victoria.

Other grants, which have historically not been indexed annually, include funding for the school crossing supervisors, beach cleaning and senior citizens week activities. Each of these programs is budgeted assuming no increase above the current level of service, with any adjustment received to be included in the 2017/18 forecast as necessary.

Council has budgeted for the balance due of \$3,000 for one non-recurrent operating grant to be received in 2017/18. Any operating grant funding opportunities, for which Council may be successful in securing, will be updated in the quarterly forecast reviews during the 2017/18 financial year.

5.2 Grants – capital (\$2,830,000 increase)

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall, the level of capital grants has increased by \$2,830,000 (15,720.8%) compared to 2016/17, due mainly to conditions of specific funding agreements for some large capital works projects. Section 6 “Analysis of Capital Budget” includes a more detailed analysis of the grants and contributions expected to be received during the 2017/18 year. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Capital Grants	Forecast	Draft	Variance	
	Actual 2016/17 \$'000	Budget 2017/18 \$'000	\$'000	%
Recurrent - Commonwealth Government				
Roads to Recovery program	0	231	231	100.0%
Total recurrent capital grants	0	231	231	100.0%
Non-recurrent - State Government				
Queenscliff sports and recreation precinct	0	1,835	1,835	100.0%
Destination Queenscliff Stage 1	0	349	349	100.0%
Point Lonsdale lighthouse reserve	0	300	300	100.0%
Destination Queenscliff Stage 2	0	123	123	100.0%
King Street bus stop	10	10	0	0.0%
Point Lonsdale foreshore revitalisation Stage 3	8	0	(8)	(100.0%)
Total non-recurrent capital grants	18	2,616	2,598	14,435.8%
Total capital grants	18	2,848	2,830	15,720.8%

The Roads to Recovery program is a four year funding program by the Commonwealth to all councils. The current program concludes in the 2018/19 year. The Borough of Queenscliffe expects to receive and expend its full funding allocation in 2017/18, with its next funding allocation planned to be spent in 2020/21.

The Borough of Queenscliffe has significant non-recurrent government grant funded projects, as listed in the above table, which are expected to be carried out over a period of two or more financial years as follows:

- Queenscliff Sports and Recreation precinct – this project is currently underway, with \$1,000,000 grant funding received in 2015/16, \$1,835,000 budgeted to be received in 2017/18 and the balance of \$320,000 forecast to be received in 2018/19 (total funding of \$3,155,000);
- Destination Queenscliff Stage 1 – this is expected to be progressed over the next two years, with \$349,000 budgeted to be received in 2017/18 and the balance of \$3,140,514 forecast to be received in 2018/19 (total funding of \$3,489,514);
- Destination Queenscliff Stage 2 – this is expected to be progressed over the next two years, with \$123,000 budgeted to be received in 2017/18 and the balance of \$2,572,550 forecast to be received in 2018/19 (total funding of \$2,695,550); and
- Point Lonsdale Lighthouse Reserve – this budget is dependent on a successful grant application outcome and is expected to be progressed over the next two years, with \$300,000 budgeted to be received in 2017/18 and the balance of \$500,000 forecast to be received in 2018/19 (total funding sought \$800,000).

Any additional grant funding opportunities that Council may be successful in securing will be updated in the quarterly forecast reviews during the 2017/18 financial year.

5.3 Statement of Borrowings

The table below shows information on borrowings specifically required by the Regulations.

	2016/17	2017/18
	\$	\$
Total amount borrowed as at 30 June of the prior year	314,233	106,761
Total amount to be borrowed	0	177,400
Total amount projected to be redeemed	(207,471)	(51,181)
Total amount proposed to be borrowed as at 30 June	106,761	232,980

6. Detailed list of capital works

This section presents a listing of the capital works projects that will be undertaken for the 2017/18 year.

The capital works projects are grouped by class and include the following:

- 6.1 New works for 2017/18
- 6.2 Works carried forward from the 2016/17 year
- 6.3 Summary

Capital works program

For the year ending 30 June 2018

6.1 New works for 2017/18

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources					
		New	Renewal	Upgrade	Gov. Grants	Contrib.	Council Cash	Reserve transfers	New Loans	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PROPERTY										
BUILDINGS										
Annual renewal program - Council buildings	23	0	23	0	0	0	23	0	0	0
Annual renewal program - Planning for future building renewal	20	0	20	0	0	0	20	0	0	0
Annual renewal program - Queenscliff Recreation Reserve	16	0	16	0	0	0	16	0	0	0
Annual renewal program - Foreshore public conveniences	16	0	16	0	0	0	16	0	0	0
Queenscliffe cultural hub	100	0	0	100	0	0	0	100	0	0
Decking at Queenscliff Neighbourhood House	15	15	0	0	0	5	10	0	0	0
Project management resourcing	249	152	60	37	104	0	145	0	0	0
TOTAL BUILDINGS	439	167	135	137	104	5	230	100	0	0
TOTAL PROPERTY	439	167	135	137	104	5	230	100	0	0

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources					
		New \$'000	Renewal \$'000	Upgrade \$'000	Gov. Grants \$'000	Contrib. \$'000	Council Cash \$'000	Reserve transfers \$'000	New Loans \$'000	Asset Sales \$'000
PLANT AND EQUIPMENT										
PLANT, MACHINERY AND EQUIPMENT										
Annual renewal program - Council motor vehicles	155	0	155	0	0	0	78	0	0	78
Annual renewal program - Caravan park washing machines and driers	5	0	5	0	0	0	5	0	0	0
Annual renewal program - Minor plant and equipment	5	0	5	0	0	0	5	0	0	0
TOTAL PLANT, MACHINERY AND EQUIPMENT	165	0	165	0	0	0	88	0	0	78
FIXTURES, FITTINGS AND FURNITURE										
Annual renewal program - Council fixtures, fittings and furniture	5	0	5	0	0	0	5	0	0	0
TOTAL FIXTURES, FITTINGS AND FURNITURE	5	0	5	0	0	0	5	0	0	0
COMPUTERS AND TELECOMMUNICATIONS										
Annual renewal program - computers and telephone equipment	30	0	30	0	0	0	30	0	0	0
TOTAL COMPUTERS AND TELECOMMUNICATIONS	30	0	30	0	0	0	30	0	0	0
TOTAL PLANT AND EQUIPMENT	200	0	200	0	0	0	123	0	0	78

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources					
		New \$'000	Renewal \$'000	Upgrade \$'000	Gov. Grants \$'000	Contrib. \$'000	Council Cash \$'000	Reserve transfers \$'000	New Loans \$'000	Asset Sales \$'000
INFRASTRUCTURE										
ROADS										
Annual renewal program - roads	75	0	75	0	0	0	75	0	0	0
Annual renewal program - pavement repair	20	0	20	0	0	0	20	0	0	0
Annual renewal program - access roads and carparks	10	0	10	0	0	0	10	0	0	0
Annual renewal program - roads to recovery	231	0	231	0	231	0	0	0	0	0
Hesse Street streetscape	40	0	0	40	0	0	40	0	0	0
Construction of school crossing at St. Aloysius Primary School	15	15	0	0	0	0	15	0	0	0
Replace kerb and channel in Hobson Street	5	0	5	0	0	0	0	5	0	0
Harbour Street improvements	32	0	13	19	0	0	32	0	0	0
TOTAL ROADS	428	15	354	59	231	0	192	5	0	0
FOOTPATHS AND CYCLEWAYS										
Annual renewal program - footpaths	12	0	12	0	0	0	12	0	0	0
Harbour Street improvements	32	0	13	19	0	0	32	0	0	0
TOTAL FOOTPATHS AND CYCLEWAYS	44	0	25	19	0	0	44	0	0	0
DRAINAGE										
Annual renewal program - drainage	35	0	35	0	0	0	35	0	0	0
Harbour Street improvements	16	0	6	10	0	0	16	0	0	0
TOTAL DRAINAGE	51	0	41	10	0	0	51	0	0	0

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources					
		New	Renewal	Upgrade	Gov. Grants	Contrib.	Council Cash	Reserve transfers	New Loans	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INFRASTRUCTURE (continued)										
RECREATIONAL, LEISURE AND COMMUNITY FACILITIES										
Annual renewal program - walking tracks and signage	5	0	5	0	0	0	5	0	0	0
Annual renewal program - beach access tracks and fencing	5	0	5	0	0	0	5	0	0	0
Annual renewal program - beach access handrails and steps	20	0	20	0	0	0	20	0	0	0
Annual renewal program - fencing at Caravan Parks	5	0	5	0	0	0	5	0	0	0
Annual renewal program - other foreshore assets	5	0	5	0	0	0	5	0	0	0
Plan for park to focus on children and families	40	0	0	40	0	0	40	0	0	0
Project management resourcing	101	25	60	15	0	0	101	0	0	0
TOTAL RECREATIONAL, LEISURE AND COMMUNITY FACILITIES	181	25	100	55	0	0	181	0	0	0
PARKS, OPEN SPACE AND STREETSCAPES										
Annual renewal program - open space	16	0	16	0	0	0	16	0	0	0
Annual renewal program - foreshore and park furniture	7	0	7	0	0	0	7	0	0	0
Annual renewal program - Lower Princess, Princess & Citizens Parks	10	0	10	0	0	0	10	0	0	0
Destination Queenscliff Stage 1	349	105	209	35	349	0	0	0	0	0
Point Lonsdale Lighthouse Reserve	375	375	0	0	300	0	75	0	0	0
TOTAL PARKS, OPEN SPACE AND STREETSCAPES	757	480	242	35	649	0	108	0	0	0

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources					
		New \$'000	Renewal \$'000	Upgrade \$'000	Gov. Grants \$'000	Contrib. \$'000	Council Cash \$'000	Reserve transfers \$'000	New Loans \$'000	Asset Sales \$'000
INFRASTRUCTURE (continued)										
OFF STREET CAR PARKS										
Project management resourcing	26	22	0	4	18	0	8	0	0	0
TOTAL OFF STREET CAR PARKS	26	22	0	4	18	0	8	0	0	0
OTHER INFRASTRUCTURE										
Plan for enhancing alternate power supply	15	0	0	15	0	0	0	15	0	0
Contribution to Point Lonsdale Tennis Club lighting	30	0	30	0	0	0	30	0	0	0
Towns entry and main road tourism signage	5	0	5	0	0	0	5	0	0	0
TOTAL OTHER INFRASTRUCTURE	50	0	35	15	0	0	35	15	0	0
TOTAL INFRASTRUCTURE	1,537	542	798	197	899	0	619	20	0	0
TOTAL NEW CAPITAL WORKS 2017/18	2,177	709	1,133	334	1,003	5	971	120	0	78

6.2 Works carried forward from the 2016/17 year

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources					
		New \$'000	Renewal \$'000	Upgrade \$'000	Gov. Grants \$'000	Contrib. \$'000	Council Cash \$'000	Reserve transfers \$'000	New Loans \$'000	Asset Sales \$'000
PROPERTY										
LAND IMPROVEMENTS										
Plan for the subdivision of Council freehold land	76	0	0	76	0	0	0	76	0	0
TOTAL LAND IMPROVEMENTS	76	0	0	76	0	0	0	76	0	0
BUILDINGS										
Annual renewal program - Council buildings	100	0	100	0	0	0	0	100	0	0
Annual renewal program - Planning for future building renewal	15	0	15	0	0	0	0	15	0	0
Annual renewal program - Queenscliff Recreation Reserve	5	0	5	0	0	0	0	5	0	0
Annual renewal program - Foreshore public conveniences	21	0	21	0	0	0	0	21	0	0
Queenscliff Sports and Recreation precinct Stage 2	681	238	102	341	918	0	0	(236)	0	0
Town hall solar panels	2	2	0	0	0	0	0	2	0	0
TOTAL BUILDINGS	824	240	243	341	918	0	0	(94)	0	0
TOTAL PROPERTY	899	240	243	416	918	0	0	(18)	0	0

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources					
		New	Renewal	Upgrade	Gov. Grants	Contrib.	Council Cash	Reserve transfers	New Loans	Asset Sales
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INFRASTRUCTURE										
ROADS										
Queenscliff Sports and Recreation precinct Stage 2	41	14	6	20	55	0	0	(14)	0	0
TOTAL ROADS	41	14	6	20	55	0	0	(14)	0	0
FOOTPATHS AND CYCLEWAYS										
Footpath Strategy	20	0	10	10	0	0	0	20	0	0
TOTAL FOOTPATHS AND CYCLEWAYS	20	0	10	10	0	0	0	20	0	0
DRAINAGE										
Annual renewal program - drainage	16	0	16	0	0	0	0	16	0	0
TOTAL DRAINAGE	16	0	16	0	0	0	0	16	0	0
RECREATIONAL, LEISURE AND COMMUNITY FACILITIES										
Annual renewal program - fencing at Caravan Parks	10	0	10	0	0	0	0	10	0	0
Queenscliff Sports and Recreation precinct Stage 2	640	224	96	320	862	0	0	(222)	0	0
TOTAL RECREATIONAL, LEISURE AND COMMUNITY FACILITIES	650	224	106	320	862	0	0	(212)	0	0
PARKS, OPEN SPACE AND STREETSCAPES										
Annual renewal program - open space	14	0	14	0	0	0	0	14	0	0
Queenscliff Park Stage 1	180	180	0	0	0	0	0	180	0	0
TOTAL PARKS, OPEN SPACE AND STREETSCAPES	193	180	14	0	0	0	0	193	0	0

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources					
		New \$'000	Renewal \$'000	Upgrade \$'000	Gov. Grants \$'000	Contrib. \$'000	Council Cash \$'000	Reserve transfers \$'000	New Loans \$'000	Asset Sales \$'000
INFRASTRUCTURE (continued)										
OTHER INFRASTRUCTURE										
Streetlight Replacement to LED	186	186	0	0	0	0	0	9	177	0
King Street bus stop	30	30	0	0	10	0	10	10	0	0
Towns entry and main road tourism signage	14	0	14	0	0	0	0	14	0	0
Street signs upgrade	5	0	0	5	0	0	0	5	0	0
TOTAL OTHER INFRASTRUCTURE	235	216	14	5	10	0	10	37	177	0
TOTAL INFRASTRUCTURE	1,155	634	165	356	928	0	10	40	177	0
TOTAL CARRY FORWARD CAPITAL WORKS 2016/17	2,054	874	408	772	1,845	0	10	22	177	0

6.3 Summary

Capital Works Area	Project Cost \$'000	Asset expenditure types			Funding sources					
		New \$'000	Renewal \$'000	Upgrade \$'000	Gov. Grants \$'000	Contrib. \$'000	Council Cash \$'000	Reserve transfers \$'000	New Loans \$'000	Asset Sales \$'000
PROPERTY	1,339	407	378	554	1,022	5	230	82	0	0
PLANT AND EQUIPMENT	200	0	200	0	0	0	123	0	0	78
INFRASTRUCTURE	2,692	1,176	963	553	1,826	0	629	60	177	0
TOTAL CAPITAL WORKS	4,231	1,583	1,542	1,106	2,848	5	981	142	177	78

7. Rates and charges

This section presents information about rates and charges which the Act and the Regulations require to be disclosed in the Council's annual budget.

7.1 Rates and charges

In developing the Strategic Resource Plan (referred to in Section 14), rates and charges were identified as an important source of revenue, accounting for 54.4% of the total revenue expected to be received by Council in the 2017/18 budget year and averaging 57% p.a. (depends on grants and other income).. Planning for a one-off rate increase of 4.5% in 2017/18 has therefore been an important component of the Strategic Resource Planning process. The 2017/18 Budget includes a one-off 4.5% rate increase, which is 2.5% above the State Government rate cap of 2.0% for the 2017/18 year (subject to ESC approval). The cap applies to both general rates and municipal charges and is calculated on the basis of Council's average rates and charges, excluding waste management charges.

The level of required rates and charges has been considered by Council, with reference to its other sources of income and planned expenditure on services and works to meet the needs, aspirations and priorities of our community over the long term. To meet these needs, it is necessary to seek a one-off higher rate cap in 2017/18, as well as achieve future revenue growth through sustainable financial outcomes from the Borough's caravan parks, and to continue to achieve efficiencies. This will enable Council to minimise future rate increases and achieve sustainable underlying operating surpluses in the long term in an effort to maintain a robust capital works program into the future.

Waste charges will increase by 2.4% to achieve full cost recovery for waste management services. Kerbside waste costs are budgeted to increase by 1.29%, public waste costs will increase by 3.38% and the cost of the green waste service is expected to increase by 3.18%.

The State Government legislation allows councils to calculate a separate charge for the collection and disposal of waste management services. This enables recovery of all waste management costs, which the State Government acknowledges to be a user pay service with typical cost increases that are significantly higher than CPI. Council's Rating Strategy, adopted in April 2016, outlines Council's policy regarding how its rates and charges are applied and the methodology used. The waste management cost streams include residential kerbside collection and disposal, green waste collection and disposal, as well as public waste collection and disposal. The burden of full cost recovery is placed only with those ratepayers who may access each of the waste services offered by Council.

A fixed green waste charge will continue to be applied to all residential and tourist accommodation properties (excluding vacant land), with this charge proposed to increase by \$1.05 (2.85%) from the current level of \$36.90 per property in 2016/17 to \$37.95 in the 2017/18 year to recover the full cost of the green waste service.

Council will continue to apply a kerbside waste charge to residential and tourist accommodation properties only for kerbside, recycling and hard waste collection, which is charged on the basis of a rate in the dollar multiplied by property value (CIV). The kerbside waste charge is proposed to increase by 0.000132 cents in the CIV dollar (0.69%) from the current level of 0.019210 cents in the CIV dollar per residential and tourist accommodation property (excluding vacant land). This in line with the expected average increase in the kerbside charge of 1.51%, noting this difference is due to supplementary adjustments during the 2016/17 year, resulting in a greater level of CIV value over which to apply total kerbside waste charges in the 2017/18 financial year.

A public waste charge will continue to be applied to all rateable properties, with this charge proposed to increase by \$2.70 (2.80%) from the current level of \$96.50 per property in 2016/17 to \$99.20 in the 2017/18 year to recover the full cost of the public waste service from all rateable properties within the municipality.

Total rates and charges of \$7,117,435 is budgeted to be raised in 2017/18, including \$12,000 generated from supplementary rates and a reduction in rate revenue of \$16,080 resulting from an additional Council pensioner concession of \$40 that continues to be offered to eligible ratepayers. A further reduction of \$4,961 is applied for the rebate continued to be offered to properties with a conservation and environmental land management interest.

7.1.1 The rate in the dollar to be levied as general rates under Section 158 of the Act for each type or class of land compared with the previous financial year

Type or class of land	2016/17 cents/\$CIV	2017/18 cents/\$CIV	Change
General rate for rateable residential properties	0.236536	0.247180	4.5%
General rate for rateable commercial properties	0.307495	0.321332	4.5%
General rate for rateable tourist accommodation properties	0.260188	0.271896	4.5%
Rate concession for rateable cultural and recreational properties	0.059134	0.061795	4.5%

7.1.2 The estimated total amount to be raised by general rates in relation to each type or class of land, and the estimated total amount to be raised by general rates, compared with the previous financial year

Type or class of land	2016/17 \$	2017/18 \$	Change
Residential	4,936,278	5,184,339	5.0%
Commercial	376,289	394,873	4.9%
Tourist accommodation	627,991	675,239	7.5%
Cultural and recreational	3,660	3,824	4.5%
Total amount to be raised by general rates	5,944,218	6,258,275	5.3%

7.1.3 The number of assessments in relation to each type of class of land, and the total number of assessments, compared with the previous financial year

Type or class of land	2016/17 No.	2017/18 No.	Change
Residential	2,574	2,574	0.0%
Commercial	163	166	1.8%
Tourist accommodation	321	327	1.9%
Cultural and recreational	5	5	0.0%
Total number of assessments	3,063	3,072	0.3%

7.1.4 The basis of valuation to be used is the Capital Improved Value (CIV)

7.1.5 The estimated total value of each type or class of land, and the estimated total value of land, compared with the previous financial year

Type or class of land	2016/17 \$	2017/18 \$	Change
Residential	2,086,906,500	2,097,393,000	0.5%
Commercial	122,371,824	122,886,124	0.4%
Tourist accommodation	241,359,500	248,344,000	2.9%
Cultural and recreational	6,188,500	6,188,500	0.0%
Total value of land	2,456,826,324	2,474,811,624	0.7%

7.1.6 \$Nil municipal charge is to be levied under Section 159 of the Act (2016/17: \$nil).

7.1.7 The rate or unit amount to be levied for each type of service rate or charge under Section 162 of the Act compared with the previous financial year

Type of Charge	Per Rateable Property 2016/17	Per Rateable Property 2017/18	Change
Kerbside waste - rate in the dollar x CIV	0.019210	0.019342	0.7%
Green waste - fixed charge	\$36.90	\$37.95	2.8%
Public waste - rate in the dollar x CIV	\$96.50	\$99.20	2.8%
Additional set of bins - fixed charge	\$220.00	\$230.00	4.5%
One extra bin - fixed charge	\$110.00	\$115.00	4.5%

7.1.8 The estimated total amount to be raised by each type of service rate or charge, and the estimated total amount to be raised by service rates and charges, compared with the previous financial year

Type of Charge	2016/17 \$	2017/18 \$	Change
Kerbside waste	433,600	440,300	1.5%
Green waste	103,900	107,200	3.2%
Public waste	295,600	304,700	3.1%
Additional set of bins	15,400	14,500	-5.8%
One extra bin	1,300	1,500	15.4%
Total	849,800	868,200	2.2%

7.1.9 The estimated total amount to be raised by all rates and charges compared with the previous financial year

	2016/17 \$	2017/18 \$	Change
General rates	5,944,218	6,258,275	5.3%
Supplementary rates	10,000	12,000	20.0%
Waste charges	849,800	868,200	2.2%
Less: additional pensioner concession offered by Council	(16,320)	(16,080)	1.5%
Less: rebate for properties of environmental interest	(4,886)	(4,961)	-1.5%
Total rates and charges	6,782,812	7,117,435	4.9%

7.1.10 Any significant changes that may affect the estimated amounts to be raised by rates and charges

There are no known significant changes which may affect the estimated amounts to be raised by rates and charges. However, the total amount to be raised by rates and charges may be affected by:

- The making of supplementary valuations (estimated at \$12,000 for the 2017/18 financial year)
- The variation of returned levels of value (e.g. valuation appeals)
- Changes in use of land such that rateable land becomes non-rateable land and vice versa
- Changes in use of land such that residential land becomes commercial land and vice versa
- Changes in use of land such that residential land becomes tourist accommodation land and vice versa.

7.1.11 Fair Go Rates System Compliance

The Borough of Queenscliffe has budgeted to include a rate increase of 4.5% in the 2017/18 year following Council's decision to seek a one-off higher rate cap in 2017/18. Council must submit an application to the Essential Services Commission (ESC) by 31 May 2017 and provide supplementary community feedback on Council's decision to seek a higher rate cap by 9 June 2017. The ESC will determine whether the higher rate cap submission has been successful within eight weeks of lodgement with the ESC by Council. Council's community engagement program ensures that Council has provided information to the community to understand the alternate options via a Community Bulletin and provided a mechanism for the ESC and Council to consider the community's views. The outcome of this application is expected to be advised to Council by the ESC in July 2017, at which time the Council will consider the outcome prior to adopting the 2017/18 Budget. Information included in the draft 2017/18 Budget with respect to the higher rate cap is summarised as follows:

2016/17 Base Average Rates	\$1,954.04
2017/18 calculations, applying the 2.0% rate cap set by the State Government	
Maximum Rate Increase	2.00%
Capped Average Rate	\$1,993.12
Maximum General Rates Revenue	\$6,104,942
2017/18 calculations, applying a higher rate cap of 4.5% per application lodged with ESC	
Proposed Rate Increase	4.50%
Capped Average Rate	\$2,041.94
Maximum General Rates Revenue	\$6,254,451
Budgeted General Rates Revenue	\$6,254,451

7.2 Differential rates

7.2.1 Rates to be levied

The rate and amount of rates payable in relation to land in each category of differential are:

- A general rate of 0.247180% (0.247180 cents in the dollar of CIV) for all rateable residential properties
- A general rate of 0.321332% (0.321332 cents in the dollar of CIV) for all rateable commercial properties including properties with six or more bedrooms which are rented out as holiday accommodation
- A general rate of 0.271896% (0.271896 cents in the dollar of CIV) for all rateable tourist accommodation properties, that is properties having five or less bedrooms which are rented out as holiday accommodation
- A general (concessional) rate of 0.061795% (0.061795 cents in the dollar of CIV) for all rateable cultural and recreational properties.

Each differential rate will be determined by multiplying the Capital Improved Value of rateable land (categorised by the characteristics described below) by the relevant percentages indicated above.

Council believes each differential rate will contribute to the equitable and efficient carrying out of council functions. Details of the objectives of each differential rate, the types of classes of land which are subject to each differential rate and the uses of each differential rate are set out below.

7.2.2 Residential land

Residential land is any land, which is:

- used primarily for residential purposes; or
- unoccupied but zoned Residential under the Borough of Queenscliffe Planning Scheme; and
- not Commercial land or Tourist accommodation land.

The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- Construction and maintenance of infrastructure assets

- Development and provision of community services
- Provision of general support services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

The geographic location of the land within this differential rate is wherever it is located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to residential land. The vacant land affected by this rate is that which is zoned residential under the Borough of Queenscliffe Planning Scheme. The classification of land which is improved will be determined by the occupation of that land, and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the end of the 2017/18 financial year.

7.2.3 Commercial land

Commercial land is any land which is:

- used primarily for the carrying out the manufacture or production of, or trade in, goods or services (including accommodation); or
- unoccupied but zoned Business under the Borough of Queenscliffe Planning Scheme; and
- not Tourist accommodation land

The objective of this differential rate is to ensure that all rateable commercial properties make an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited) to the:

- Costs associated with the Visitor Information Centre service and tourism promotion.
- Construction and maintenance of infrastructure assets
- Development and provision of community services
- Provision of general support services

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

The geographic location of the land within this differential rate is wherever it is located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to commercial land. The vacant land affected by this rate is that which is zoned commercial under the Borough of Queenscliffe Planning Scheme. The classification of land which is improved will be determined by the occupation of that land, and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the end of the 2017/18 financial year.

7.2.4 Tourist accommodation land

Tourist accommodation land is any land, which:

- contains a dwelling, unit, cabin or house or part of a house, with five or less bedrooms available for holiday rental that is used, whether primarily or otherwise, to provide holiday accommodation for the purpose of generating income from the provision of such holiday accommodation;

The objective of this differential rate is to ensure that all smaller scale rateable tourist accommodation properties make an equitable and appropriate financial contribution to the cost of carrying out the functions of Council including (but not limited) to the:

- Costs associated with the Visitor Information Centre service and tourism promotion.
- Construction and maintenance of infrastructure assets
- Development and provision of community services
- Provision of general support services

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

7.3 Other service charges and concessions

7.3.1 Cultural and recreational rates

Under the *Cultural and Recreational Lands Act 1963*, provision is made for a Council to grant a rating concession to any 'recreational lands' which meet the test of being 'rateable land' under the Act. Council has applied this rating concession in recognition of the voluntary nature of the not-for-profit sport and recreation clubs operating on the rateable land and the limited revenue streams available to these community organisations. The rate concession for recreational land is set at 75% of the residential rate and is treated as a contribution in lieu of rates.

7.3.2 Kerbside waste charge

An annual CIV-based kerbside waste charge is declared for the collection and disposal of residential kerbside waste, including general waste, hard waste and recycling services. The service is defined as a volume of 120 litres of general waste collected weekly from the kerbside and a volume of 120 litres of recyclable material collected weekly from the kerbside. An annual kerbside collection is also provided for hard waste.

The objective of the kerbside waste charge is to recover all waste management costs associated with the collection and disposal of residential kerbside waste.

The criteria for the kerbside waste charge is:

- Residential premises, excluding vacant residential land, rated as General rate properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner; and
- Residential premises rated as Tourist Accommodation properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner.

This service is not available to:

- Residential premises attached to a Commercial rated property where there is no suitable access to the property to provide the service in a safe and practical manner;
- Commercial properties; and
- Cultural and recreational properties

7.3.3 Green waste charge

An annual fixed green waste charge is declared for the collection and disposal of residential green waste. The service is defined as a volume of 240 litres of green waste collected fortnightly from the kerbside.

The objective of the green waste charge is to recover all waste management costs associated with the collection and disposal of residential green waste.

The criteria for the green waste charge is:

- Residential premises, excluding vacant residential land, rated as General rate properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner and
- Residential premises rated as Tourist Accommodation properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner.

This service is not available to:

- Residential premises attached to a Commercial rated property where there is no suitable access to the property to provide the service in a safe and practical manner;
- Commercial properties; and
- Cultural and recreational properties.

7.3.4 Public waste charge

An annual fixed public waste charge is declared for the collection and disposal of public waste, including public street and park bins collection, street cleaning, street sweeping and beach cleaning services.

The objective of the public waste charge is to recover all waste management costs associated with the collection and disposal of public waste.

The public waste charge applies to all rateable properties within the municipality.

The benefits of public waste services are accessible by all properties within the municipality.

7.3.5 Additional kerbside bin charges

A fixed additional bin charge per service is declared for each optional additional bin service (set of general waste and recycle bins) considered on formal application and approved where exceptional circumstances exist for the collection and disposal of residential kerbside waste. The service is defined as an additional volume of 120 litres of general waste collected weekly from the kerbside and/or a volume of 120 litres of recyclable material collected weekly from the kerbside.

The objective of the additional bin charge is to recover all waste management costs associated with the additional collection and disposal of residential kerbside waste.

The criteria for the additional kerbside bin charge is:

- Residential premises, excluding vacant residential land, rated as General rate properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner;
- Residential premises rated as Tourist Accommodation properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner;
- Premises rated as Cultural and recreational properties that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner; and
- Non-rateable residential premises that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner.

This additional bin service is not available to:

- Residential premises attached to a Commercial rated property where there is no suitable access to the property to provide the service in a safe and practical manner; and
- Commercial properties.

7.3.6 Additional green waste bin charges

A fixed additional bin charge per service is declared for each optional additional bin service considered on formal application and approved where exceptional circumstances exist for the collection and disposal of residential green waste. The service is defined as an additional volume of 240 litres of green waste collected fortnightly from the kerbside.

The objective of the additional bin charge is to recover all waste management costs associated with the additional collection and disposal of residential green waste.

The criteria for the additional green waste bin charge is:

- Residential premises, excluding vacant residential land, rated as General rate with access to the green waste service;
- Residential premises rated as Tourist Accommodation properties that are capable of being occupied with access to the green waste service;
- Premises rated as Cultural and recreational properties that are capable of being occupied with access to the green waste service; and
- Non-rateable residential premises that are capable of being occupied with suitable access to the property to provide the service in a safe and practical manner.

This additional bin service is not available to:

- Residential premises attached to a Commercial rated property where there is no suitable access to the property to provide the service in a safe and practical manner; and
- Commercial properties.

7.3.3 Other charges

Council does not have a separate municipal charge.

7.3.4 Pensioner concession

Holders of a Centrelink or Veteran Affairs Pension Concession card or a Veteran Affairs Gold card which stipulates TPI or War Widow may claim a rebate on their sole or principal place of residence, with only one rebate per property.

An additional pensioner concession, above the government funded pensioner rebate, per eligible ratepayer property applies for the 2017/18 financial year. Eligibility for this additional concession includes application on a principal place of residence with only one rebate per property.

Budget analysis

The following reports provide detailed analysis to support and explain the budget reports in the previous section.

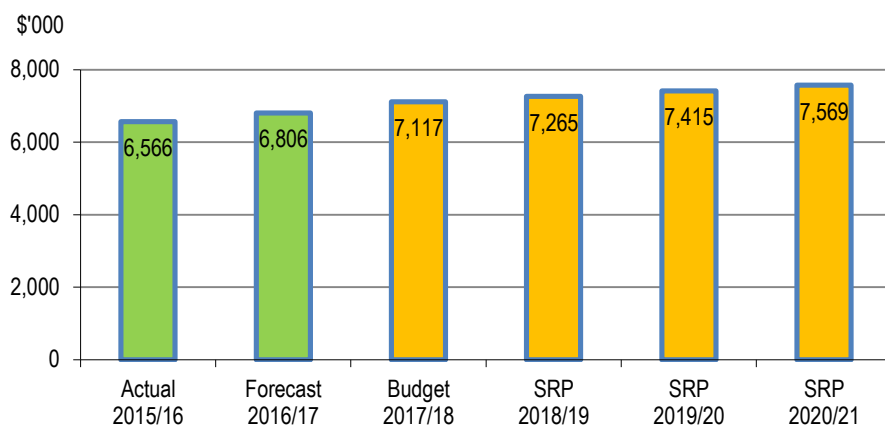
This section includes the following analysis and information:

8. Summary of financial position
9. Budget influences
10. Analysis of operating budget
11. Analysis of budgeted cash position
12. Analysis of capital budget
13. Analysis of budgeted financial position

8. Summary of financial position

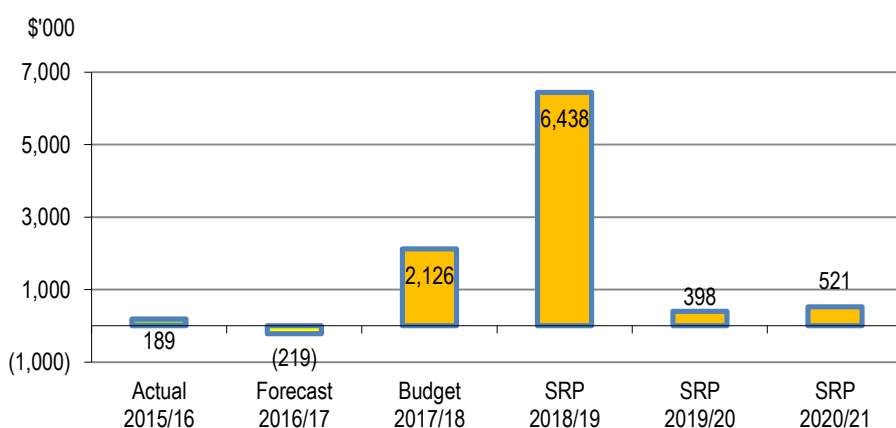
Council has prepared a Budget for the 2017/18 financial year which seeks to balance the community's capacity to meet the cost of rate increases with the demand for improved services and facilities, renewal, upgrade and maintenance of infrastructure and continued management of the Borough's natural environment. Key budget information is provided below regarding the rate increase, operating result, services, cash and investments, capital works, financial position, financial sustainability, strategic objectives of the Council and expenditure allocations across the main services delivered by Council. In the following graphs "SRP" denotes Strategic Resource Plan estimates (the Council's four year budget).

8.1 Total rates and charges



It is proposed that the average general rate increase by a higher rate cap of 4.5% for the 2017/18 year. This rate increase reflects Council's decision to seek a one-off higher rate cap in 2017/18, which is 2.5% above the 2.0% rate cap set by the Minister for Local Government. (The rate increase for the 2016/17 year was 2.5%). Total rates and charges to be raised is \$7,117,000, which includes full recovery of waste management costs for the collection and disposal of kerbside, green waste and public waste and an estimated \$12,000 to be generated from supplementary rates (additional rates for new or improved properties that occur in 2017/18). The 4.5% general rate increase, coupled with the full recovery of waste management costs, will enable Council to maintain current service levels and provide funding for new initiatives and capital works for the refurbishment and upgrade of existing assets, as well as a variety of new projects around the Borough. Refer also Sections 7 and 10 for more information.

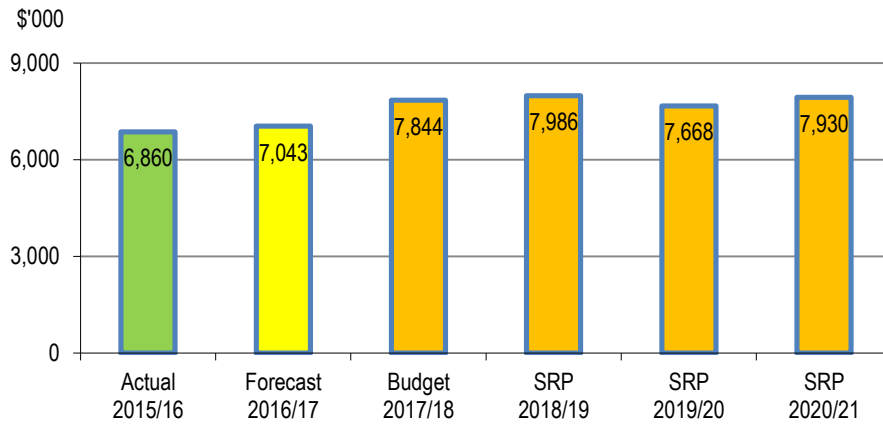
8.2 Operating result



The expected operating result for 2017/18 is a surplus of \$2,126,000, which is an increase of \$2,345,000 over 2016/17. The improved operating result is mainly due to external funding for capital works which is forecast to increase by \$2,830,000 to \$2,848,000. This is largely the result of confirmed funding for the Queenscliff Sports and Recreation precinct and Destination Queenscliff projects, offset in part by \$522,000 of carry forward projects expected to be completed in 2017/18 and funded from cash forecast to be held in reserves on the Balance Sheet at 30 June 2017. (The forecast operating result for 2016/17 is a deficit of \$219,000).

The adjusted underlying result, which excludes non-recurrent capital grants, non-monetary asset contributions and capital contributions from other sources, is budgeted to be a deficit of \$495,000 in 2017/18, which is an increase in the deficit of \$258,000 above the 2016/17 forecast underlying deficit. This mainly relates to funded carry forward works experienced for both financial years – refer to Section 8.7 for further information. (The forecast underlying operating result for the 2016/17 year is a deficit of \$237,000).

8.3 Services

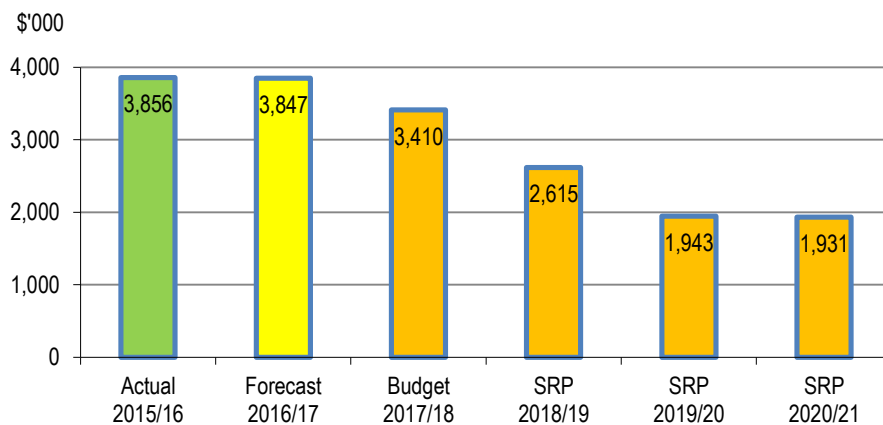


The net cost of services delivered to the community for 2017/18 is expected to be \$7,844,000, which is an increase of \$801,000 over 2016/17, which is largely due to carry forward operating projects (\$522,000) and an increase in Council's contribution to the operating initiatives as set out in Section 2 (\$223,000). Service levels have been maintained in the 2017/18 year. (The forecast net cost for the 2016/17 year is \$7,043,000).

Refer Section 2 for a list of services, including major initiatives, other initiatives and carry forward projects.

A key influencing factor in the development of the 2017/18 Budget has been the objective to maintain existing services and infrastructure as well as to deliver projects and services that are valued by our community, with a range of priority projects identified following extensive community engagement with respect to shaping of the draft Council Plan 2017-2021.

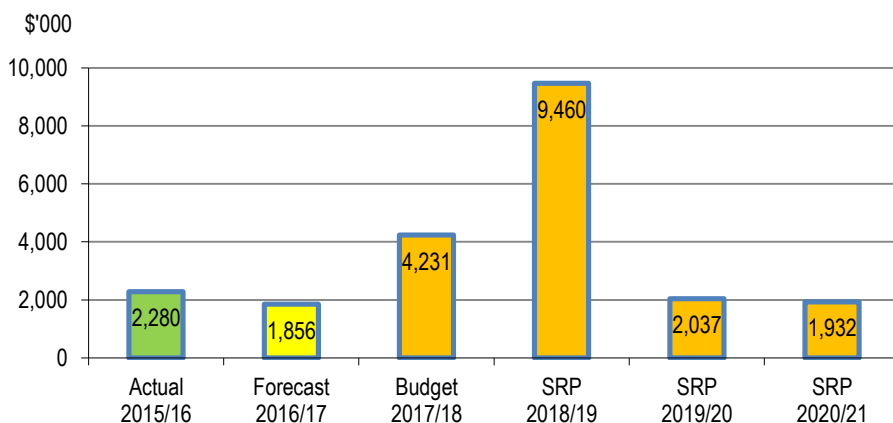
8.4 Cash and investments



Cash and investments are expected to decrease by \$437,000 during the year to \$3,410,000 as at 30 June 2017. This is due mainly to operating projects and capital works carried forward from 2016/17 for completion in the 2017/18 financial year. The reduction in cash and investments is in line with Council's Strategic Resource Plan. (Cash and investments are forecast to be \$3,847,000 as at 30 June 2017).

Note 2017/18 cash and investments include both Cash and cash equivalents (\$1,410,000) and Financial assets (\$2,000,000) including investments with 3-12 month maturities. Refer also Section 4 for the Statement of Cash Flows and Section 11 for an analysis of the cash position.

8.5 Capital works



The capital works program for the 2017/18 year is expected to be \$4,231,000 of which \$531,000 relates to projects which will be carried forward from the 2016/17 year. The carried forward component is fully funded from the 2016/17 budget, with funds held in reserves on the Balance Sheet to offset expenditure in 2017/18.

Of the \$4,231,000 of capital funding required, \$2,848,000 will come from external grants and \$5,000 from community contributions, with the balance of \$1,378,000 from Council cash. The Council cash amount comprises \$142,000 net transfer from reserves (\$531,000 carry forward projects as mentioned above and \$120,000 for capital works projects to be allocated from cash surpluses achieved in previous financial years, less \$509,000 Queenscliff Sports & Recreation Precinct funding to be carried forward to 2018/19); \$177,000 proceeds from new borrowings (Streetlight Replacement to LED); \$78,000 from asset sales (annual vehicle replacement program) and \$981,000 cash generated through operations in the 2017/18 financial year.

The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. This year's program includes the following major projects: Queenscliff Sports & Recreation Precinct (\$1,363,000); Point Lonsdale Lighthouse Reserve (\$375,000); Destination Queenscliff (\$349,000); Streetlight Replacement to LEDs (\$186,000); Queenscliff Park (\$180,000); Queenscliffe Cultural Hub (\$100,000); Harbour Street path, road and drainage improvements (\$80,000); Council's annual asset renewal program (\$912,000) and project management resourcing (\$360,000). (Capital works is forecast to be \$1,856,000 for the 2016/17 year).

Council continues to allocate funds for its annual asset renewal program, with \$500,000 in the 2017/18 year, and a total budget over the four years from 2017/18 to 2020/21 of \$2,188,000 (average of \$547,000 p.a.). The total capital works allocation – including Council's annual asset renewal program, government grant funded Roads to Recovery Program and priority projects determined by Council through its Council Plan – is \$17,660,000 over the four years to 2020/21 (average \$4,415,000 p.a.). This is a significant increase on prior years, due to major funds secured for Destination Queenscliff and Queenscliff Sports and Recreation precinct.

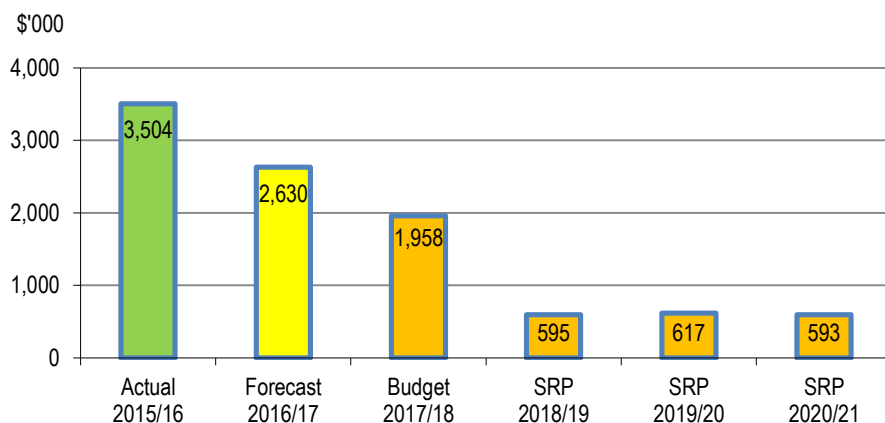
A review of all Council buildings and road infrastructure assets is conducted every four years. The last review was conducted in 2013/14, with outcomes used to inform the budget process. Review is next due in 2017/18.

Key findings from the most recent review of Council buildings and infrastructure assets in 2013/14 include:

- Council has managed its road assets very well since the last condition survey in 2010 with all overall asset condition indicators better than the previous audit with the exception of footpaths (good overall condition with very low levels of isolated failure, although a slight decline in their condition). Sealed road pavements were in excellent overall condition, with sealed surfaces in fair overall condition. Kerb assets were found to be in very good overall condition, although an increase in isolated kerb failures.
- The last condition assessment for buildings was in January 2014, with the next review due in 2017/18. The overall condition of Council's 64 buildings has a 'typical' condition distribution, with 29% of buildings assessed as being in very good to good condition. The condition assessment also indicated 8% of the buildings were near the end of their practical life and urgent works would be required over the next 1-5 years. The report recommends that, prior to any major renewal works, Council should undertake a strategic review to determine the services it requires and facilities needed in order to deliver services. Recent works include the Queenscliff Kindergarten and Senior Citizens & Sea Scouts shared building.

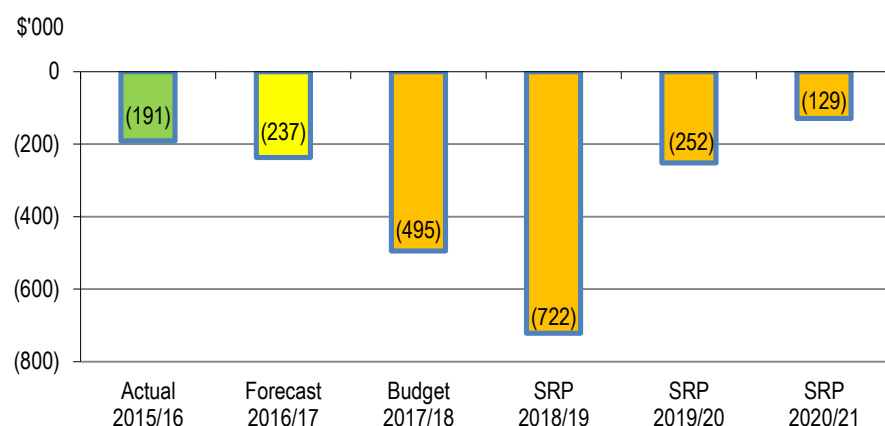
Refer also Section 4 for the Statement of Capital Works and Section 12 for an analysis of the capital budget.

8.6 Financial position



The financial position is expected to improve with net assets (net worth) to increase by \$2,126,000 to \$131,142,000, although net current assets (working capital) – as illustrated in the above graph – will reduce by \$672,000 to \$1,958,000 as at 30 June 2018. This is mainly due to the use of cash reserves to complete operating projects and capital works carried over from 2016/17, and to fund the 2017/18 capital works program. (Total equity is forecast to be \$129,016,000 as at 30 June 2017). Refer also Section 4 for the Balance Sheet and Section 13 for an analysis of the budgeted financial position.

8.7 Financial sustainability



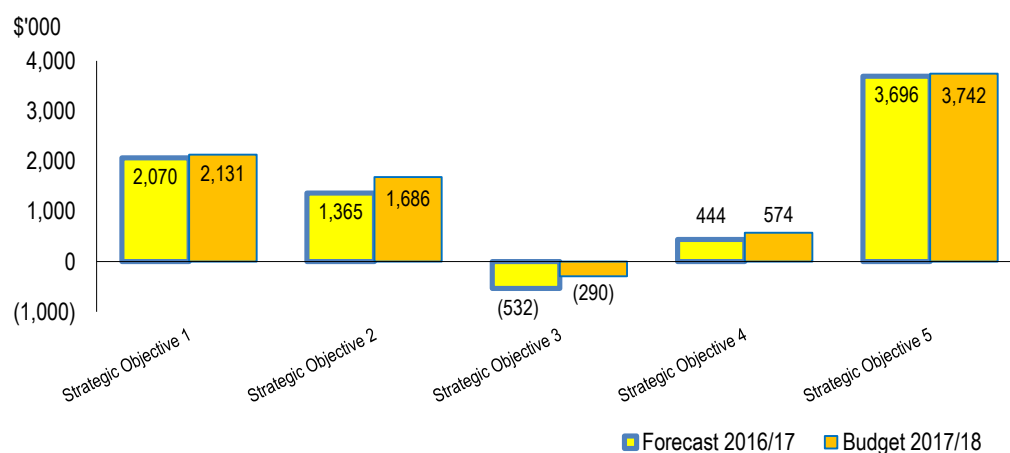
A high level Strategic Resource Plan for the years 2018/19 to 2020/21 has been developed to assist Council to prepare a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long-term, while still achieving the Council's strategic objectives as specified in the Council Plan.

The adjusted underlying result, which is a measure of financial sustainability, is forecast as a deficit in each financial year as illustrated above. In recent years, the underlying operating deficits reflect timing differences between income and expenditure relating to projects. That is, delivery of carry forward projects for which Council has successfully attracted significant external grant funding in previous years, with completion of carry forward works occurring in subsequent years. This occurred in the 2014/15 and 2015/16 financial years and is expected to occur again in the 2016/17 and 2017/18 financial years.

Council must responsibly manage the redevelopment of the Queenscliff Sports and Recreation Reserve, which involves an anticipated loss of net tourist park revenue of \$722,000 over the short term with the long term outlook including financially sustainable outcomes. These outcomes are critical and involve increasing future tourist park revenues to enable Council to direct additional income to improve the management of coastal Crown land, while minimising future rate increases and achieving sustainable underlying operating surpluses in the long term that ensure a robust future capital works program.

The adjusted underlying result, which excludes non-recurrent capital grants and contributions, is a deficit of \$495,000 in the 2017/18 year. (The forecast underlying result for 2016/17 is a deficit of \$237,000). Refer Section 10.1.1 for more information on Council's underlying result over time. Refer also to Section 14 for more information on the Strategic Resource Plan.

8.8 Strategic objectives



The Annual Budget includes a range of services and initiatives to be funded that will contribute to achieving the strategic objectives specified in the draft Council Plan 2017-2021. The above graph shows the level of funding allocated in the budget to achieve the strategic objectives as set out in the draft Annual Implementation Plan for the 2017/18 year.

Aside from appropriate levels of indexation applied to the 2017/18 Budget, notable variances from 2016/17 to 2017/18 mainly relate to new operating projects/initiatives and carry forward projects, as summarised below. Services that contribute to these objectives are set out in Section 2, with further information on 2017/18 budget initiatives included below each Strategic Objective table in Section 2.

Strategic Objective 1

Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture

Increase in net expenditure from 2016/17 forecast to 2017/18 Budget of \$61,000. The budget includes \$30,000 for major initiatives and \$3,500 other initiatives, with \$97,000 funded carry forward projects.

Strategic Objective 2

Play our part in protecting the local, national and globally significant values within our natural environment for future generations

Increase in net expenditure from 2016/17 forecast to 2017/18 Budget of \$321,000. The budget includes \$20,000 for major initiatives and \$25,000 other initiatives, with \$279,000 funded carry forward projects.

Strategic Objective 3

Foster a diverse and vibrant local economy

Income generated from Council-managed caravan and camping parks is included here, hence the net income position shown for this strategic objective.

Decrease in net income from 2016/17 forecast to 2017/18 Budget of \$242,000. The budget includes \$60,000 for major initiatives and \$22,000 other initiatives, with \$139,000 funded carry forward projects.

Strategic Objective 4

Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage

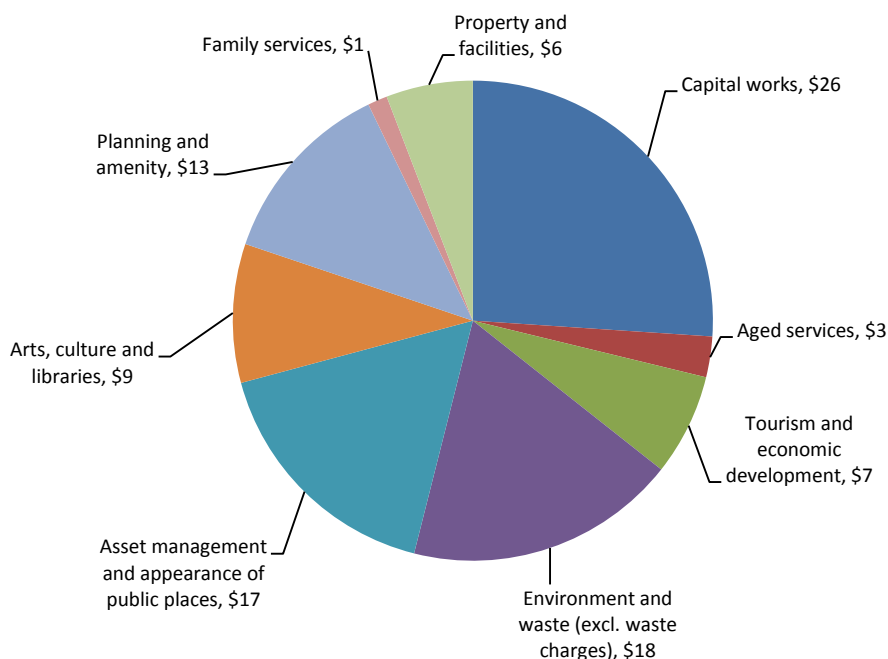
Increase in net expenditure from 2016/17 forecast to 2017/18 Budget of \$130,000. The budget includes \$100,000 for major initiatives, with \$21,000 funded carry forward projects.

Strategic Objective 5

Maintain a cohesive, well governed, financially sustainable and independent Borough

Increase in net expenditure from 2016/17 forecast to 2017/18 Budget of \$46,000. The budget includes \$131,000 for major initiatives and \$76,500 other initiatives.

8.9 Council expenditure allocations



The above chart provides an indication of how Council allocates its expenditure across the main services that it delivers. It shows how much is allocated to each service area for every \$100 that Council spends. Council overheads, governance costs and administrative costs are allocated to our external facing services using internal overhead allocations, which are reviewed on an annual basis.

The caravan parks and the coastal and environment program area are excluded from the above chart, as these services are funded from caravan park fees and Crown land grants, rather than from general rates.

Capital works represents 26% of the total budget to be expended in 2017/18 (including corporate overheads), and is boosted by significant grant funding confirmed for the Queenscliff Sports and Recreation precinct and Destination Queenscliff projects.

9. Budget influences

This section sets out the key budget influences arising from the internal and external environment within which the Council operates.

9.1 Snapshot of the Borough of Queenscliffe

The Borough of Queenscliffe is located to the south of Melbourne on the south eastern tip of the Bellarine Peninsula. The Borough has a land area of 10.7 square kilometres all of which is essentially coastal land.

The Borough was proclaimed a municipality in 1863 and is unique in Victoria in that it is the only Local Government untouched by any boundary change. It remained unchanged through the amalgamation process in the first half of the 1990's.

Population

In the 2011 Census, noting the 2016 Census results are due to be released on 27 June 2017, the Borough's permanent resident population was 3,000, living in 2,777 dwellings, with an average household size of 2.09. 1,596 people were living in Point Lonsdale and 1,404 were residing in Queenscliff as well as a significant non-residential population. The Borough's population increases to around 16,700 people over the summer period. (Source: National tourism survey data)

The estimated resident population as at 30 June 2016 was 3,069 (2015: 3,041). It is anticipated that the population will remain around this level in the foreseeable future as the municipality is fully developed and has a long history of having a large non permanent ownership of property. (Source: Australian Bureau of Statistics, Estimated Resident Population).

Ageing population

In the 2011 Census, the population aged 65 years and older was 33.7%, compared with the Victorian average of 14.2%. Our population is older than Victoria's, with 14.2% of the Borough's population aged between 0 and 15, compared to 18.7% for Victoria; and 34% of the Borough's population aged 65 years and over, compared with 14.2% for Victoria. The median age is 55, the second highest in the nation.

The Borough's population aged 65 years and older is estimated to be 40% in 2016 and 45% by 2031. For this reason, there is significant emphasis on the need to provide aged services, although it is also acknowledged that age is not the sole determinant of the need for particular health services. (Source: Australian Bureau of Statistics, Census of Population and Housing).

Council has a strong commitment to providing aged care and prides itself on maintaining a 'zero waiting list' for aged care and disability services.

We provide our high-quality service through very capable and caring Community Care Workers, who work with you and/or your carer following an assessment undertaken with you in your home.

Births

New births in the Borough remain relatively low with 15 babies being born in 2015/16 (2014/15: 14 births). (Source: Maternal and Child Health database).

Cultural diversity

The three largest ancestries in the Borough of Queenscliffe are English, Australian, and Irish. Of the total population, 83% were born in Australia. Of those residents born overseas, 47% come from the United Kingdom. (Source: Australian Bureau of Statistics, Census of Population and Housing).

Housing

The Census population of the Borough of Queenscliffe in 2011 was 2,999, living in 2,777 dwellings with an average household size of 1.08 compared with the average household size of 1.40 in regional Victoria.

Property values in the Borough are generally high with the top quartile averaging \$1,405,485 and the overall median house price being \$697,500. Source: Opteon Property Group - January 2016 revaluation of all properties in the Borough (adjusted to December 2016).

Education and occupation

The percentage of residents aged 15 and over who have post-school qualifications is 60.2%. 1,051 people (35%) have a tertiary qualification. (Source: Australian Bureau of Statistics, Census of Population and Housing).

There is an above average proportion (81%) of managers, professionals, associate professionals and intermediate clerical and administrative workers, and a below average number of labourers and other semi-skilled or unskilled workers in the Borough.

The workforce statistics show a high proportion of people not in the workforce (retired) and a below average unemployment level of 4.3% for those actively in the workforce. Of those active in the workforce, 53% are in full time employment and 46% are working part time. (Source: Australian Bureau of Statistics, Census 2011).

Budget implications

As a result of the Borough's demographic profile there are a number of budget implications in the short and long term as follows:

- Approximately 13% of residential ratepayers are entitled to the State Government pensioner rebate. As pensioners are often asset rich but income poor, the application of Council's Rating Strategy has a real impact on the disposable income of this section of the community. Bearing this in mind, Council will continue to provide an additional pensioner concession of \$40 per eligible property, which is above the government funded pension rebate of \$218.30 or 50% of the rate payment, whichever is the lesser amount. The Council pensioner rebate assists in reducing the level of rates payable to Council by those ratepayers who have less capacity to pay. Council recognises that the burden of the cost of kerbside waste collection and disposal remains with residential properties that have access to the service within the Borough. The additional pensioner concession offered by Council impacts the budget by an income reduction of \$16,080 in the 2017/18 year.
- The relatively compact area of the Borough gives some inherent service advantages as services are being delivered across a compact area. This is unusual in a non-Melbourne metropolitan council.
- The Council also has to consider the fact that just outside its border there is a significant resident population at Point Lonsdale that is located in the City of Greater Geelong. Council needs to continue to plan its community facilities around the fact that the cohort utilises the services of the Borough.
- A large percentage of land under Council control is in fact Crown land and therefore is non-rateable. Council must be constructive in the way in which it approaches the management of Crown land to ensure that there are sufficient revenue streams to review and maintain facilities on the various Crown land reserves.

9.2 External influences

The preparation of the budget is influenced by the following external factors:

- The Victorian State Government has introduced a cap on rate increases from 2016/17. The cap for 2017/18 has been set at 2.0% (2016/17: 2.5%). Council's 2017/18 budget is based on a higher rate cap of 4.5% per application lodged with the ESC, with the outcome expected to be advised in July 2017.
- Consumer Price Index (CPI) increases on goods and services of 2.1% through the year to March quarter 2017 (ABS release 26 April 2017). State-wide CPI is forecast to be 2.25% for the 2017/18 year and 2.50% in the subsequent two years (Victorian Budget Papers 2017/18). For the purposes of this budget, inflation of 2.5% has been included.
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to November 2016 was 2.2% (ABS release 23 February 2017). The wages price index in Victoria is projected to be 2.75% per annum in 2017/18, 3.25% per annum in 2018/19 and 3.5% in 2019/20 (Victorian Budget Papers 2017/18). The Enterprise Bargaining Agreement (EBA) was renegotiated in 2016 and has contained wage increases within the rate cap.
- Victoria Grants Commission funding is not advised until August each year. Council has assumed the continued freeze of indexation on this grant funding for the years 2017/18 through to 2020/21. This budget is framed based on information available at the time of preparation of the draft 2017/18 Budget.
- Council is the recipient of \$3,155,000 grant funding for the Queenscliff Sports & Recreation Precinct, which commenced in 2015/16 and is expected to be completed in 2018/19, of which \$1,835,000 is included in the 2017/18 Budget.
- The federally funded Roads to Recovery program is continuing. Given the comparatively small road network in the Borough, Council is expecting to receive an allocation of \$231,300 to be spent on asset renewal projects in the 2017/18 year.

- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition, councils are entrusted with the maintenance of more than 30% of all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels. Note that for every \$100 in taxes paid by Victorian residents, rates make up approximately \$3.50. The other \$96.50 goes to the State and Federal Governments.
- Cost shifting occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases. Cost shifting continues to occur and is addressed in Section 9.4.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the *Fire Services Property Levy Act 2012*.

9.3 Internal influences

As well as external influences, there are also a number of internal influences which are expected to have a significant impact on the preparation of the 2017/18 Budget. These matters have arisen from events occurring in the 2016/17 year, resulting in variances between the forecast actual and budgeted results for that year and matters expected to arise in the 2017/18 year. These matters and their financial impact are set out below:

- Council is budgeting \$868,200 for all waste services (kerbside, green and public waste) in the 2017/18 financial year. This includes the State Government landfill disposal levy, which has increased from \$9 per tonne in 2008/09 to a forecast \$63.27 per tonne in 2017/18. With an estimated garbage disposal of 1,200 tonnes p.a., this levy adds approximately \$74,000 to Council's costs in the current 2016/17 year and a similar level of impost (with indexation) is provided for in the 2017/18 Budget.
- Application of waste charges for the full cost recovery of all waste management services, including:
 - A kerbside waste charge, applicable to residential and tourist accommodation properties only for kerbside, recycling and hard waste collection, will be charged on the basis of a rate in the dollar multiplied by property value (CIV). The kerbside waste charge will increase by an average of 0.000132 cents in the dollar of CIV (0.69%) per property.
 - A public waste charge, applicable to all rateable properties, to be charged at a fixed amount of \$99.20 per property in the 2017/18 year. The public waste charge will increase by \$2.70 (2.80%) per property.
 - A green waste charge, applicable to residential and tourist accommodation properties only, will be charged at a fixed amount of \$37.95 per property. This charge will increase by \$1.05 (2.85%) per property.
- Significant capital grant funding estimates have been included in the 2017/18 Budget including Roads to Recovery funding (\$231,300), Queenscliff Sports & Recreation Precinct (\$1,835,000), Destination Queenscliff Stage 1 (\$349,000), Point Lonsdale Lighthouse Reserve (\$300,000) and King Street bus stop (\$10,000), with Queenscliff Sports & Recreation Precinct and Destination Queenscliff projects continuing on into the 2018/19 year. The forecast is updated during the financial year, if and when Council is advised of its success with grant applications, including Point Lonsdale Lighthouse Reserve, which is subject to a successful grant application.
- Council continues to make annual allocations to reserve accounts on the Balance Sheet, with \$45,000 set aside for the renewal of Council building assets.
- A cash surplus of \$346,000 is forecast to be achieved in 2016/17, noting the unallocated surplus will be determined once the 2016/17 year-end audit is completed and the forecast accumulated cash surplus is achieved or adjusted to reflect the actual result. This forecast accumulated cash surplus in 2016/17 is expected to be transferred to reserves in the 2017/18 year. Projects totalling \$140,000 will be funded from this cash reserve in the 2017/18 year.

9.4 Cost shifting

Cost shifting occurs when Commonwealth and State programs transfer responsibilities to local government with insufficient funding or grants that do not keep pace with delivery costs. The level of payment received by Council from the State Government for these services does not reflect the real cost of providing the service to the community.

There is clear evidence that demonstrates a trend by State and Federal Governments to transfer increasing levels of responsibility to local councils. This has a comparatively greater impact on small population councils, such as the Borough of Queenscliffe.

Type 1: Cost shifting for specific services

Examples:

1. Aged Care Services - the total cost over the last five years from 2012/13 to 2016/17 is \$2,416,700 of which \$1,606,300 (67%) is funded by government grant, \$298,700 (12%) by user fees and charges and the balance of \$511,700 (21%) contributed by Council.
2. Maternal and Child Health – the total cost over the last five years from 2012/13 to 2016/17 is \$314,700 of which \$222,500 (71%) is funded by government grant and the balance of \$92,200 (29%) contributed by Council.
3. School Crossing Supervision - the total cost over the last five years from 2012/13 to 2016/17 is \$223,900 of which \$78,700 (35%) is funded by government grant and the balance of \$145,200 (65%) contributed by Council. The State Government has recently announced it will start to honour the existing agreement to pay 50% of the costs for school crossing supervision. It acknowledges that payments to Councils in the past have not covered the agreed 50% of the cost. While this announcement is welcomed, the details of the level of payments in future have not yet been provided at the time of preparing this draft budget and will be updated in the budget in time for Council adoption in July 2017.
4. Professional Life Guard services – this has cost \$30,300 in 2016/17, an increase of \$1,300 (4.5%) compared with the 2015/16 financial year. Council does not receive grant funding for this service. Council has contributed a total of \$139,000 over the last five years from 2012/13 to 2016/17.
5. Library services – this has cost \$225,200 in 2016/17, a reduction of \$17,795 (7.3%) compared with the 2015/16 financial year. Council does not receive grant funding for this service. Council has contributed a total of \$1,148,200 to the Geelong Regional Library Corporation, as well as to Council building asset maintenance and associated costs, over the last five years from 2012/13 to 2016/17.

Type 2: Loss of funding in general

Examples:

6. A freeze on indexation of the federal financial assistance grants. The Commonwealth announced in its 2014/15 Budget that it would pause indexation of the total national pool of financial assistance grants to local government for three years (2014/15, 2015/16 and 2016/17). The cumulative impact on the Borough of Queenscliffe for the three years totals \$17,700. This is a permanent loss of revenue.

Type 3: Statutory fee that prohibits full cost recovery

Examples:

7. After freezing planning fees since 2009, the State Government in October 2016 increased the allowable fee that Council may charge for these services. While this belated action is welcomed, the new fees still do not cover the full cost of providing the service, hence ratepayers are still forced to subsidise the cost of planning activities within the Borough.
8. Revenue foregone for the five years from 2012/13 to 2016/17 is estimated to be \$721,500 (72%), of the total cost of \$1,000,100 to provide planning services, if Council were allowed to fully recover its costs by way of user fees and charges.

Type 4: Levies

Examples:

9. State Government landfill levy - this levy has increased from \$9 per tonne in 2008/09 to a forecast \$63.27 per tonne in 2017/18. The increase from 2016/17 to 2017/18 year is budgeted to be 2.5%. Total landfill levy for Council is \$367,000 over the last five years from 2012/13 to 2016/17.
10. Animal registration levy - total cost over the last five years from 2012/13 to 2016/17 is \$11,100.

Type 5: Statutory requirements lead to increased costs

Examples:

11. Line clearance (cutting back tree branches around power lines) – total cost over the last five years from 2012/13 to 2016/17 is \$194,200.

9.5 Budget principles

In response to these influences and implications of cost shifting, guidelines were prepared and distributed to all Council officers with budget responsibilities. The guidelines set out the key budget principles upon which the officers were to prepare their budgets. The principles included:

- Real savings in expenditure and increases in revenue that result in cash surpluses are typically directed to the asset replacement reserve as part of the year end process.
- Any future proceeds from asset sales are directed to either retiring debt; or investing in projects that will generate additional revenue streams; or to attract matching funds from other levels of government
- Any borrowings will only be used to invest in capital projects where the benefits of project can be attained for future generations across the wider community.
- Grants to be based on estimated funding levels. Unsuccessful applications will result in the project not proceeding (unless alternative funding is sourced).
- Capital works projects to be prioritised based on the asset renewal requirements as determined by the regular review of asset conditions.
- New initiatives (operating items) prioritised based on delivering projects that respond to the draft Council Plan 2017-2021.
- Employee resourcing proposals to be justified through a business case.
- New revenue sources to be identified where possible.
- Existing fees and charges to be reviewed annually and if increased will take into account CPI, market levels and capacity to pay.
- Implications for operating revenues and expenses, arising from completed 2016/17 capital projects, to be included such as ongoing maintenance and depreciation.
- With an emphasis on innovation and efficiency, service levels to be maintained at 2016/17 levels with operational efficiencies to be identified that reduce costs or minimise waste and duplication. Exception to this assumption may occur where grant funding enables expansion to service delivery.
- Salaries and wages growth to be increased in line with Enterprise Bargaining Agreement (EBA) wage increases and banding increments, which have been contained within the rate cap.
- Construction and material costs to increase in line with contractual obligations and the Engineering Construction Index (refer 'Rawlinsons Australian Construction Handbook').

9.6 Long term strategies

The budget includes consideration of a number of long term strategies and contextual information to assist Council to prepare the Budget in a proper financial management context. These include a Strategic Resource Plan for 2017/18 to 2020/21 (Section 14), Rating Information (Section 15) and Other Long Term Strategies (Section 16) including borrowings, infrastructure and service delivery.

10. Analysis of operating budget

This section analyses the operating budget including expected income and expenses of the Council for the 2017/18 year.

10.1 Budgeted income statement

	Ref	Forecast Actual 2016/17 \$'000	Draft Budget 2017/18 \$'000	Variance	
				\$'000	%
Total income	10.2	10,062	13,075	3,013	30%
Total expenses	10.3	10,281	10,949	668	6%
Surplus / (deficit) for the year		(219)	2,126	2,345	1,070%
Grants - capital non-recurrent	5.2	(18)	(2,616)	(2,598)	(14,436%)
Contributions - monetary - capital	10.2.4	0	(5)	(5)	(100%)
Adjusted underlying deficit	10.1.1	(237)	(495)	(259)	(109%)

10.1.1 Adjusted underlying deficit (\$259,000 increase)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items, which can often mask the operating result. The adjusted underlying result for the 2017/18 year is a deficit of \$495,000, which is an increase of \$259,000 from the deficit of \$237,000 forecast for the 2016/17 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes, which are non-recurrent and capital contributions from other sources. No budget has been provided for non-monetary asset contributions in the 2017/18 year.

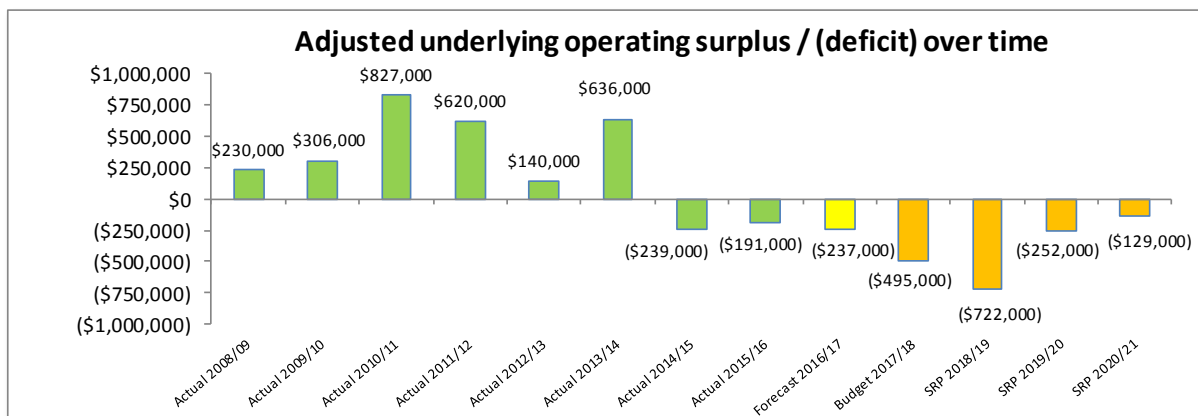
Note that Council has funds allocated to operating expenditure in the 2016/17 and 2017/18 financial years, for which operating grants were received in previous years (and operating surpluses previously reported). These funds are held in a reserve account on the Balance Sheet and are being used to offset expenditure when works carried forward are completed in the 2016/17 and 2017/18 years.

One of the key objectives in Council's Strategic Resource Plan is to achieve a breakeven operating result cumulatively (this allows for timing differences between years in terms of operating grants received in one year and spent in the next). The graph below illustrates Council's achievement of underlying operating surpluses for six years to 2013/14, including the receipt of operating grant funding, which has been held in cash reserves and carried forward for completion of works.

In recent years, the underlying operating deficits reflect timing differences between income and expenditure relating to projects. That is, delivery of carry forward projects for which Council has successfully attracted significant external grant funding in previous years, with completion of carry forward works occurring in subsequent years. This occurred in the 2014/15 and 2015/16 financial years and is expected to occur again in the 2016/17 and 2017/18 financial years (refer to Section 11.2.1).

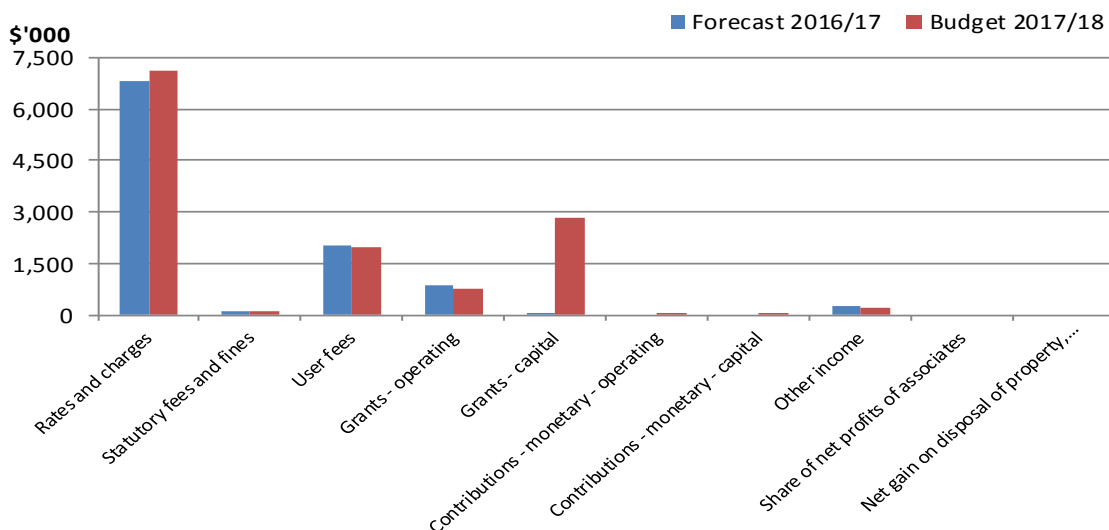
Council must responsibly manage the redevelopment of the Queenscliff Sports and Recreation Reserve, which involves a short term impact on caravan and camping revenue at the tourist parks from 2017/18 to 2020/21. Although a loss of net revenue of \$722,000 is anticipated over the short term, the long term outlook includes financially sustainable outcomes. These outcomes are critical and involve increasing future tourist park revenues to enable Council to direct additional income to improve the management of coastal Crown land, while minimising future rate increases and achieving sustainable underlying operating surpluses in the long term.

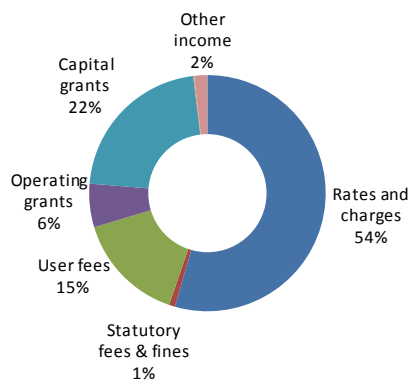
Deficits are estimated for the SRP forward years from 2018/19 through 2020/21 as shown in the graph below, reflecting timing differences between project funding and expenditure and the decrease in tourist park fees and charges over the short term, which is coupled with Council's reduced capacity to raise additional rate revenue beyond the rate cap in future years.



10.2 Income

Income Types	Ref	Forecast	Draft	Variance	
		Actual	Budget	\$'000	%
		2016/17	2017/18	\$'000	%
Rates and charges	10.2.1	6,806	7,117	311	5%
Statutory fees and fines	10.2.2	109	108	(1)	(1%)
User fees	10.2.3	2,013	1,972	(41)	(2%)
Grants - operating	5.1	870	779	(91)	(10%)
Grants - capital	5.2	18	2,848	2,830	15,721%
Contributions - monetary - operating	10.2.4	0	13	13	100%
Contributions - monetary - capital	10.2.5	0	5	5	100%
Other income	10.2.6	246	234	(12)	(5%)
Share of net profits of associates	10.2.7	0	0	0	0%
Net gain on disposal of property, infrastructure, plant and equipment	10.2.8	0	0	0	0%
Total income		10,062	13,075	3,013	30%





Budgeted income 2017/18

10.2.1 Rates and charges (\$311,000 increase)

It is proposed that income raised by all rates and charges be increased by \$311,000 (5%) over the 2016/17 forecast to \$7,117,000. This includes an increase in general rates of 4.5% (assuming a higher rate cap than the 2.0% advised to all Councils by the Minister, which is yet to be approved by the Essential Services Commission) and the full recovery of waste management collection and disposal costs including kerbside waste (increase of 1.29% in costs), public waste (increase of 3.18%) and green waste (increase of 3.38%). Additional waste bin charges, where applicable, will increase by \$10 (4.5%) per bin. Provision is also made in the budget for supplementary rates that may occur during a financial year, based on historical experience.

Section 7 “Rates and Charges” includes a more detailed analysis of the rates and charges to be levied for 2017/18 and the rates and charges information specifically required by the Regulations.

10.2.2 Statutory fees and fines (\$1,000 decrease)

Statutory fees relate mainly to fees and fines levied in accordance with legislation and include animal registrations, *Public Health and Wellbeing Act 2008* registrations and parking fines. Increases in statutory fees are made in accordance with legislative requirements, noting changes in some legislated fees are typically advised after Council’s budget setting process is complete, with any increases to be included in the revised forecast position for 2017/18, where applicable.

Statutory fees are forecast to decrease by \$1,000 (1%) compared to 2016/17. This variance largely reflects land information certificates income achieved in 2016/17, which fluctuates each year (averages \$4,000 p.a.).

A detailed listing of statutory fees is included in Appendix A.

10.2.3 User fees (\$41,000 decrease)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council’s services. These include the use/lease of council facilities, the provision of aged care services, as well as camping and caravan fees. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases reflect CPI increases or market levels.

User charges are projected to decrease by \$41,000 (2%) over 2016/17. The fees from Council’s camping and caravan parks contributes the largest portion of the fees and charges budget, with a total budget in 2017/18 of \$1,630,000 which is \$88,000 below the 2016/17 budget. This decrease is due to reduced number of sites during redevelopment, increase in space between sites to meet guidelines and permanent closure of 10 annual sites at the Queenscliff Recreation Reserve to facilitate the sporting infrastructure upgrades. Note this reduction of \$88,000 in tourist parks income, compared with 2016/17, is in part offset by inclusion in the 2017/18 draft budget of \$45,000 reimbursement from the State Revenue Office for rates revaluation work, which is only received every second year in line with the revaluation process (not in the 2016/17 forecast).

A detailed listing of fees and charges is included in Appendix A.

10.2.4 Contributions – monetary – operating (\$13,000 increase)

Contributions relate to monies paid by community groups in regard to the provision of buildings and facilities. Operating cash contributions are projected to increase by \$13,000 (100%) compared to \$nil in the 2016/17 forecast. A non-recurrent operating cash contribution of \$12,500 is budgeted to be received in 2017/18 to support planning for the future use of the Fisherman's Cooperative building.

10.2.5 Contributions – monetary – capital (\$5,000 increase)

Contributions relate to monies paid by community groups in regard to the provision of buildings and facilities. Capital cash contributions are projected to increase by \$5,000 (100%) compared to \$nil in the 2016/17 forecast. A non-recurrent capital cash contribution of \$5,000 is budgeted to be received in 2017/18 toward the cost of decking at the Queenscliff Neighbourhood House.

10.2.6 Other income (\$12,000 decrease)

Other income budgeted in the 2017/18 year includes: lease of Council managed property (\$133,000), interest revenue on investments (\$95,000) and rates arrears (\$5,000). Interest income on rates arrears is forecast to decrease by \$10,000, from \$15,000 in 2016/17 to \$5,000 in the 2017/18 financial year, due to a large long-term rates debtor balance recently settled in 2016/17. There is also a net decrease of \$2,000 for Council managed property leases, as 2016/17 year includes lease renegotiations for current and prior years.

While significant movements in cash and investments is projected to occur in the 2017/18 budget year, as carry forward projects are completed, it should be noted that major grant funding for projects such as Destination Queenscliff is expected to be received and, realistically, that there will always be some carry forwards for projects not expected to be completed at the financial year-end. It is on this basis that interest income on investments is budgeted to be consistent with levels achieved in recent years. Note quarterly reports to Council during the year include a review of forecast interest income.

10.2.7 Share of net profits of associates (\$nil movement)

Council is forecasting \$nil movement in its equity share of the Geelong Regional Library Corporation, for both the 2016/17 and 2017/18 years. Any adjustment to equity is not known and cannot be confirmed until the year-end process is completed by the library and reported through to Council, this usually occurs in July and the outcome is included in the revised forecast as part of the quarterly financial report to Council in September of each year.

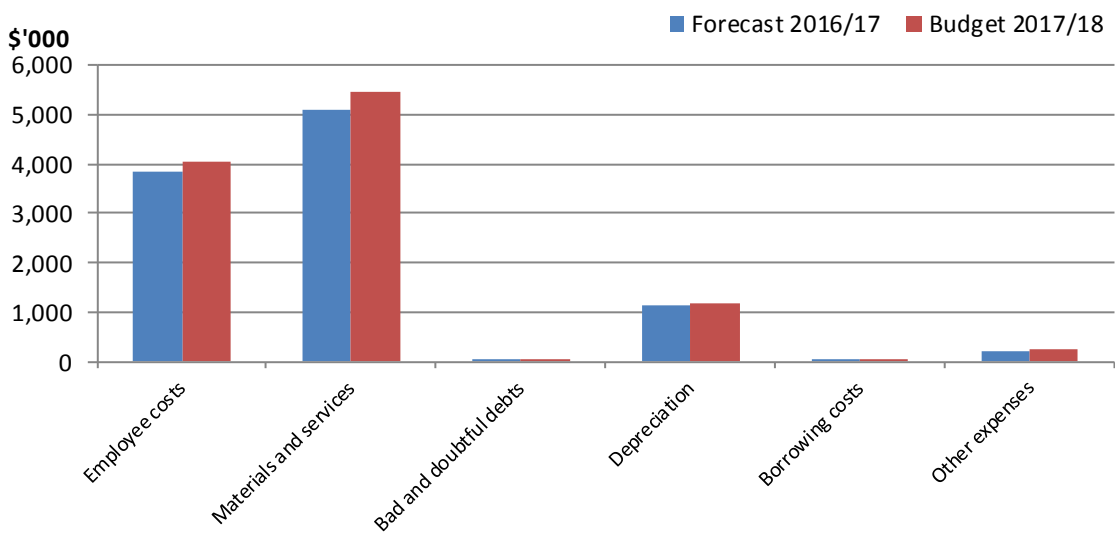
10.2.8 Net gain on disposal of property, infrastructure, plant & equipment (\$nil movement)

Council is forecasting \$nil movement in its asset sales book adjustments, for both the 2016/17 and 2017/18 years. Any adjustment is generally minor in nature and the forecast is adjusted as actual results are realised.

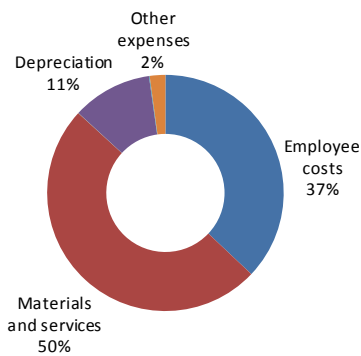
Proceeds from the sale of Council assets are budgeted to be \$77,500 for 2017/18 and relates to the planned cyclical replacement of part of the vehicle fleet. The written down value of assets sold is budgeted to be in line with the proceeds expected to be achieved, as generally depreciation charges closely reflect asset life and residual value, and therefore \$nil gain/(loss) on the disposal of motor vehicles is budgeted in 2017/18.

10.3 Expenses

Expense Types	Ref	Forecast Actual	Draft Budget	Variance	
		2016/17 \$'000	2017/18 \$'000	\$'000	%
Employee costs	10.3.1	3,847	4,057	211	5%
Materials and services	10.3.2	5,071	5,448	377	7%
Bad and doubtful debts	10.3.3	3	3	0	0%
Depreciation	10.3.4	1,121	1,197	75	7%
Borrowing costs	10.3.5	10	11	1	8%
Other expenses	10.3.6	229	233	4	2%
Total expenses		10,281	10,949	668	6%



Source: Section 3



Budgeted expenses 2017/18

10.3.1 Employee costs (\$211,000 increase)

Employee costs include all labour related expenditure, including wages, salaries and on-costs such as allowances, leave entitlements, employer superannuation, rostered days off and time-in-lieu owed to employees, workcover premium and fringe benefits tax.

Employee costs are forecast to increase by \$211,000 (5%) compared to 2016/17. This increase relates to the following key factors:

- Annual wage increases included in the Enterprise Bargaining Agreement (EBA), contained within the rate cap set by State Government;
- Increases related to annual performance-based wage increment in accordance with staff entitlements;
- \$20,000 contingency included for aged care services, given the fluctuating nature of personal and respite care services (which are paid at a higher rate), which is difficult to predict;
- \$65,000 aged care services included for provision of funded community aged care packages, which may vary during the year to meet demand and result in variances reported in the quarterly finance report to Council;
- A net increase in the 2017/18 year of 1.0 Full Time Equivalent (FTE) staff, resulting from priorities identified by Council to prepare and implement an organisation development and workforce management plan (0.6 FTE) and to enhance the provision of community information on Council's key decisions and the progress of priority projects (0.4 FTE);
- Provision for estimated maternity leave staff entitlements (15 weeks paid leave) per annum; and
- A full year of staffing budgets provided for all positions, noting the 2016/17 forecast for Employee costs is lower due to temporary vacancies during the year, with some key positions filled by contract staff in the interim period (included in Materials and Services).

Staff absences may sometimes be filled by contract staff arrangements to meet temporary operational requirements, resulting in a reduction in employee costs with a related increase in Materials & Services. Any variations are adjusted in the forecast and reported to Council in quarterly financial reports during the year.

It is anticipated that the caravan and camping master plan review and the proposed high quality eco-cabins at the Queenscliffe Lighthouse Reserve will identify future staff resourcing requirements. The operational impact of these projects is not yet known therefore not included in the 2017/18 Budget.

Note two engineering positions (1.6 FTE) funded in the 2017/18 Budget for the project management of priority infrastructure projects are not included in Employee costs (operating) and are included in the Statement of Human Resources at Section 3. This salary cost is capitalised, i.e. added to the value of fixed assets included in Council's Balance Sheet due to the nature of the work. A summary of human resources expenditure categorised according to the organisational structure of Council is included below:

Program area	Draft	Comprises	
	Budget 2017/18	Permanent Full time	Permanent Part time
	\$'000	\$'000	\$'000
Organisational performance and compliance	886	772	114
Aged services	517	0	517
Tourist parks and boat ramp services	502	229	273
Community engagement and customer service	428	196	232
Financial and risk management	410	336	74
Land use planning	217	155	62
Local laws, safety and amenity	209	209	0
Design and project management	159	159	0
Visitor information centre	138	104	34
Coastal protection	123	123	0
Active communities	91	41	50
Tourism and economic development	82	41	41
Environmental sustainability	71	0	71
Environmental health	69	69	0
Community events	38	0	38
Total permanent staff expenditure	3,940	2,434	1,506

Program area	Draft	Comprises	
	Budget	Permanent	Permanent
	2017/18	Full time	Part time
	\$'000	\$'000	\$'000
Casuals and other expenditure	117		
Total employee costs (operating)	4,057		
Capitalised Labour costs	201		
Total expenditure	4,258		

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

Program area	Draft	Comprises	
	Budget	Permanent	Permanent
	2017/18	Full time	Part time
	\$'000	\$'000	\$'000
Organisational performance and compliance	6.0	5.0	1.0
Aged services	6.9	0.0	6.9
Tourist parks and boat ramp services	5.9	2.4	3.5
Community engagement and customer service	5.5	2.0	3.5
Financial and risk management	3.8	3.0	0.8
Land use planning	2.1	1.4	0.7
Local laws, safety and amenity	2.0	2.0	0.0
Design and project management	1.5	1.5	0.0
Visitor information centre	1.7	1.2	0.5
Coastal protection	1.1	1.1	0.0
Active communities	0.9	0.4	0.5
Tourism and economic development	0.9	0.4	0.5
Environmental sustainability	0.8	0.0	0.8
Environmental health	0.6	0.6	0.0
Community events	0.5	0.0	0.5
Total permanent staff expenditure	40.1	21.0	19.1
Casuals and other expenditure	1.8		
Total employee costs (operating)	41.9		
Capitalised Labour costs	1.6		
Total expenditure	43.5		

Note in above table that some of the full time employees are allocated across more than one program area.

The most significant increases in employee costs by program area, inclusive of casual staff budgets utilised in each program area, are summarised below:

Program area	Forecast	Draft	Variance	
	Actual	Budget		
	2016/17	2017/18	\$'000	%
	\$'000	\$'000	\$'000	%
Organisational performance and compliance	793	886	93	12%
Community engagement and customer service	382	428	45	12%
Land use planning	182	217	35	19%
Local laws, safety and amenity	185	209	24	13%
Other immaterial variances (< \$20,000 each)	2,188	2,201	13	1%
Total permanent staff expenditure	3,730	3,940	210	6%
Casuals and other expenditure	117	117	(0)	(0%)
Total employee costs (operating)	3,847	4,057	210	5%
Capitalised Labour costs	194	201	7	4%
Total expenditure	4,041	4,258	217	5%

Variances in the Employee costs budget each year largely reflect the annual increases payable under Council's Enterprise Bargaining Agreement (EBA) and banding increments. In addition, the above program areas represent variances from the 2016/17 forecast to the 2017/18 Budget as follows:

- **Organisational performance and compliance** – the increase of \$93,000 in this program area relates to a new role (0.6 FTE) for planning and implementation of an organisation development and workforce plan (\$65,000) as well as EBA and banding increases in accordance with staff entitlements (\$28,000).
- **Community engagement and customer service** – the increase of \$49,000 in this program area relates to a new role (0.4 FTE) for enhancing communication to the community on key projects (\$36,000) as well as EBA and banding increase staff entitlements (\$13,000).
- **Land use planning** – the increase of \$35,000 in this program area largely reflects the new role of planning compliance officer, included in the 2016/17 Adopted Budget, which has recently been filled, therefore a partial cost is shown in 2016/17 and a full year of expenditure is budgeted in the 2017/18 year.
- **Local laws, safety and amenity** – the increase of \$24,000 in this program area includes provision for additional law enforcement, including patrol of dogs on beach and event support (\$10,000), EBA and banding increases in accordance with staff entitlements (\$10,500) and a six month appointment of a new school crossing supervisor in 2017/18 to operate a new school crossing proposed to be constructed at St. Aloysius Primary School (\$3,500).

10.3.2 Materials and services (\$377,000 increase)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to decrease by \$377,000 (7%) compared to 2016/17. Significant movements in materials and services are summarised below:

Materials & Services	Note	Forecast	Draft	Variance	
		Actual	Budget	\$'000	%
		2016/17	2017/18	\$'000	%
		\$'000	\$'000	\$'000	%
Non-recurrent operating projects (grant funded):					
Coastal tender works at Ocean Road and The Narrows		42	104	62	146%
Queenscliff sports and recreation precinct		0	70	70	100%
Support planning for future use of the Fisherman's Cooperative building		0	25	25	100%
HACC minor capital purchases		35	0	(35)	(100%)
Other grant funded projects (< \$20,000 variance each)		16	3	(13)	(81%)
		93	202	109	117%
Non-recurrent operating projects (rates funded):					
Camping and caravan parks improvement investment fund		0	100	100	100%
Review heritage provisions in Queenscliffe Planning Scheme		0	100	100	100%
Investigate and respond to Federal Government policy changes to Home and Community Care (HACC) service		0	30	30	100%
Produce a Foreshore Plan to enhance amenity and use of foreshore and beaches		0	20	20	100%
Significant tree register		0	20	20	100%
Improve records management		27	2	(25)	100%
Finance system implementation		30	0	(30)	(100%)
Point Lonsdale Lighthouse Reserve vegetation management		30	0	(30)	(100%)
Improve options for Self Service via BoQ website		20	0	(20)	(100%)
Other rates funded projects (< \$20,000 variance each)		111	39	(72)	(65%)
		218	311	93	42%

Materials & Services (continued)	Note	Forecast	Draft	Variance	
		Actual	Budget		
		2016/17	2017/18	\$'000	%
Recurrent operating expenditure:					
Contractors/consultants		2,051	2,092	42	2%
Coastal vegetation management	(a)	0	80	80	100%
Climate change adaptation (AECOM report)	(a)	7	75	68	978%
Microsoft Office upgrade and server licensing	(b)	7	67	60	865%
Beach cleaning and amenity	(a)	0	55	55	100%
Planning for heritage buildings	(a)	0	35	35	100%
Implement Council's Economic Development Strategy	(d)	72	30	(42)	(58%)
Work with local businesses to implement the Queenscliffe Winter Light Festival	(d)	68	30	(38)	(56%)
Implementation of organisation development and workforce management plan	(c)	0	30	30	100%
Local Government election costs	(b)	81	0	(81)	(100%)
Building condition survey	(b)	25	0	(25)	(100%)
Other expenses (< \$20,000 variance each)		2,449	2,441	(8)	(0%)
		4,759	4,935	175	4%
Total materials and services		5,071	5,448	377	7%

The increase in materials and services largely comprises of an increase in non-recurrent projects compared to that expended in the 2016/17 year. This includes an increase in materials and services relating to grant funded non-recurrent projects of \$109,000 from \$93,000 in 2016/17 to \$202,000 in the 2017/18 Budget. In addition, the increase in non-recurrent major operating projects funded from 2017/18 rate revenue and 2016/17 rate revenue (carried forward for completion) is a \$93,000 increase from \$218,000 in 2016/17 to \$311,000 in 2017/18.

Significant projects are listed in the table above.

The increase in recurrent operating expenditure budgets is \$175,000 (4%) compared to 2016/17, noting:

- Some carry forward projects relate to recurrent budgets, with funds not expended in 2016/17 to be carried forward and completed in 2017/18, resulting in a increased budget in 2017/18;
- Some budgets are recurrent in nature but occur on a less frequent basis than typical annual budgets. These include asset condition surveys every two years, Local Government election costs every four years and Information Technology software updates every five years;
- The organisation development and workforce management plan is a new operating project included in the 2017/18 Budget, however a recurrent budget of \$30,000 p.a. is included to implement the plan;
- Implementation of both the Borough of Queenscliffe Economic Development Strategy and the Queenscliffe Winter Arts Festival involves funding (grants and community contributions) as well as Council's contribution in the 2016/17 year, with budgets of \$30,000 p.a. for each project included from the 2017/18 year.

Contractors/consultants are used to provide important ongoing services, including roads, parks and reserves maintenance, waste services (kerbside, green and public waste), maintenance of public conveniences, powerline and sundry tree clearance, weed control and revegetation, aged services home maintenance, maternal and child health, property valuations, building inspections and heritage advice. Budget increases are in accordance with increases included in contract agreements and are generally aligned to CPI.

The budget for other expenses within materials and services is contained, with increases generally aligned to CPI, although offset by the continuing identification of efficiencies and other budget savings, which are reported to Council quarterly during the financial year. Significant budgets included here are as follows:

- Asset repairs and maintenance (\$338,000);
- Utilities: electricity, gas and water (\$285,000);
- Council's contribution to Geelong Regional Library Corporation (\$209,000);

- Insurance premiums (\$181,000);
- State Government landfill disposal levy (\$164,000);
- Grants and donations to local organisations (\$147,000); and
- Membership of organisations (\$76,000).

10.3.3 Bad and doubtful debts (\$nil change)

A provision for bad and doubtful debts is budgeted at \$3,000 p.a. and relates to parking fines forwarded to Council's debt collection agent, which result in reduced collection rates.

10.3.4 Depreciation (\$75,000 increase)

Depreciation is an accounting measure that attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment, including infrastructure assets such as roads and drains. The increase of \$75,000 (7%) compared to 2016/17 is mainly due to expected completion of the 2017/18 capital works program and the full year effect of depreciation on 2016/17 capital works. Refer to Section 6. "Analysis of Capital Budget" for a more detailed analysis of Council's capital works program for the 2017/18 year.

10.3.5 Borrowing costs (\$1,000 increase)

Borrowing costs relate to interest charged by financial institutions on funds borrowed. The minor increase in borrowing costs of \$1,000 (8%) compared to 2016/17 results from new borrowings of \$177,400 that are budgeted to occur in 2017/18, less a planned reduction in borrowings due to repayment of principal in accordance with loan agreements. Note one loan is due to be repaid in full during the 2017/18 budget year.

10.3.6 Other expenses (\$4,000 increase)

Other expenses relate to a range of unclassified items, including mayoral and councillor allowances, internal and external audit fees, landfill disposal levy and photocopier lease expense. Other expenses are forecast to increase by \$4,000 (2%) compared to 2016/17, which is mainly due to expected increases in mayoral and councillor allowances and external audit fees.

11. Analysis of budgeted cash position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2017/18 year. Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

The analysis is based on three main categories of cash flows:

- **Operating activities** – Refers to the cash generated or used in the normal service delivery functions of Council. Cash remaining after paying for the provision of services to the community may be available for investment in capital works, or repayment of debt.
- **Investing activities** – Refers to cash generated or used in the enhancement or creation of infrastructure and other assets. These activities also include the acquisition and sale of other assets such as vehicles, property and equipment.
- **Financing activities** – Refers to cash generated or used in the financing of Council functions and may include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities also include repayment of the principal component of loan repayments for the year.

11.1 Budgeted cash flow statement

	Ref	Forecast	Draft	Variance	
		Actual 2016/17 \$'000	Budget 2017/18 \$'000	\$'000	%
Cash flows from operating activities					
Receipts					
Rates and charges		6,818	7,117	299	4%
User fees and fines		2,165	2,080	(86)	(4%)
Grants - Operating		854	779	(75)	(9%)
Grants - Capital		1,008	2,848	1,840	183%
Contributions - monetary - operating		0	13	13	100%
Contributions - monetary - capital		0	5	5	100%
Interest received		85	100	15	18%
Other receipts		194	134	(59)	(31%)
Total receipts from operating activities		11,123	13,075	1,952	18%
Payments					
Employee costs		(3,823)	(4,033)	(210)	(5%)
Supplier payments		(5,084)	(5,205)	(121)	(2%)
Other payments		(232)	(236)	(4)	(2%)
Total payments for operating activities		(9,139)	(9,474)	(335)	(4%)
Net cash provided by operating activities	11.1.1	1,984	3,601	1,617	81%
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment		(1,856)	(4,231)	(2,375)	(128%)
Proceeds from sale of property, infrastructure, plant and equipment		81	78	(3)	(4%)
Payments for investments		(152)	0	152	100%
Proceeds from investments		0	500	500	100%
Net cash used in investing activities	11.1.2	(1,928)	(3,653)	(1,726)	90%

	Ref	Forecast Actual 2016/17 \$'000	Draft Budget 2017/18 \$'000	Variance	
				\$'000	%
Cash flows from financing activities					
Borrowing costs		(10)	(11)	(1)	(8%)
Proceeds from borrowings		0	177	177	100%
Repayment of borrowings		(207)	(51)	156	75%
Net cash provided by / (used in) financing activities	11.1.3	(217)	115	332	153%
Net increase/(decrease) in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		1,508	1,347	(162)	(11%)
Cash and cash equivalents at the end of the year	11.1.4	1,347	1,410	63	5%

Source: Section 3

11.1.1 Net cash provided by operating activities (\$1,617,000 increase)

The increase in cash inflows from operating activities (\$1,952,000) is due mainly to an increase in rates and charges (\$299,000), reflecting Council's decision to seek a one-off higher rate cap of 4.5% in 2017/18, plus the full recovery of waste management costs and significant government grants (\$1,765,000) relating to the Queenscliff Sports and Recreation precinct and Destination Queenscliff projects. This is offset in part by reduced user fees and fines (\$86,000), which is largely the result of decreased tourist park fees during the redevelopment of the Queenscliff Sports and Recreation Reserve.

The increase in cash outflows from operating activities (\$335,000) largely comprises an increase in Employee costs (\$210,000) in line with Enterprise Bargaining Agreement annual increases and new positions for 1.07 FTE identified as priorities for inclusion in the 2017/18 Budget. In addition, an increase in payments to suppliers (\$121,000) includes projects carried forward from 2016/17 for completion in the 2017/18 financial year.

The net cash flows from operating activities do not equal the surplus / (deficit) for the year as the expected revenues and expenses of Council include non-cash items, which have been excluded from the Cash Flow Statement. Interest expense is included as a financing activity in the Cash Flow Statement and therefore also requires adjustment when reconciling the surplus/(deficit) to net cash flows from operating activities. The budgeted operating result is reconciled to budgeted cash flows available from operating activities as set out in the following table.

	Forecast Actual 2016/17 \$'000	Draft Budget 2017/18 \$'000	Variance	
			\$'000	%
Surplus / (deficit) for the year	(219)	2,126	2,345	1070%
Depreciation	1,121	1,197	76	7%
Borrowing costs	10	11	1	8%
Net decrease in current assets - trade receivables	32	0	(32)	(100%)
Net decrease in current assets - other assets	1,012	0	(1,012)	(100%)
Net increase in current and non-current liabilities - provisions	23	24	1	3%
Net increase in current liabilities - trade payables	8	243	235	2807%
Net decrease in current liabilities - other liabilities	(3)	0	3	100%
Cash flows available from operating activities	1,984	3,601	1,617	82%

11.1.2 Net cash used in investing activities (\$1,726,000 increase)

The large increase in net cash used for investing activities in the 2017/18 year is predominantly due to an increase in payments for property, infrastructure, plant and equipment (\$2,375,000) for significant grant funded projects, including the Queenscliff Sports and Recreation precinct and Destination Queenscliff, as well as the completion of carry forward capital works. This is offset in part by calling in funds of \$500,000 currently invested for more than three months at 30 June 2017, to pay for capital works in the 2017/18 year.

11.1.3 Net cash provided by financing activities (\$332,000 increase)

New borrowings of \$177,400 are proposed in the 2017/18 budget year (2016/17: \$nil forecast). For 2017/18, total principal repayment is projected to be \$51,000 with borrowing costs (interest expense on bank loans) is projected to be \$11,000. One existing loan will reach maturity during the 2017/18 financial year.

11.1.4 Cash and cash equivalents at the end of the year (\$63,000 increase)

Cash and cash equivalents is expected to increase by \$63,000 to \$1,410,000 as at 30 June 2018, with total cash and investments. Cash and cash equivalents with maturities beyond three months are expected to decrease by \$437,000 to \$3,410,000 at 30 June 2018, largely reflecting the completion of carry forward projects as well as new capital works and major operating projects budgeted to be undertaken in the 2017/18 year.

11.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council operations. The budgeted cash flow statement above forecasts that Council will have cash and cash equivalents of \$1,410,000 at 30 June 2018, in addition to \$2,000,000 of short term investments (invested at terms between 3 and 12 months) to be held as financial assets in the Balance Sheet, totalling \$3,410,000 of cash and investments – restricted as shown in the following table.

	Ref	Forecast Actual 2016/17 \$'000	Draft Budget 2017/18 \$'000	Variance \$'000 %	
Total cash and investments		3,847	3,410	(437)	(11%)
Restricted cash and investments					
- Cash held to fund carry forward operating projects	11.2.1	(522)	(1)	521	100%
- Cash held to fund carry forward capital works	11.2.2	(978)	(1,145)	(167)	(17%)
- Trust funds and deposits	11.2.3	(87)	(87)	0	0%
Unrestricted cash and investments	11.2.4	2,259	2,176	(83)	(4%)
- Cash held to fund asset replacement (allocated)	11.2.5	(324)	(180)	144	44%
- Cash held to fund asset replacement (unallocated)	11.2.6	(449)	(589)	(140)	(31%)
- Cash held to fund defined benefits superannuation calls	11.2.7	(40)	(40)	0	0%
Cash held in discretionary reserves	11.2.8	(813)	(808)	4	0%
Unrestricted cash adjusted for discretionary reserves	11.2.9	1,446	1,367	(79)	(5%)

11.2.1 Cash held to fund carry forward operating projects (\$1,000)

The 2017/18 budget provides for \$1,000 in Lighthouse Reserves Maintenance grant funding, which is not expected to be completed until the 2018/19 year (funding received for expenditure over a three year period). An amount of \$522,000 is forecast to be held at 30 June 2017 to fund operating projects budgeted not completed in the 2016/17 financial year.

11.2.2 Cash held to fund carry forward capital works (\$1,145,000)

The 2017/18 budget provides for \$1,145,000 in Queenscliff Sports and Recreation precinct grant funding, which is not expected to be completed until the 2018/19 year (funding received for expenditure over a four year period). An amount of \$978,000 is forecast to be held at 30 June 2017 to fund capital works budgeted but not completed in the 2016/17 financial year. Section 6.2 contains further details on capital works funding.

11.2.3 Trust funds and deposits (\$87,000)

This includes monies paid to Council for tender deposits and contract retention etc. and are held as a liability until due to be returned or forfeited. The balance is projected to be consistent with 2016/17 levels.

11.2.4 Unrestricted cash and investments (\$2,176,000)

The amount shown is in accordance with the definition of unrestricted cash included in Section 3 of the Regulations. These funds are free of statutory reserve funds and cash to be used to fund major operating projects and capital works expenditure carried forward from the previous financial year for completion.

11.2.5 Cash held to fund allocated asset renewal projects (\$180,000)

In addition to the annual asset renewal program for building assets, Council sets aside \$45,000 each financial year toward such projects, in an effort to smooth out fluctuations in building asset renewal needs over time. An amount of \$180,000 is forecast to be held at 30 June 2018, after allowing for the completion of asset renewal projects carried forward from the 2016/17 financial year as well as those budgeted in 2017/18.

11.2.6 Cash held to fund unallocated asset renewal projects (\$589,000)

These funds are shown as discretionary reserves. Although not restricted for a statutory purpose, Council has decided to set aside those cash surpluses achieved in previous financial years so that these funds may be allocated to asset renewal or other major projects in the future. Until such time as a Council resolution is made, these funds remain unallocated and are at the discretion of Council regarding future use. The 2016/17 forecast is \$449,000, with a net \$140,000 remaining cash surplus (after Council allocations of funds to specific projects by Council resolution during the 2017/18 year) budgeted to be transferred to this reserve account in the 2017/18 year. The unallocated surplus will be determined once the 2016/17 year-end audit is completed and the forecast accumulated cash surplus of \$346,000 is achieved or adjusted to reflect the actual result.

11.2.7 Cash held to fund defined benefits superannuation calls (\$40,000)

These funds are shown as discretionary reserves and although not restricted for a statutory purpose, Council has made the decision to set aside \$40,000 to date in cash reserves to provide for future calls with respect to defined benefits superannuation liability. Changes in the future use of these funds are made in the context of Council's Strategic Resource Plan.

11.2.8 Cash held in discretionary reserves (\$808,000)

Council holds a number of discretionary reserves, as described above that are used to hold unspent Council asset renewal budgets until such time as these works are completed. This is in addition to banking cash surpluses achieved in prior years until allocated by Council to specific projects and also provides a contingency for future calls on the defined benefits superannuation fund. The use of such discretionary reserves is designed to ensure Council sets aside sufficient cash to meet its existing obligations and honour budget commitments from prior years.

11.2.9 Unrestricted cash adjusted for discretionary reserves (\$1,367,000)

These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments that will be expended in the following year, such as grants and contributions. Council regards these funds as the minimum necessary to ensure that it can meet its commitments as and when they fall due without borrowing further funds.

12. Analysis of capital budget

This section analyses the planned capital works expenditure budget for the 2017/18 year and the sources of funding for the capital budget. Further detail on the capital works program can be found in Section 6.

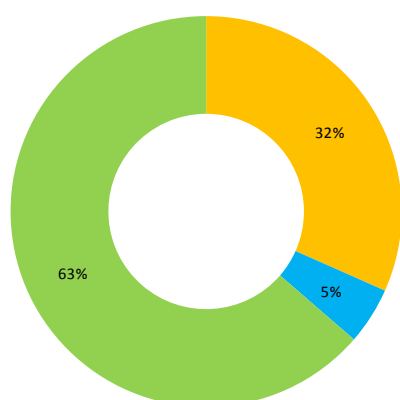
12.1 Capital works expenditure

Capital Works Areas	Ref	Forecast	Draft	Variance	
		Actual 2016/17 \$'000	Budget 2017/18 \$'000	\$'000	%
<u>Works carried forward</u>					
Property					
Land improvements		0	76	76	100%
Buildings		272	824	552	203%
Total property		272	899	628	231%
Plant and equipment					
Computers and telecommunications		186	0	(186)	(100%)
Total plant and equipment		186	0	(186)	(100%)
Infrastructure					
Roads		9	41	32	365%
Footpaths and cycle ways		20	20	0	0%
Drainage		10	16	6	57%
Recreational, leisure and community facilities		246	650	404	164%
Parks, open space and streetscapes		166	193	28	17%
Other infrastructure		64	235	171	266%
Total infrastructure		515	1,155	640	124%
Total works carried forward	12.1.1	972	2,054	1,082	111%
<u>New works</u>					
Property					
Land improvements		5	0	(5)	(100%)
Buildings		158	439	281	178%
Total property	12.1.2	163	439	276	169%
Plant and equipment					
Plant, machinery and equipment		172	165	(7)	(4%)
Fixtures, fittings and furniture		5	5	0	0%
Computers and telecommunications		30	30	0	0%
Total plant and equipment	12.1.3	207	200	(7)	(3%)

Capital Works Areas	Ref	Forecast	Draft	Variance	
		Actual 2016/17 \$'000	Budget 2017/18 \$'000	\$'000	%
<u>New works (continued)</u>					
Infrastructure					
Roads		81	428	347	429%
Footpaths and cycle ways		92	44	(48)	(52%)
Drainage		35	51	16	46%
Recreational, leisure and community facilities		130	181	50	39%
Parks, open space and streetscapes		11	757	746	6701%
Off street car parks		2	26	24	1282%
Other infrastructure		163	50	(113)	(69%)
Total infrastructure	12.1.4	514	1,537	1,023	199%
Total new works		884	2,177	1,292	146%
Total capital works expenditure		1,856	4,231	2,374	128%
Represented by:					
New asset expenditure	12.1.5	612	1,583	971	159%
Asset renewal expenditure	12.1.5	851	1,542	690	81%
Asset upgrade expenditure	12.1.5	393	1,106	713	182%
Total capital works expenditure		1,856	4,231	2,374	128%

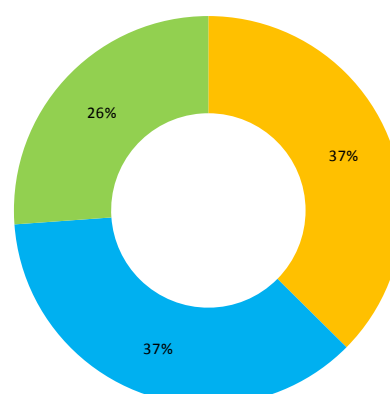
Budgeted capital works 2017/18

Expenditure by asset class



■ Property
■ Plant and equipment
■ Infrastructure

Expenditure by classification



■ New asset expenditure
■ Asset renewal expenditure
■ Asset upgrade expenditure

Source: Section 3. A more detailed listing of the capital works program is included in Section 6.

12.1.1 Carried forward works (\$2,054,000)

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, timing of grant funding, weather delays and extended public consultation. For the 2016/17 year, it is forecast that \$2,054,000 of capital works will be incomplete, with funds to be held in reserves at the 2016/17 year-end and carried forward into 2017/18 for the completion of these works.

Carry forward projects are provided in detail at Section 6.2 of this budget document.

The more significant projects include:

- Queenscliff Sports & Recreation Precinct Stage 2 (\$1,362,000);
- Streetlight Replacement to LED (\$186,000);
- Queenscliff Park Stage 1 (\$180,000); and
- annual asset renewal program (\$180,000).

12.1.2 Property (\$439,000)

The property class comprises land and land improvements, buildings and building improvements. Buildings include community facilities, municipal offices, sports facilities, public conveniences and pavilions.

For the 2017/18 year, \$439,000 will be expended on building and building improvements comprising:

- Project management resourcing – Destination Queenscliff (\$249,000);
- Queenscliffe cultural hub (\$100,000);
- annual asset renewal program (\$75,000); and
- Queenscliff Neighbourhood House decking (\$15,000).

12.1.3 Plant and equipment (\$200,000)

Plant and equipment includes motor vehicles, plant, machinery and equipment, fixtures, fittings and furniture, computers and telecommunications.

For the 2017/18 year, expenditure includes:

- Plant and equipment (\$165,000) – including \$155,000 for ongoing cyclical replacement of vehicle fleet);
- Computers and telecommunications (\$30,000); and
- Fixtures, fittings and furniture (\$5,000).

12.1.4 Infrastructure (\$1,537,000)

Infrastructure includes roads, footpaths and cycle ways, drainage, recreation, leisure and community facilities, waste management, parks, open space and streetscapes, off street car parks and other structures.

Road assets include local roads, kerb and channel, declared main roads, traffic devices, street lighting and traffic signals. For the 2017/18 year, \$428,000 will be expended on road projects. Works include:

- Federally funded Roads to Recovery projects including road sealing works (\$231,000);
- the annual asset renewal program for roads (\$105,000);
- Hesse Street streetscape (\$40,000);
- Harbour Street road improvements (\$32,000);
- Construction of a school crossing at St. Aloysius Primary School (\$15,000); and
- Replacement of kerb and channel in Hobson Street (\$5,000).

A total of \$44,000 will be spent on footpaths and cycle ways in the 2017/18 financial year, for:

- Harbour Street path improvements (\$32,000); and
- the annual asset renewal program (\$12,000).

Drains include drains in road reserves, retarding basins and waterways. The 2017/18 budget provides a total of \$51,000 for drainage, comprising:

- the annual asset renewal of drainage assets (\$35,000); and
- Harbour Street drainage improvements (\$16,000).

A total of \$181,000 is to be spent in 2017/18 on recreational, leisure and community facilities, as follows:

- project management resourcing – Destination Queenscliff (\$101,000);
- the annual asset renewal program (\$40,000); and
- plan for park to focus on children and families (\$40,000).

Waste management is a \$nil budget in 2017/18, noting last purchase of bins (green waste) was in 2014/15.

The parks, open space and streetscapes budget provides for \$757,000 to be expended in 2017/18, for:

- Implementation of the Point Lonsdale Lighthouse Reserves Master Plan Stage 1 (\$375,000) – dependent on grant funding being secured from other levels of Government;
- Destination Queenscliff Stage 1 (\$349,000); and
- the annual asset renewal program as it relates to this asset class (\$33,000).

Off-street car parks has a total of \$26,000 in 2017/18, associated with project management resourcing – Destination Queenscliff.

Other infrastructure is budgeted at \$50,000 for 2017/18 and comprises:

- contribution to Point Lonsdale Tennis Club lighting (\$30,000);
- plan for enhancing alternate power supply (\$15,000); and
- towns entry and main road tourism signage (\$5,000).

12.1.5 New assets (\$1,583,000), asset renewal (\$1,542,000), upgrade (\$1,106,000) and expansion (\$nil)

A distinction is made between expenditure on new assets, asset renewal, upgrade and expansion.

Expenditure on asset renewal is expenditure on an existing asset, or on replacing an existing asset, that returns the service of the asset to its original capability. 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.

Expenditure on asset upgrade 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 Council's asset base.

Expenditure on asset expansion 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.

Expenditure on new assets does not have any element of expansion or upgrade of existing assets but will result in an additional burden for future operation, maintenance and capital renewal.

Major projects in the above categories, which constitute expenditure on new assets, comprise:

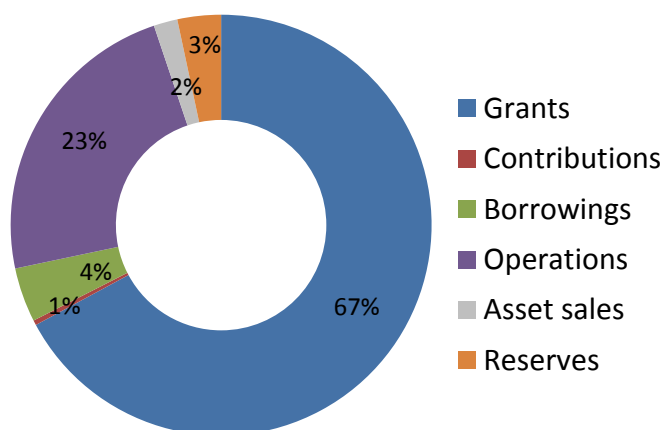
- Queenscliff Sports & Recreation Precinct Stage 2 (\$477,000);
- Point Lonsdale Lighthouse Reserve Master Plan Implementation (Stage 1) (\$375,000);
- Destination Queenscliff – including project management resourcing (\$253,000);
- Streetlight Replacement to LED (\$186,000);
- Queenscliff Park Stage 1 (\$180,000);
- Management of priority projects – capitalised salaries (\$50,000);

- King Street bus stop (\$30,000);
- School crossing at St. Aloysius Primary School (\$15,000);
- Decking at Queenscliff Neighbourhood House (\$15,000); and
- Town Hall solar panels (\$2,000).

Remaining capital expenditure represents renewals and upgrades of existing assets. No expansion spending is included in the 2017/18 Budget.

12.2 Funding sources

Sources of Funding	Ref	Forecast	Draft	Variance	
		Actual 2016/17 \$'000	Budget 2017/18 \$'000	\$'000	%
Works carried forward					
Current year funding					
Grants		8	1,845	1,837	22,963%
Borrowings		0	177	177	100%
Council cash:					
- operations (net of transfers to reserve)		0	10	10	100%
- reserve cash and investments		964	22	(942)	(98%)
Total works carried forward	12.2.1	972	2,054	1,082	111%
New works					
Current year funding					
Grants	12.2.2	10	1,003	993	9,928%
Contributions	12.2.3	0	5	5	100%
Council cash:					
- operations (net of transfers to reserve)	12.2.4	794	971	177	22%
- proceeds on sale of assets	12.2.5	81	78	(3)	(4%)
- reserve cash and investments	12.2.6	0	120	120	100%
Total new works		884	2,177	1,292	146%
Total funding sources		1,856	4,231	2,374	128%



Source: Section 6.

12.2.1 Carried forward works (\$2,054,000)

At the end of each financial year there are projects that are either incomplete or not commenced due to factors relating to planning issues, timing of grant funding, weather delays and extended public consultation. For the 2016/17 year, it is forecast that \$2,054,000 of capital works will be incomplete and be carried forward into the 2017/18 year.

Carry forward projects are provided in detail at Section 6.2 of this budget document.

Funding of these carried forward works includes: government grant funding for projects continuing into 2017/18 (\$1,845,000); new borrowings for the Streetlight Replacement to LED project (\$177,000); King Street bus stop (\$10,000 Council contribution, noting \$20,000 grant funding received for this project); and net reserve transfer for a range of projects funded in 2016/17 and carried forward to 2017/18 (\$22,000).

12.2.2 Grants (\$1,003,000)

Capital grants include all monies received from State and Federal government sources for the purposes of funding the capital works program. Significant grants are budgeted to be received as follows:

- Destination Queenscliff (\$349,000);
- Point Lonsdale Lighthouse Reserve Master Plan Implementation (Stage 1) (\$300,000);
- Roads to Recovery Program (\$231,000); and
- Project management resourcing – Destination Queenscliffe (\$123,000).

12.2.3 Contributions (\$5,000)

Capital contributions include all monies received from government agencies and community sources for the purposes of funding the capital works program. In addition to grant funding, the 2017/18 budget includes funding from community contributions for decking at the Queenscliff Neighbourhood House (\$5,000).

12.2.4 Council cash - operations (\$971,000)

Council generates cash from its operating activities, which is used as a funding source for capital works. A net \$971,000 is budgeted to be generated from operations to fund the 2017/18 capital works program.

12.2.5 Council cash - proceeds from sale of assets (\$78,000)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$78,000.

12.2.6 Council cash – reserve cash and investments (\$120,000)

Council has uncommitted cash and investments, set aside in the Asset Replacement Reserve (Unallocated) for surpluses achieved in previous financial years. This reserve funds future asset renewal requirements and other priority projects that assist in the delivery of the Council Plan objectives. The budget includes an allocation of \$120,000 from this reserve to fund specific capital works in the 2017/18 financial year as follows:

- Queenscliffe cultural hub (\$100,000);
- Plan for enhancing alternate power supply (\$15,000); and
- Replacement of kerb and channel in Hobson Street (\$5,000).

13. Analysis of budgeted financial position

This section analyses the movements in assets, liabilities and equity between 2016/17 and 2017/18. It also considers a number of key financial performance indicators.

13.1 Budgeted balance sheet

	Ref	Forecast Actual 2016/17 \$'000	Draft Budget 2017/18 \$'000	Variance \$'000	%
Assets					
Current assets					
Cash and cash equivalents		1,347	1,410	63	5%
Trade and other receivables		350	350	0	0%
Other financial assets		2,500	2,000	(500)	(20%)
Inventories		5	5	0	0%
Other assets		200	200	0	0%
Total current assets	13.1.1	4,402	3,965	(437)	(10%)
Non-current assets					
Investments in associates		240	240	0	0%
Property, infrastructure, plant and equipment		126,209	129,166	2,957	2%
Total non-current assets	13.1.1	126,449	129,406	2,957	2%
Total assets		130,851	133,371	2,520	2%
Liabilities					
Current liabilities					
Trade and other payables		592	835	243	41%
Trust funds and deposits		87	87	0	0%
Provisions		910	933	23	2%
Interest-bearing loans and borrowings		107	78	(29)	(27%)
Other liabilities		75	75	0	0%
Total current liabilities	13.1.2	1,771	2,008	237	13%
Non-current liabilities					
Provisions		64	66	2	2%
Interest-bearing loans and borrowings		0	155	155	100%
Total non-current liabilities	13.1.2	64	221	157	245%
Total liabilities		1,835	2,229	394	21%
Net assets		129,016	131,142	2,126	2%
Equity					
Accumulated surplus		89,707	92,191	2,484	3%
Asset revaluation reserve		36,996	36,996	0	0%
Other reserves		2,313	1,955	(358)	(15%)
Total equity	13.1.4	129,016	131,142	2,126	2%

Source: Section 3

13.1.1 Current assets (\$437,000 decrease) & non-current assets (\$2,957,000 increase)

Cash and cash equivalents include cash and investments, such as cash held in the bank, petty cash and the value of investments held in deposits and other highly liquid investments with short term maturities of three months or less. These balances are projected to increase by \$63,000 as a result of calling in funds of \$500,000, currently invested for more than three months at 30 June 2017, to pay for projects carried forward and expected to be completed in the 2017/18 financial year.

Trade and other receivables are monies owed to Council by ratepayers and others. The level of short-term debtor balance owing to Council, which largely comprises rates arrears, is not expected to change in the budget. Payment arrangements and other collection procedures are performed monthly and debtor balances are included in quarterly financial reports to Council.

Financial assets are those investments held with banks, having maturities greater than three months. This balance is projected to decrease by \$500,000 during 2017/18, as investments are reverted back to cash in order to pay for carry forward projects from 2016/17, which are now expected to be completed in 2017/18.

Inventories held for sale comprise of merchandise made available through Council's Visitor Information Centre. Stocktakes are conducted on an annual basis at financial year-end. Net nil movement is budgeted for stock in the 2017/18 year.

Other assets include items such as prepayments for expenses that Council has paid in advance of service delivery and other revenues due to be received in the next 12 months. Again, no movement is budgeted.

Council 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 audited financial statements each year. The Borough's share of the net assets is calculated on the same ratio as it contributes to the operating costs of the service. The 2017/18 Budget assumes no movement in equity, with any adjustment in the level of equity to occur at the 2017/18 year-end. Annual contributions to the Geelong Regional Library Corporation are included as expenditure in the Income Statement.

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc. built up by Council over many years. The \$2,957,000 increase in this balance is attributable to the net result of the capital works program (\$1,542,000 for renewal and \$1,106,000 for upgrade of existing assets, plus \$1,583,000 associated with the creation of new assets), less depreciation of assets (\$1,197,000) and proceeds on sale of assets (\$78,000).

13.1.2 Current liabilities (\$237,000 increase) & non-current liabilities (\$157,000 increase)

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to increase by \$243,000 and are calculated as a percentage of supplier payments and capital works that are likely to remain outstanding at the financial year-end. The increase on the prior year reflects a greater level of expenditure, including the completion of 2016/17 carry projects in the 2017/18 financial year.

Trust funds and deposits includes monies paid to Council for tender deposits, hall hire etc. They are held as a liability until due to be refunded. This is budgeted to remain consistent from year to year as old deposits are returned and new deposits collected.

Provisions include accrued long service leave, annual leave, rostered days off and time-in-lieu owing to employees. These employee entitlements are expected to increase by \$25,000 largely in line with Enterprise Bargaining Agreement increases. Active management of leave balances may result in some forecast savings during the financial year, this will be adjusted in 2017/18 should a positive outcome be achieved.

Interest-bearing loans and borrowings represent Council debt. Council is budgeting to repay loan principal of \$51,000 over the year. New borrowings of \$177,400 are budgeted to be drawn down in the 2017/18 year, for Streetlight replacement to LEDs. The net result is an increase in interest-bearing loans and borrowings of \$126,000 in the 2017/18 budget year.

Other liabilities include income received in advance for tourist park seasonal package fees and overpayment by rates and sundry debtors. These liabilities are budgeted as consistent with the 2016/17 forecast.

13.1.3 Working capital (\$674,000 decrease)

Working capital is the excess of current assets above current liabilities. This calculation recognises that although Council has current assets, some of those assets are already committed to the future settlement of liabilities in the following 12 months, and are therefore not available for discretionary spending.

Some of Council's cash assets are restricted in that they are required by legislation to be held in reserve for specific purposes or are held to fund carry forward operating projects and capital works from the previous financial year.

	Forecast Actual 2016/17 \$'000	Draft Budget 2017/18 \$'000	Variance	
			\$'000	%
Current assets	4,402	3,965	(437)	(10%)
Current liabilities	1,771	2,008	(237)	(13%)
Working capital	2,631	1,957	(674)	(26%)
Restricted cash and investment current assets				
- Cash held to fund carry forward operating projects	522	1	(521)	(100%)
- Cash held to fund renewal & carry forward capital works	1,167	1,145	(22)	(2%)
- Trust funds and deposits	87	87	0	0%
Unrestricted working capital	854	722	(132)	(15%)

In addition to the restricted cash shown above, Council is also projected to hold \$808,000 in discretionary reserves at 30 June 2018. Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless Council determines to reallocate these funds by resolution, these funds should be used for those earmarked purposes.

13.1.4 Equity (\$2,126,000 increase)

Total equity always equals net assets and is made up of the following components:

- Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations;
- Other reserves that are funds Council wishes to separately identify and set aside to meet a specific purpose in the future and for which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council and separately disclosed; and
- Accumulated surplus which is the value of all net assets less reserves that have accumulated over time. \$2,126,000 of the \$2,484,000 increase in accumulated surplus results directly from the surplus for the year. An amount of \$358,000 (net) is budgeted to be transferred from other reserves to accumulated surplus. This reflects the usage of investment cash reserves to partly fund the capital works program and to complete those projects carried forward from 2016/17 for expenditure in the 2017/18 financial year. This is a transfer between equity balances only and does not impact on the total balance of equity.

13.2 Key assumptions

In preparing the Balance Sheet for the year ending 30 June 2018 it was necessary to make a number of assumptions about assets, liabilities and equity balances. The key assumptions are as follows:

- Trade and other receivables – 97% of total rates and charges raised is expected to be collected in the 2017/18 year (2016/17: 97% forecast actual). Other debtor balances are estimated as follows: \$23,000 pensioner rebate (government funded), \$10,000 community services, \$10,000 tourist park fees, \$5,000 local laws infringements, \$25,000 sundry debtor accounts and \$50,000 GST receivable.
- Financial assets – investments held for more than three months are estimated at \$2,000,000 for the 2017/18 financial year-end, with the balance of Council's investment of surplus funds assumed to be held for less than three months to meet current liabilities (therefore forming part of Cash and cash equivalents on the Balance Sheet).
- Inventories – merchandise for the Visitor Information Centre to remain consistent at \$5,000.

- Other current assets – estimated as follows: \$85,000 prepaid expenses and \$115,000 accrued income (including \$25,000 interest on investments, \$40,000 user fees & charges and \$50,000 grant funding).
- Investment in regional library – no increase in equity is budgeted (adjusted at year-end when known).
- Property, infrastructure, plant and equipment – increased by cash expenditure on these fixed assets (\$4,231,000 for the 2017/18 year) and reduced by depreciation expense (\$1,197,000) and asset sales (\$78,000). No gain/(loss) on sale of assets is budgeted (usually minor in nature and the forecast is adjusted when actual results are known). No asset revaluation increment/(decrement) is budgeted (not generally known until after the financial year-end and will be adjusted in the forecast as necessary) – Note, Council’s land and buildings are scheduled to be revalued in 2017/18 and its infrastructure assets are due to be revalued in the 2018/19 year.
- Trade and other payables - based on an estimated 10% of capital expenditure, materials and services and other operating expenses remaining outstanding at the 2017/18 financial year-end.
- Trust funds and deposits to remain consistent at \$87,000.
- Employee entitlements to be increased in accordance with the Enterprise Bargaining Agreement (EBA), noting any impact of active management of leave entitlements will be adjusted in the 2017/18 forecast as necessary.
- Interest-bearing loans and borrowings are based on existing loan schedules (two existing loans), with the addition of new loans of \$177,400 proposed for the 2017/18 budget year, less the repayment of loan principal totalling \$51,000 in the 2017/18 year. The net increase in loan liability is budgeted to be \$126,000 for the 2017/18 financial year.
- Other liabilities (income received in advance) estimated as follows: \$50,000 tourist park fees, \$20,000 rate overpayments (usually applied to the first instalment in the following financial year, unless a specific request is made by ratepayers for refunds to be paid) and \$5,000 for sundry income received in advance.
- A total of \$358,000 (net) to be transferred from reserves to accumulated surplus, representing the internal funding of part of the capital works program for the 2017/18 year and the completion of 2016/17 carry forward projects in the 2017/18 financial year.

Long term strategies

This section includes the following analysis and information:

14. Strategic resource plan
15. Rating information
16. Other long term strategies

14. Strategic resource plan

This section includes an extract of the adopted Strategic Resource Plan (SRP) to provide information on the long term financial projections of the Council.

14.1 Plan development

The Act requires a Strategic Resource Plan (SRP) to be prepared describing both financial and non-financial resources (including human resources) for at least the next four financial years to achieve the strategic objectives in the Council Plan. In preparing the SRP, Council must take into account all other plans and strategies in regard to services and initiatives which commit financial and non-financial resources for the period of the SRP.

Council has prepared a SRP for the four years 2017/18 to 2020/21 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework. The SRP takes the strategic objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next four years.

The key objective, which underlines the development of the SRP, is financial sustainability in the medium to long term, while still achieving Council's strategic objectives as specified in the Council Plan. The key financial objectives, which underpin the SRP, are:

- Maintain existing service levels (except where increases are the result of funded programs).
- Achieve a breakeven adjusted underlying surpluses cumulatively over the long term (noting this is impacted by operating grants received in one financial year for which works are not completed until the following year, resulting in an underlying surplus in the year in which funds are received and a deficit in the year works are undertaken) – ongoing surpluses are desirable so as not to erode Council's asset base.
- Maintain a capital expenditure program which averages \$580,000 per annum for Council's annual asset renewal program, in addition to the funding of new assets and priority projects identified by Council and the community - asset renewal expenditure should occur at levels that ensure assets are replaced as and when required (target is 100% of the asset depreciation level cumulative over a 7-10 year period).
- Achieve a balanced budget on a cash basis.
- Cash/liquidity – ensure sufficient cash to meet short-medium liabilities (working capital ratio of greater than 110%, State Government threshold is at least 100%).
- Debt – responsible borrowing for capital works where benefits can be attained for future generations across the wider community (debt of <40% of rate revenue, State Government threshold is not above 70%).

In preparing the SRP, Council has also been mindful of the need to comply with the following Principles of Sound Financial Management as contained in the Act:

- Prudently manage financial risks relating to debt, assets and liabilities;
- Provide reasonable stability in the level of rate burden;
- Consider the financial effects of Council decisions on future generations; and
- Provide full, accurate and timely disclosure of financial information.

The SRP is updated annually through a rigorous process of consultation with Council service providers, followed by a detailed sensitivity analysis to achieve the key financial objectives.

14.2 Financial resources

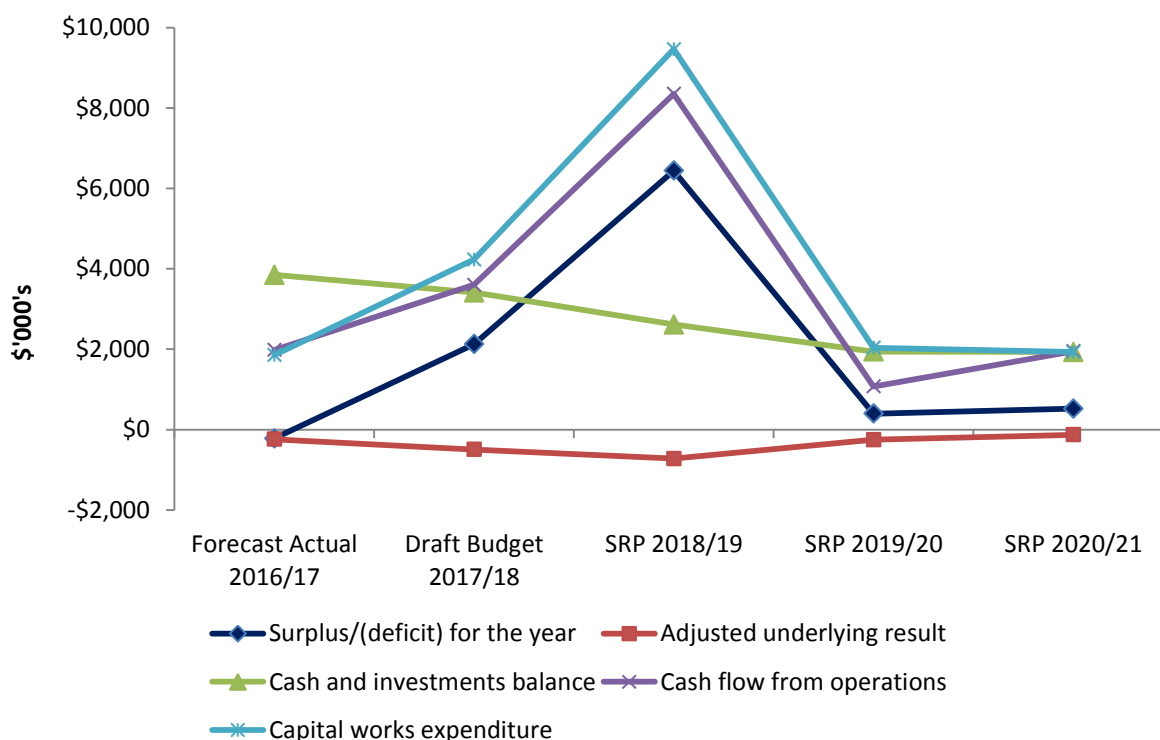
The following table summarises the key financial results for the next four years as set out in the SRP for years 2017/18 to 2020/21. Section 3 includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Strategic Resource Plan Projections					
	Forecast Actual 2016/17	Draft Budget 2017/18	SRP 2018/19	SRP 2019/20	SRP 2020/21	Trend +/O/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/(deficit) for the year	(219)	2,126	6,438	398	521	+
Adjusted underlying result	(237)	(495)	(722)	(252)	(129)	+
Cash and investments balance	3,847	3,410	2,615	1,943	1,931	O
Cash flow from operations	1,984	3,601	8,350	1,075	1,952	O
Capital works expenditure	1,856	4,231	9,460	2,037	1,932	-

Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance / financial position indicator
- O Forecasts that Council's financial performance / financial position indicator will be steady
- Forecasts deterioration in Council's financial performance / financial position indicator

The following graph shows the general financial indicators over the four year period.



The key outcomes of the SRP are as follows:

- **Financial sustainability (Section 11)** - Cash and investments is forecast to reduce over the four year period from \$3,410,000 to \$1,931,000, as significant funded projects are completed and paid for and cash and investment levels return to normal levels. Council continues to project a balanced budget on a cash basis in each year with sufficient working capital above 120% expected to be achieved in each year to meet short term commitments.
- **Rating levels (Section 15)** – The proposed budget includes a 4.5% rate increase in 2017/18, consistent with Council's decision to apply for a one-off higher rate cap of 4.5% (2.0% above the rate cap set by the State Government) – the outcome of which is expected to be known in July 2017. The rate increase assumed for SRP years 2018/19 through 2020/21 is 2.0% p.a.
- **Borrowing strategy (Section 16.1)** – Borrowings are forecast to increase from \$233,000 to \$633,000 over the four year period. This increase includes repayment of existing loans nearing maturity and new borrowings of \$177,400 budgeted in 2017/18 for the Streetlight replacement to LEDs project, as well as forecast new borrowings of \$300,000 in each of the 2018/19 and 2019/20 financial years. Council has planned to take up new borrowings to fund major capital works where benefits can be attained for future generations across the wider community.
- **Infrastructure (Section 16.2)** – Capital expenditure over the four year period will total \$17,660,000 at an average of \$4,415,000 per annum.

Budgeted capital expenditure in 2017/18, and projected capital expenditure over the SRP years 2018/19 through 2020/21, includes the following significant projects:

- Queenscliff Sports and Recreation precinct – total project of \$3,155,000 fully funded by State government, commenced in 2015/16 and expected to be completed in 2018/19 (\$2,827,527);
- Destination Queenscliff Stage 1, funding confirmed, with project to be undertaken over two financial years to 2018/19 (\$3,514,514);
- Destination Queenscliff Stage 2, funding confirmed, with the project to be completed in 2018/19 (\$2,450,550);
- Royal Park Tourist Park Improvement Project, funding yet to be secured, with planning to occur in two stages over the 2018/19 and 2020/21 years (\$1,150,000);
- Point Lonsdale Lighthouse Reserve, funding yet to be secured, planned for expenditure in the 2017/18 and 2018/19 years (\$875,000);
- Economic development project: foreshore improvements projected in 2019/20 (\$500,000);
- Economic development project: pathway infrastructure projected for 2020/21 (\$500,000);
- Plan for park to focus on children and families projected in 2017/18 and 2019/20 (\$390,000);
- Enhance boating infrastructure projected to occur in 2018/19 and 2019/20 (\$380,000).

Excluding significant funded capital projects, as listed above, from the 2017/18 Budget and SRP years 2018/19 to 2020/21, average capital expenditure of \$1,268,000 achieved per annum.

- **Service delivery strategy (Section 16.3)** – Service levels have been maintained throughout the four year period. An operating surplus of \$2,126,000 is budgeted for the 2017/18 year, largely due to grant funding confirmed to be received for the Queenscliff Sports and Recreation precinct and Destination Queenscliff projects. An operating surplus is also projected over each SRP year 2018/19 through to 2020/21. However, the adjusted underlying result, which excludes the effect of non-recurrent capital grants and contributions, indicates an underlying deficit for each financial year through to 2020/21. The adjusted underlying result is a measure of financial sustainability and is an important measure as non-recurrent capital items can often mask the operating result.

15. Rating information

This section contains information on Council's past and foreshadowed rating levels along with Council's rating structure and the impact of changes in property valuations. This section should be read in conjunction with Council's Rating Strategy which is available on Council's website.

15.1 Rating context

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 54.4% of the total revenue expected to be received by Council in the 2017/18 budget year and averaging 57% p.a. (depends on grants and other income). Planning for future rate increases is therefore an important component of the Strategic Resource Planning process.

The level of required rates and charges has been considered in this context, with reference to its other sources of income and planned expenditure on services and works to meet the needs, aspirations and priorities of our community over the long term. A rate increase of 4.5% is included in 2017/18, consistent with Council's decision to apply for a one-off higher rate cap in 2017/18, the outcome of which is expected to be advised by the Essential Services Commission in July 2017.

The following table shows the Borough's rate increases over the last five years and the average rates per capita for the 2016/17 year.

Year	Rate increase
2012/13	4.00%
2013/14	4.50%
2014/15	4.50%
2015/16	3.80%
2016/17	2.50%
Average rate increase 2012/13 - 2016/17	3.86%
Average rates per capita 2016/17	\$1,950.22
Average rates per assessment 2016/17	\$1,954.04

The table above indicates that over the past five years, from 2012/13 to 2016/17, Council's general rate increases have averaged 3.86% per annum. The dilemma faced by the Borough as with many small shires is the low growth in rateable properties (and therefore rate income) and the unavoidable increase in costs related to legislative compliance and the demand for services and infrastructure renewal.

The rate increase included in the 2017/18 Budget includes a higher rate cap of 4.5%, as indicated in the table below.

Year	Rate increase
2017/18	4.50%
Average rates per capita 2017/18	\$2,037.94
Average rates per assessment 2017/18	\$2,041.94

15.2 Current year rates and charges

The following table sets out future proposed increases in revenue from rates and charges and the total rates to be raised, based on the forecast financial position of Council as at 30 June 2017, and the forecast rate increase used for financial planning purposes.

Year	General Rate Increase %	Kerbside Waste Charge Increase %	Public Waste Charge Increase %	Green Waste Charge Increase %	Second Bin Charge Increase %	Total Rates and Charges Raised \$'000
2016/17	2.50%	1.82%	2.98%	0.00%	4.80%	6,806
2017/18	4.50%	0.69%	2.80%	2.85%	4.50%	7,117
2018/19	2.00%	2.50%	2.50%	2.50%	4.30%	7,265
2019/20	2.00%	2.50%	2.50%	2.50%	4.20%	7,415
2020/21	2.00%	2.50%	2.50%	2.50%	4.00%	7,569

The general rate is budgeted to increase by a higher rate cap of 4.5% per Council's decision to apply for a one-off higher rate cap of 4.5% in 2017/18, noting advice on the outcome of this application is expected in July 2017. General rate increases are indicative and set by the State Government annually, therefore are subject to change from the 2018/19 year.

The kerbside waste charge is applied to all residential and tourist accommodation properties (excluding vacant land) and is calculated on the basis of a rate in the dollar x property value (CIV), to enable full recovery of the costs of kerbside waste collection and disposal. The average kerbside waste charge is expected to increase by 0.69% in 2017/18, compared to the average kerbside waste charge in 2016/17.

The public waste charge is applied to all rateable properties in the Borough, to enable full recovery of the costs of public waste collection and disposal. The public waste charge is proposed to be charged at a fixed price of \$99.20 in 2017/18, which is an increase of \$2.70 (2.80%) compared with \$96.50 charged in 2016/17.

The green waste charge applies to all residential and tourist accommodation properties (excluding vacant land), to enable full recovery of the costs of green waste collection and disposal. The green waste charge is proposed to be charged at a fixed price of \$37.95, which is an increase of \$1.05 (2.85%) compared with \$36.90 charged in 2016/17.

Council's additional kerbside waste bin charges will increase by \$5 per bin for a 120 litre general waste bin and/or a \$120 litre recycle bin, consistent with increases applied in previous years and reflective of the cost of Council providing this additional waste collection and disposal service.

Total rates and charges of \$7,117,435 will be raised for 2017/18, including \$12,000 generated from supplementary rates and a reduction in rate revenue of \$16,080 resulting from the additional \$40 pensioner concession offered by Council to eligible ratepayers and a further reduction of \$4,961 being a rebate for properties of environmental interest.

15.3 Rating structure

Council has established a rating structure which is comprised of three key elements. These are:

- Property values, which form the central basis of rating under the *Local Government Act 1989*
- Compulsory waste management charges for the full cost recovery of residential kerbside waste, green waste and public waste collection and disposal.
- Optional additional waste bin services for kerbside general waste, recycle waste and green waste (first set of bins included in the compulsory kerbside and green waste charges)

Striking a proper balance between these elements provides equity in the distribution of the rate burden across residents.

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for residential, commercial or tourist accommodation purposes. This distinction is based on the concept that business should pay a fair and equitable contribution to rates, taking into account the benefits those commercial and tourist accommodation properties derive from the local community.

Having reviewed the various valuation bases for determining the property value component of rates, Council has determined to apply a Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality. There are currently no plans to change that basis, but Council does review its rating structure at least every four years.

The existing rating structure comprises three differential rates (residential, commercial and tourist accommodation), and a rate concession for recreational land. These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. Under the *Cultural and Recreational Lands Act 1963*, provision is made for a Council to levy the rate for recreational lands at "such amount as the municipal council thinks reasonable having regard to the services provided by the municipal council in relation to such lands and having regard to the benefit to the community derived from such recreational lands".

The commercial rate is set at 130% of the residential rate, the tourist accommodation rate is set at 110% of the residential rate and the rate concession for recreational land is set at 75% of the residential rate.

Council also levies additional bin charges, as allowed under the Act.

Council has not applied a municipal charge, nor a charge for the first bin allocated to residential ratepayers. An additional pensioner concession of \$40, above the government funded pensioner rebate, is offered by Council to eligible ratepayers. A rebate is also granted for properties of conservation and land management environmental interest to Council.

The following table summarises the rates to be determined for the 2016/17 year. A more detailed analysis of the rates to be raised is contained in Section 7 'Rates and Charges'.

Rate type	How applied	2016/17	2017/18	Total Raised \$'000	Change
Residential rates	Cents in \$ of CIV	0.236536	0.247180	5,184	4.50%
Commercial rates	Cents in \$ of CIV	0.307495	0.321332	395	4.50%
Tourist accommodation rates	Cents in \$ of CIV	0.260188	0.271896	675	4.50%
Cultural and recreational rates	Cents in \$ of CIV	0.059134	0.061795	4	4.50%
Kerbside waste charge	Cents in \$ of CIV	0.019210	0.019342	440	0.69%
Green waste charge	\$ per bin	\$36.90	\$37.95	107	2.85%
Public waste charge	\$ per rateable property	\$96.50	\$99.20	305	2.80%
Additional bins (set)	\$ per set of bins	\$220.00	\$230.00	15	4.55%
Extra bin (one)	\$ per bin	\$110.00	\$115.00	2	4.55%

Council has adopted a formal *Rating Strategy* that contains expanded information on Council's rating structure and the reasons behind its choices in applying the rates mechanisms it has used.

15.4 Waste management charges

An important component of Council's 2017/18 budget process is Council's continuing commitment, in accordance with its Rating Strategy adopted in April 2016, to three key principles in relation to funding waste management services:

1. Full cost recovery of all waste management services;
2. Clear identification of the waste management cost streams of kerbside waste, green waste and public waste and specifying these on the Rate Notice where applicable; and
3. Disclosure of all costs associated with each of the waste management streams as included in the table below.

In its Rating Strategy, Council has determined the most equitable method of full waste cost recovery as follows:

- Kerbside waste, applicable to residential and tourist accommodation properties, is charged on the basis of a rate in the dollar multiplied by property value (CIV);
- Public waste, applicable to all rateable properties, is charged at a fixed amount; and
- Green waste, applicable to residential and tourist accommodation properties only, is charged at a fixed amount.

The *Local Government Act 1989* permits Council to raise separate service charges for the recovery of waste management services, rather than include this in general rates. Separating out waste management charges from general rates to achieve full cost recovery remains the most financially responsible option available to Council given State Government rate capping legislation.

The following is a list of all waste management cost streams included in the 2017/18 Budget and fully recovered from waste management charges, summarised by waste charge type.

Waste management costs				
Description	2016/17 Forecast	2017/18 Budget	Increase/(decrease)	
			\$	%
Roadside E Waste Collection	15,000	10,000	(5,000)	(33.33%)
Kerbside Waste Collection (including hard waste)	278,400	283,800	5,400	1.94%
Landfill Disposal Including Landfill Levy	158,800	164,100	5,300	3.34%
Waste Collection Bin Renewal	6,000	6,000	0	0.00%
Waste & Litter Education	2,000	2,000	0	0.00%
Regional Waste Management Group	3,400	3,500	100	2.94%
Membership of Waste Management Association	200	200	0	0.00%
Recycling Disposal Income	(13,300)	(13,300)	0	0.00%
Sub-total: Kerbside waste costs	450,500	456,300	5,800	1.29%
Green Waste - pickup & disposal of waste	103,900	107,200	3,300	3.18%
Sub-total: Green waste costs	103,900	107,200	3,300	3.18%
Public Waste	159,100	162,300	3,200	2.01%
Fixed Price Contract - Street Cleaning and Sweeping	113,100	117,600	4,500	3.98%
Fixed Price Contract - Beach Cleaning	35,225	37,500	2,275	6.46%
Beach Cleaning Subsidy	(12,700)	(12,700)	0	0.00%
Sub-total: Public waste costs	294,725	304,700	9,975	3.38%
Total: Waste management costs	849,125	868,200	19,075	2.25%

The following table provides a summary of revenue to be raised with respect to waste management services.

Waste management charges				
Description	2016/17 Forecast	2017/18 Budget	Increase/(decrease)	
			\$	%
Kerbside waste charge	433,176	440,300	7,124	1.64%
Additional Kerbside waste bin charge - optional extra bin	14,960	16,000	1,040	6.95%
Kerbside waste charge	448,136	456,300	8,164	1.82%
Green waste charge	103,357	106,669	3,312	3.20%
Additional Green waste bin charge – optional extra bin	517	531	14	2.78%
Green waste charge	103,874	107,200	3,326	3.20%
Public waste charge	295,869	304,700	8,831	2.98%
Total: Waste management charges	847,879	868,200	20,321	2.40%

Net surplus / (shortfall) in waste charges collected	(1,246)	(0)	(1,246)	(100.00%)
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The 2016/17 forecast waste management costs are not anticipated to be fully recovered by waste management charge revenue, with a variance of \$1,246 (0.15%) due to the following reasons:

- Revised forecast waste management expenditure and income during the year compared to estimates included in the 2016/17 Budget (e.g. indexation more/less than anticipated for contract expenditure and grant funding);
- Reduced supplementary waste charge revenue anticipated in 2016/17, which is due to changes in the number of properties using the waste management services and changes in property valuations used to calculate the Kerbside waste charge; and
- Reduced additional bin requests during the year compared to the number of requests estimated in the 2016/17 Budget.

The 2017/18 Budget includes full cost recovery of all estimated waste management costs in 2017/18 from waste management charges applied in the 2017/18 rating year. In preparing this budget, a set of assumptions has been made about the estimated costs of the waste management services in 2017/18, with any variance to be reported to Council via quarterly financial reports during the 2017/18 year as necessary.

16. Other long term strategies

This section sets out summaries of the strategies that have been developed and incorporated into the Strategic Resource Plan including borrowings, infrastructure and service delivery.

16.1 Borrowings

In developing the Strategic Resource Plan (SRP) (see Section 14), borrowings have been identified as an important funding source for the capital works program. In the past, Council has borrowed to finance infrastructure projects and since then has been in a phase of debt reduction. This has resulted in a reduction in debt servicing costs, but has meant that cash and investment reserves have been used as an alternate funding source to maintain a robust capital works program. Unallocated cash reserves are forecast to be \$449,000 at 30 June 2017, \$589,000 at 30 June 2018 and continuing to decline to \$233,000 by 2020/21. This provides some capacity to manage unforeseen events, such as risks associated with a number of ageing community facilities in the municipality, however cash reserves and other sources of revenue will be insufficient to meet identified priorities over the long term in a rate capping environment. It has therefore been necessary to reconsider borrowings to fund capital projects.

The SRP includes the results of an analysis of Council's debt position against both State averages and the cohort of small shire council averages over a number of different indicators. It also shows the results of the 'obligations' performance indicators that are part of the prescribed financial reporting indicators. The outcome of the analysis highlighted that the Borough has a low level of debt for its size and that the proposed debt levels can be comfortably accommodated.

For the 2017/18 year, Council has budgeted to take up \$177,400 of new borrowings to fund the Streetlight replacement to LEDs project (2016/17 project deferred to the 2017/18 year) and therefore, after making loan repayments of \$51,181, will increase its borrowings to \$232,980 as at 30 June 2018. Council will plan to take up additional borrowings, to fund future infrastructure initiatives, where Council can attain benefits from major capital works projects for future generations across the wider community. Additional borrowings include \$300,000 forecast in 2018/19 and a further \$300,000 forecast in 2019/20. Borrowings in future years will be subject to the annual budget approval process.

The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2017.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2016/17	0	207	10	107
2017/18	177	51	11	233
2018/19	300	44	22	489
2019/20	300	70	33	719
2020/21	0	86	29	633

The table below shows information on borrowings specifically required by the Regulations.

	2016/17 \$	2017/18 \$
Total amount borrowed as at 30 June of the prior year	314,233	106,761
Total amount to be borrowed	0	177,400
Total amount projected to be redeemed	(207,471)	(51,181)
Total amount proposed to be borrowed as at 30 June	106,761	232,980

16.2 Infrastructure

The Council has Asset Management Plans, which set out guidelines for the capital expenditure requirements of Council for the next 20 years by class of asset, and these are a key input to the SRP. These plans predict infrastructure consumption and renewal needs, and consider infrastructure needs to meet future community service expectations.

The Asset Management Plans have been developed through a process of consultation and evaluation. The key aspects of the process are as follows:

- Long term capital planning process which integrates with the Council Plan, Strategic Resource Plan Annual Implementation Plan and Annual Budget processes.
- Identification of capital projects through the preparation of asset management plans,
- Identification of capital projects through preparation of the Council Plan and Annual Implementation Plan based identified community's priorities.
- Prioritisation of capital projects within classes on the basis of condition and level of service criteria.
- Methodology for allocating annual renewal funding to classes of capital projects.
- Evaluation of capital projects on a number of criteria including legislative compliance, risk assessment, funding opportunities and ongoing operational funding requirements, and Council Plan priorities (priority given to renewal and upgrade of existing assets versus creation of new assets).

A key objective of the Asset Management Plans is to maintain or renew Council's existing assets at desired condition levels. If sufficient funds are not allocated to asset renewal then Council's investment in those assets will reduce, along with the capacity to deliver services to the community. To this end, Council has created an Asset Replacement Reserve, which serves to set aside funds in years when asset interventions do not require as much funding as in other years (when the reserve can be drawn upon).

Significant progress has been made to address buildings with deteriorating conditions. The Queenscliff Sports Club building (Monahan Centre, Stage 1) has been enhanced through a combination of State Government, Council and community contributions. Asset renewal and upgrade of the building (Stage 2) has commenced. Stage 2 of the building upgrade will be funded from \$3,155,000 in grant funding received by Council from 2015/16 to 2018/19 for the Queenscliff Sports & Recreation Precinct project. The grant funding will be used to upgrade a number of sports and caravan park related infrastructure in addition to the building upgrade.

Drainage management is a challenge for Council. This will continue to be performed on a reactive basis due to the nature of the assets and excessive costs to small councils in undertaking condition based assessments.

At present, Council is similar to most municipalities in that it is unable to fully fund asset renewal requirements identified in Asset Management Plans. Whilst the plans endeavour to provide a sufficient level of annual funding to meet ongoing asset renewal needs, the available funds are not sufficient to fund the projected level of annual renewal expenditure. This creates an asset renewal gap and increases the level of backlog. Backlog is the renewal works that Council has not been able to fund over the past years and is equivalent to the accumulated asset renewal gap.

In updating the Asset Management Plans for the 2017/18 year, the following influences have had a significant impact:

- Reduction in the amount of cash and investment reserves to fund future capital expenditure programs.
- The number and condition of ageing assets, particularly building assets.
- The demand for new assets and/or upgrade of assets.
- Review of levels of services and utilisation of existing assets.
- Modelling of asset condition and intervention levels (factoring in grant funded programs).
- The Queenscliff Sports & Recreation Precinct project, for which \$3,155,000 funding is confirmed over three years from 2015/16 through 2018/19, of which \$1,835,000 is included in the 2017/18 budget year.

The following table summarises Council's forward outlook on capital expenditure including funding sources for the next four years.

Year	Total Capital Program \$'000	Government Grants \$'000	Community Contributions \$'000	New Borrowings \$'000	Sale of Assets \$'000	Transfer from Cash Reserves \$'000	Transfer to Cash Reserves \$'000	Council Cash \$'000
2016/17	1,856	18	0	0	81	1,017	(244)	986
2017/18	4,231	2,848	5	177	78	651	(554)	1,026
2018/19	9,460	7,149	11	300	83	1,145	(45)	818
2019/20	2,037	650	0	300	93	0	(45)	1,039
2020/21	1,932	881	0	0	83	0	(45)	1,013

In addition to using cash generated from its annual operations, borrowings, asset sales, government grants and community contributions, Council has significant cash or investment reserves that are also used to fund a variety of capital projects. These reserves are 'discretionary' cash reserves and relate to those cash and investment balances that have been set aside by Council and can be used at Council's discretion, even though they may be earmarked for a specific purpose.

The following table summarises the balance expected to be held in Council's discretionary reserves on the Balance Sheet as at 30 June each year. Note these reserves include provision for both operating and capital expenditure requirements to deliver priority projects in future years that are aligned with the Council Plan.

Year	Total Discretionary Reserves \$'000	(1) Asset replacement reserve \$'000	(2) Unallocated cash reserves \$'000	(3) Projects carried forward \$'000	(4) Provision for superannuation liabilities \$'000
2016/17	2,313	324	449	1,501	40
2017/18	1,955	180	589	1,146	40
2018/19	600	225	335	0	40
2019/20	628	270	318	0	40
2020/21	588	315	233	0	40

Notes:

1. \$45,000 per annum is set aside for future building renewal works. Total asset renewal projects of \$139,000 are carried forward for completion in the 2017/18 year.

2. Surplus funds from Council operations are reserved to allocate these funds to future priority projects in line with the Council Plan strategic objectives. \$346,000 forecast accumulated cash surplus in 2016/17 is expected to be transferred to reserves in the 2017/18 year. Projects totalling \$140,000 will be funded from this cash reserve in the 2017/18 year.

3. Operating projects (\$523,000) and capital works (\$978,000) have been identified in the 2016/17 year, for carry over to future years for completion. Operating projects (\$1,000) and capital works (\$1,145,000) are budgeted for carry over at June 2018 and are expected to be completed in the 2018/19 financial year.

4. Council has to date set aside \$40,000 for possible future calls that may be made on the defined benefits superannuation fund. No movement in this reserve balance is budgeted for 2017/18 or the SRP years 2018/19 through 2020/21.

16.3 Service delivery

The key objectives in Council's Strategic Resource Plan (referred to in Section 14.) which directly impact the future service delivery strategy are to maintain existing service levels, achieve a breakeven operating result cumulatively over the long term (this allows for timing differences between years in terms of operating grants received in one year and spent in the next) and to achieve a breakeven cash position. The Rating Information (see Section 15.) refers to a 4.5% rate increase in 2017/18, which is an increase of 2.5% above the rate cap of 2.0% for the 2017/18 year, with a consistent rate cap assumption of 2.0% applied to each SRP year from 2018/19 to 2020/21, noting the rate cap is set by the State Government annually. With these key objectives as a basis, a number of internal and external influences have been identified through discussions with management that will have a significant impact on the scope and level of services to be provided over the next four years.

The general influences affecting all operating revenue and expenditure include the following:

	2017/18 %	2018/19 %	2019/20 %	2020/21 %
Income				
Rates and charges				
General rate increase *	4.50%	2.00%	2.00%	2.00%
Kerbside waste charge	2.39%	2.39%	2.39%	2.39%
Public waste charge	3.10%	3.10%	3.10%	3.10%
Green waste charge	3.14%	3.14%	3.14%	3.14%
Additional bin charge	2.00%	2.00%	2.00%	2.00%
Investment return	2.50%	2.50%	2.50%	2.50%
Government funding - recurrent	2.00%	2.00%	2.00%	2.00%
Statutory fees - non legislated	2.00%	2.50%	2.50%	2.50%
User charges	CPI or market-tested	CPI or market-tested	CPI or market-tested	CPI or market-tested
Expenses				
Consumer Price Index	2.00%	2.50%	2.50%	2.50%
Wages growth - EBA plus oncosts	2.50%	2.50%	3.00%	3.00%
Insurance premiums	5.00%	5.00%	5.00%	5.00%
Electricity	2.00%	2.50%	2.50%	2.50%
Gas	2.00%	2.50%	2.50%	2.50%
Water	2.00%	2.50%	2.50%	2.50%
Postage	2.00%	2.50%	2.50%	2.50%
Regional library contribution	(6.82%)	2.50%	2.50%	2.50%

* General rate increases are indicative and the rate cap will be set by the State Government annually, therefore is subject to change from 2018/19

As well as the general influences, there are also a number of specific influences that relate directly to service areas or activities. The most significant changes in these areas are summarised below.

Waste Disposal

Council is budgeting \$868,200 for all waste services (kerbside, green and public waste) in 2017/18. In accordance with Council's Rating Strategy, Council will continue to provide full and transparent disclosure on the rates notice with respect to all rates and charges, noting in particular that each component of Council's waste collection and disposal costs will be recovered in full. This information is presented in separate lines on the rates notice so the community are aware of their contribution to the general, public and green waste charges.

The method for full cost recovery of waste management is as follows:

1. Kerbside Waste charge, applicable to residential and tourist accommodation properties only, is charged on the basis of a rate in the dollar multiplied by property value (CIV). This charge will increase by an average of 0.000132 cents in the dollar of CIV (0.69%) per property;
2. Public Waste charge, applicable to all rateable properties, will be charged at a fixed amount of \$99.20 per property. This charge will increase by \$2.70 (2.80%) per property; and
3. Green Waste charge, applicable to residential and tourist accommodation properties only, will be charged at a fixed amount of \$37.95 per property. This charge will increase by \$1.05 (2.85%) per property.

The *Local Government Act 1989* permits Council to separately charge for waste services and Council considers full cost recovery is the most financially responsible approach available to it.

Valuation Services

As the valuation authority, the Council is required to revalue all properties with the municipality every two years. The last general revaluation was carried out as at 1 January 2016 effective for the 2017/18 year and the next revaluation will be undertaken as at 1 January 2018. An allowance of approximately \$52,000 has been made every two years to meet the additional cost of resources (contracted out) to complete the revaluation process. Approximately \$42,000 of this expenditure is refunded by the State Revenue Office under a Memorandum of Understanding arrangement. A smaller allowance of approximately \$5,000 per annum is included in the budget to cover the cost of additional resources (contracted out) to complete valuations for supplementary rating purposes (50% of which is reimbursed to Council by the State Revenue Office), with a further allowance of \$5,000 p.a. for the cost of handling objections to rate valuations.

Revaluation of Council owned and managed assets also occurs on a regular basis and funding is provided for this to occur each year for different classes of assets. Land and buildings were last revalued in the 2015/16 financial year and will next be revalued as part of the 2017/18 year-end process, with any revaluation adjustments to be included in the 2017/18 final year-end statutory accounts. Road network infrastructure and drainage infrastructure assets are revalued every three years, with the last revaluation in 2015/16 and the next revaluation scheduled to occur in the 2018/19 financial year.

At the time of preparing the budget, the Municipal Association of Victoria and Rural Councils Victoria were seeking further advice from State government following the 2017/18 State Budget announcement in May 2017 that significant changes to the land valuation process in Victoria will occur. It includes the introduction of annual property revaluations effective from 1 January 2019. This will impact on Council's future valuation process, role and responsibilities. The full impact of this change on future budgets is yet to be determined and is not included in the SRP forecasts. The Council budget will be updated as further information becomes available.

Roads, Parks and Reserves Maintenance

The Roads, Parks and Reserves Maintenance Services contract was tendered and awarded in the 2012/13 financial year. The costs included in the 2017/18 budget are reflective of Council's contractual commitments.

A provisional sum of \$35,000 is included for costs which may arise that fall outside of the fixed price components of the contract, and that are difficult to predict. This amount is reviewed as part of quarterly financial reporting and the year-end forecast is adjusted as required.

Photocopier Lease

A new photocopier lease agreement commenced during the 2016/17 financial year, which has resulted in a 2017/18 budget allocation of \$20,000, a reduction of \$10,000 (33%) compared with \$30,000 in prior years.

Audit costs

The legislative and compliance responsibilities of Council are such that a significant amount of audit work is carried out annually. There are insurance audits carried out by Council's insurance broker, as well as end of year financial auditing required by the Auditor-General. An audit contract for external audit services (that is, the end of year audit of Council's financial statements and performance statement in the Annual Report) is provided through the Victorian Auditor General's Office and the fees are passed on to Council.

The Internal Audit function carries out a number of compliance and performance audits on Council operations each year and is carried out by an audit firm that is contracted directly to Council through a public tendering process. Note preparations are currently underway for the tendering out of internal audit services.

The first internal audit review under a new contract is expected to occur in the second quarter of the 2017/18 financial year.

As well as contracted services, Council has an internal Audit Committee comprising two councillors and four independent members. A sitting fee is paid to each of the independent members, details of which are declared in Council's Annual Report each year.

Aged Care Services

This includes provision of general home care, personal care, respite care and home maintenance services. An additional provision of \$20,000 is included within the Aged Care Services salary budget to allow for any increase in the levels of personal and respite care that may be required. This is required as the provision of these services is more expensive than general home care (that is, carers are paid at a higher rate). This amount is reviewed as part of quarterly financial reporting and the year-end forecast is adjusted as required throughout the year.

The Commonwealth government will continue to fund community aged care packages in 2017/18. The Commonwealth government also funds aged care services, previously funded under the State government program, effective from 1 July 2016. The State government remains committed to continuing funding for the community care assessments program.

The Commonwealth government has only committed to funding of aged care services until 30 June 2020. Council continues to budget for grant funding of aged care services across the four years of its Strategic Resource Plan, until further information becomes available, noting Council has included \$30,000 expenditure in each of the 2017/18 and 2018/19 financial years to manage the transition of aged care (formerly HACC) services.

Service delivery across Council

The service delivery outcomes measured in financial terms are shown in the following table.

Year	Surplus/ (deficit) for the year \$'000	Adjusted Underlying Surplus/ (deficit) \$'000	Net Service/ (Cost) \$'000
2016/17	(219)	(237)	(7,843)
2017/18	2,126	(727)	(7,986)
2018/19	6,438	(722)	(7,668)
2019/20	398	(252)	(7,930)
2020/21	521	(360)	(7,978)

Service levels have been maintained throughout the four year period with operating surpluses forecast for each of the four financial years from 2017/18 to 2020/21.

The surplus is much greater in 2017/18 and 2018/19 as a result of significant capital grant revenue being received to fund the annual capital works program, with major projects including the Queenscliff Sports & Recreation Precinct and Destination Queenscliff.

Excluding capital grant funding, the adjusted underlying result is a deficit in each of the four financial years from 2017/18 to 2020/21, with some of this the result of timing differences between operating grants received in one year and carry forwards for expenditure in the next financial year (for which funds are held in cash reserves to match expenditure when it is incurred). Continuing deficits over the SRP years reflects limited assumptions regarding future grant funding, as well as costs increasing at a rate higher than that able to be recovered by way of rate revenue due to rate capping legislation.

The net cost of the services provided to the community is an average of \$7,890,000 p.a. over the four financial years from 2017/18 to 2020/21. Noting that \$7,986,000 in the 2017/18 budget year includes \$521,500 of carry forward operating projects. The amount excluding carry forwards is \$7,464,000 in 2017/18 and this steadily increases to \$7,978,000 by 2020/21.

Appendices

A Fees and charges schedule

This appendix presents the fees and charges of a statutory and non-statutory nature which will be charged in respect to various goods and services provided during the 2017/18 year.

The following information is listed for each type of fee charged by Council:

- Program / activity to which the user fee relates (example: law enforcement)
- Type of fee charged (example: dog registration)
- More details regarding each fee type (example: dog registration – sterilised dog)
- An indication as to whether the fee is legislated or at the discretion of Council
- Whether the fee is inclusive of GST, or if in fact GST does not apply to the fee
- Fees for both the current year (2016/17) and proposed fees for the next year (2017/18)
- % increase in fees compared with that charged for the previous year

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2017/18 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2016/17 Actual		2017/18 Budget		
					Price	% Increase	Price	% Increase	
Rates & Charges	Land Information Certificates	Per certificate	Legislated	N	\$25.40	2.4%	\$25.90	2.0%	
	Rates Debt Collection Fee	Per debt collection agency letter issued		Y	\$20.00	0.0%	\$20.00	0.0%	
	Previous year rates notices	Per notice fee (per 20 minutes)		N	\$10.00	0.0%	\$10.00	0.0%	
	Rate history enquiry	Administration fee (per hour)		N	\$46.00	2.2%	\$47.00	2.2%	
	Dishonoured Cheque Fee	Per cheque dishonoured - Australia Post transactions			N	\$15.00	0.0%	\$15.00	0.0%
			Per cheque dishonoured - Bank transactions		N	\$10.00	0.0%	\$10.00	0.0%
Administration	Photocopy charges - per page	Own paper supplied		Y	\$0.25	25.0%	\$0.25	0.0%	
		A4 paper		Y	\$0.30	20.0%	\$0.30	0.0%	
		A3 paper		Y	\$0.55	10.0%	\$0.55	0.0%	
		A4 colour copy		Y	\$1.20	4.3%	\$1.20	0.0%	
		A3 colour copy		Y	\$1.70	3.0%	\$1.70	0.0%	
		A4 laminating		Y	\$2.25	4.7%	\$2.30	2.0%	
		A3 laminating		Y	\$3.85	4.1%	\$3.95	2.5%	
	Freedom of Information Request	Per Application	Legislated	N	\$27.90	2.5%	\$27.90	0.0%	
Facility Hire	Per day hire - Town Hall	Social Events / Functions - Charity		Y	\$46.00	0.0%	\$47.00	2.2%	
		Social Events / Functions - Local organisations/community events		Y	\$102.00	0.0%	\$104.00	2.0%	
		Social Events / Functions - Private events		Y	\$294.00	2.4%	\$300.00	2.0%	
		Set-up / clean-up fee for events in the Town Hall		Y	\$51.00	2.0%	\$52.00	2.0%	
		Commercial		Y	\$467.00	2.4%	\$476.00	1.9%	
	Per day hire - Pavilion	Local		Y	\$82.00	2.5%	\$84.00	2.4%	
		Non-local		Y	\$178.00	2.3%	\$182.00	2.2%	
		Power usage only		Y	\$46.00	2.2%	\$47.00	2.2%	
	Per day hire - Oval	Booking fee		Y	\$74.00	2.8%	\$75.00	1.4%	
	Visitor Information Centre	Historical Walks	Per guided walk		Y	\$15.00	0.0%	\$15.00	0.0%
Display Banners		Per week		Y	\$20.00	0.0%	\$20.00	0.0%	
Souvenirs		Per item *		Y	Various	0.0%	Various	0.0%	

** Please ask at the Visitor Information Centre for a current price list for souvenirs.*

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2017/18 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2016/17 Actual		2017/18 Budget	
					Price	% Increase	Price	% Increase
Aged Care	Charges dependant on client means test	Home Care		N	\$5.00 - \$19.15	0.0%	\$5.00 - \$19.15	0.0%
		Personal Care		N	\$5.00 - \$19.16	0.0%	\$5.00 - \$19.16	0.0%
		Respite Care		N	\$2.55	0.0%	\$2.55	0.0%
		Home Maintenance		N	\$10.15 - \$17.55	0.0%	\$10.15 - \$17.55	0.0%
	Client Travel	Per hour, extra to \$ rate for care received		N	\$1.00	0.0%	\$1.00	0.0%
	Other Agencies \$/hour	Home Care		Y	\$48.00	0.0%	\$48.00	0.0%
		Personal Care		Y	\$50.30	0.0%	\$50.30	0.0%
		Respite Care		Y	\$51.30	0.0%	\$51.30	0.0%
		Home Maintenance		Y	\$53.40	0.0%	\$53.40	0.0%
		Travel fees per km		Y	\$1.15	0.0%	\$1.15	0.0%
	Home and Community Care Packages (HCPP)	varies per package		N	\$10.00 - \$50.00	0.0%	\$10.00 - \$50.00	0.0%
Engineering	Build Over Easement Permit	Per permit		N	\$256.90	2.5%	\$262.05	2.0%
	Legal Point of Discharge Enquiry	Per enquiry		N	\$64.10	2.4%	\$65.40	2.0%
	Road Opening Permit	Per permit (maximum fee of 9.3 units)		N	\$110.70	2.5%	\$113.00	2.1%
	Cross-over Reinstatement	Provision of asphalt (incl. administrative costs) - per square metre		N	\$180.00	n/a	\$200.00	11.1%
Building	Lodgement Fees - Building Permits	Per lodgement		N	\$38.35	2.5%	\$39.10	1.9%
	Building Certificate - Property Enquiry	Per certificate		N	\$51.15	2.5%	\$52.15	2.0%
	Building Surveyors Consent - Permit	Per permit		N	\$256.90	2.5%	\$262.05	2.0%
	Building Surveyors Consent - Permit	Per permit - where land is liable to flooding		N	\$256.90	2.5%	\$262.05	2.0%
	Copying of Building Permit Documentation	Per copy		Y	\$100 min.	0.0%	\$100 min.	0.0%
	Records Search Fee	Per hour (additional cost if we need to send to PROV for documents)		Y	\$105.00	0.0%	\$107.00	1.9%
Environmental Health	Food - Class 1 & 2	Per registration		N	\$342.00	2.4%	\$349.00	2.0%
	Food - Class 3	Per registration		N	\$226.00	2.7%	\$231.00	2.2%
	Mobile food premises - Class 2	Per registration		N	\$342.00	2.4%	\$349.00	2.0%
	Mobile food premises - Class 3	Per registration		N	\$226.00	2.7%	\$231.00	2.2%
	Accommodation	Per registration		N	\$342.00	2.4%	\$349.00	2.0%
	Hairdresser/Beauty Premises	Per registration		N	\$171.00	2.4%	\$174.00	1.8%
	Premises	Per transfer inspection		Y	\$178.00	2.3%	\$182.00	2.2%
	Septic tank fees	Per permit to install		N	\$377.00	2.4%	\$385.00	2.1%
	Septic tank fees	Per permit to alter / 801 report and content		N	\$188.00	2.7%	\$192.00	2.1%
	Temporary food registration	Per for-profit organisation		N	\$188.00	2.7%	\$192.00	2.1%
	Temporary food registration - Class 2 & 3	Per community organisation (up to 12 events held each year)		N	\$0.00	0.0%	\$0.00	0.0%
	Temporary food registration - Class 2	Per community organisation (more than 12 events held each year)		N	\$171.00	0.0%	\$174.00	1.8%
	Temporary food registration - Class 3	Per community organisation (more than 12 events held each year)		N	\$113.00	0.0%	\$115.00	1.8%
	Temporary food registration - Class 4	Per community organisation		N	\$0.00	0.0%	\$0.00	0.0%
	Associated fixed premise (temporary food)	Per registration		N	\$0.00	0.0%	\$0.00	0.0%

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2017/18 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2016/17 Actual		2017/18 Budget		
					Price	% Increase	Price	% Increase	
Town Planning	Certificate	Per certificate		N	n/a	0.0%	n/a	n/a	
	Planning Permit - new application	Per permit		N	\$188.20 - \$54,282.40	84.5% - 236.5%	\$192.00 - \$55,372.68	2.0%	
	Planning Permit - extension of time	Per permit		N	\$188.20	84.5%	\$192.00	2.0%	
	Planning Permit - amendment	Per permit		N	\$188.20 - \$3,213.20	84.5% - 294.3%	\$192.00 - \$3,277.71	2.0%	
	Planning Permit - subdivision	Per subdivision		N	\$1,240.70	58.9% - 221.4%	\$1,265.58	2.0%	
	Certification - subdivision	Per subdivision		N	\$164.50	17.5%	\$167.80	2.0%	
	Section 29A request	Per request		N	\$64.15	2.5%	\$65.45	2.0%	
	Planning Infringements	Per infringement - natural person (five penalty units)		N	\$777.30	2.5%	\$792.85	2.0%	
	Planning Infringements	Per infringement - body corporate (ten penalty units)		N	\$1,554.60	2.5%	\$1,585.70	2.0%	
Town planning fees are legislated by State Government and subject to change. Please contact Council's planning department for current information on applicable planning fees.									
Local Laws	Dog Registrations - per registration <i>Note: fees are in accordance with the Domestic Animals Act, where applicable.</i>	Declared Restricted Breed		N	\$500.00	0.0%	\$500.00	0.0%	
		Declared Menacing Breed		N	\$500.00	0.0%	\$500.00	0.0%	
		Declared Dangerous Dog		N	\$500.00	0.0%	\$500.00	0.0%	
		Entire		N	\$105.00	2.0%	\$107.10	2.0%	
		Entire (pensioner concession)			\$52.50	2.0%	\$53.55	2.0%	
		Entire & Existing Microchipped		N	\$35.00	2.0%	\$35.70	2.0%	
		Registered Organisation (both owner and animal)		N	\$35.00	2.0%	\$35.70	2.0%	
		Desexed		N	\$35.00	2.0%	\$35.70	2.0%	
		Desexed & Microchipped		N	\$35.00	2.0%	\$35.70	2.0%	
		Desexed (Pensioner Concession)		N	\$17.50	2.0%	\$17.85	2.0%	
		Dual Registered		N	\$7.00	0.0%	\$7.00	0.0%	
		Guide Dog / Carer Dog		Legislated	N	\$0.00	0.0%	\$0.00	0.0%
		Replacement Dog Tag			N	\$2.00	0.0%	\$2.00	0.0%
	Cat Registrations - per registration <i>Note: fees are in accordance with Domestic Animals Act, where applicable.</i>	Entire (not applicable in BoQ as local law does not allow entire cat)		N	n/a	0.0%	n/a	0.0%	
		Registered Organisation (both owner and animal)		N	\$30.00	1.0%	\$30.60	2.0%	
		Microchipped (existing reg'ns only)		N	\$30.00	1.0%	\$30.60	2.0%	
		Desexed		N	\$30.00	1.0%	\$30.60	2.0%	
		Desexed & Microchipped		N	\$30.00	1.0%	\$30.60	2.0%	
		Desexed (Pensioner Concession)		N	\$15.00	1.0%	\$15.30	2.0%	
		Dual Registered		N	\$7.00	0.0%	\$7.00	0.0%	
Replacement Cat Tag			N	\$2.00	0.0%	\$2.00	0.0%		

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2017/18 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2016/17 Actual		2017/18 Budget	
					Price	% Increase	Price	% Increase
Local Laws (continued)	Local Law Permit Fees <i>Note: unless otherwise stipulated, these are annual permit fees.</i>	Planting on or removal of plants from naturestrip		N	Nil	0.0%	Nil	0.0%
		Keeping more animals or birds than prescribed - application fee		N	\$86.00	2.4%	\$87.50	1.7%
		Keeping more animals or birds than prescribed - annual renewal		N	\$16.50	3.1%	\$17.00	3.0%
		Keeping an animal or bird not listed		N	Nil	0.0%	Nil	0.0%
		Lighting a fire in the open		N	\$107.50	2.4%	\$109.50	1.9%
		Builders construction of temporary vehicle crossing		N	\$123.00	2.5%	\$125.50	2.0%
		Tapping into Council drain		N	\$61.00	2.5%	\$62.00	1.6%
		Road opening		N	\$123.00	2.5%	\$125.50	2.0%
		Bringing a horse or donkey		N	\$27.00	1.9%	\$27.50	1.9%
		Erecting booth, stall scaffolding etc - for charitable purposes		N	Nil	0.0%	Nil	0.0%
		Erecting booth, stall scaffolding etc - for other purposes		N	\$166.00	2.5%	\$169.50	2.1%
		Placing signs, displaying or storing goods - for charitable purposes		N	Nil	0.0%	Nil	0.0%
		Placing signs, displaying or storing goods - for other purposes		N	\$34.00	3.0%	\$34.50	1.5%
		Placing signs, displaying or storing goods - annually		N	\$100.00	2.6%	\$102.00	2.0%
		Singing, playing a musical instrument, delivering a public address, using sound amplifying equipment - for charitable purposes		N	Nil	0.0%	Nil	0.0%
		Singing, playing a musical instrument, delivering a public address, using sound amplifying equipment - for other purposes (<=7 days)		N	\$17.00	3.0%	\$17.50	2.9%
		Singing, playing a musical instrument, delivering a public address, using sound amplifying equipment - for other purposes (annual		N	\$56.00	2.8%	\$57.00	1.8%
		Sell or hire or offer for sale or hire goods or services or raffle or lottery tickets - for charitable purposes		N	Nil	0.0%	Nil	0.0%
		Sell or hire or offer for sale or hire goods or services or raffle or lottery tickets - for other purposes		N	By arrangement	0.0%	By arrangement	0.0%
		Filming within the Borough - Feature Films & Commercials - First day		N	\$276.00	2.4%	\$281.50	2.0%
		Filming within the Borough - Feature Films & Commercials - Subsequent day(s), per day		N	\$110.00	2.3%	\$112.00	1.8%
		Filming within the Borough - Major Television Productions, low and medium budget films, telemovies - First day		N	\$220.50	2.6%	\$225.00	2.0%
		Filming within the Borough - Major Television Productions, low and medium budget films, telemovies - Subsequent day(s), per day		N	\$110.00	2.3%	\$112.00	1.8%
		Filming within Borough - Commercial Stills Photography - First day		N	\$166.00	2.5%	\$169.50	2.1%
		Filming within the Borough - Commercial Stills Photography - Subsequent Day(s), per day		N	\$56.00	2.8%	\$57.00	1.8%

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2017/18 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2016/17 Actual		2017/18 Budget			
					Price	% Increase	Price	% Increase		
Local Laws (continued)	Local Law Permit Fees (continued) <i>Note: unless otherwise stipulated, these are annual permit fees.</i>	Filming within the Borough - Small Scale Television Productions - First day		N	\$110.00	2.3%	\$112.00	1.8%		
		Filming within the Borough - Small Scale Television Productions - Subsequent day(s), per day		N	\$56.00	2.8%	\$57.00	1.8%		
		Filming within the Borough - Productions for Charities		N	By arrangement	0.0%	By arrangement	0.0%		
		Using a crane, hoist or movable platform etc		N	\$166.00	2.5%	\$169.50	2.1%		
		Fly an engine powered model airplane		N	\$34.00	3.0%	\$34.50	1.5%		
		Landing a helicopter - weekdays 9am-5pm		N	\$107.50	2.4%	\$109.50	1.9%		
		Landing a helicopter - week nights and all day Saturday		N	\$215.00	2.4%	\$219.50	2.1%		
		Landing a helicopter - all day on a Sunday		N	\$323.00	2.5%	\$329.50	2.0%		
		Removing paint, painting or repairing a vehicle or boat in a public place - per permit		N	\$1,077.00	2.5%	\$1,098.50	2.0%		
		Place a skip - accredited & have insurance - per week		N	\$34.00	3.0%	\$34.50	1.5%		
		Place a skip - non-accredited - per week		N	\$88.00	2.3%	\$90.00	2.3%		
		Events - local law - weddings		N	\$110.00	2.3%	\$112.00	1.8%		
		Events - local law - major event (promote or conduct an event for which an entry fee is charged or which is intended to make a profit)		N	By arrangement	0.0%	By arrangement	0.0%		
		Conduct a road activity - for charitable purposes		N	Nil	0.0%	Nil	0.0%		
		Conduct a road activity - for other purposes		N	\$56.00	2.8%	\$57.00	1.8%		
		Camping or keeping a caravan in a public place or private land - per day (NIL for the first 6 weeks on private land)		N	\$29.00	1.8%	\$29.50	1.7%		
		Special uses and events		N	By arrangement	0.0%	By arrangement	0.0%		
		Street appeals - for charitable purposes		N	Nil	0.0%	Nil	0.0%		
		Street appeals - for other purposes		N	\$110.00	2.3%	\$112.00	1.8%		
		Consumption of liquor		N	\$5.50	10.0%	\$5.50	0.0%		
		Itinerant trading (roadside vendors)		N	By arrangement	0.0%	By arrangement	0.0%		
		Failure to comply with a notice to comply (three penalty units)		Legislated	N	\$455.00	0.0%	\$455.00	0.0%	
		Parking Fees - per bay (where footpath area used for works, thus requiring pedestrians to use designated parking bays as footpaths)	Per day		N	\$0.00	0.0%	\$10.00	100.0%	
			Per week (based on a seven day week)		N	\$0.00	0.0%	\$40.00	100.0%	
			Per month (based on a calendar month)		N	\$0.00	0.0%	\$100.00	100.0%	
		Parking Fines - per infringement	Minimum fee		Legislated	N	\$70.00	0.0%	\$70.00	0.0%
			Medium fee			N	\$70.00	0.0%	\$70.00	0.0%
			Maximum fee			N	\$116.00	0.0%	\$116.00	0.0%
			Courtesy letter fee			N	\$22.00	0.0%	\$22.00	0.0%

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2017/18 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2016/17 Actual		2017/18 Budget	
					Price	% Increase	Price	% Increase
Local Laws (continued)	Fire Hazard Charges	Failing to comply with a fire prevention notice	Legislated	N	\$1,550.00	2.2%	\$1,550.00	0.0%
		Failing to obtain a permit to conduct road opening		N	\$342.50	-35.5%	\$342.50	0.0%
	Animal Infringements	Dog not on lead in public place	Legislated	N	\$155.00	2.0%	\$155.00	0.0%
		Dog wandering at large, day time		N	\$233.00	2.2%	\$233.00	0.0%
		Dog wandering at large, night time		N	\$311.00	2.6%	\$311.00	0.0%
		Failure to register a dog or cat		N	\$311.00	2.6%	\$311.00	0.0%
		Registered dog or cat not wearing tag		N	\$70.00	0.0%	\$70.00	0.0%
		Unregistered dog or cat wearing a tag		N	\$70.00	0.0%	\$70.00	0.0%
		Contravening council order regarding dogs or cats in public place		N	\$155.00	2.0%	\$155.00	0.0%
		Dog or cat being a nuisance		N	\$70.00	0.0%	\$70.00	0.0%
	Animal Infringements	Cat at large or not securely confined to owners premises	Legislated	N	\$155.00	2.0%	\$155.00	0.0%
		Greyhounds not muzzled or chain outside owners premises		N	\$233.00	2.2%	\$233.00	0.0%
		Non compliance of order to abate nuisance		N	\$233.00	2.2%	\$233.00	0.0%
Boat Ramp	All	Casual (day use) pass		Y	\$12.00	20.0%	\$12.00	0.0%
	Resident	Annual pass		Y	\$124.00	2.5%	\$126.00	1.6%
	Non Resident	Annual pass		Y	\$194.00	2.6%	\$198.00	2.1%
	Commercial Operators	Annual pass		Y	\$275.00	n/a	\$275.00	0.0%
	Government Agencies	Annual pass		Y	\$194.00	n/a	\$194.00	0.0%
Foreshore Other	Tour Operators	Licence (permit to carry out recreational business for profit on Crown Land managed by Council)	Legislated	Y	\$275.00	n/a	\$275.00	0.0%
Caravan Parks	Go Lightly (based on 2 adults & 4 children)	Annual fees - A		Y	\$8,912.00	2.5%	\$9,135.00	2.5%
		Annual fees - B		Y	\$8,142.00	2.5%	\$8,346.00	2.5%
		Annual fees - C		Y	\$7,808.00	2.5%	\$8,003.00	2.5%
	Recreation Reserve (based on 2 adults)	Annual fee		Y	\$5,585.00	2.5%	\$5,725.00	2.5%
	Victoria Park (based on 2 adults)	Annual fee		Y	\$5,585.00	2.5%	\$5,725.00	2.5%
	Seasonal Package - All Parks	1 December - 30 April		Y	\$4,567.00	2.5%	\$4,681.00	2.5%
	Seasonal Package - All Parks	1 December - 31 March		Y	\$3,974.00	2.5%	\$4,073.00	2.5%
	Seasonal Package - All Parks	1 December - 28 February		Y	\$3,145.00	2.5%	\$3,224.00	2.5%
	Seasonal Package - All Parks	26 December - 31 January		Y	\$2,068.00	2.5%	\$2,120.00	2.5%
	Seasonal Package - All Parks	1 February - 30 April		Y	\$2,099.00	2.5%	\$2,151.00	2.5%
	Seasonal Package - All Parks	1 February - 31 March		Y	\$1,452.00	2.5%	\$1,488.00	2.5%
	Seasonal Package - All Parks	1 February - 28 February		Y	\$861.00	2.5%	\$883.00	2.6%
	All Seasonal Packages are based on 2 adults only							

Borough of Queenscliffe - Draft Budget User Fees & Charges Schedule for the 2017/18 Financial Year

Program/Activity	Fees & Charges Type	Fees & Charges Detail	Legislated Fee ?	GST (Y/N)	2016/17 Actual		2017/18 Budget		
					Price	% Increase	Price	% Increase	
Caravan Parks	Additional persons	Extra adult on annual permit or seasonal package		Y	\$130.00	2.4%	\$133.00	2.3%	
		Extra child on annual permit or seasonal package		Y	\$67.00	3.1%	\$69.00	3.0%	
		Extra adult - Casual site, per night		Y	\$15.00	0.0%	\$15.00	0.0%	
		Extra child - Casual site, per night		Y	\$10.00	0.0%	\$10.00	0.0%	
	Seniors discount of 10% applies to casual camping, extra rates, during shoulder and off peak only								
	Casual - per night *	Prime (21 December to 31 January)		Y	\$66.00	3.1%	\$68.00	3.0%	
		Peak (Labour Day weekend, Easter and special events)		Y	\$55.00	1.9%	\$56.00	1.8%	
		Shoulder (1 February to 30 April & 1 November to 20 December, with Peak exclusions)		Y	\$42.00	2.4%	\$43.00	2.4%	
		Off Peak (1 May to 31 October)		Y	\$35.00	2.9%	\$36.00	2.8%	
		Queenscliff Music Festival weekend		Y	\$190.00	5.6%	\$190.00	0.0%	
	Cabins - per night	New Cabin - Peak (21 December to 31 January plus Labour Day weekend, Easter and special events)		Y	\$260.00	2.4%	\$267.00	2.7%	
		New Cabin - Shoulder (1 February to 30 April & 1 November to 20 December, with Peak exclusions)		Y	\$198.00	2.6%	\$203.00	2.5%	
		New Cabin - Off Peak (1 May to 31 October)		Y	\$174.00	2.4%	\$178.00	2.3%	
	Cabins - per night	Old Cabin ("Whale") - Peak (dates as per new cabin)		Y	\$154.00	2.7%	\$158.00	2.6%	
		Old Cabin ("Whale") - Shoulder (dates as per new cabin)		Y	\$130.00	2.4%	\$133.00	2.3%	
		Old Cabin ("Whale") - Off Peak (dates as per new cabin)		Y	\$115.00	2.7%	\$118.00	2.6%	
		Old Cabin ("Sardine") - Peak (dates as per new cabin)		Y	\$136.00	2.3%	\$139.00	2.2%	
		Old Cabin ("Sardine") - Shoulder (dates as per new cabin)		Y	\$115.00	2.7%	\$118.00	2.6%	
		Old Cabin ("Sardine") - Off Peak (dates as per new cabin)		Y	\$103.00	3.0%	\$106.00	2.9%	
		Additional Person		Y	\$17.00	0.0%	\$17.00	0.0%	
	Other Charges (applies for all sites)	Cancellation Fee		Y	\$50.00	0.0%	\$50.00	0.0%	
		Late Checkout Fee - Camp sites only		Y	\$10.00	0.0%	\$10.00	0.0%	
		Unoccupied site fee (Seasonal Christmas/January package only)		Y	\$15.00	0.0%	\$15.00	0.0%	
		Laundry Charges - Washing Machine		Y	\$4.00	0.0%	\$4.00	0.0%	
		Laundry Charges - Dryer (per 15 minutes)		Y	\$3.00	0.0%	\$3.00	0.0%	
		Bags of Ice (per bag)		Y	\$4.00	0.0%	\$4.00	0.0%	

* Given the competitive nature of camping and caravan park accommodation, casual rates for long-term (minimum 20 night stay) camping during the off-peak season may be varied to a maximum discount of 20%. A 20% premium may apply for the duration of publicly advertised major events. Any discounts/premiums to be approved by a member of the Executive Management Team.

B Budget processes

This section lists the budget processes to be undertaken in order to adopt the Budget in accordance with the *Local Government Act 1989* (the Act) and *Local Government (Planning and Reporting) Regulations 2014* (the Regulations).

Under the Act, Council is required to prepare and adopt an annual budget for each financial year. The budget is required to include certain information about the rates and charges that Council intends to levy as well as a range of other information required by the Regulations which support the Act.

The 2017/18 budget, which is included in this report, is for the year 1 July 2017 to 30 June 2018 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ending 30 June 2018 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards and the Local Government Model Accounts. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information Council requires in order to make an informed decision about the adoption of the budget.

A 'proposed' budget is prepared in accordance with the Act and submitted to Council in May for approval 'in principle'. Council is then required to give 'public notice' that it intends to 'adopt' the budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its web site. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council.

With the introduction of the State Government's rate capping legislation in 2015, Councils are now unable to determine the level of rate increase and instead must apply a maximum rate increase determined by the Minister for Local Government, which is announced in December for application in the following financial year, or apply for a higher rate cap.

Council has resolved to seek a rate increase above the rate cap by 2.5% for the 2017/18 year (a one-off rate increase of 4.5% for the next four years). As a result, Council must submit an application to the Essential Services Commission (ESC) by 31 May 2017 (note Council has received approval from the ESC to provide supplementary community feedback on a higher rate cap to the ESC by 9 June 2017). The ESC will determine whether the higher rate cap submission has been successful within eight weeks of lodgement with the ESC by Council. The community engagement program ensures that Council has provided information to the community to understand the alternate options (i.e. with and without a higher rate cap) and provides a mechanism for the ESC and Council to consider the community's views.

The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. Council will consider the ESC's decision and determine the actual rate increase when Council adopts the 2017/18 budget, after further consultation with the community. The 2017/18 budget is required to be adopted by 31 August and a copy submitted to the Minister within 28 days after adoption.

The Annual Budget, including the Strategic Resource Plan, is usually required to be completed by 30 June each year. Note however the Minister for Local Government has granted an extension for all Victorian councils, whereby the 2017/18 Budget may be adopted by 31 August 2017. This provides additional time for those councils wishing to apply to the ESC for a higher rate cap.

This budget document has been prepared on the assumption that an application for a higher rate cap of 4.5% in 2017/18 will be successful. Allowing additional time for the ESC's decision on Council's application, Council has scheduled to adopt the final budget in July 2017.

The key dates for the budget process are summarised as follows:

Budget process	Timing
1. Minister of Local Government announces maximum rate increase	December 2016
2. Officers update Council's long term financial projections and prepare draft budgets for Councillors to consider	October 2016 – April 2017
3. Council determines and advises ESC if it intends to make an application for a higher rate cap	January 2017
4. Council submits formal application for a higher rate cap to ESC	31 May 2017 (with supplementary community feedback to be provided by 9 June 2017)
5. Proposed budget submitted to Council for approval to advertise	25 May 2017
6. Public notice advising intention to prepare budget	27 May 2017
7. Seek community feedback on higher rate cap, including at public information sessions on 5 – 6 June	15 May – 7 June 2017
8. ESC advises whether higher rate cap application is successful	July 2017 (within 8 weeks of application being lodged with the ESC by Council)
9. Budget available for public inspection and comment, including at public information sessions on 5 – 6 June	27 May – 23 June 2017
10. Public submission process undertaken	27 May – 23 June 2017
11. Submissions period closes (28 days)	23 June 2017
12. Public submissions presented to Council	6 July 2017
13. Budget and submissions presented to Council for adoption	27 July 2017
14. Copy of adopted budget submitted to the Minister	28 July 2017

Glossary

Term	Definition
Act	Local Government Act 1989
Accounting Standards	Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and have the force of law for Corporations law entities under s 296 of the <i>Corporations Act 2001</i> . They must also be applied to all other general purpose financial reports of reporting entities in the public and private sectors.
Adjusted underlying revenue	The adjusted underlying revenue means total income other than non-recurrent grants used to fund capital expenditure, non-monetary asset contributions, and contributions to fund capital expenditure from sources other than grants and non-monetary contributions. <i>Local Government (Planning and Reporting) Regulations 2014 – Schedule 3</i>
Adjusted underlying surplus (or deficit)	The adjusted underlying surplus (or deficit) means adjusted underlying revenue less total expenditure. It is a measure of financial sustainability of the Council which can be masked in the net surplus (or deficit) by capital-related items. <i>Local Government (Planning and Reporting) Regulations 2014 – Schedule 3</i>
Annual budget	Plan under Section 127 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required.
Annual report	The annual report prepared by Council under sections 131, 132 and 133 of the Act. The annual report to the community contains a report of operations and audited financial and performance statements.
Annual reporting requirements	Annual reporting requirements include the financial reporting requirements of the Act, Accounting Standards and other mandatory professional reporting requirements.
Asset expansion expenditure	Expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to existing beneficiaries. <i>Local Government (Planning and Reporting) Regulations 2014 – Regulation 5</i>
Asset renewal expenditure	Expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability. <i>Local Government (Planning and Reporting) Regulations 2014 – Regulation 5</i>
Asset upgrade expenditure	Expenditure that: (a) enhances an existing asset to provide a higher level of service; or (b) increases the life of the asset beyond its original life. <i>Local Government (Planning and Reporting) Regulations 2014 – Regulation 5</i>
Borrowing strategy	A borrowing strategy is the process by which the Council's current external funding requirements can be identified, existing funding arrangements managed and future requirements monitored.
Balance Sheet	The balance sheet shows the expected net current asset, net non-current asset and net asset positions in the forthcoming year compared to the forecast actual in the current year. The balance sheet should be prepared in accordance with the requirements of AASB 101 – Presentation of Financial Statements and the Local Government Model Financial Report.

Term	Definition
Budget preparation requirement	<p>Under the Act, a Council is required to prepare and adopt an annual budget by 30 June each year. The Minister for Local Government has granted an extension for all Victorian councils in 2017/18, whereby the 2017/18 Budget may be adopted by 31 August 2017, to provide sufficient time for those councils seeking to apply to the Essential Services Commission for a higher rate cap.</p> <p>The <i>Local Government Amendment (Performance Reporting and Accountability) Bill 2013</i> amends the date the budget must be adopted to 30 June each year – refer section 11(1) of the Bill. This amends section 130(3) of the Act.</p>
Capital expenditure	<p>Capital expenditure is relatively large (material) expenditure that produces economic benefits expected to last for more than 12 months. A pre-determined 'threshold' may be used which indicates the level of expenditure deemed to be material in accordance with Council's policy. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and upgrade expenditures, the total project cost needs to be allocated accordingly.</p>
Capital works program	<p>A detailed list of capital works expenditure that will be undertaken during the 2017/18 financial year. Regulation 10 requires that the budget contains a detailed list of capital works expenditure and sets out how that information is to be disclosed by reference to asset categories, asset expenditure type and funding sources.</p>
Carry forward capital works	<p>Carry forward capital works are those that are incomplete in the current budget year and will be completed in the following budget year.</p>
Community Plan/Vision	<p>A "community owned" document or process which identifies the long term needs and aspirations of the Council, and the medium and short term goals and objectives which are framed within the long term plan.</p>
Comprehensive Income Statement	<p>The comprehensive income statement shows the expected operating result in the forthcoming year compared to the forecast actual result in the current year.</p> <p>The comprehensive income statement should be prepared in accordance with the requirements of AASB 101 – Presentation of Financial Statements and the Local Government Model Financial Report.</p>
Council Plan	<p>Means a Council Plan prepared by the Council under Section 125 of the <i>Local Government Act 1989</i>. This document sets out the strategic objectives of the Council and strategies for achieving the objectives as part of the overall strategic planning framework required by the Act.</p>
Department of Environment, Land, Water and Planning (DELWP)	<p>Local Government Victoria is part of the Department of Environment, Land, Water and Planning (DELWP).</p> <p>It was previously part of the former:</p> <ul style="list-style-type: none"> • Department of Transport, Planning and Local Infrastructure (DTPLI) • Department of Planning and Community Development (DPCD) • Department of Victorian Communities (DVC)
Discretionary reserves	<p>Discretionary reserves are funds earmarked by Council for various purposes. Councils can by resolution change the purpose of these reserves.</p>
External influences in the preparation of a budget	<p>Matters arising from third party actions over which Council has little or no control e.g. change in legislation.</p>

Term	Definition
Financial Statements	<p>Section(s) 126(2)(a), 127(2)(a) and/or 131(1)(b) of the Act require the following documents to include financial statements:</p> <ul style="list-style-type: none"> - Strategic resource plan - Budget - Annual report <p>The financial statements to be included in the Budget include:</p> <ul style="list-style-type: none"> - Comprehensive Income Statement - Balance Sheet - Statement of Changes in Equity - Statement of Cash Flows - Statement of Capital Works <p>The financial statements must be in the form set out in the Local Government Model Financial Report.</p>
Financial sustainability	A key outcome of the strategic resource plan. Longer term planning is essential in ensuring that a Council remains financially sustainable in the long term.
Financing activities	Financing activities means those activities which relate to changing the size and composition of the financial structure of the entity, including equity, and borrowings not falling within the definition of cash.
Four way budgeting methodology (<i>Strategic resource plan</i>)	The linking of the income statement, balance sheet, cash flow statement and capital works statement to produce forecast financial statements based on assumptions about future movements in key revenues, expenses, assets and liabilities.
Infrastructure	Non-current property, plant and equipment excluding land.
Infrastructure strategy	An infrastructure strategy is the process by which current infrastructure and ongoing maintenance requirements can be identified, budgeted capital works implemented and future developments monitored. The key objective of an infrastructure strategy is to maintain or preserve Council's existing assets at desired condition levels. If sufficient funds are not allocated to asset preservation then Council's investment in those assets will reduce, along with the capacity to deliver services to the community.
Internal influences in the preparation of a budget	Matters arising from Council actions over which there is some element of control (e.g. approval of unbudgeted capital expenditure).
Investing activities	Investing activities means those activities which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash.
Key assumptions	When preparing a budgeted balance sheet of financial position, key assumptions upon which the statement has been based should be disclosed in the budget to assist the reader when comparing movements in assets, liabilities and equity between budget years.
Legislative framework	The Act, Regulations and other laws and statutes which set a council's governance, planning and reporting requirements.
Local Government Model Financial Report	Local Government Model Financial Report published by the Department from time to time including on the Department's Internet website.
Local Government (Planning and Reporting) Regulations 2014	<p>Regulations, made under Section 243 of the Act, prescribe:</p> <ul style="list-style-type: none"> (a) The content and preparation of the financial statements of a Council (b) The performance indicators and measures to be included in a budget, revised budget and annual report of a Council (c) The information to be included in a Council Plan, Strategic Resource Plan, budget, revised budget and annual report (d) Other matters required to be prescribed under Parts 6 and 7 of the Act.

Term	Definition
New asset expenditure	Expenditure that creates a new asset that provides a service that does not currently exist. <i>Local Government (Planning and Reporting) Regulations 2014 – Regulation 5</i>
Non-financial resources	Means the resources other than financial resources required to deliver the services and initiatives in the budget. <i>SRP Better Practice Guide - Glossary</i>
Non-recurrent grant	Means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a Council's Strategic Resource Plan. <i>SRP Better Practice Guide - Glossary</i>
Operating activities	Operating activities means those activities that relate to the provision of goods and services.
Operating expenditure	Operating expenditure is defined as consumptions or losses of future economic benefits, in the form of reductions in assets or increases in liabilities; and that result in a decrease in equity during the reporting period.
Operating performance (<i>Impact of current year on 2017/18 budget</i>)	This statement shows the expected operating result as compared to the budget result in the current year, separating operating and capital components of revenue and expenditure.
Operating revenue	Operating revenue is defined as inflows or other enhancements or savings in outflows of future economic benefits in the form of increases in assets or reductions in liabilities; and that result in an increase in equity during the reporting period.
Own-source revenue	Means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants). <i>Local Government (Planning and Reporting) Regulations 2014 – Regulation 5</i>
Performance statement	Means a statement including the results of the prescribed service outcome indicators, financial performance indicators and sustainable capacity indicators for the financial year and included in the annual report. <i>SRP Better Practice Guide - Glossary</i>
Rate structure (<i>Rating information</i>)	Site value (SV), capital improved value (CIV) or net annual value (NAV) are the main bases upon which rates will be levied. These should be detailed in the budget statement.
Rating strategy	A rating strategy is the process by which the Council's rate structure is established and how the total income generated through rates and charges is allocated across properties in the municipality. Decisions regarding the quantum of rate levels and increases from year to year are made as part of Council's long term financial planning processes and with consideration of Council's other sources of income and the planned expenditure on services and works to be undertaken for its community.
Recurrent grant	A grant other than a non-recurrent grant.
Regulations	<i>Local Government (Planning and Reporting) Regulations 2014.</i>
Restricted cash	Cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year.

Term	Definition
Revised budget	The revised budget prepared by a Council under Section 128 of the Act. Section 128 of the Act permits a Council to prepare a revised budget if circumstances arise which cause a material change in the budget and which affects the financial operations and position of the Council.
Road Management Act	The purpose of this Act which operates from 1 July 2004 is to reform the law relating to road management in Victoria and to make relating amendments to certain Acts, including the <i>Local Government Act 1989</i> .
Services, Initiatives and Major Initiatives	<p>Section 127 of the Act requires a budget to contain a description of the services and initiatives to be funded by the budget, along with a statement as to how they will contribute to the achievement of the Council's strategic objectives as specified in the Council Plan.</p> <p>The budget must also include major initiatives, being initiatives identified by the Council as priorities to be undertaken during the financial year.</p> <p>The services delivered by Council means assistance, support, advice and other actions undertaken by a council for the benefit of the local community.</p> <p>Initiatives means actions that are once-off in nature and/or lead to improvements in service.</p> <p>Major initiatives means significant initiatives that will directly contribute to the achievement of the council plan during the current year and have a major focus in the budget.</p>
Statement of Capital Works	<p>The statement of capital works shows the expected internal and external funding for capital works expenditure and the total proposed capital works expenditure for the forthcoming year with a comparison with forecast actual for the current year.</p> <p>The statement of capital works should be prepared in accordance with Regulation 9.</p> <p><i>Local Government (Planning and Reporting) Regulations 2014 – Regulation 9</i></p> <p><i>SRP Better Practice Guide - Glossary</i></p>
Statement of Cash Flows	<p>The statement of cash flows shows the expected net cash inflows and outflows in the forthcoming year in the form of reconciliation between opening and closing balances of total cash and investments for the year. Comparison is made to the current year's expected inflows and outflows.</p> <p>The cash flow statement should be prepared in accordance with the requirements of AASB 107 – Statement of Cash Flows and the Local Government Model Financial Report.</p>
Statement of Changes in Equity	<p>The statement of changes in equity shows the expected movement in Accumulated Surplus and reserves for the year.</p> <p>The statement of changes in equity should be prepared in accordance with the requirements of AASB 101 – Presentation of Financial Statements and the Local Government Model Financial Report.</p>
Statement of Human Resources	<p>Means a statement which shows all Council staff expenditure and the number of full time equivalent Council staff.</p> <p><i>SRP Better Practice Guide - Glossary</i></p>
Strategic Resource Plan	Means the Strategic Resource Plan prepared by a Council under Section 126 of the Act. Refer also to Section 8 of this Model Budget.
Statutory reserves	Statutory reserves are funds set aside for specified statutory purposes in accordance with various legislative requirements. These reserves are not available for other purposes.

Term	Definition
Strategic resource plan (SRP)	<p>Section 125(2)(d) of the Act requires that a Council must prepare and approve a Council Plan that must include a strategic resource plan containing the matters specified in Section 126.</p> <p>Section 126 of the Act states that:</p> <ul style="list-style-type: none"> • the strategic resource plan is a plan of the resources required to achieve the council plan strategic objectives • the strategic resource plan must include the financial statements describing the financial resources in respect of at least the next four financial years • the strategic resource plan must include statements describing the non-financial resources including human resources in respect of at least the next four financial years • the strategic resource plan must take into account services and initiatives contained in any plan adopted by Council and if the Council proposes to adopt a plan to provide services or take initiatives, the resources required must be consistent with the strategic resource plan • Council must review their strategic resource plan during the preparation of the Council plan • Council must adopt the strategic resource plan not later than 30 June each year and a copy must be available for public inspection at the Council office and internet website. Note however the Minister for Local Government has granted an extension for all Victorian councils in 2017/18, whereby the 2017/18 Budget may be adopted by 31 August 2017, to provide sufficient time for those councils seeking to apply to the Essential Services Commission for a higher rate cap. <p>In preparing the strategic resource plan, Councils should comply with the principles of sound financial management (Section 136) as prescribed in the Act being to:</p> <ul style="list-style-type: none"> • prudently manage financial risks relating to debt, assets and liabilities • provide reasonable stability in the level of rate burden • consider the financial effects of council decisions on future generations • provide full, accurate and timely disclosure of financial information. <p>In addition to Section 126 of the Act, parts 2 and 3 of the Regulations also prescribe further details in relation to the preparation of a strategic resource plan.</p>
Unrestricted cash	Unrestricted cash represents all cash and cash equivalents other than restricted cash.
<i>Valuations of Land Act 1960</i>	<p>The <i>Valuations of Land Act 1960</i> requires a Council to revalue all rateable properties every two years.</p> <p><i>Valuations of Land Act 1960 – Section 11</i></p>



Appendix E

Draft Council Plan 2017-2021

**Essential Services Commission
Higher Rate Cap Application
2017-18**



DRAFT COUNCIL PLAN 2017–2021

Vision

Inspired by the Borough's Latin motto, 'Statio Tutissima Nautis', that translates as "the safest anchorage for seafarers", our vision for the future is that:

The Borough remains a safe haven defined by its unique heritage, rich culture and significant natural environment. It is a special and restorative place for an involved and caring community and our visitors.

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DRAFT

Mayor's Message

On behalf of the Borough of Queenscliffe Council, I am pleased to present the Council Plan including the Council's vision and strategic directions for the next four years. Our new vision is inspired by the Borough's Latin motto, 'Statio Tutissima Nautis', that translates as "the safest anchorage for seafarers".

The 'safest anchorage' theme inspires Council's vision, in that just as it is a safe haven for mariners, the Borough has an enduring role to play in conserving our extraordinary natural beauty with ecological values of global significance, rich architectural heritage and military history fundamental to Australia's defence. Respectful custodianship maintains Queenscliffe as a special, restorative place for an involved and caring community and the many visitors we welcome.

This Council team, elected in October 2016, is a community focussed team of five Councillors who bring together their own areas of professional expertise and a passion for public service. As Councillors, we are firmly focused on working towards bringing the Council and community together to achieve the very best we can for the next four years. We are also committed to ensuring that our decisions are in the best interest of the whole community and that they leave a sustainable legacy for the generations that follow.

Planning for the future and taking key decisions regarding priority actions doesn't happen by chance. Importantly, this Council started with a clear intention to build this plan with our community. To achieve this, Council held a Community Summit, the first Children's Summit and conducted a 'Community Survey' to hear your thoughts and ideas about the future for Queenscliff and Point Lonsdale. We encouraged conversations, attended local meetings, held impromptu listening posts, and put the call out far and wide – to share your ideas and have your say.

Your response was overwhelmingly positive, reflected in the innovative ideas, passionate views and priority projects and people's level of participation and commitment of time. The community engagement activities associated with the production of the Council Plan generated 350 responses via the Community Survey and 328 Children's Feedback Sheets from local Primary Schools. In addition, 50 people comprising randomly selected residents and ratepayers as well as individual representatives from local clubs and organisations participated in the Community Summit held in the Town Hall on 17 February 2017. Council also hosted 60 children from the three local Primary Schools and Kindergarten at the inaugural Children's Summit on 23 February 2017. We also received 17 independent public submissions.

Most importantly, we have listened to you to prepare the framework for the Council Plan. This Council Plan recognises the innovative ideas and priorities for the future, responds to the current and emerging challenges and underlines the community's overwhelming desire to maintain the independence of the Borough. Importantly, the Plan aims to meet the service requirements of our community in a manner that is financially sustainable and compliant with our statutory obligations. The four-year Plan sets out our new vision, presents, what we're planning to achieve and the tools to measure our performance.

The goodwill and respect that has been forged throughout this shared planning process with community is palpable. It is very important that I take this opportunity to thank each and every person who has contributed to this Plan. In developing this Plan the level of community engagement and involvement has been greater than ever before and I'm sure you will agree this has led to a genuine, community centred, plan for the future.

Cr Tony Francis
Mayor

Purpose of the Council Plan

The Council Plan is the most important document that defines the direction and priorities of Council over their four-year period of office following the local government elections in October 2016.

To meet the legislative requirements, the Council Plan must include:

- The strategic objectives of the Council – what the Council wants to achieve.
- Strategies for achieving the objectives for at least the next four years – how to achieve these things.
- Indicators for monitoring the achievement of the objectives – how Council will measure its performance.
- A plan setting out the resources required to achieve the objectives – the resources and funds required.

In order to create an inspiring plan for the future while achieving Council's statutory requirements, Council was equally motivated to plan and implement a process that ensured the community had a major say in shaping the Council Plan for the period 1 July 2017 to 30 June 2021. The methodology applied by the Council to spark and facilitate community participation was informed by Council's 'Community Engagement Policy'. The community consultation processes included two complementary sets of activities as follows.

Actions to Build Awareness and Actively Encourage Participation by:

- Providing key contextual information to the community via a Borough Snapshot brochure
- Promoting a Mayor's Video Message encouraging everyone to 'Have a Say' in shaping the Council Plan
- Councillors actively connecting to various sections of the community by:
- Contacting every local club and organisation;
- Meeting parents attending the local kindergarten and Primary Schools;
- Talking to secondary schools students at local bus stops;
- Conducting informal 'street talk' sessions across the Borough at different times;
- Sending information to every resident, ratepayer and business in the Borough;
- Conducting a mail drop to every property in the 3225 postcode area outside the Borough's municipal boundary;
- An active media campaign through local and regional newspapers.

Actions designed to Provide Various Opportunities for People to 'Have Your Say'. These included:

- An online 'Council Plan Community Survey' via Council's website, at www.queenscliffe.vic.gov.au
- A hard copy 'Council Plan Community Survey' that could be sent back to Council or dropped at the Council offices;
- Participation in the 'Community Summit';
- Participation in the 'Children's Summit';
- Written submissions to Council that often accompanied completed surveys.

Strategic Overview

Statio Tutissima Nautis

The Borough of Queenscliffe was established in 1863. Proudly independent, we are Australia's only Borough and the only council in Victoria whose boundary predates the restructure of local government in the mid 1990s. Whilst its small size presents some of Queenscliffe's key challenges, it also remains its greatest strength and positions the Borough well as a place to pilot new ideas and innovate in many fields.

Overlooking the treacherous Rip at the entrance to Port Phillip, the iconic lighthouses at Queenscliff and Point Lonsdale reflect the essence of the Borough's latin motto – Statio Tutissima Nautis – translated as 'the safest anchorage for seafarers'.

The 'safest anchorage' theme inspires Council's vision, in that just as it is a safe haven for mariners, the Borough has an enduring role to play in conserving our extraordinary natural beauty with ecological values of global significance, rich architectural heritage and military history fundamental to Australia's defence. Respectful custodianship maintains Queenscliffe as a special, restorative place for an involved and caring community and the many visitors we welcome.

Our Vision

The Borough remains a safe haven defined by its unique heritage, rich culture and significant natural environment. It is a special and restorative place for an involved and caring community and our visitors.

Our Values

The following **Values** will be embraced by Councillors and staff in our daily interactions and work processes to guide our behaviour and help us achieve our Vision.

- **Leadership**
... underpinned by integrity, strategic thinking and innovation.
- **Balance**
... in the way we listen to, engage with and make decisions in the best interests of the whole community.
- **Professionalism**
... by doing things well, always trying to improve and being accountable.
- **Collaboration**
... demonstrated through working as a team and investing in internal and external relationships.
- **Flexibility**
... by supporting workplace arrangements that sustain healthy and productive staff.

Strategic Objectives

To ensure the Borough remains a safe haven for the historic, cultural and environmental values that make it a special place with high levels of community wellbeing, Council's decision-making and priorities will focus on five **Strategic Objectives** across the following areas:

- Community Wellbeing
- Environmental Sustainability
- Local Economy
- Planning and Heritage
- Governance and Performance

Your Council

Councillors represent the interests of residents and ratepayers, and provide leadership and guidance to the community.

The Borough of Queenscliffe Council is a statutory body constituted under the Local Government Act 1989. Council is responsible for setting the organisation's direction and ensuring that it performs effectively on behalf of the Borough community. Councillors were elected to office in October 2016.



L-R: CR ROSS EBBELS, CR TONY FRANCIS (MAYOR), CR BOYCE PIZZHEY, OAM, CR SUSAN SALTER, CR BOB MERRIMAN

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Cr Boyce Pizzey OAM, BA. MBA. (Melb)
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The Organisation

Councils consist of an elected arm (Councillors who are democratically elected by the community) and an operational arm (Council's staff who operate under the direction of the Chief Executive Officer). The Mayor is elected annually by the Councillors and acts as a community leader and encourages participation by all Councillors in every aspect of decision making.

Council's role is to:

- Provide a representative, informed and responsible decision-making body,
- Develop the local community and its resources in a socially just, environmentally responsible and economically viable way, and
- Ensure public services and facilities meet community needs.

Council's activities are diverse and extensive. Council regularly reviews activities to determine whether best practice for our community is being provided. The Chief Executive Officer (CEO) is the only staff appointment made by the Council. The CEO is responsible for the employment, work and conduct of Council's staff, and the implementation of decisions made by Council.

Council Meetings

As a general rule, Council conducts an Ordinary Meeting on the fourth Thursday of every month, commencing at 7.00pm. These meetings are held in the Queenscliff Town Hall. Members of the public are encouraged to attend, however if you intend to address Council at a meeting, please familiarise yourself with the Public Question Time Proforma and Guidelines available on Council's website www.queenscliffe.vic.gov.au.

Council may also call Special Meetings to discuss a specific topic as well as Planning Review Meetings, if required, to discuss planning applications.

Council's meeting agendas and minutes are available on Council's website. Agendas for the Ordinary Meetings of Council are available 48 hours prior to the meeting.

Committees and Reference Groups

Borough of Queenscliffe has two formal advisory Committees of Council, specifically:

- **The Independent Audit Committee** whose role is to assist Council in the effective conduct of its responsibilities for financial reporting, management of risk, maintaining a reliable system of internal controls and facilitating the organisation's ethical development;
- **The Tourism and Economic Development Advisory Committee** whose role is to provide strategic advice to Council on tourism and economic development related issues.

From time to time Council also establishes community reference groups to provide advice and feedback on specific projects. These reference groups consist of community members, Councillors and Council staff. As new reference groups are approved, interested community members are sought through an advertised 'Expressions of Interest' process.

CEO's Message

Importantly, the Council Plan for 2017 – 2021 seeks to effectively respond to the emerging demands and challenges facing the Council organisation as it focuses on the new Council's Vision and implements the Strategic Directions and Strategies defined in the Council Plan.

The various challenges facing Council can also be seen as new opportunities. The management and officer team is particularly focused on making sure that the following outcomes are achieved.

- Ensuring the Borough remains independent and Council continues to be financially sustainable in the long term, particularly given the restrictions placed on local government rates and financial assistance grants;
- Continuing to meet the service needs of the Queenscliff and Point Lonsdale communities;
- Maintaining the standard and utility of community facilities and local infrastructure;
- Meeting all legislative requirements and the challenges associated with increasing accountability from other tiers of government.

Critical to the effective operation of local government is a positive working relationship between the elected Council as they fulfil their governance and leadership responsibilities and the CEO, Executive and Officer team as they inform and implement the decisions and priorities of the Council.

The current and emerging financial constraints on local government, particularly small Councils, will necessitate more innovative approaches to Council operations. Over the life of the 2017-2021 Council Plan, the organisation will need to continue to:

- Attract and retain a skilled, motivated staff team;
- Build partnerships with local community organisations, neighbouring Councils, regional agencies and other levels of government;
- Attract grant funding from other levels of government;
- Assess and as appropriate pursue opportunities to achieve operational efficiencies through shared services and joint procurement.

Please take the time to read the Council Plan and follow how this translates into the annual Implementation Plans and respective Budgets over the period from 2017 to 2021.

Lenny Jenner
Chief Executive Officer

Executive Management Team

Council’s Executive Management Team is led by the Chief Executive Officer and includes the General Manager of Planning and Infrastructure, General Manager of Corporate and Community Services and the Executive Officer responsible for Community Engagement and Customer Services.

<p>Lenny Jenner Chief Executive Officer</p>	<p>Phil Josipovic General Manager Planning and Infrastructure</p>	<p>Lynne Stevenson General Manager Corporate and Community Services</p>
<p>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 all operational matters, he oversees the governance structures and processes adopted by Council and manages the full staff team.</p>	<p>Phil Josipovic commenced in November 2011. Phil’s qualifications include a Masters in Business Administration and a Certificate of Technology in Civil Engineering. Phil is responsible for overseeing the operations of the foreshore and caravan parks, strategic land use and statutory planning, engineering, local laws, building surveying, environmental health services and the sustainability functions of Council.</p>	<p>Lynne Stevenson commenced in July 2014. Lynne has a Bachelor of Business (Accounting), is a Certified Practising Accountant (CPA) and has completed postgraduate studies in Local Government Law and Business Administration. Lynne is responsible for several diverse portfolios including Corporate Services, Governance, Finance, Risk Management, Information Technology, Aged Care, Children and Family Services, Tourism & Community Development, Arts & Culture and Events.</p>
<p>Jessica Chappell Executive Officer Community Engagement and Customer Service</p>		
<p>Jessica Chappell commenced in September 2015. Jessica’s qualifications include a Masters in Business Administration (Marketing) and an IAP2 Australasian Certificate in Engagement. Jessica is responsible for overseeing customer service, community engagement and communications, advocacy, marketing and publications. This includes council’s digital assets such as websites, social media, videography and photography.</p>		

The Full Team

The small team at the Borough of Queenscliffe comprises a total of 61 people, however the full-time equivalent is only 39.93 positions. This includes:

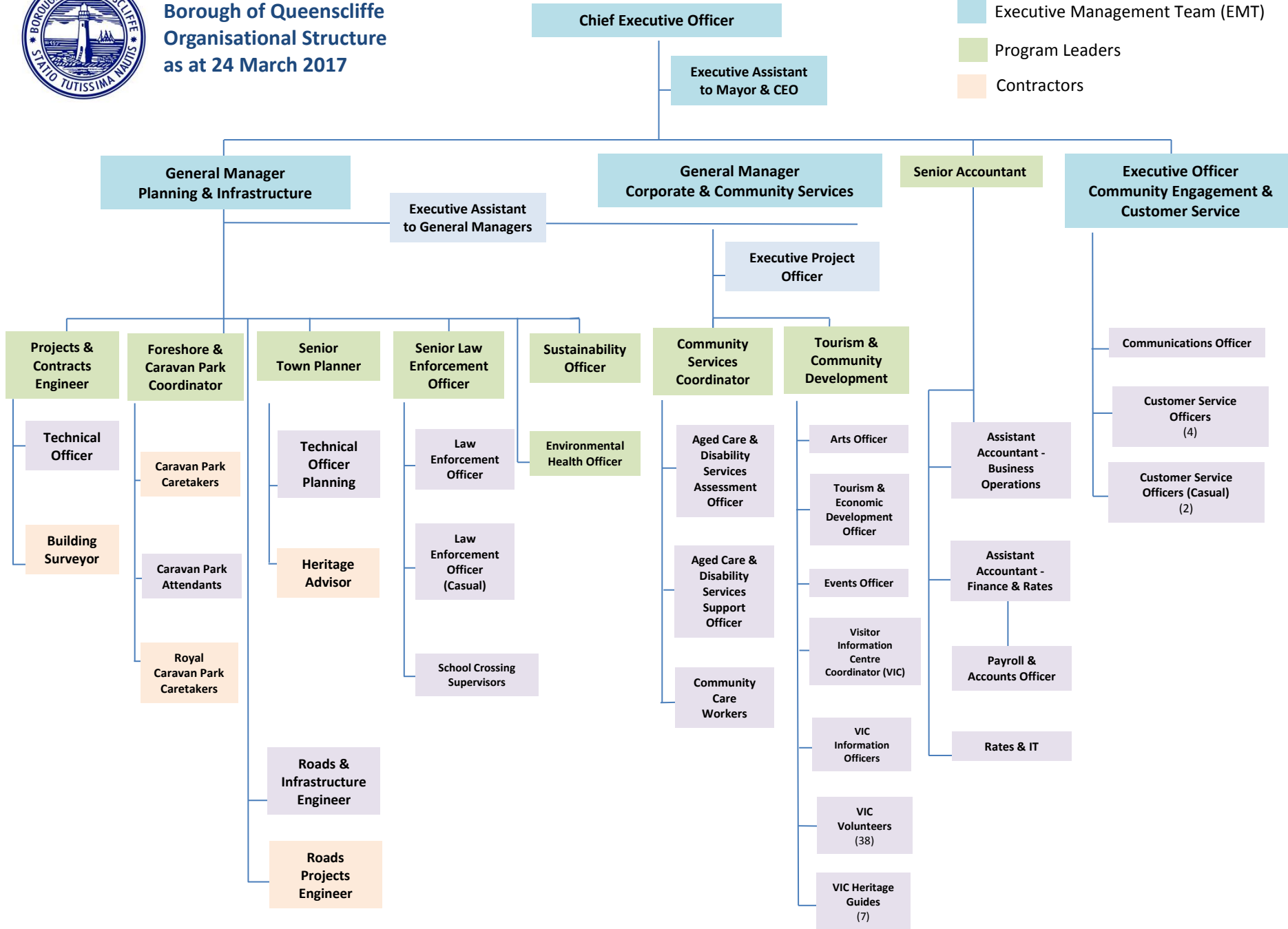
- 21 full-time, 29 part-time and 11 casual staff
- 15 male and 46 female staff
- 9 Community Care Workers
- 8 School Crossing Supervisors
- 2 Local Laws Officers
- 6 staff in tourism, economic development and visitor information services.

Council and the local community also benefit from the services of approximately 39 volunteers at the Queenscliffe Visitor Information Centre and other volunteers who support Council events and activities.



**Borough of Queenscliffe
Organisational Structure
as at 24 March 2017**

- Executive Management Team (EMT)
- Program Leaders
- Contractors



About the Borough

The Borough of Queenscliffe comprises the coastal townships of Queenscliff and Point Lonsdale.

The Borough was created in May 1863 and has remained in existence since that time. It is the only Borough in Australia. In May 2013 the Borough of Queenscliffe Council and community celebrated its 150th Anniversary.

Queenscliff was first and foremost built for Government purposes. It provided postal, customs, health and telegraph services, lighthouse and signal services, military and defence establishments and the sea pilots service.

There are many significant historical buildings within the Borough which contributes to its distinctive built environment. Well-preserved heritage buildings are one of the key tourism assets for the area.

Perched above the point where Port Phillip meets Bass Strait, Point Lonsdale boasts both sheltered bay beaches and a dramatic and breathtaking strip of rugged ocean frontage where the Western Victorian surf coast begins.

As well as being of high ecological value, the foreshore and marine environments contribute to urban and landscape character, which attracts many people to the area.

The Borough of Queenscliffe community is close-knit. It enjoys a highly active community life through volunteering, participation in sport, recreation, arts, cultural and civic events, and a vibrant social scene.

Fast Facts

- The Borough of Queenscliffe is the smallest local government area in Victoria, covering just 10.83 square kilometres.
- 8% of the municipal area consists of foreshore reserves – the highest proportion of Crown land management of any municipality in Victoria.

Location

The Borough of Queenscliffe is located at the eastern tip of the Bellarine Peninsula and opposite Point Nepean at Port Phillip Heads, in Victoria, Australia. It is bordered by water on three sides: Port Phillip, Swan Bay and Bass Strait. The only land border is the City of Greater Geelong on its west. It is approximately 105km south-west of Melbourne and 35km east of Geelong.

Our Community

Our community include a composition of residents (45%) and non-residential rate payers (55%), business and community rate-payers, people who work in the Borough and residents of the 3225 area outside the municipal boundary together with our seasonal swell of visitors throughout the year. A lot of people have an attachment to the townships of Queenscliff or Point Lonsdale through club memberships, employment, investment and volunteer organisations.

Our People

Population

- Our population is older than Victoria's average with 14.2% of the Borough's population aged between 0 and 15 years, compared to 18.7% for Victoria; and 43.2% of the Borough's population aged 60 years and over, compared with 19.7% for Victoria (2011 Census).
- There are 3,091 permanent residents, living in 2,767 dwellings, with an average household size of 2.09.
- The 53% of private dwellings unoccupied during the 2011 census is indicative of the large temporary population as many property owners only holiday or live part-time in the Borough.
- 53.2% of the permanent resident population live in Point Lonsdale.
- 43.1% of the population is aged over 60.

- The three largest ancestries are English, Australian, and Irish.
- 1,051 people (35%) have a tertiary qualification.
- 1,153 people are employed. There is a high proportion of retirees and semi-retirees.
- 64% of homes in the Borough of Queenscliffe have a broadband internet connection.
- The Borough's population fluctuates due to tourism attraction and increases to around 17,120 people over the summer period. (Source: National tourism data)

Age Structure

Age structure is an important indicator of an area's residential role and function and how it is likely to change in the future. It provides key insights into the level of demand for services and facilities, as most services and facilities are age-specific.

The following table shows the breakdown in age structure for the Borough of Queenscliffe compared to the Victorian average in 2011.

	Borough of Queenscliffe	Victorian Average
Babies and Pre-schoolers (0-4)	4.2%	6.4%
Children (5-17)	12.8%	16.0%
Adults (18 – 59)	39.7%	57.7%
Mature Adults and Seniors (60 – 84)	38.5%	17.8%
Elderly (85 and over)	4.8%	2.0%

(Source: www.profile.id.com.au/queenscliffe)

For more information about the demographics of the Borough community visit www.queenscliffe.vic.gov.au or www.profile.id.com.au/queenscliffe.

[Please note: Although the ABS conducted a Census in 2016, results will not be available until later in 2017. Therefore, data from the 2011 Census is the most current.]

Our Wellbeing

According to the VicHealth Indicators Survey 2015:

- Our residents rated their wellbeing at 84 out of 100, compared with the state average of 77.5.
- Most (97.8%) Queenscliffe residents agreed that they felt safe walking alone during the day, which is significantly more than the Victorian estimate (92.5%).
- Almost eight out of 10 (78.1%) Queenscliffe residents agreed that they felt safe walking alone in their local area after dark, which is significantly more than the Victorian estimate (55.1%).
- Life satisfaction measures how people evaluate their life as a whole. When asked to rate their general satisfaction with life on a scale from zero to 10, residents of Queenscliffe reported an average score of 8.5. This is significantly higher than the Victorian life satisfaction average score of 7.8.
- The proportion of Queenscliffe residents who agreed that people in their neighbourhood are willing to help each other out was 96.8%, significantly more than the Victorian estimate (74.1%).
- The majority (89.9%) of residents felt that they live in a close knit neighbourhood, significantly more than the Victorian estimate (61.0%).
- A significantly larger proportion of Queenscliffe residents agreed that people in their neighbourhood can be trusted (96.0%), compared to the proportion of Victorians who agreed (71.9%).

Our Environment

The Borough of Queenscliffe is surrounded by coastal foreshore on three sides, including the Port Phillip Heads Marine National Park and Swan Bay, a wetland of international importance under the Ramsar Convention.

Council has considerable responsibility for coastal and crown land management with a number of foreshore reserves under its management. These comprise approximately 8% of the total municipal area (27 reserves totalling around 104 hectares) – the highest proportion of any municipality in Victoria.

The need to protect and enhance the Borough's natural environment continues to be a high priority for Council as demonstrated through its Corporate Carbon Neutral Action Plan and the in-progress Community Carbon Neutral Action Plan.

The Borough community has enthusiastically embraced Council's many recycling programs as households become more environmentally aware. Such programs include the kerbside recycling collection, annual hard waste collection, green waste collections, e-waste drop-off event and the battery recycling program.

Our Economy

The Borough's economy is dependent on three major industry sectors. By annual economic output the largest contributors are:

- Public Administration and Safety (\$155M)
- Tourism (\$41M)
- Construction (\$38.6M).

At the time of the Census 2011, the employment and job status within the Borough was:

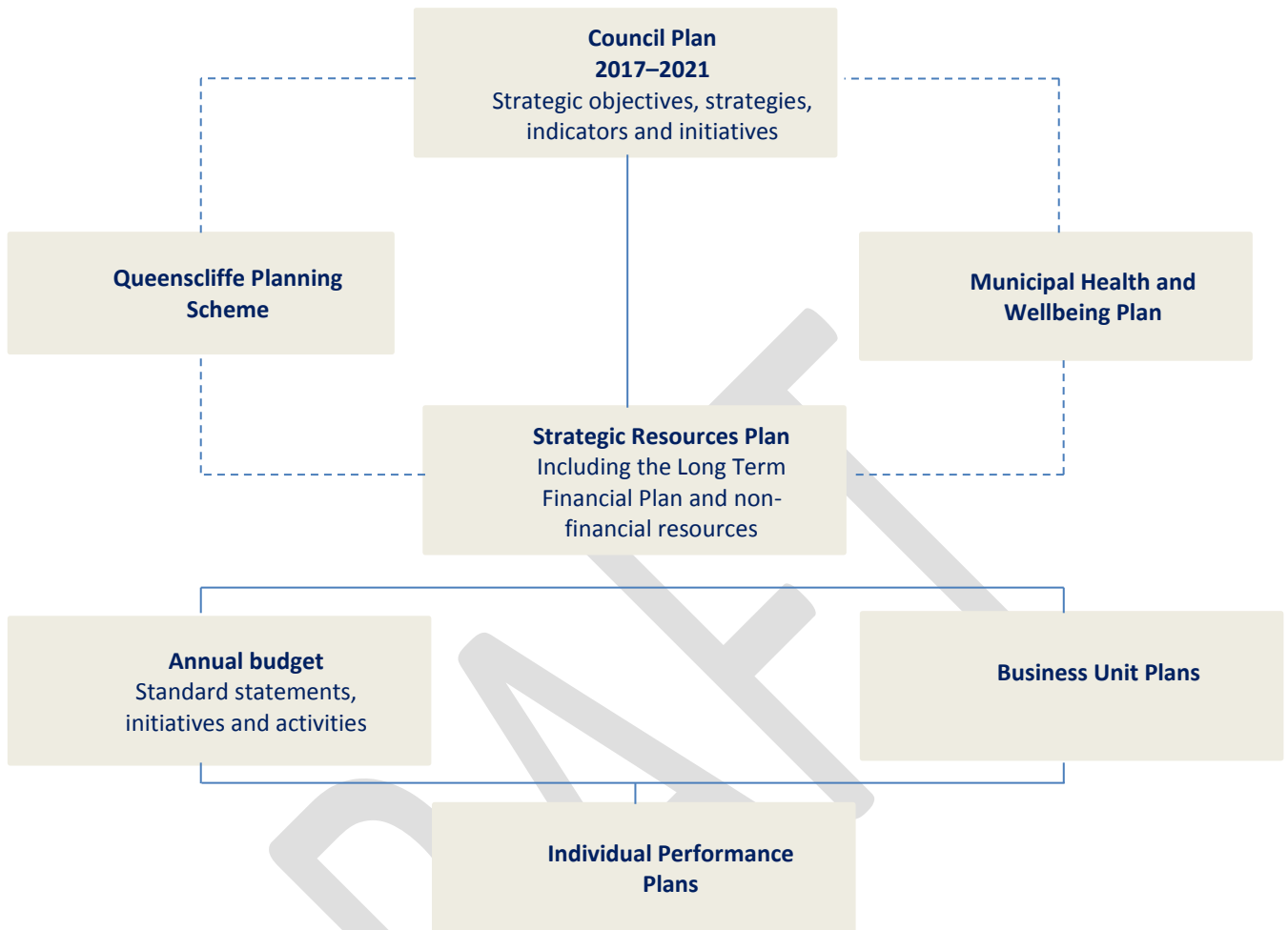
- 1,153 people living in the Borough of Queenscliffe were employed.
- There were 1,561 jobs located in the Borough of Queenscliffe.

The major industry contributors to local jobs are:

- Health Care and Social Assistance (14.3%)
- Education and Training (11.7%)
- Public Administration and Safety (11.2%)
- Accommodation and Food Services (10.3%)
- Retail Trade (8.7%).

Council’s Strategic Planning Framework

The Council Plan is the most important document that defines the priorities and guides the direction of Council over their four year period of office. Its relationship within Council’s planning framework is outlined below.



How the Council Plan was Developed

The Council Plan is developed every four years. Following local government elections on the last Saturday in October, the newly elected Council is required to produce and present a four year Council Plan by 30 June. It involves extensive community collaboration and intensive analysis of community feedback and all other relevant information impacting on local government by Councillors. This process is supported by Council officers.

The steps to produce the Council Plan for period 2017 to 2021 are summarised in the following table:

Step	Timing	Status
Council Plan and Budget Workshops to orient the new Council	November 2016 – January 2017	Completed
Internal review of 2013 – 2017 Council Plan and Council's financial position	December 2016 – January 2017	Completed
Formal consideration of Council Plan 2017-2021 'Have Your Say' documentation as well as proposed community engagement program	19 January 2017 Ordinary Meeting	Completed
Extensive promotion of various community engagement opportunities to shape the Council Plan including delivery to all residents, ratepayers and businesses in the Borough and all properties in the 3225 postcode.	January and February 2017	Completed
Conduct of the Community Summit	17 February 2017	Completed
Conduct of the Children's Summit	23 February 2017	Completed
Community Survey seeking community feedback	20 January to 23 February 2017	Completed
Children's Survey promoted through Primary Schools	7 – 23 February 2017	Completed
All Councillors read the officers undertake the analysis of 350 Community Surveys, 238 Children's Surveys as well as feedback from the Community Summit and Children's Summit	24 February to 10 March 2017	Completed
5 Council Assembly Meetings to consider analysis of the various feedback from the community to the Council Plan	10 March to 20 April 2017	Completed
Formal consideration of the draft Council Plan 2017-2021 as well as program for community consultation	27 April 2017	In progress
Formal advertising of the draft Council Plan 2017 – 2021 seeking public submissions	29 April 2017 and week of 1 May 2017	Scheduled
Public Submission period for the 2017 -2021 draft Council Plan	29 April to 26 May 2017	Scheduled
Closing date for Public Submissions	26 May 2017	Scheduled
Hearing of Public Submissions	8 June 2017	Scheduled
Formal consideration of the final draft Council Plan 2017-2021 including formalising Council's response to Public Submissions received	28 June 2017	Scheduled
Formal response to submitters to the draft 2017 – 2021 Council Plan	July 2017	Scheduled

The level of community participation and quantity and quality of feedback through the Community Survey, the Community Summit and the Children's Summit has been remarkable. Thank you for your input to date!

How the Council Plan Works

Strategic Objectives

The strategic direction of Council is set around five strategic objectives set for 2017–2021. The strategic objectives define Council’s priorities for service planning and delivery over the next four years:

1. Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture.
2. Play our part in protecting the local, national and globally significant values within our natural environment for future generations.
3. Foster a diverse and vibrant local economy.
4. Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage.
5. Maintain a cohesive, well governed, financially sustainable and independent Borough.

Strategies

The strategies outlined are statements about what we aim to undertake on behalf of our community to achieve each strategic objective. These strategies highlight the many challenges and opportunities facing the Borough of Queenscliffe and capture the intended outcomes of Council’s ongoing service delivery.

Strategic Indicators

The strategic indicators will be used to monitor the achievement of the strategic objectives. These indicators will be measured over the four year period of the Council Plan and will also be subject to audit by the Victoria Auditor General.

Reporting on the Council Plan

Progress against the Council Plan will be reported to Council on a quarterly basis. These progress reports can be viewed on Council’s website.

The performance of Council against the Council Plan, including outcomes in relation to the strategic indicators, will be included in the Council’s formal Annual Report to the Minister for Local Government.

The State Government also sponsored a ‘My Council’ website that provides the opportunity for people to view, assess and compare the performance of all Councils in Victoria. This can be viewed at XXXXXXXXXX

Annual Priorities

The strategic objectives and strategies will be achieved through an annual Implementation Plan. This will be published alongside the annual Budget for each of the four years from 2017/18 to 2020/21. This may include specific initiatives for new or expanded services and/or capital works projects.

Annual Review

The Council’s performance statement will measure the significant activities undertaken in specific financial years. As required by the Local Government Act 1989, the Council Plan will be reviewed and updated each year in line with the new financial year. While there will not be any structural changes to the Plan it will include an Implementation Plan for the next financial year that will link to the corresponding annual budget.

Strategic Objectives

Community Wellbeing

Portfolio holder: Cr Bob Merriman

Strategic Objective

Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture.

Strategies

- Maintain the Borough's standing as a safe place for residents and visitors.
- Protect, enhance and promote public health.
- Support older residents to live safely and independently.
- Increase participation in sport, recreation and life-long learning opportunities.
- Enhance opportunities for participation in arts and cultural activities.
- Support local clubs, community organisations and volunteers.
- Develop path and trail links that encourage walking and cycling and connections to neighbouring towns and the region.
- Support families, children and young people by facilitating access to services and community facilities.
- Promote shared use of community facilities.

Strategic Indicators

Refer next page.

Strategic Indicators

Indicator	Measure	Data Source	Target
Results for Community Wellbeing, Safety, Participation, Health and Early Childhood Development.	The results for: <ul style="list-style-type: none"> • Self Reported Health • Subjective Wellbeing • Feeling Part of the Community • Social and Support Networks • Level of Volunteering • Child Health Assessments • Perceptions of safety • Level of Citizen Engagement • Participation in Arts & Culture • Self Reported Health • Level of Social Support • Early years development 	The data sources are: <ul style="list-style-type: none"> • VicHealth Indicators Survey – Local Government results as published by the Victorian Health Promotion Foundation • Community Indicators Victoria Local Government Profile Results published by the University of Melbourne School of Population Health • The Australian Early Development Census – Local Government Profile, that compares the development of all children in Australia in their first year of school • The National Census – Local Government Profile published by the Australian Bureau of Statistics 	We will maintain or improve the Borough of Queenscliffe survey results as published.
Compliance with Victorian Public Health standards	Number of registered food businesses within the Borough of Queenscliffe inspected and compliant prior to renewal of registration.	Borough of Queenscliffe Environmental Health Inspection reports	We will inspect 100% of registered businesses
Community Satisfaction results	The results for: <ul style="list-style-type: none"> • Family Support Services • Elderly Support Services • Public Health Services • Community & Cultural Activities • Recreational Facilities • Library Services • Enforcement of Local Laws • Condition of Local Streets & Footpaths • Condition of Sealed Local Roads 	Annual Local Government Community Satisfaction Survey as independently commissioned by the State Government (Local Government Victoria)	We will maintain or improve the Borough of Queenscliffe survey results as published.
Community Satisfaction results	The Community Satisfaction results for the Queenscliffe Library service.	Bi-Annual Library User Satisfaction Survey commissioned by the Geelong Regional Library Corporation	We will maintain or improve the Geelong Regional Library Corporation comparative survey result for Queenscliffe library as published

Environmental Sustainability

Portfolio holder: Cr Tony Francis

Strategic Objective

Play our part in protecting the local, national and globally significant values within our natural environment for future generations.

Strategies

- Protect significant vegetation and continue revegetation of urban and open space areas.
- Continue to eradicate the spread of noxious weeds.
- Respond to the impacts of erosion and climate change on our beaches and the coast.
- Lead by example and work with the community to reduce carbon emissions.
- Increase and promote the use of renewable energy.
- Enhance recycling and green waste and minimise waste to landfill.
- Advocate for additional protection of significant wetlands within and adjacent to the Borough.
- Actively participate in relevant regional, state and national environmental initiatives.

Strategic Indicators

Indicator	Measure	Data Source	Target
Carbon Footprint for the Borough of Queenscliffe Council	The level of carbon emissions generated by Council operations (measured in equivalent tonnes of carbon dioxide).	Annual independent 'Greenhouse Report' from Planet Footprint	We will maintain or reduce the baseline carbon emissions (as at 2010/11 levels) for the Queenscliffe Council.
Waste Diversion for the Borough of Queenscliffe.	The measures are: <ul style="list-style-type: none"> • Ratio of recyclable material to waste to landfill • Amount of e-waste and recyclable material to landfill. 	The data sources are: <ul style="list-style-type: none"> • Landfill records • 2 yearly audits of the residential kerbside bin contents • Hard waste audits 	<ul style="list-style-type: none"> • We will maintain the 2016/17 ratio of recyclable material to waste to landfill. • We will reduce the 2016/17 amount of e-waste and recyclable material to landfill.
Community Satisfaction results	The results for: <ul style="list-style-type: none"> • Waste Management • Environmental Sustainability 	Report on the Annual Local Government Community Satisfaction Survey as independently commissioned by the State Government (Local Government Victoria)	We will maintain or improve the Borough of Queenscliffe survey results as published.

Local Economy

Portfolio holder: Cr Ross Ebbels

Strategic Objective

Foster a diverse and vibrant local economy.

Strategies

- Diversify the local economy and increase employment opportunities for local residents.
- Support local businesses and new businesses investment opportunities.
- Encourage procurement practices that increase employment opportunities for local residents.
- Market the Borough's unique features and provide a high quality tourism information service.
- Increase year round tourism visitation by enhancing use of beaches and parks and supporting arts and cultural events.
- Improve the quality of physical and technological infrastructure that connects local facilities and tourism attractions across the Borough.
- Progress the implementation of priority projects related to Fort Queenscliff and the two lighthouse reserves.
- Implement improvements to the Council managed caravan parks to achieve benefits for the whole community.
- Implement the priority actions in Council's Economic Development Strategy.

Strategic Indicators

Indicator	Measure	Data Source	Target
Visitor Satisfaction results	Visitor Experience Satisfaction Survey results	Quarterly Borough of Queenscliff Visitor Information Centre Visitor Experience Satisfaction Survey commissioned by Borough of Queenscliff	We will maintain or improve the level of visitor experience satisfaction survey results.
Level of Local business development	Annual participation rate at local business development events	Borough of Queenscliff register of attendance at business development events	We will increase the annual participation rate by 20%
Community Satisfaction results	The results for: <ul style="list-style-type: none"> • Business, Tourism & Community Development • Parking Facilities • Traffic Management 	Annual Local Government Community Satisfaction Survey as independently commissioned by the State Government (Local Government Victoria)	We will maintain or improve the Borough of Queenscliff survey results as published.

Planning & Heritage

Portfolio holder: Cr Boyce Pizzey

Strategic Objective

Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage.

Strategies

- Conserve the Borough's significant history, culture and heritage.
- Maintain the Borough's unique features and neighbourhood character.
- Continue to enhance the Queenscliff and Point Lonsdale town centres.
- Enhance access to and the amenity and use of the Borough's parks and foreshore reserves.
- Plan for the ongoing preservation and regeneration of the Borough's historic Avenue of Honour.
- Engage the community in strategic land use planning.
- Review and update the Queenscliffe Planning Scheme to achieve the Council's vision and strategic objectives.
- Ensure high quality design and construction standards in new and upgraded community infrastructure.

Strategic Indicators

Indicator	Measure	Data Source	Target
Up-to-date Queenscliffe Planning Scheme	Review the Queenscliffe Planning Scheme in accordance with the Planning and Environment Act. Undertake the following: <ul style="list-style-type: none"> • Heritage Study • Urban Character Study • Planning Scheme Amendment 	Planning and Environment Act. Amendment C27 report (Heritage and Urban Character Studies)	We will complete the review of the Planning Scheme within 1 year of Council Plan approval. We will complete the Heritage Study by June 2018; the Urban Character Study by December 2018; and the Planning Scheme Amendment by June 2019.
Community Satisfaction results	The results for: <ul style="list-style-type: none"> • Town planning policy • Planning & building permits • Appearance of public areas 	Annual Local Government Community Satisfaction Survey as independently commissioned by the State Government (Local Government Victoria)	We will maintain or improve the Borough of Queenscliffe survey results as published.

Governance & Performance

Portfolio holder: Cr Susan Salter

Strategic Objective

Maintain a cohesive, well governed, financially sustainable and independent Borough.

Strategies

- Provide transparent and accountable governance and meet all legislative requirements.
- Ensure the continuing financial sustainability and independence of the Borough.
- Enhance communication and community engagement in decision-making across the 3225 postcode area.
- Advocate on opportunities and issues of key concern to the local community to other levels of government.
- Continually review and plan to meet corporate needs while enhancing organisational capacity and performance.
- Maximise the return on Council assets and leverage external funding opportunities.
- Strengthen and promote the Borough as a place to explore and implement innovative approaches to environmental, technological, social and economic initiatives.
- Foster partnerships with community organisations, business, neighbouring Councils and Statutory Organisations and other levels of government.

Strategic Indicators

Refer next page.

Strategic Indicators

Indicator	Measure	Data Source	Target
Financial Sustainability I	<p>The results for:</p> <ul style="list-style-type: none"> • Underlying Result • Asset Renewal Gap • Working Capital Ratio • Debt levels • Accumulated cash position 	<p>The data sources are:</p> <ul style="list-style-type: none"> • Victorian Auditor General report on Local Government audit results • Victorian Auditor General Annual Audited Financial Statements and Performance Statements as published in the Borough of Queenscliffe Council's Annual Report • Local Government Performance Framework Report as published by the State Government on the 'Know Your Council' website 	<p>We will have:</p> <ul style="list-style-type: none"> • Ongoing Underlying surpluses • Actual asset renewal greater than depreciation (cumulative over 10 years) • Working capital ratio greater than 110% • Total debt less than 40% of total rates and charges • Average accumulated cash surpluses greater than or equal to breakeven (cumulative over 5 years).
Community Satisfaction Results	<p>The results for:</p> <ul style="list-style-type: none"> • Council's Overall Performance • Overall Council Directions • Community Consultation & Engagement • Advocacy – Lobbying on behalf of the Community • Decisions made in the interest of the community • Customer Service • Informing the Community 	<p>Annual Local Government Community Satisfaction Survey as independently commissioned by the State Government (Local Government Victoria)</p>	<p>We will maintain or improve the Borough of Queenscliffe survey results as published.</p>

Supporting Documents

This Council Plan both informs and is informed by a number of other Council planning documents. These key strategic plans are statutory requirements under State Government statute, specifically the Local Government Act 1989, the Public Health and Wellbeing Act 2008 and the Planning and Environment Act XXX. These Council Plans are available on Council's website www.queenscliffe.vic.gov.au

Municipal Public Health and Wellbeing Plan

All Local Government Authorities, under the Public Health and Wellbeing Act 2008, have a responsibility to seek to protect, improve and promote public health and wellbeing within the municipality. Under Section 26 of the Act, Councils are required to prepare a Municipal Public Health and Wellbeing Plan every four years. The Public Health and Wellbeing Act 2008 allows Local Government Authorities to integrate their municipal Public Health and Wellbeing Plan into the Council Plan. The Borough of Queenscliffe has taken this approach. A Health and Wellbeing Action Plan will be completed by 30 September 2017 to provide a set of priority action to operationalise the Borough of Queenscliffe Public Health and Wellbeing Plan.

Queenscliffe Planning Scheme

The Queenscliffe Planning Scheme is a statutory document that sets out the State and Local Planning Policies, zones and overlays as well as other provisions that effect how land can be used and developed within the Borough of Queenscliffe.

The policies and objectives of the scheme aim to ensure that any new development maintains and enhances and harmonises with the Borough's significant heritage architecture, coastal character and cultural environment. The scheme indicates when a planning permit is required to change the use of the land, construct a building or make other changes to the land.

The Queenscliffe Planning Scheme is reflective of current legislative requirements and local planning priorities and complements the strategies outlines in the Council Plan.

Strategic Resource Plan

A high level Strategic Resource Plan for the years 2017/18 to 2020/21 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Strategic Resource Plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan. In accordance with Section 126 of the Local Government Act 1989, Council's Strategic Resource Plan is contained within the Budget 2017/18 budget. Council reviews its Strategic Resource Plan annually in line with the annual budget preparation process.

Rating Strategy

The purpose of a rating strategy is to explain Council's approach towards rating its community under Part 8 of the Local Government Act 1989 (Rates and Charges on Rateable Land). A rating strategy sets out the factors considered by Council when selecting the rating system for determining how money will be raised from properties within the Borough. Rating levels are set to adequately resource Council's role, functions and responsibilities.

Annual Budget

The annual budget is developed in accordance with the Local Government Act 1989 and Local Government (Finance and Reporting) Regulations 2004. The budget provides information regarding the rate increase, operating result, service provision, cash and investments, capital works, financial position, financial sustainability and key strategic activities of the Council.

Compliance and Accountability

Local Government Act

The Borough of Queenscliffe Council Plan 2017–2021 has been prepared under the requirements of Section 125 of the Local Government Act 1989.

Human Rights

Council acknowledges that it plays an important role in protecting and promoting human rights. Every day, Council engages with a diverse range of people who make up our community – including children, families, people with disability, older people, migrants and refugees.

The Borough of Queenscliffe Council Plan 2017–2021 has been developed with consideration to the Charter of Human Rights and Responsibilities Act 2006. It is believed that the Plan does not infringe on any of the basic rights, freedoms and responsibilities of members of our community.

Disability Access

The Borough of Queenscliffe Council Plan 2017–2021 and associated Council operations include objectives, strategies and actions that:

- Reduce barriers to persons with a disability accessing goods, services and facilities;
- Reduce barriers to persons with a disability obtaining and maintaining employment;
- Promotes inclusion and participation in the community of persons with a disability;
- Achieves tangible changes in attitudes and practices which discriminate against persons with a disability.

The Borough of Queenscliffe therefore fulfills its requirements under Section 38 of the Disability Act 2006.

Follow Our Progress

Everyone is encouraged to follow Council's progress in implementing the objectives and strategies and meeting the performance targets. Please contact Council to acknowledge work undertaken, highlight a need, risk or action that is necessary or express a concern about how Council is implementing its responsibilities.

You can monitor Council's performance by:

- Attending the monthly Ordinary Meetings of Council;
- Reading the Council Plan quarterly progress reports provided on Council's website;
- Reading the quarterly Borough Bites newsletter which is delivered to all ratepayers and available from Council offices;
- Reviewing the Annual Report, available in hard copy and online;
- Reading the regular Mayor's column in local newspapers;
- Visiting the 'My Council' website at <https://knowyourcouncil.vic.gov.au/> to review the performance of the Borough of Queenscliffe over time and against other Councils;
- Visiting Council's website www.queenscliffe.vic.gov.au.

If you have a specific question about Council business, please contact Customer Service during the hours of 9:00am to 4:30pm (EST) Monday to Friday, excluding public holidays.

Get Involved

There are numerous ways you can be actively involved in Council's activities and decision-making, such as:

- **Attend Council Meetings:**
Held monthly at 7pm, typically on the last Thursday, in the Queenscliff Town Hall..
- **Participate:**
Join us at community engagement workshops and information sessions to hear about new projects and offer your opinions.
- **Join a committee:**
Express your interest to join a project reference group or event organising committee
- **Volunteer:**
Give some time and your skills to one of the many community events and organisations
- **Keep up to date:**
Read the Borough Bites, the local newspapers and Council's website for progress reports and the latest news
- **Speak to Council or a Councillor:**
Contact Council to provide feedback or a Councillor about your specific issues or concerns

For more information about how to get involved, call Customer Service on 03 5258 1377 or visit www.queenscliffe.vic.gov.au



Appendix F

**Borough of Queenscliffe Community
Satisfaction Survey 2016**

**Essential Services Commission
Higher Rate Cap Application
2017-18**



**LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY
BOROUGH OF QUEENSCLIFFE**

2016 RESEARCH REPORT

**COORDINATED BY THE DEPARTMENT OF ENVIRONMENT, LAND, WATER AND
PLANNING ON BEHALF OF VICTORIAN COUNCILS**

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- [Background and objectives](#)
- [Survey methodology and sampling](#)
- [Further information](#)
- [Key findings & recommendations](#)
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 - [Key core measure: Customer service](#)
 - [Key core measure: Council direction indicators](#)
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 - [Individual service areas](#)
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- [Appendix A: Detailed survey tabulations](#)
- [Appendix B: Further project information](#)

BACKGROUND AND OBJECTIVES

Welcome to the report of results and recommendations for the 2016 State-wide Local Government Community Satisfaction Survey for the Borough of Queenscliffe.

Each year Local Government Victoria (LGV) coordinates and auspices this State-wide Local Government Community Satisfaction Survey throughout Victorian local government areas. This coordinated approach allows for far more cost effective surveying than would be possible if councils commissioned surveys individually.

Participation in the State-wide Local Government Community Satisfaction Survey is optional and participating councils have a range of choices as to the content of the questionnaire and the sample size to be surveyed, depending on their individual strategic, financial and other considerations.

The main objectives of the survey are to assess the performance of the Borough of Queenscliffe across a range of measures and to seek insight into ways to provide improved or more effective service delivery. The survey also provides councils with a means to fulfil some of their statutory reporting requirements as well as acting as a feedback mechanism to LGV.

SURVEY METHODOLOGY AND SAMPLING

This survey was conducted by Computer Assisted Telephone Interviewing (CATI) as a representative random probability survey of residents and non-resident rate payers aged 18+ years in the Borough of Queenscliffe.

Survey sample matched to the demographic profile of the Borough of Queenscliffe as determined by the most recent ABS population estimates was purchased from an accredited supplier of publicly available phone records, including up to 10% mobile phone numbers to cater to the diversity of residents within the Borough of Queenscliffe, particularly younger people.

A total of n=400 completed interviews were achieved in the Borough of Queenscliffe. Survey fieldwork was conducted in the period of 1st February – 30th March, 2016.

The 2016 results are compared with previous years, as detailed below:

- 2015, n=402 completed interviews, conducted in the period of 1st February – 30th March.
- 2014, n=401 completed interviews, conducted in the period of 31st January – 11th March.
- 2013, n=400 completed interviews, conducted in the period of 1st February – 24th March.
- 2012, n=400 completed interviews, conducted in the period of 18th May – 30th June.

Minimum quotas of gender within age groups were applied during the fieldwork phase. Post-survey weighting was then conducted to ensure accurate representation of the age and gender profile of the the Borough of Queenscliffe area.

Any variation of +/-1% between individual results and net scores in this report or the detailed survey tabulations is due to rounding. In reporting, ‘—’ denotes not mentioned and ‘0%’ denotes mentioned by less than 1% of respondents. ‘Net’ scores refer to two or more response categories being combined into one category for simplicity of reporting.

SURVEY METHODOLOGY AND SAMPLING

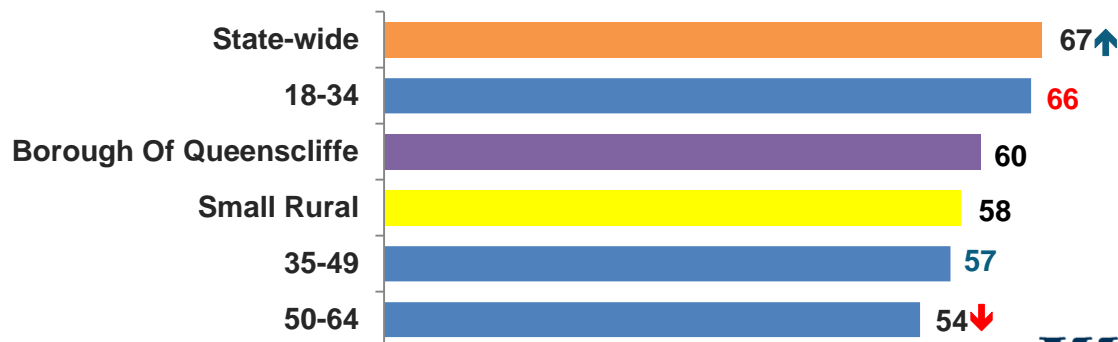
Within tables and index score charts throughout this report, statistically significant differences at the 95% confidence level are represented by upward directing blue and downward directing red arrows. Significance when noted indicates a significantly higher or lower result for the analysis group in comparison to the ‘Total’ result for the council for that survey question for that year. Therefore in the example below:

- The state-wide result is significantly higher than the overall result for the council.
- The result among 50-64 year olds is significantly lower than for the overall result for the council.

Further, results shown in blue and red indicate significantly higher or lower results than in 2015. Therefore in the example below:

- The result among 35-49 year olds in the council is significantly higher than the result achieved among this group in 2015.
- The result among 18-34 year olds in the council is significantly lower than the result achieved among this group in 2015.

Overall Performance – Index Scores (example extract only)



Note: For details on the calculations used to determine statistically significant differences, please refer to Appendix B.

FURTHER INFORMATION

Further Information

Further information about the report and explanations about the State-wide Local Government Community Satisfaction Survey can be found in [Appendix B](#), including:

- [Background and objectives](#)
- [Margins of error](#)
- [Analysis and reporting](#)
- [Glossary of terms](#)

Contacts

For further queries about the conduct and reporting of the 2016 State-wide Local Government Community Satisfaction Survey, please contact JWS Research on (03) 8685 8555.

A satellite night view of South Africa, showing the country's coastline and major cities illuminated by city lights. The lights are concentrated in the coastal areas and around major urban centers, creating a glowing network of light against the dark landscape. The surrounding oceans are dark blue, and the overall scene is a high-contrast, night-time satellite image.

KEY FINDINGS & RECOMMENDATIONS

KEY FINDINGS AND RECOMMENDATIONS

- Performance **declined significantly across most core and individual service measures** between 2015 and 2016. Only two core measures – **Sealed Local Roads** (with an index score of 65) and **Customer Service** (71) – remained stable between 2015 and 2016. Ratings declines on all other core measures ranged from five to eight points each.
 - Both the core measures of **Overall Performance** (index score of 63) and **Community Consultation** (index score of 57) decreased five points in the past year; **Overall Council Direction** decreased seven points (51); and both **Lobbying** (55) and **Making Community Decisions** (54) decreased eight points.
 - Despite these declines, the Borough of Queenscliffe still **meets or exceeds the Small Rural council averages** on core measures. Of note, performance **significantly exceeds the Small Rural council average** on the measures of **Overall Performance** (63, +6) and **Sealed Local Roads** (65, +13).
 - Council also meets or exceeds State-wide averages on all core measures. Performance significantly exceeds State-wide averages on the measures of **Overall Performance** (4 points higher than the State-wide average), **Community Consultation** (+3) and **Sealed Local Roads** (+11).

KEY FINDINGS AND RECOMMENDATIONS

- **Overall Performance declined five points** from an index score of 68 in 2015 to 63 in 2016. The 2016 result is eight points from Council’s highest rating on this measure, which was an index score of 71 in 2014. All demographic groups rate Council lower for Overall Performance in 2016 compared with 2015; however, ratings losses are most significant for ratepayers aged 65 years and over (-8) and men (-9).
 - Notably, non-resident ratepayers rate Council higher for Overall Performance (67) than actual residents (62).

- **Overall Council Direction** (index score of 51) experienced an even greater **loss of seven points** in the past year. This is the lowest index score of the core measures.
 - All demographic groups declined in their impressions of Council Direction over the past year, excepting 18 to 34 year olds. Declines were significant among non-resident ratepayers (-9 to 55), ratepayers aged 35 to 49 (-12 to 53), residents (-7 to 50), ratepayers aged 65+ (-8 to 50) and men (-8 to 49).
 - Ratepayers are even **more likely to believe Overall Council Direction has deteriorated** than one year ago (18% improved, 61% stayed the same and 16% deteriorated in 2016, compared with 25%, 63% and 9% respectively in 2015).

KEY FINDINGS AND RECOMMENDATIONS

- **Making Community Decisions** and **Lobbying** are the core measures with the **largest declines** in the past year.
 - **Making Community Decisions** slid eight points to an index score of 54 (from 62 in 2015). All groups declined significantly on this measure, with the exception of non-resident ratepayers (-2 to 61) and ratepayers aged 35 to 49 years (-3 to 60). *In general, non-resident ratepayers who do not interact with Council tend to rate Council higher than other groups on most measures.*
 - Performance ratings on **Lobbying** (index score of 55, -8 from 2015) have higher levels of 'don't know' responses than other core measures (25%), suggesting a large portion of the community is not hearing what Council is doing in this area. Again, all groups declined significantly on this measure in the past year, with the exception of non-resident ratepayers (-3 to 58) and ratepayers aged 35 to 49 (-7 to 57).
- The Borough of Queenscliffe **continues to perform most strongly** on the measure of **Customer Service** (index score of 71); ratings are relatively consistent with 2015 results (72).
 - One-third (35%) rate Customer Service as 'very good', with a further 31% rating Customer Service as 'good' (20% 'average' and 13% 'very poor' or 'poor').

KEY FINDINGS AND RECOMMENDATIONS

- The Borough of Queenscliffe continues to **perform well** on most **individual service areas**, despite **experiencing significant declines on many services**. Of the 16 services (beyond core measures) where performance was evaluated in 2016, Council received positive ratings (an index score of 60 or higher) on 14 of them.
 - **Waste Management** is the only service area to have **improved** in the past year (+3 to 79), whilst performance in all other service areas declined (besides the core measure of Sealed Local Roads) – with most of these decreases being statistically significant.
 - Council **performs best** on **Waste Management** (index score of 79), **Appearance of Public Areas** (74), **Recreational Facilities** (72), **Art Centres and Libraries** (69), **Elderly Support Services** (68) and **Community and Cultural Activities** (68).
 - In addition to the core measures of Consultation and Engagement, Lobbying and Community Decisions, performance is **weakest** on **Planning and Building Permits** (50) and **Town Planning Policy** (55). All other service areas receive index scores above 60.
 - In addition to the core measure of Sealed Local Roads, the Borough of Queenscliffe significantly **exceeds** the Small Rural council average for **Informing the Community, Local Streets and Footpaths, Recreational Facilities, Community and Cultural Activities, Waste Management** and **Town Planning Policy**. It is significantly lower than the Small Rural council average in one area – **Enforcement of Local Laws**.

KEY FINDINGS AND RECOMMENDATIONS

- Performance on individual service areas similarly **exceeds State-wide averages on nine service areas** (in addition to the core measures of Consultation and Engagement and Sealed Local Roads). Performance trails the State-wide average in just two areas – Family Support Services and Arts Centres and Libraries.
- Planning Permits (-26), Town Planning Policy (-22) and Consultation and Engagement (-20) remain the **service areas with the highest disparity** between perceived importance and performance.
- In general, Council should pay attention to service areas where residents stated **importance exceeds rated performance** by 10 points or more – seven service areas. There are several issues of particular concern to residents:
 - **Maintenance of unsealed roads** (margin of 26 points)
 - **Town Planning Policy** (margin of 22 points)
 - **Consultation and engagement** (margin of 20 points)
 - **Informing the community** (margin of 15 points)
 - **Lobbying** (margin of 13 points)
 - **Environmental Sustainability** (margin of 11 points)
 - **Condition of Local Streets and Footpaths** (margin of 10 points).

KEY FINDINGS AND RECOMMENDATIONS

- Ratepayers are most likely to cite **communication** (9%), **community consultation** (8%) and **inappropriate development** (7%) as the **key areas for improvement**. On a more positive note, respondents are most likely to believe **location** (17%), the **beach/waterfront** (15%) and the Borough's small **size/independence** (9%) are its **best aspects**.
- Ratepayers continue to **learn about Council issues through the council newsletter sent via mail (38%) or email (32%)**.
 - That said, communication preferences have shifted among ratepayers aged under 50, who are now almost as likely to prefer the newsletter be sent via mail (29%) as email (30%). It is noted that preferences among this group leaned heavily towards print communications in 2015 (41% newsletter via mail and 17% newsletter via email).
 - Ratepayers aged over 50 still favour mail (42% newsletter via mail) over email communications (34% newsletter via email).
- Ratepayers **prefer service cuts (42%) to rate increases (34%) by an eight point margin**, while one-quarter are unsure (24%). Ratepayers were more divided on the issue in 2015 – 43% preferred a rate increase versus 43% preferring service cuts in last year's survey.

KEY FINDINGS AND RECOMMENDATIONS

- **Non-resident ratepayers and women generally are the most satisfied resident groups.** These are the groups Council can leverage to understand what is working, in order to further consolidate their positive views of Council.
- Conversely, the Borough of Queenscliffe should pay extra attention to areas and cohorts where it is underperforming in comparison with other groups. **Men** and ratepayers **aged 50 to 64 years** are generally **more critical of Council** compared with other segments. Men also declined significantly on more measures than most other groups in the past year.
- An approach we recommend is to further mine the survey data to better understand the profile of these over and under-performing demographic groups. This can be achieved via additional consultation and data interrogation, or self-mining the SPSS data provided or via the dashboard portal available to the council.

KEY FINDINGS AND RECOMMENDATIONS

- Please note that the category descriptions for the coded open ended responses are generic summaries only. We recommend further analysis of the detailed cross tabulations and the actual verbatim responses, with a view to the responses of the key gender and age groups, especially any target groups identified.
- In addition, due to the **small sample size among 18 to 34 year old residents**, results among this group are considered indicative only; analysis among this group should consider trends rather than absolute percentages.
- **A complimentary personal briefing by senior JWS Research representatives is also available to assist in providing both explanation and interpretation of the results. Please contact JWS Research on 03 8685 8555.**

KEY FINDINGS AND RECOMMENDATIONS

Higher results in 2016

- Waste Management

Lower results in 2016

- Public areas
- Overall Performance
- Community Consultation
- Council Direction
- Advocacy
- Community Decisions
- Law Enforcement
- Planning and Building Permits
- Recreational facilities
- Elderly support services
- Community and cultural
- Traffic management
- Family support services
- Bus / Community dev. / Tourism

Most favourably disposed towards Council

- None-resident rate payers
- Women

Least favourably disposed towards Council

- 50-64 year olds
- Men

A satellite night view of South America, showing city lights and a network of white lines. The text "SUMMARY OF FINDINGS" is overlaid in white, bold, sans-serif font.

SUMMARY OF FINDINGS

2016 SUMMARY OF CORE MEASURES INDEX SCORE RESULTS

Performance Measures	Borough of Queenscliffe 2012	Borough of Queenscliffe 2013	Borough of Queenscliffe 2014	Borough of Queenscliffe 2015	Borough of Queenscliffe 2016	Small Rural 2016	State-wide 2016
OVERALL PERFORMANCE	66	68	71	68	63	57	59
COMMUNITY CONSULTATION (Community consultation and engagement)	60	63	65	62	57	55	54
ADVOCACY (Lobbying on behalf of the community)	61	61	61	63	55	54	53
MAKING COMMUNITY DECISIONS (Decisions made in the interest of the community)	n/a	n/a	n/a	62	54	53	54
SEALED LOCAL ROADS (Condition of sealed local roads)	n/a	n/a	n/a	65	65	52	54
CUSTOMER SERVICE	78	75	76	72	71	69	69
OVERALL COUNCIL DIRECTION	53	61	62	58	51	50	51

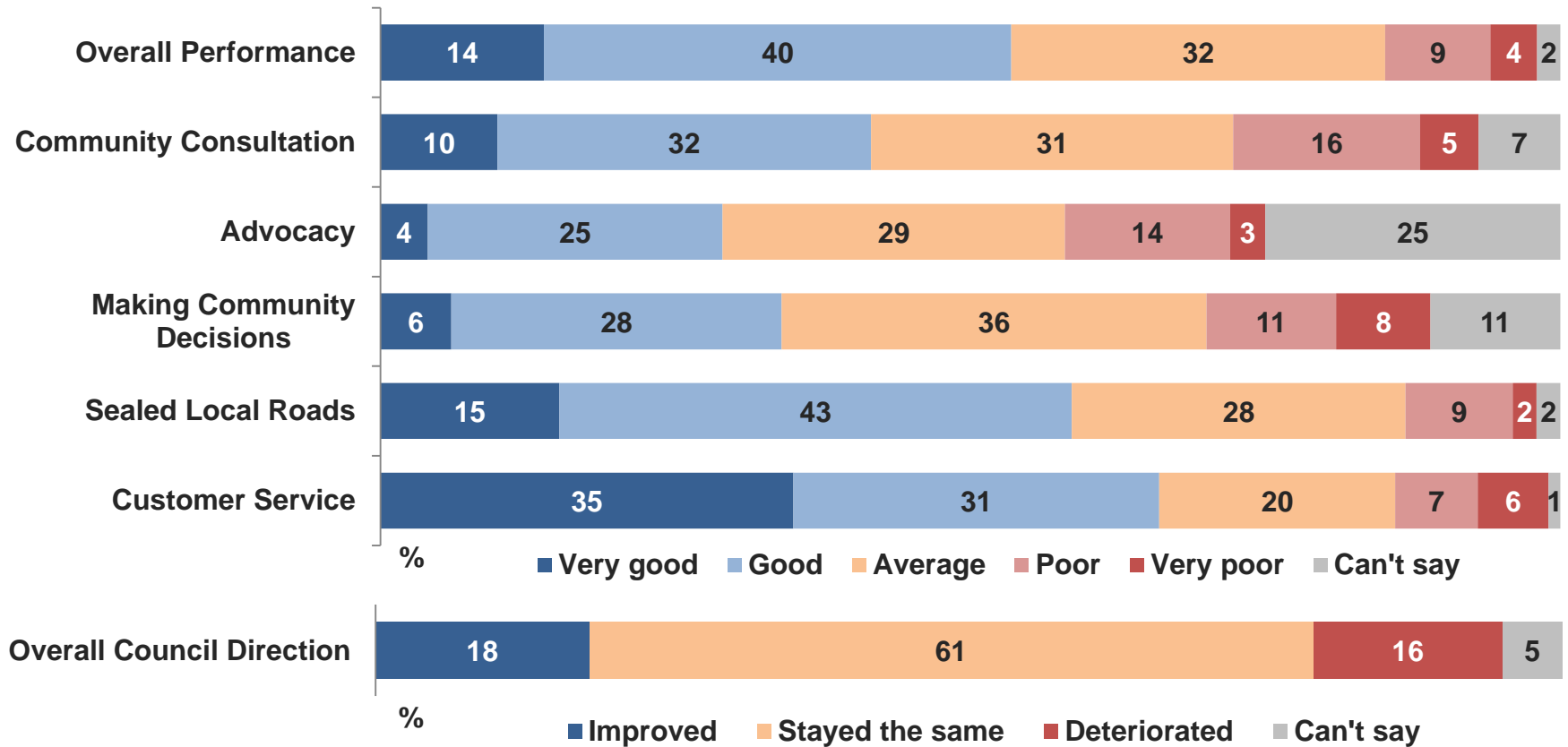
2016 SUMMARY OF CORE MEASURES

DETAILED ANALYSIS

Performance Measures	Borough of Queenscliffe 2016	vs Borough of Queenscliffe 2015	vs Small Rural 2016	vs State-wide 2016	Highest score	Lowest score
OVERALL PERFORMANCE	63	5 points lower	6 points higher	4 points higher	Non-resident ratepayer	Men, 50-64 year olds
COMMUNITY CONSULTATION (Community consultation and engagement)	57	5 points lower	2 points higher	3 points higher	35-49 year olds	50-64 year olds
ADVOCACY (Lobbying on behalf of the community)	55	8 points lower	1 point higher	2 points higher	Non-resident ratepayer	50-64 year olds
MAKING COMMUNITY DECISIONS (Decisions made in the interest of the community)	54	8 points lower	1 point higher	Equal	Non-resident ratepayer	50-64 year olds
SEALED LOCAL ROADS (Condition of sealed local roads)	65	Equal	13 points higher	11 points higher	Non-resident ratepayer, Women	Men
CUSTOMER SERVICE	71	1 point lower	2 points higher	2 points higher	35-49 year olds	Men
OVERALL COUNCIL DIRECTION	51	7 points lower	1 point higher	Equal	Non-resident ratepayer	Men

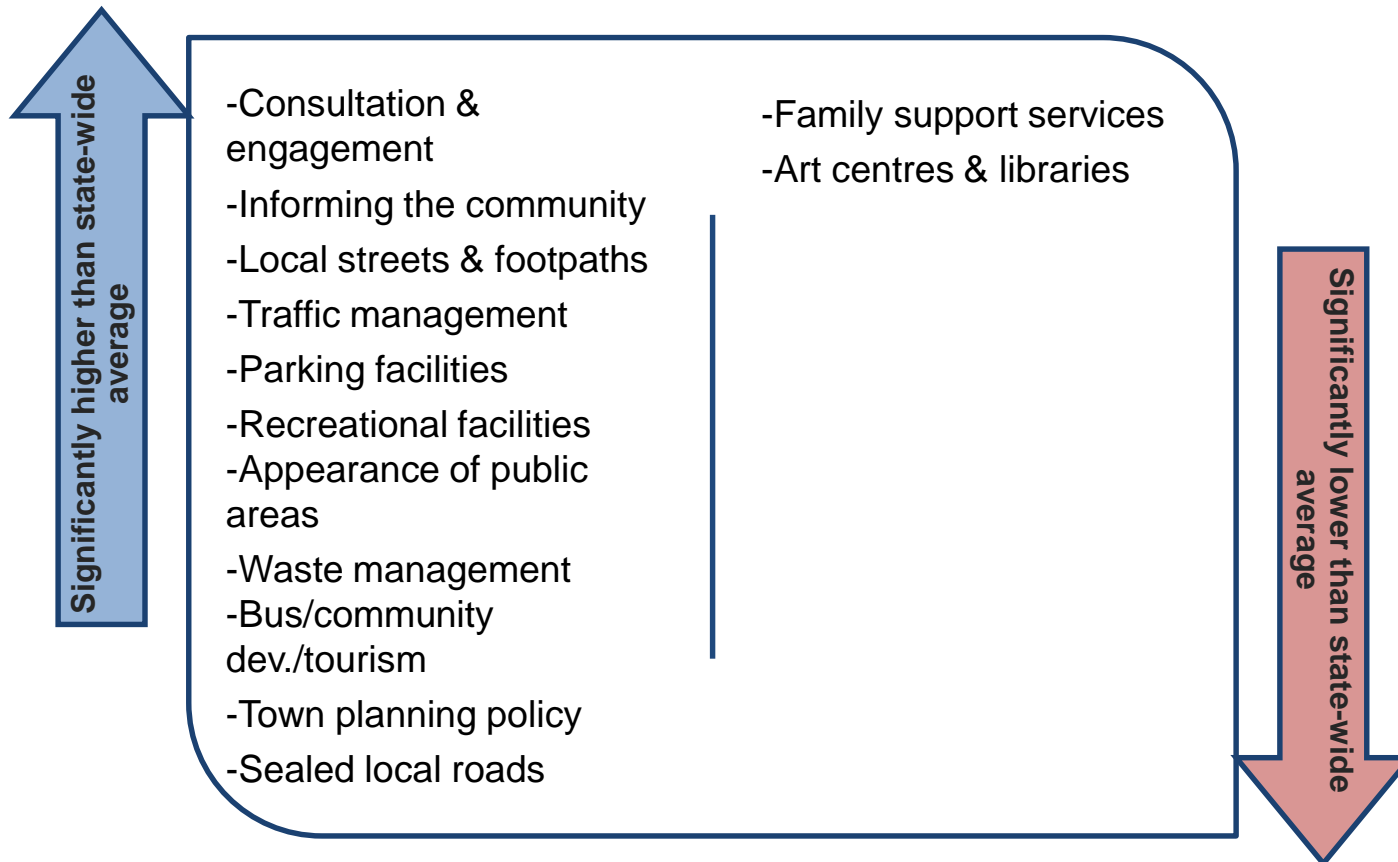
2016 SUMMARY OF KEY COMMUNITY SATISFACTION PERCENTAGE RESULTS

Key Measures Summary Results



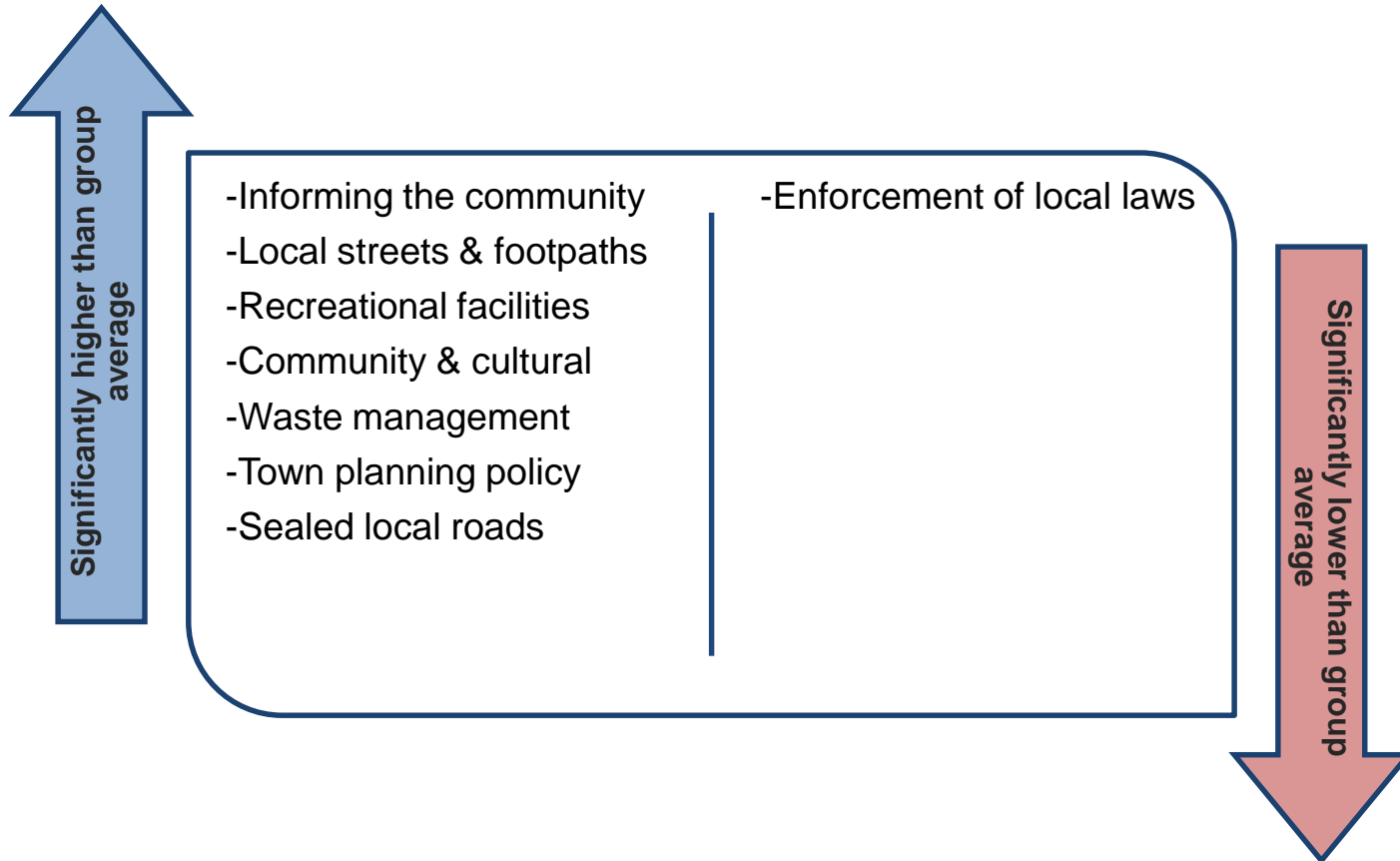
INDIVIDUAL SERVICE AREAS SUMMARY

COUNCIL'S PERFORMANCE VS STATE-WIDE AVERAGE



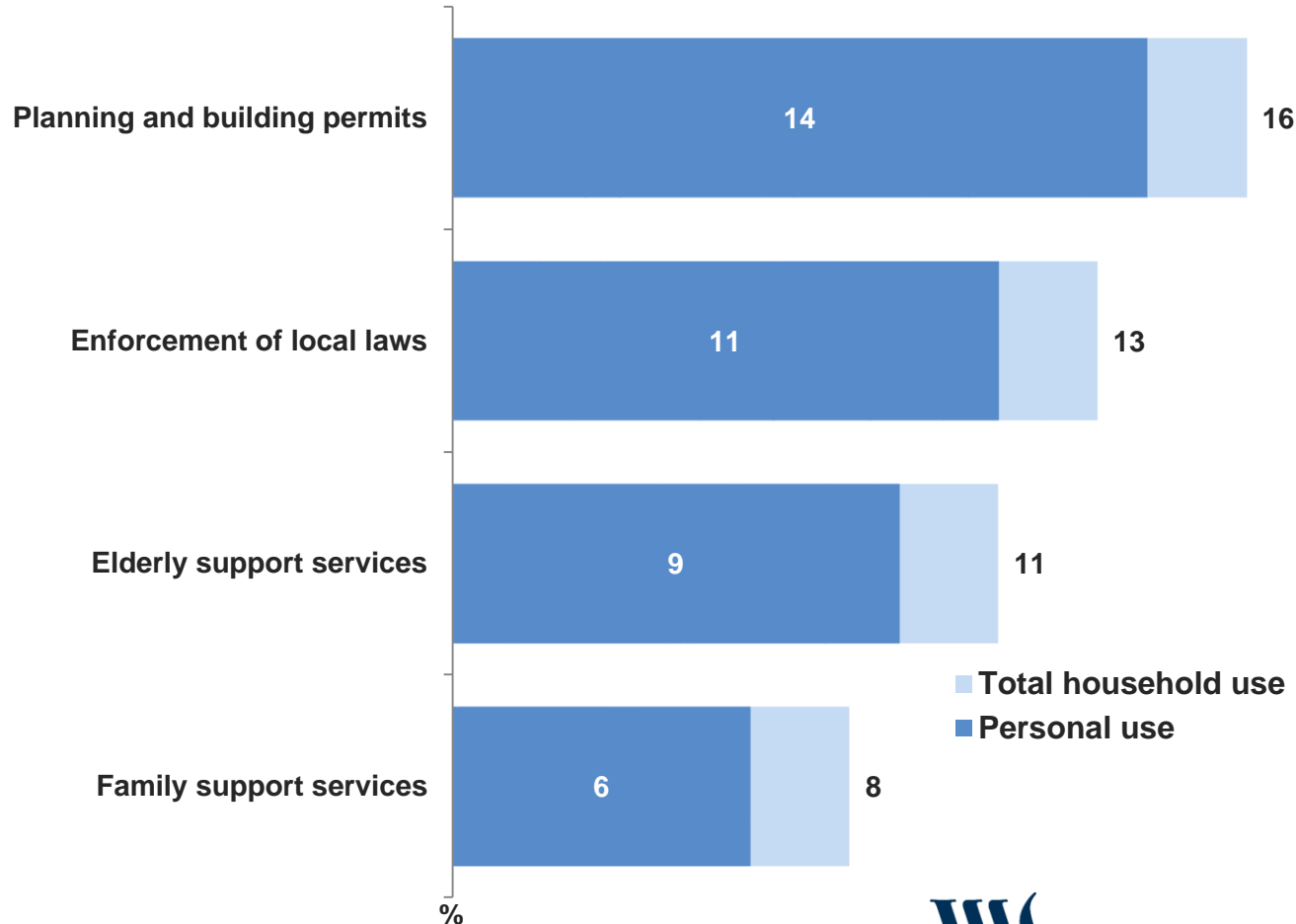
INDIVIDUAL SERVICE AREAS SUMMARY

COUNCIL'S PERFORMANCE VS GROUP AVERAGE



2016 PERSONAL AND HOUSEHOLD USE AND EXPERIENCE OF COUNCIL SERVICES PERCENTAGE RESULTS

Experience of Services



Q4. In the last 12 months, have you or has any member of your household used or experienced any of the following services provided by Council?

Base: All respondents. Councils asked state-wide: 14

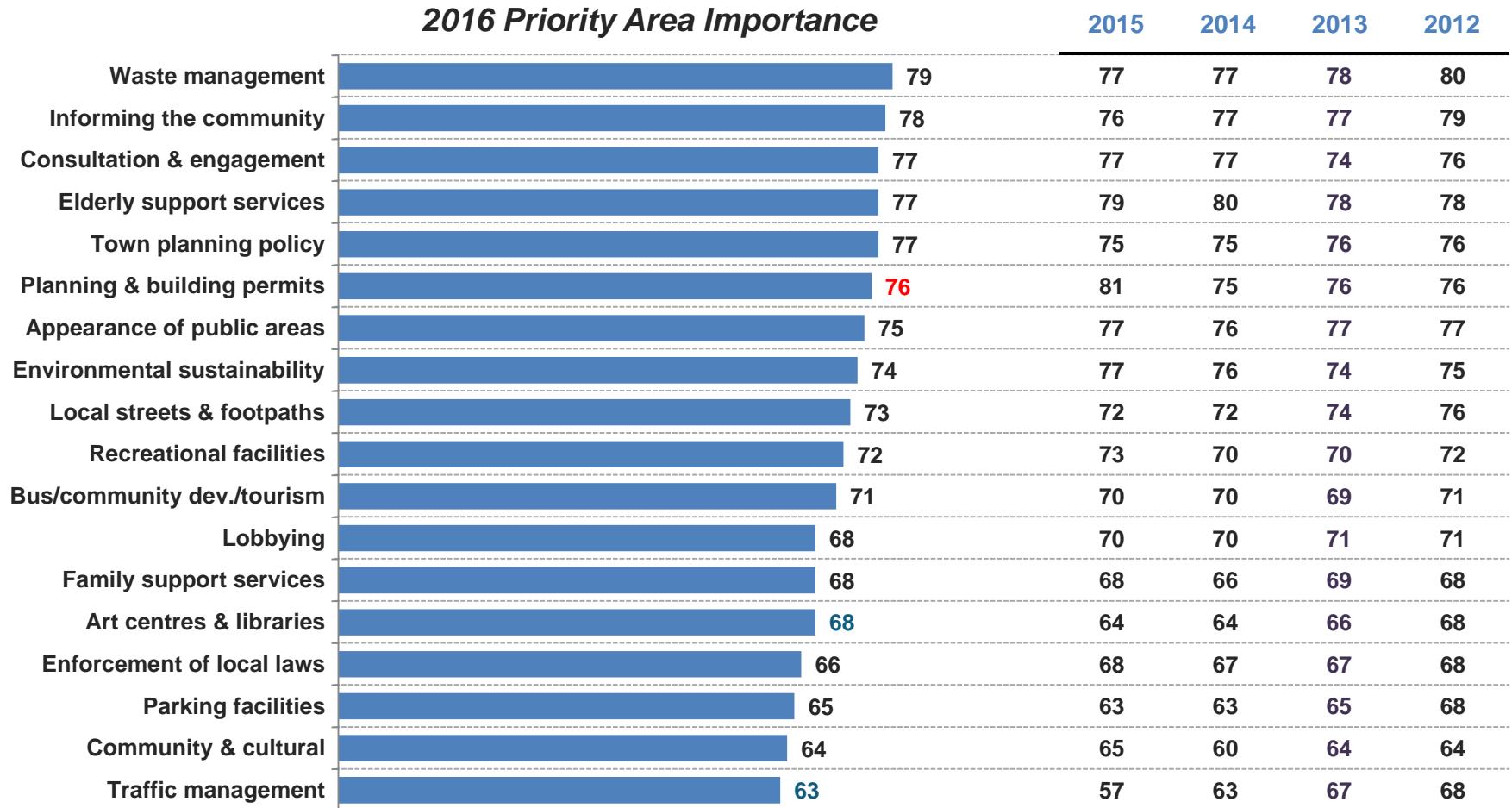
INDIVIDUAL SERVICE AREA SUMMARY

IMPORTANCE VS PERFORMANCE

Service areas where importance exceeds performance by 10 points or more, suggesting further investigation is necessary:

Service	Importance	Performance	Net differential
Planning permits	76	50	-26
Town planning policy	77	55	-22
Consultation & engagement	77	57	-20
Informing the community	78	63	-15
Lobbying on behalf of the community	68	55	-13
Environmental sustainability	74	63	-11
Condition of local streets & footpaths	73	63	-10

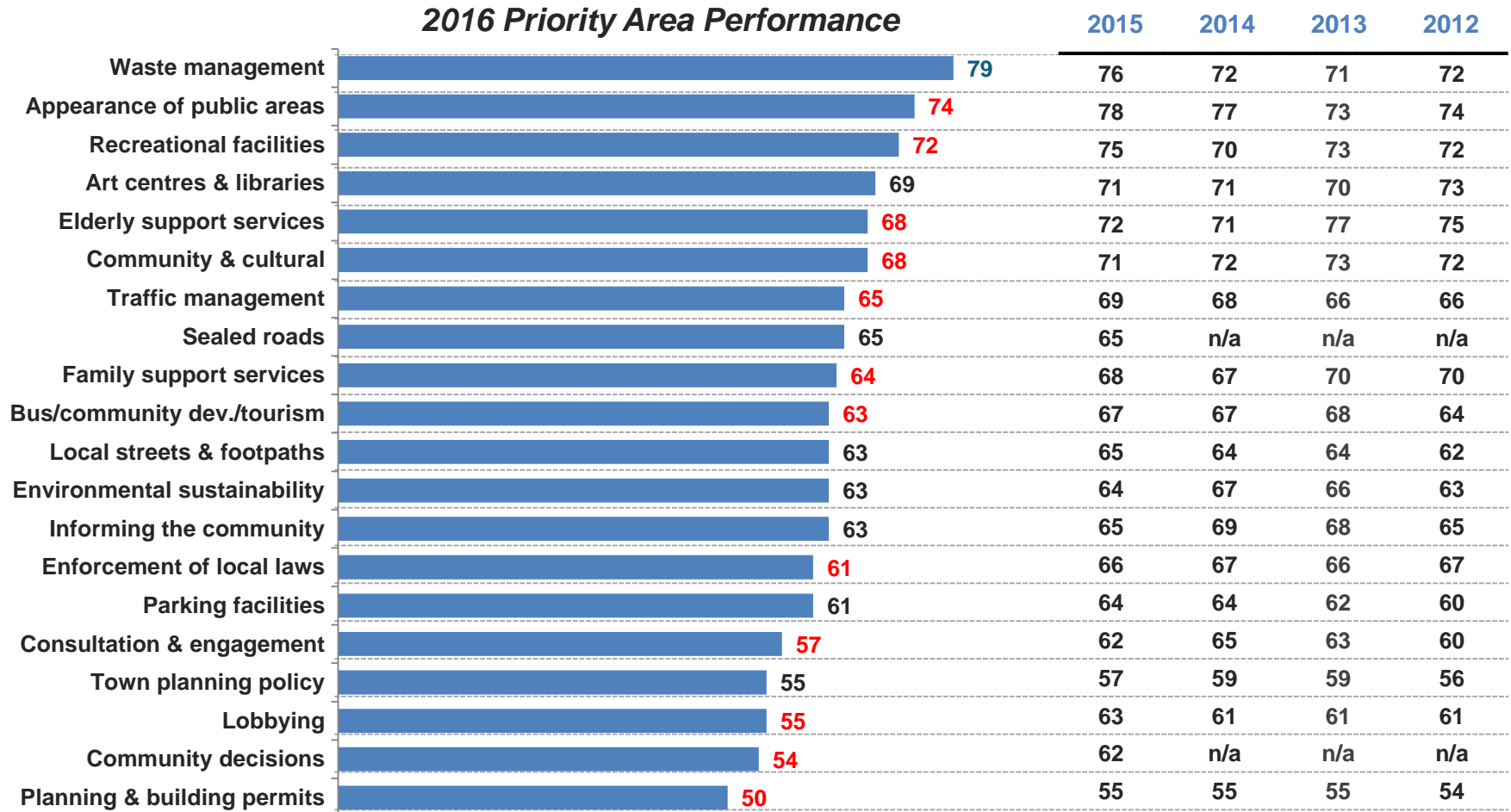
2016 IMPORTANCE SUMMARY



Base: All respondents. Councils asked state-wide: 69

Note: Please see page 5 for explanation of significant differences

2016 PERFORMANCE SUMMARY



Base: All respondents. Councils asked state-wide: 69

Note: Please see page 5 for explanation of significant differences



2016 IMPORTANCE SUMMARY BY COUNCIL GROUP

Top Three Most Important Service Areas (Highest to lowest, i.e. 1. = most important)

the Borough of Queenscliffe	Metropolitan	Interface	Regional Centres	Large Rural	Small Rural
<ol style="list-style-type: none"> 1. Waste management 2. Informing the community 3. Consultation & engagement 	<ol style="list-style-type: none"> 1. Waste management 2. Community decisions 3. Elderly support services 	<ol style="list-style-type: none"> 1. Emergency & disaster mngt 2. Waste management 3. Local streets & footpaths 	<ol style="list-style-type: none"> 1. Community decisions 2. Emergency & disaster mngt 3. Waste management 	<ol style="list-style-type: none"> 1. Emergency & disaster mngt 2. Unsealed roads 3. Elderly support services 	<ol style="list-style-type: none"> 1. Emergency & disaster mngt 2. Community decisions 3. Sealed roads

Bottom Three Most Important Service Areas (Lowest to highest, i.e. 1. = least important)

the Borough of Queenscliffe	Metropolitan	Interface	Regional Centres	Large Rural	Small Rural
<ol style="list-style-type: none"> 1. Traffic management 2. Community & cultural 3. Parking facilities 	<ol style="list-style-type: none"> 1. Bus/community dev./tourism 2. Community & cultural 3. Slashing & weed control 	<ol style="list-style-type: none"> 1. Tourism development 2. Community & cultural 3. Bus/community dev./tourism 	<ol style="list-style-type: none"> 1. Community & cultural 2. Art centres & libraries 3. Lobbying 	<ol style="list-style-type: none"> 1. Community & cultural 2. Art centres & libraries 3. Tourism development 	<ol style="list-style-type: none"> 1. Traffic management 2. Community & cultural 3. Art centres & libraries

2016 PERFORMANCE SUMMARY BY COUNCIL GROUP

Top Three Most Performance Service Areas (Highest to lowest, i.e. 1. = highest performance)

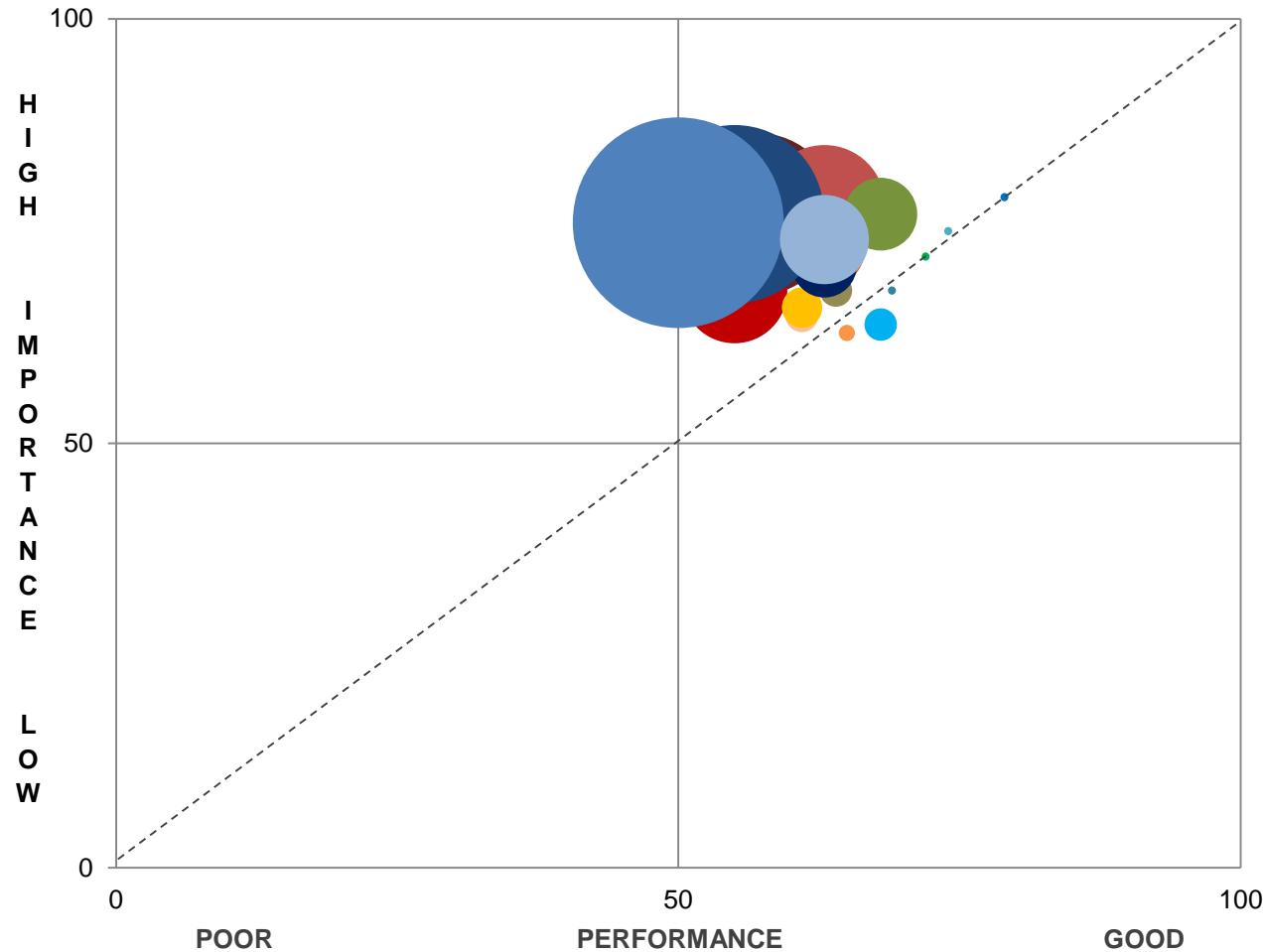
the Borough of Queenscliffe	Metropolitan	Interface	Regional Centres	Large Rural	Small Rural
<ol style="list-style-type: none"> 1. Waste management 2. Appearance of public areas 3. Recreational facilities 	<ol style="list-style-type: none"> 1. Waste management 2. Art centres & libraries 3. Recreational facilities 	<ol style="list-style-type: none"> 1. Waste management 2. Emergency & disaster mngt 3. Art centres & libraries 	<ol style="list-style-type: none"> 1. Art centres & libraries 2. Appearance of public areas 3. Tourism development 	<ol style="list-style-type: none"> 1. Art centres & libraries 2. Emergency & disaster mngt 3. Appearance of public areas 	<ol style="list-style-type: none"> 1. Appearance of public areas 2. Art centres & libraries 3. Emergency & disaster mngt

Bottom Three Most Performance Service Areas (Lowest to highest, i.e. 1. = lowest performance)

the Borough of Queenscliffe	Metropolitan	Interface	Regional Centres	Large Rural	Small Rural
<ol style="list-style-type: none"> 1. Planning permits 2. Community decisions 3. Lobbying 	<ol style="list-style-type: none"> 1. Planning permits 2. Population growth 3. Town planning policy 	<ol style="list-style-type: none"> 1. Unsealed roads 2. Planning permits 3. Town planning policy 	<ol style="list-style-type: none"> 1. Community decisions 2. Lobbying 3. Consultation & engagement 	<ol style="list-style-type: none"> 1. Unsealed roads 2. Sealed roads 3. Population growth 	<ol style="list-style-type: none"> 1. Unsealed roads 2. Town planning policy 3. Planning permits

Service	Importance	Performance
Consultation & engagement	77	57
Lobbying on behalf of the community	68	55
Informing the community	78	63
Condition of local streets & footpaths	73	63
Traffic management	63	65
Parking facilities	65	61
Enforcement of local laws	66	61
Family support services	68	64
Elderly support services	77	68
Recreational facilities	72	72
Appearance of public areas	75	74
Art centres & libraries	68	69
Community & cultural activities	64	68
Waste management	79	79
Business & community development & tourism	71	63
Town planning policy	77	55
Planning permits	76	50
Environmental sustainability	74	63

Importance and Performance 2016 Index Scores Grid



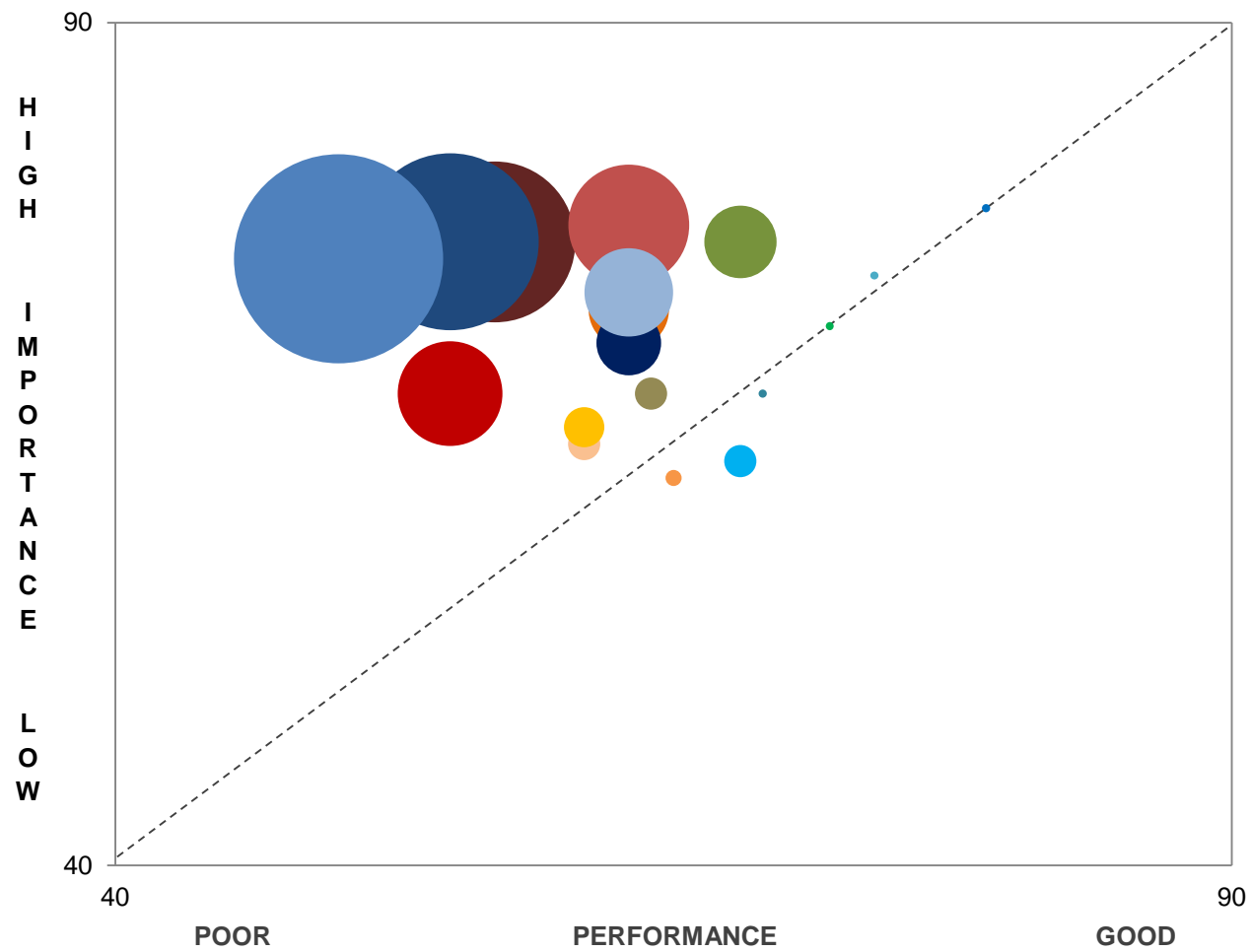
Note: The larger the circle, the larger the gap between importance and performance.

Base: All respondents



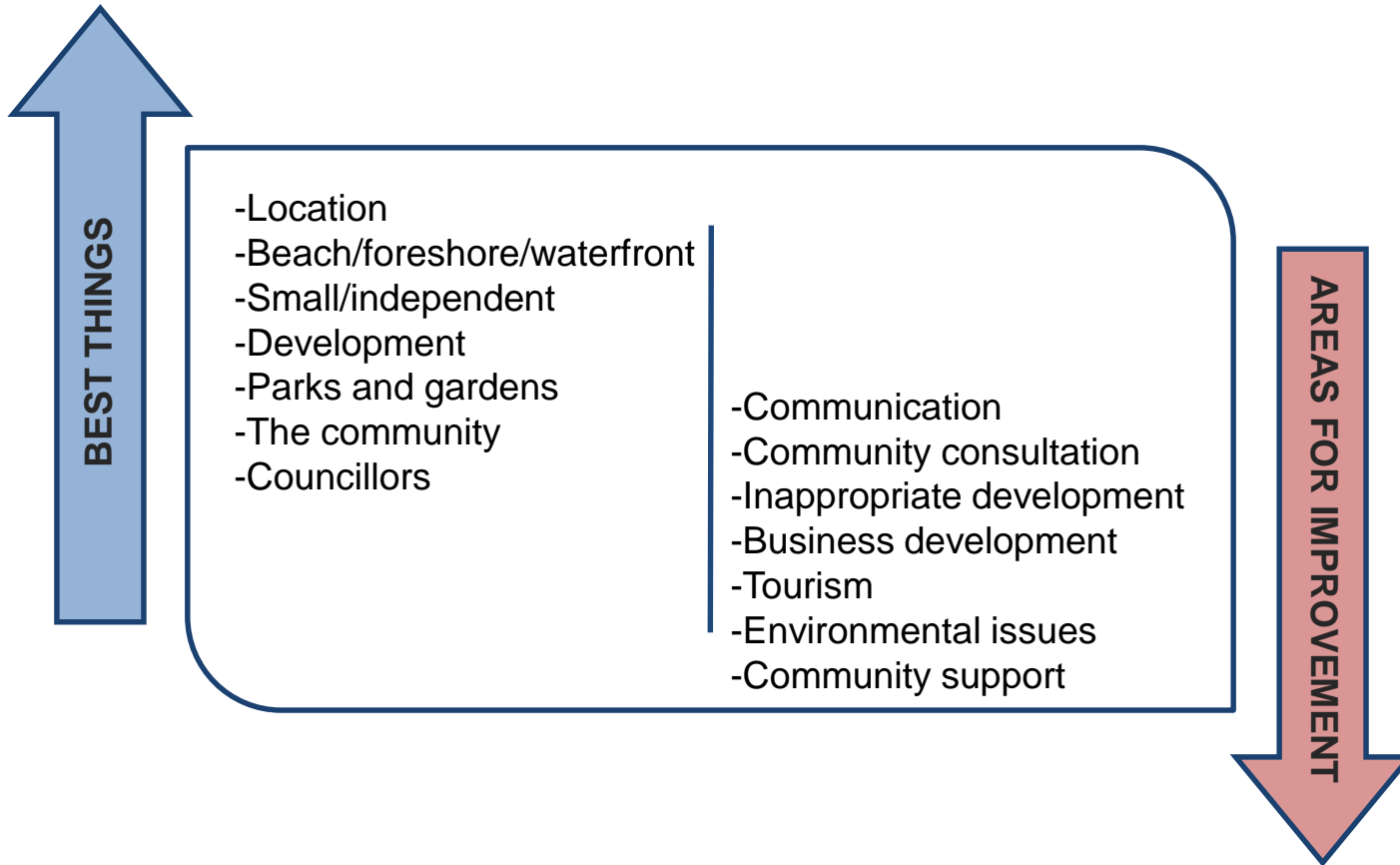
Service	Importance	Performance
Consultation & engagement	77	57
Lobbying on behalf of the community	68	55
Informing the community	78	63
Condition of local streets & footpaths	73	63
Traffic management	63	65
Parking facilities	65	61
Enforcement of local laws	66	61
Family support services	68	64
Elderly support services	77	68
Recreational facilities	72	72
Appearance of public areas	75	74
Art centres & libraries	68	69
Community & cultural activities	64	68
Waste management	79	79
Business & community development & tourism	71	63
Town planning policy	77	55
Planning permits	76	50
Environmental sustainability	74	63

Importance and Performance 2016 Index Scores Grid (Magnified view)



Note: The larger the circle, the larger the gap between importance and performance.
Base: All respondents

POSITIVES AND AREAS FOR IMPROVEMENT SUMMARY



COMMUNICATIONS SUMMARY

Overall preferred forms of communication

- Newsletter sent via mail (38)

Preferred forms of communication among over 50s

- Newsletter sent via mail (42)

Preferred forms of communication among under 50s

- Newsletter sent via email (30)

Greatest change since 2015

- Newsletter as an insert in a local newspaper (down 4 points)

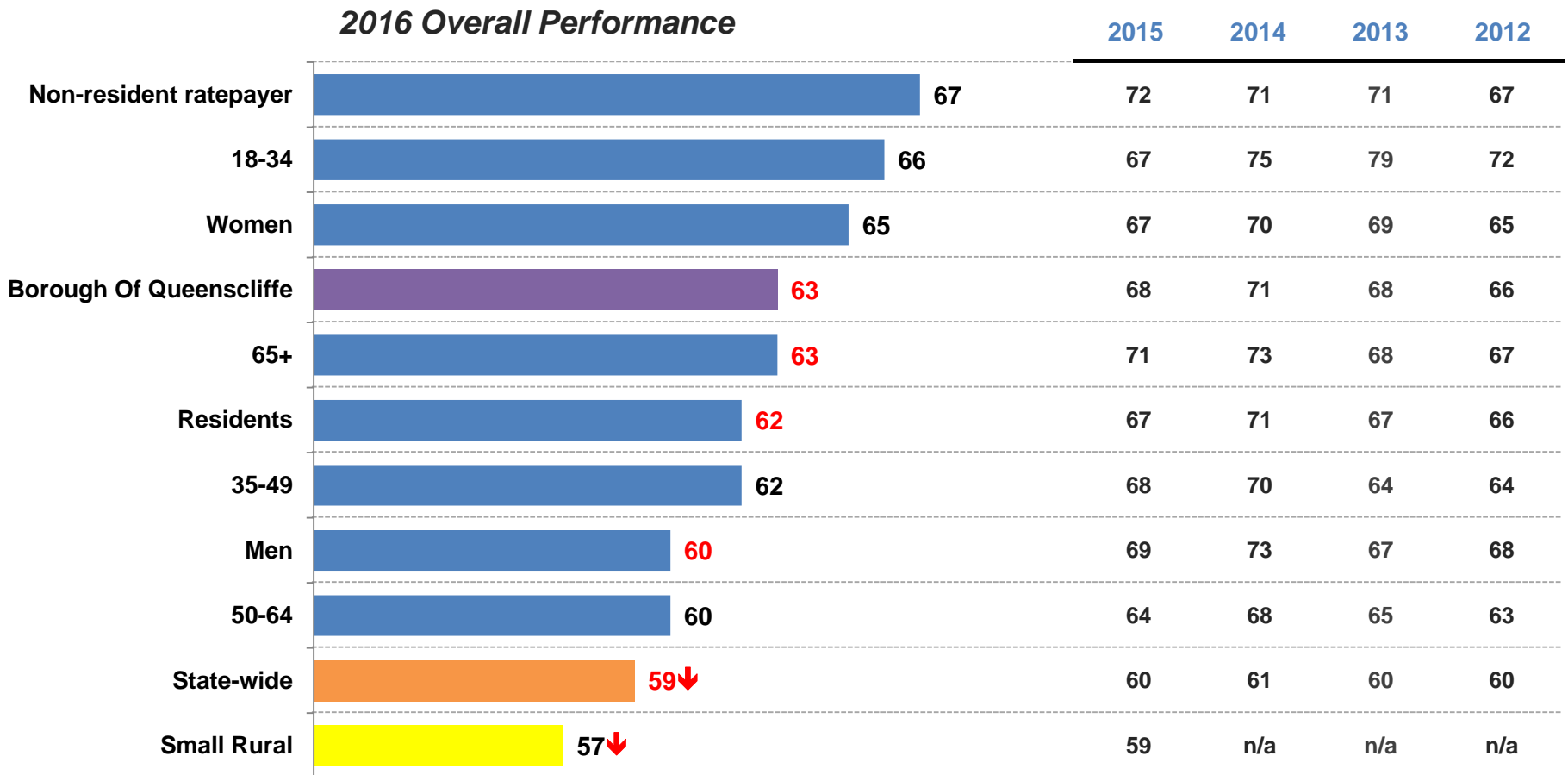
A satellite night view of South America, showing city lights and a road network overlay. The text "DETAILED FINDINGS" is overlaid on the left side of the image.

DETAILED FINDINGS

A satellite night view of South Africa, showing the country's coastline and interior. Major cities like Johannesburg, Cape Town, and Durban are brightly lit, with their road networks glowing. The surrounding oceans are dark, and the overall scene is illuminated by the city lights.

**KEY CORE MEASURE
OVERALL PERFORMANCE**

OVERALL PERFORMANCE INDEX SCORES



Q3. ON BALANCE, for the last twelve months, how do you feel about the performance of the Borough of Queenscliffe, not just on one or two issues, BUT OVERALL across all responsibility areas? Has it been very good, good, average, poor or very poor?

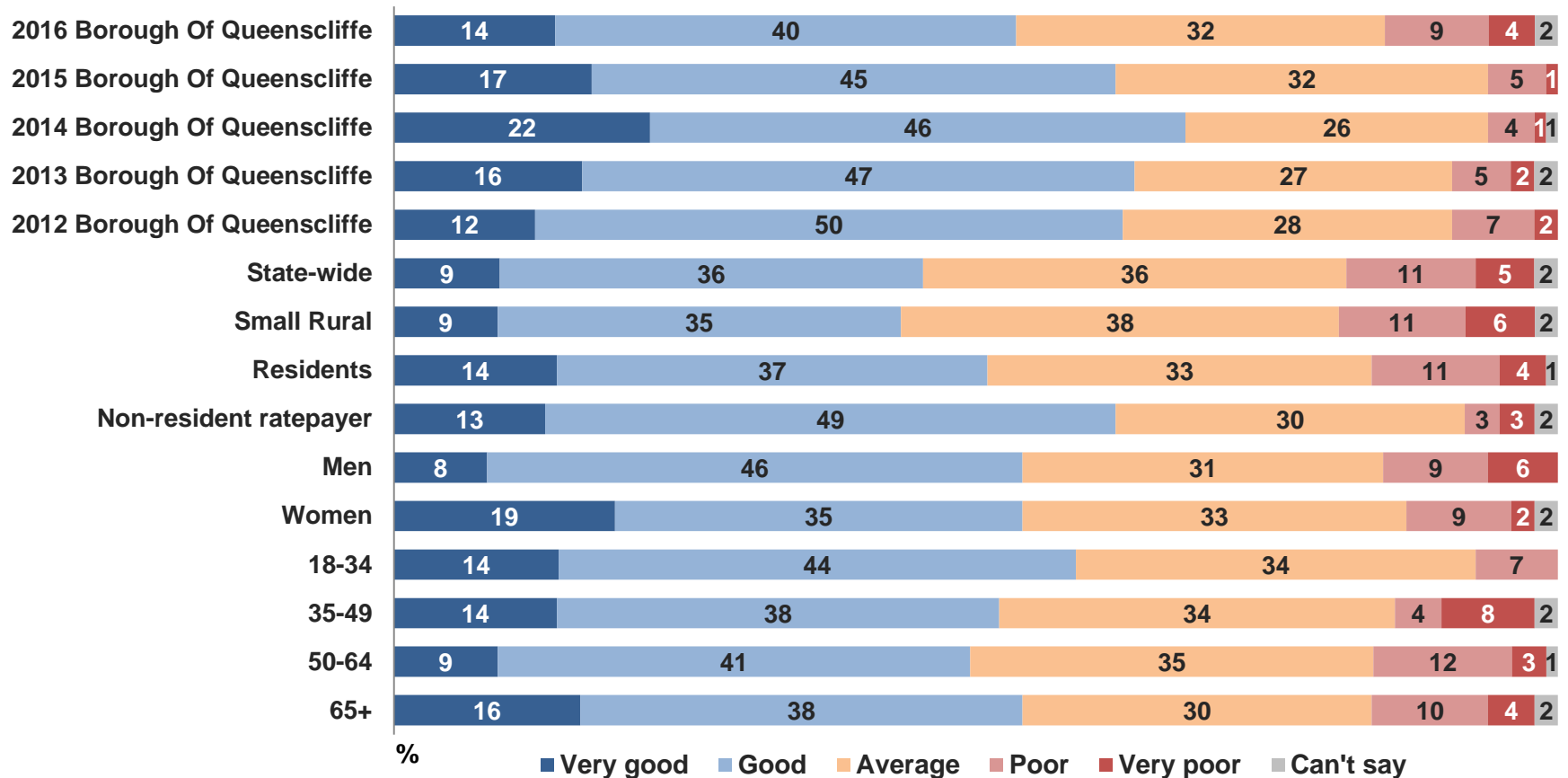
Base: All respondents. Councils asked state-wide: 69 Councils asked group: 17

Note: Please see page 5 for explanation about significant differences



OVERALL PERFORMANCE DETAILED PERCENTAGES

2016 Overall Performance



Q3. ON BALANCE, for the last twelve months, how do you feel about the performance of the Borough of Queenscliffe, not just on one or two issues, BUT OVERALL across all responsibility areas? Has it been very good, good, average, poor or very poor?

Base: All respondents. Councils asked state-wide: 69 Councils asked group: 17



A satellite night view of the United Kingdom, showing city lights and a network overlay. The text "KEY CORE MEASURE CUSTOMER SERVICE" is overlaid on the left side of the image.

**KEY CORE MEASURE
CUSTOMER SERVICE**

CONTACT LAST 12 MONTHS SUMMARY

Overall contact with the Borough of Queenscliffe

- 62%, down 7 points on 2015

Most contact with the Borough of Queenscliffe

- Aged 50-64 years

Least contact with the Borough of Queenscliffe

- Non-resident ratepayer
- Aged 35 -49 years

Customer Service rating

- Index score of 71, down 1 point on 2015

Most satisfied with Customer Service

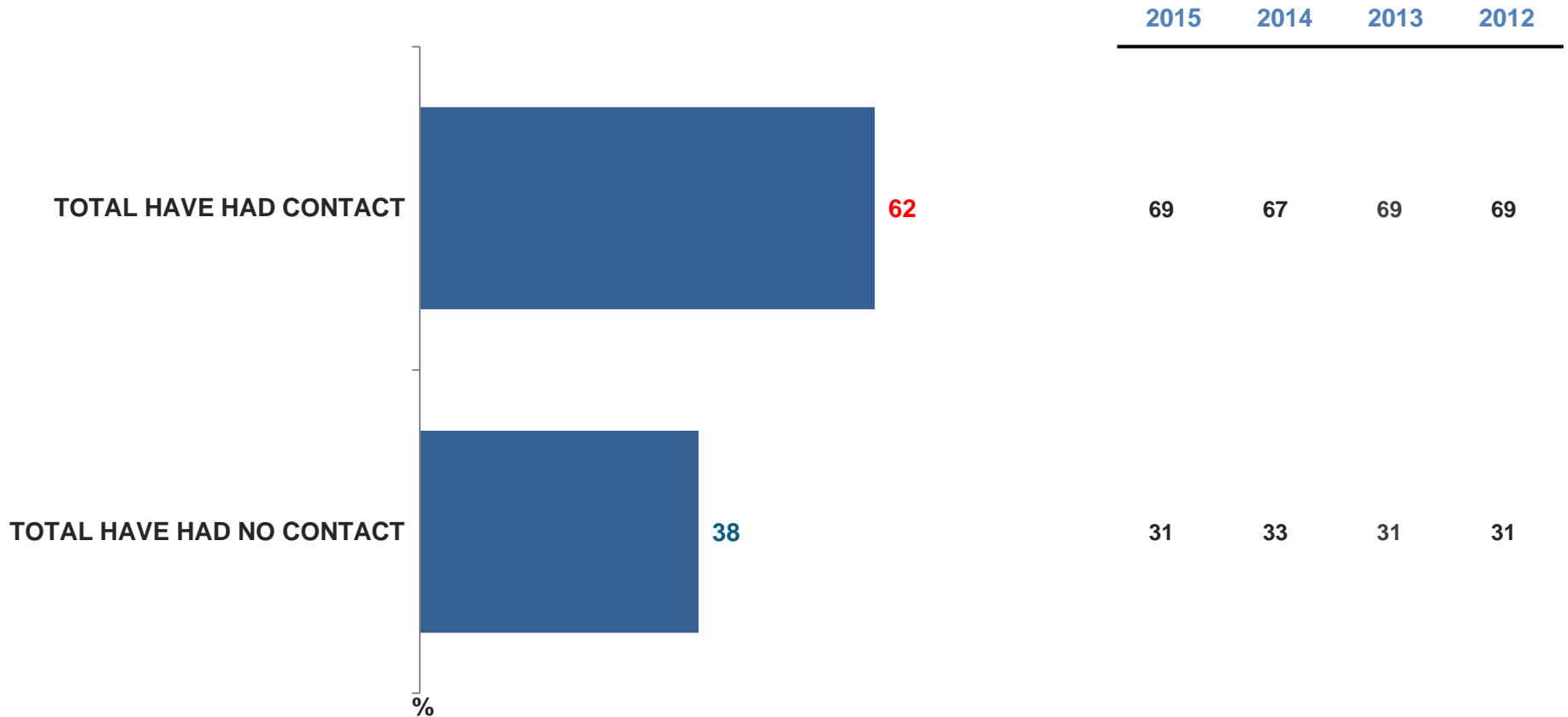
- Aged 35-49 years
- Women

Least satisfied with Customer Service

- Men
- Aged 50-64 years

2016 CONTACT WITH COUNCIL LAST 12 MONTHS

2016 Method of Contact



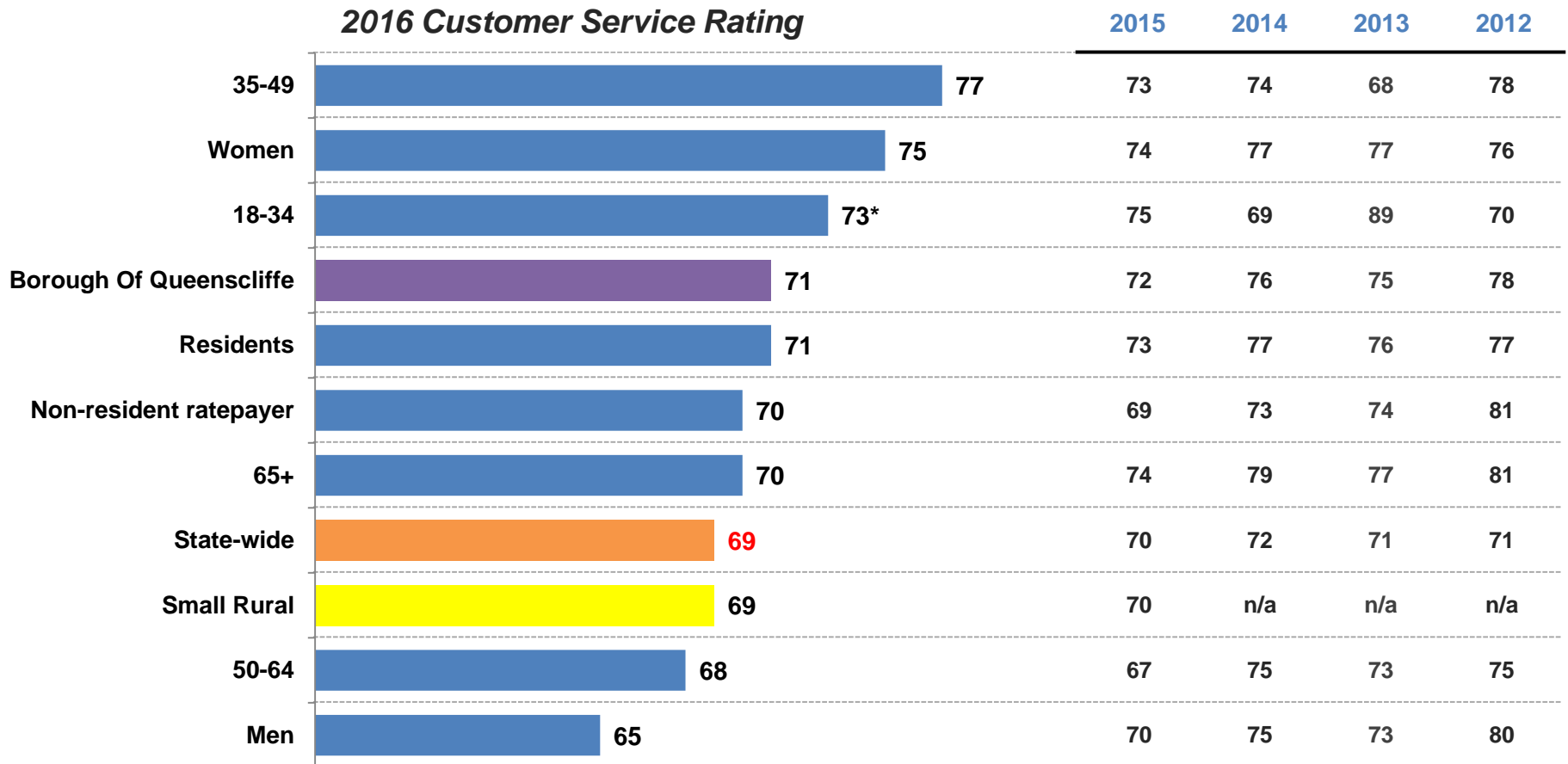
Q5. Over the last 12 months, have you or any member of your household had any contact with the Borough of Queenscliffe? This may have been in person, in writing, by telephone conversation, by text message, by email or via their website or social media such as Facebook or Twitter?

Base: All respondents. Councils asked state-wide: 52 Councils asked group: 13

Note: Please see page 5 for explanation about significant differences



2016 CONTACT CUSTOMER SERVICE INDEX SCORES



Q5c. Thinking of the most recent contact, how would you rate the Borough of Queenscliffe for customer service? Please keep in mind we do not mean the actual outcome but rather the actual service that was received.

Base: All respondents who have had contact with Council in the last 12 months.

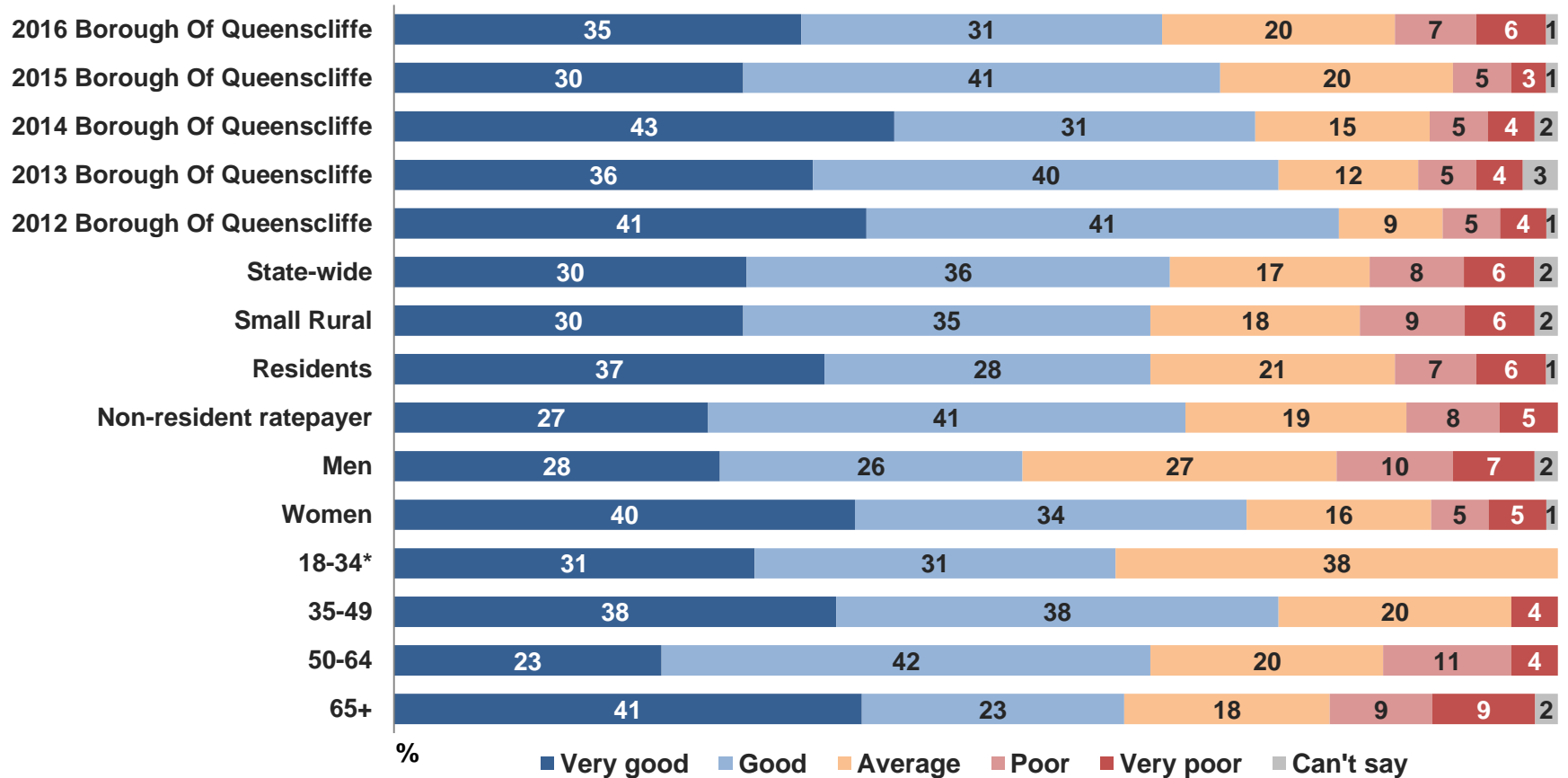
Councils asked state-wide: 69 Councils asked group: 17

Note: Please see page 5 for explanation about significant differences. *Caution: small sample size < n=30



2016 CONTACT CUSTOMER SERVICE DETAILED PERCENTAGES

2016 Customer Service Rating



Q5c. Thinking of the most recent contact, how would you rate the Borough of Queenscliffe for customer service?
Please keep in mind we do not mean the actual outcome but rather the actual service that was received.
Base: All respondents who have had contact with Council in the last 12 months.
Councils asked state-wide: 69 Councils asked group: 17. *Caution: small sample size < n=30





**KEY CORE MEASURE
COUNCIL DIRECTION INDICATORS**

COUNCIL DIRECTION SUMMARY

Council Direction over last 12 months

- 61% stayed about the same, down 2 points on 2015
- 18% improved, down 7 points on 2015
- 16% deteriorated, up 7 points on 2015

Most satisfied with Council Direction

- Non-resident ratepayer
- Aged 18-34 years

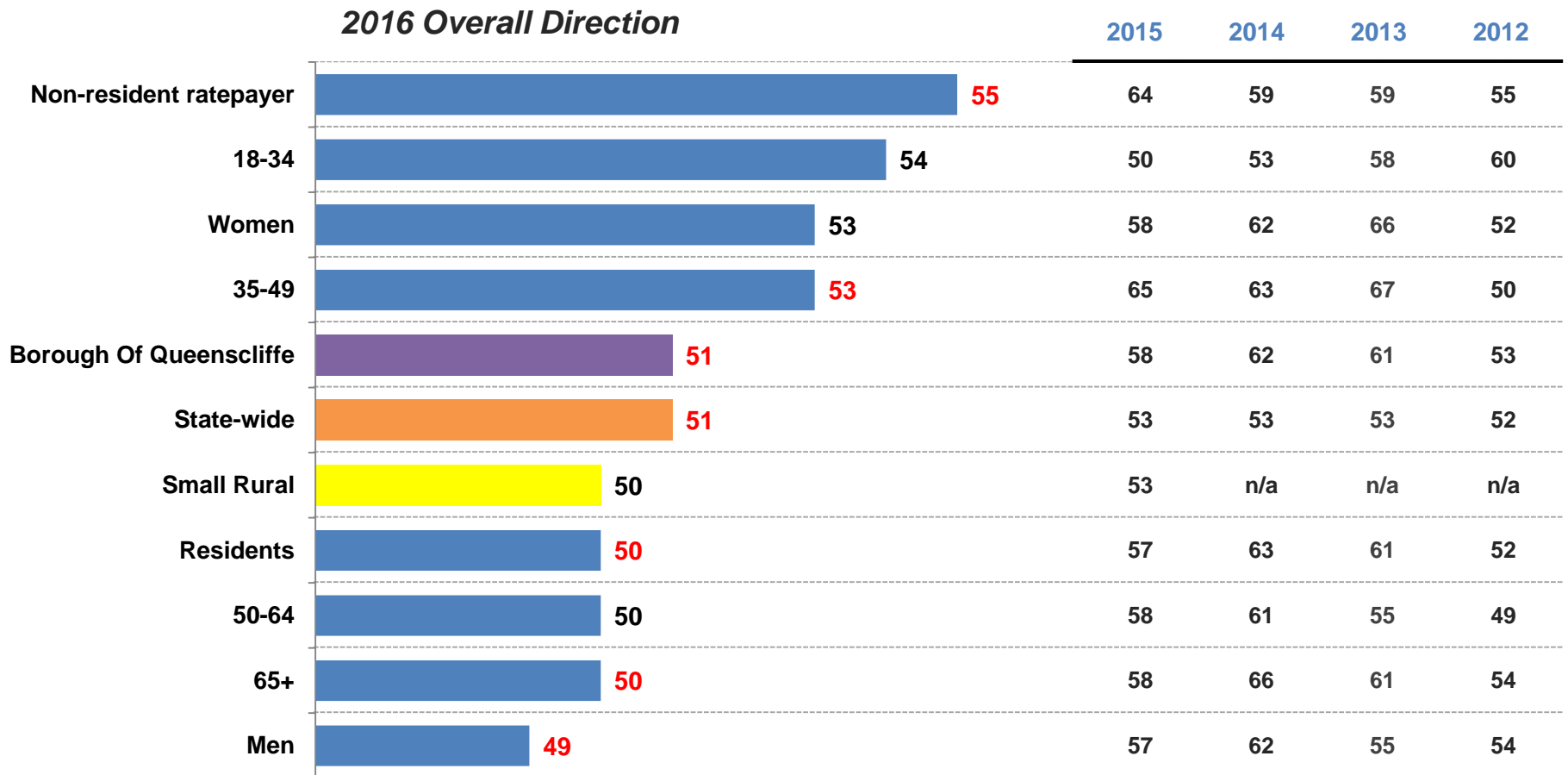
Least satisfied with Council Direction

- Men

Rates vs services trade-off

- 34% prefer rate rise, down 8 points on 2015
- 43% prefer service cuts, up 1 point on 2015

2016 OVERALL COUNCIL DIRECTION LAST 12 MONTHS INDEX SCORES



Q6. Over the last 12 months, what is your view of the direction of the Borough of Queenscliffe's overall performance?

Base: All respondents. Councils asked state-wide: 69 Councils asked group: 17

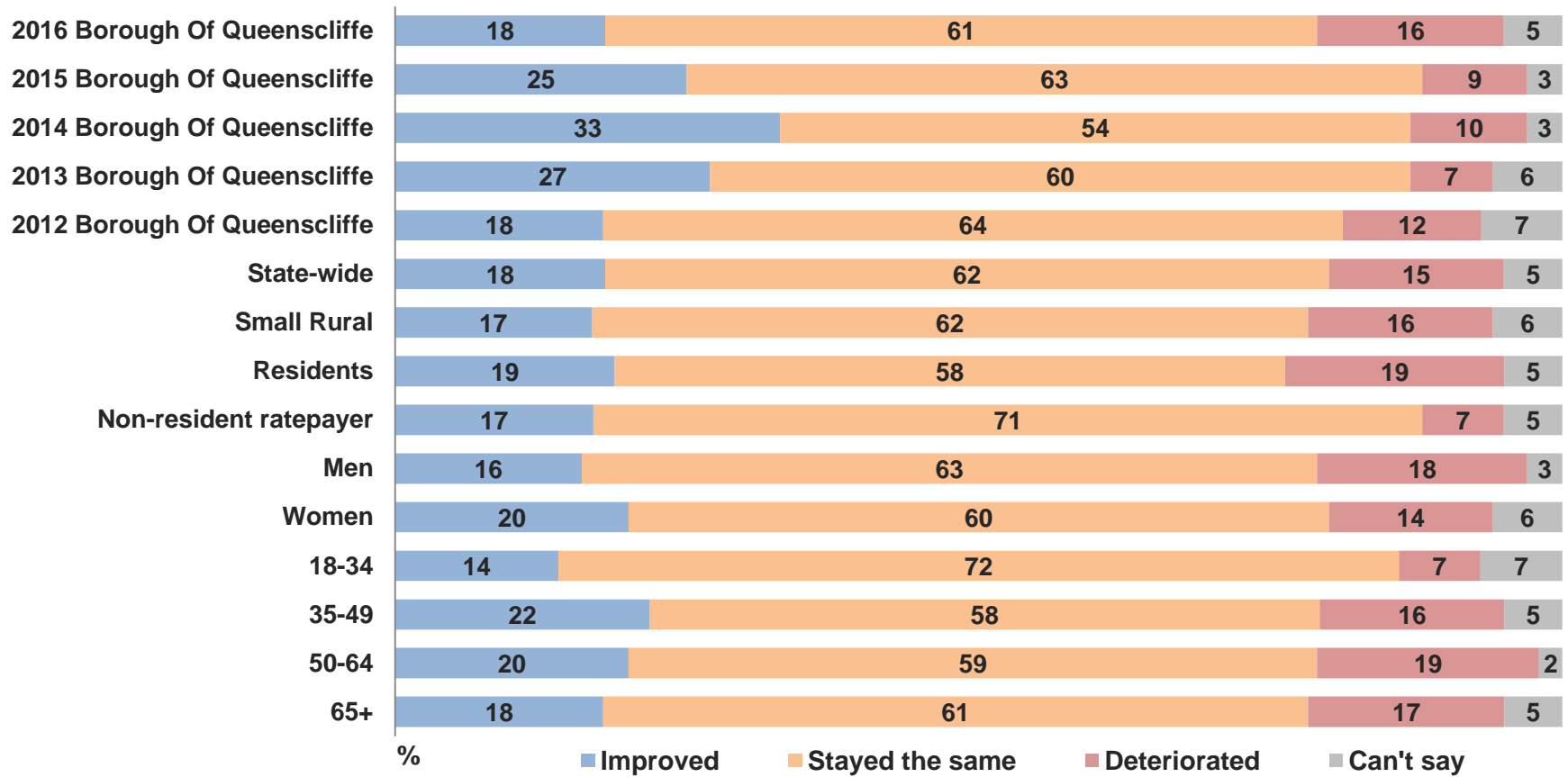
Note: Please see page 5 for explanation about significant differences



2016 OVERALL COUNCIL DIRECTION LAST 12 MONTHS

DETAILED PERCENTAGES

2016 Overall Direction



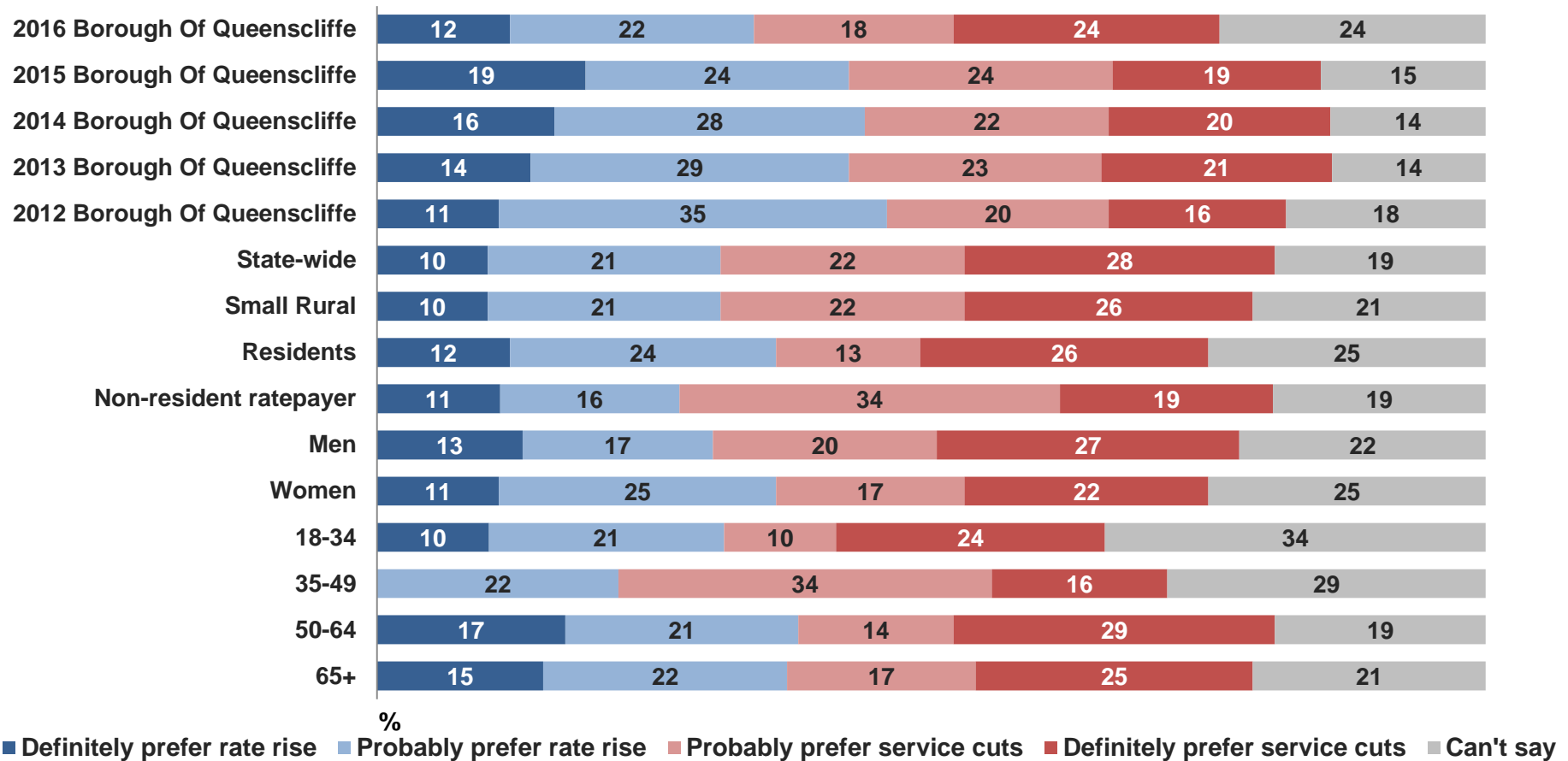
Q6. Over the last 12 months, what is your view of the direction of the Borough of Queenscliffe's overall performance?

Base: All respondents. Councils asked state-wide: 69 Councils asked group: 17



2016 RATES/SERVICE TRADE OFF DETAILED PERCENTAGES

2016 Rate Rise v Service Cut



Q10. If you had to choose, would you prefer to see council rate rises to improve local services OR would you prefer to see cuts in council services to keep council rates at the same level as they are now?

Base: All respondents. Councils asked state-wide: 21 Councils asked group: 4

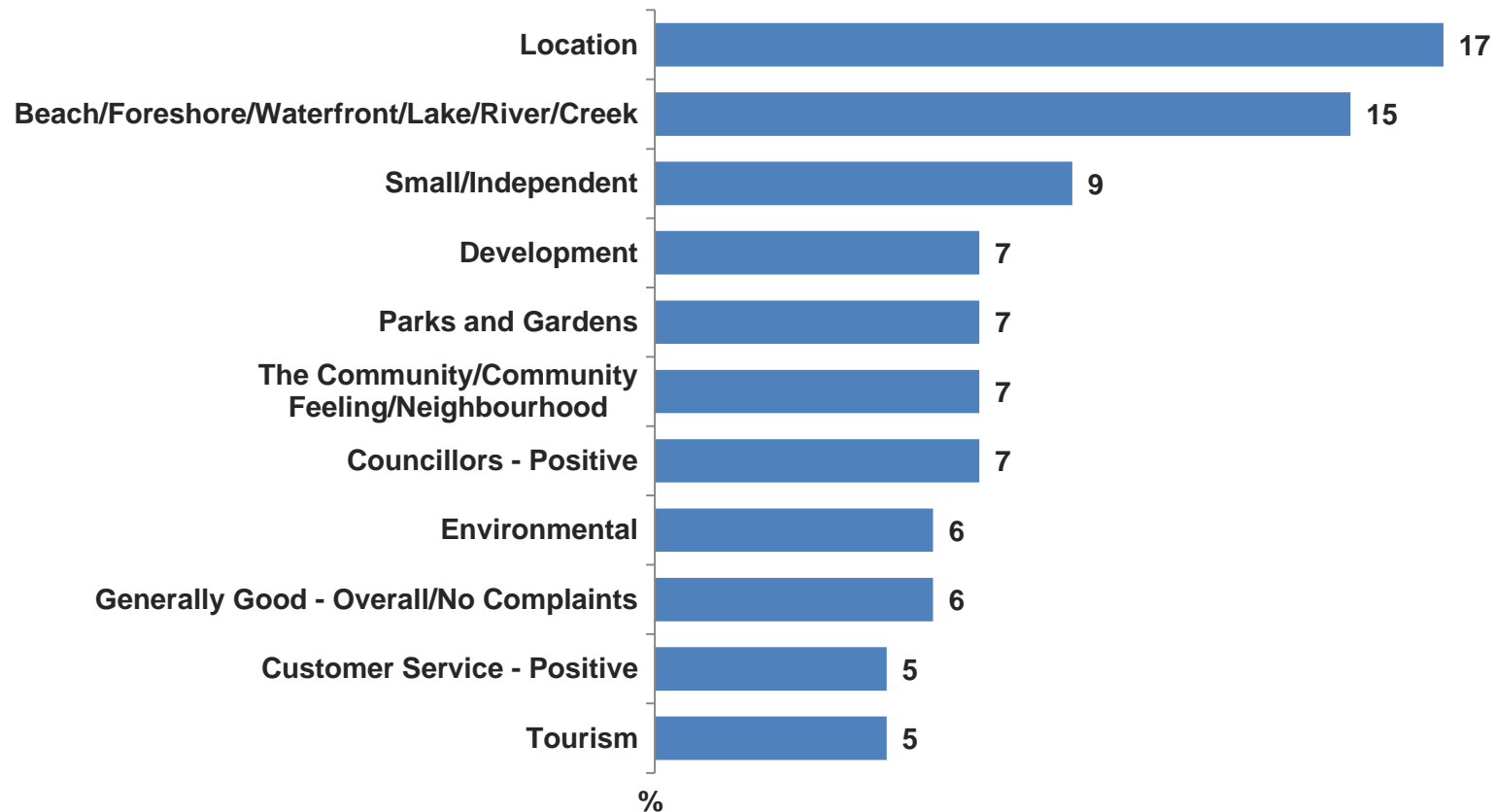
A satellite night view of South America, showing the continent's outline and the glowing lights of major cities and urban areas. The lights are concentrated in the coastal regions and the central highlands, with a prominent glow around Lima in Peru and Bogotá in Colombia. The surrounding oceans are dark, and the text "POSITIVES AND AREAS FOR IMPROVEMENT" is overlaid in white, bold, sans-serif font across the center of the image.

POSITIVES AND AREAS FOR IMPROVEMENT

2016 BEST THINGS ABOUT COUNCIL

DETAILED PERCENTAGES

2016 Best Aspects



Q16. Please tell me what is the ONE BEST thing about the Borough of Queenscliffe? It could be about any of the issues or services we have covered in this survey or it could be about something else altogether?

Base: All respondents. Councils asked state-wide: 24 Councils asked group: 7

2016 SERVICES TO IMPROVE DETAILED PERCENTAGES

2016 Areas for Improvement

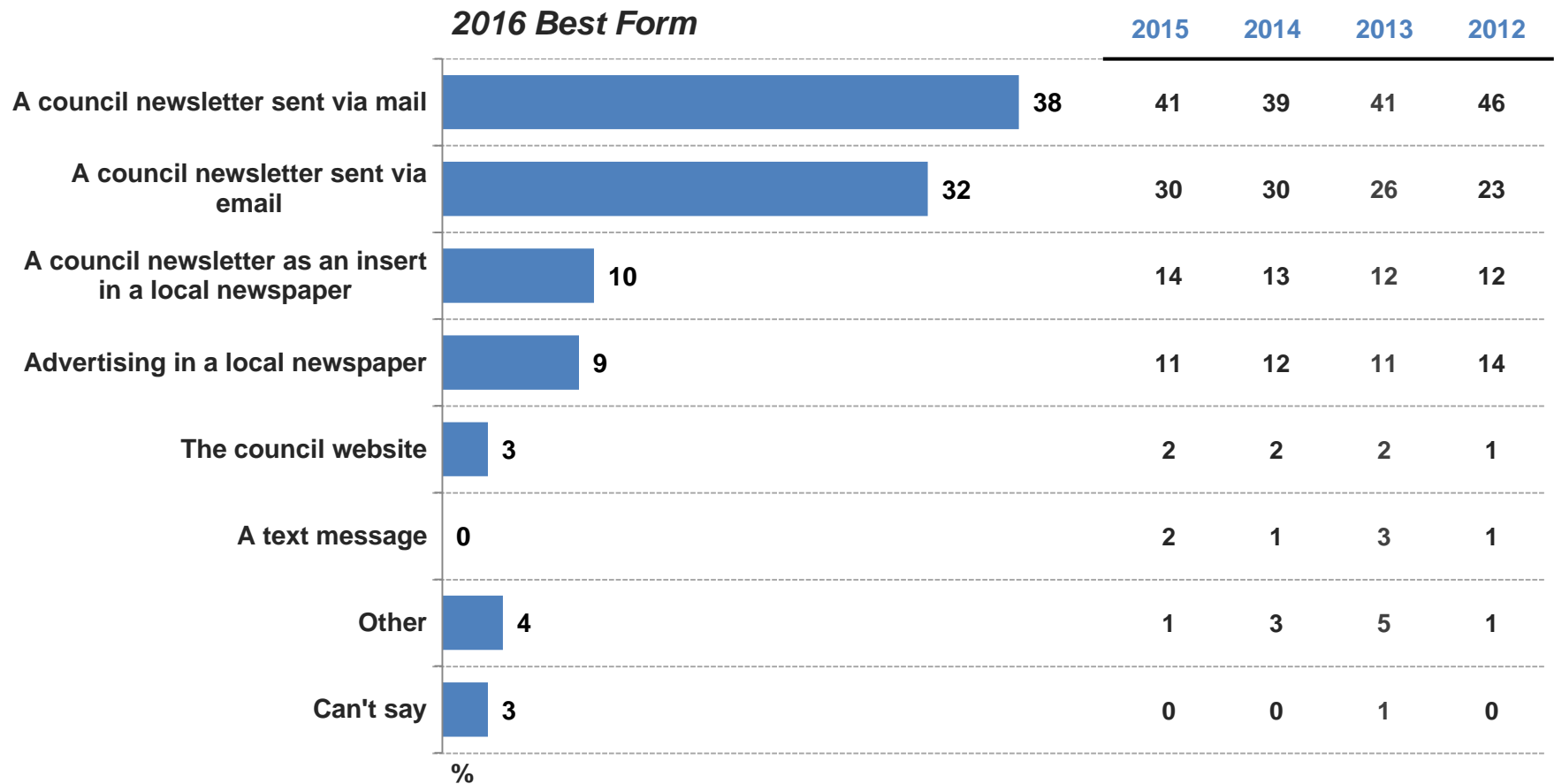


Q17. What does the Borough of Queenscliffe MOST need to do to improve its performance?
 Base: All respondents. Councils asked state-wide: 37 Councils asked group: 9

A satellite night view of South Africa, showing the country's coastline and major cities. Overlaid on the map is a complex, glowing network of white lines representing a communication or data network. The network is most dense in the coastal regions and around major urban centers like Johannesburg and Cape Town. The background is a dark, textured map of the continent, with the surrounding ocean in deep blue.

COMMUNICATIONS

2016 BEST FORMS OF COMMUNICATION



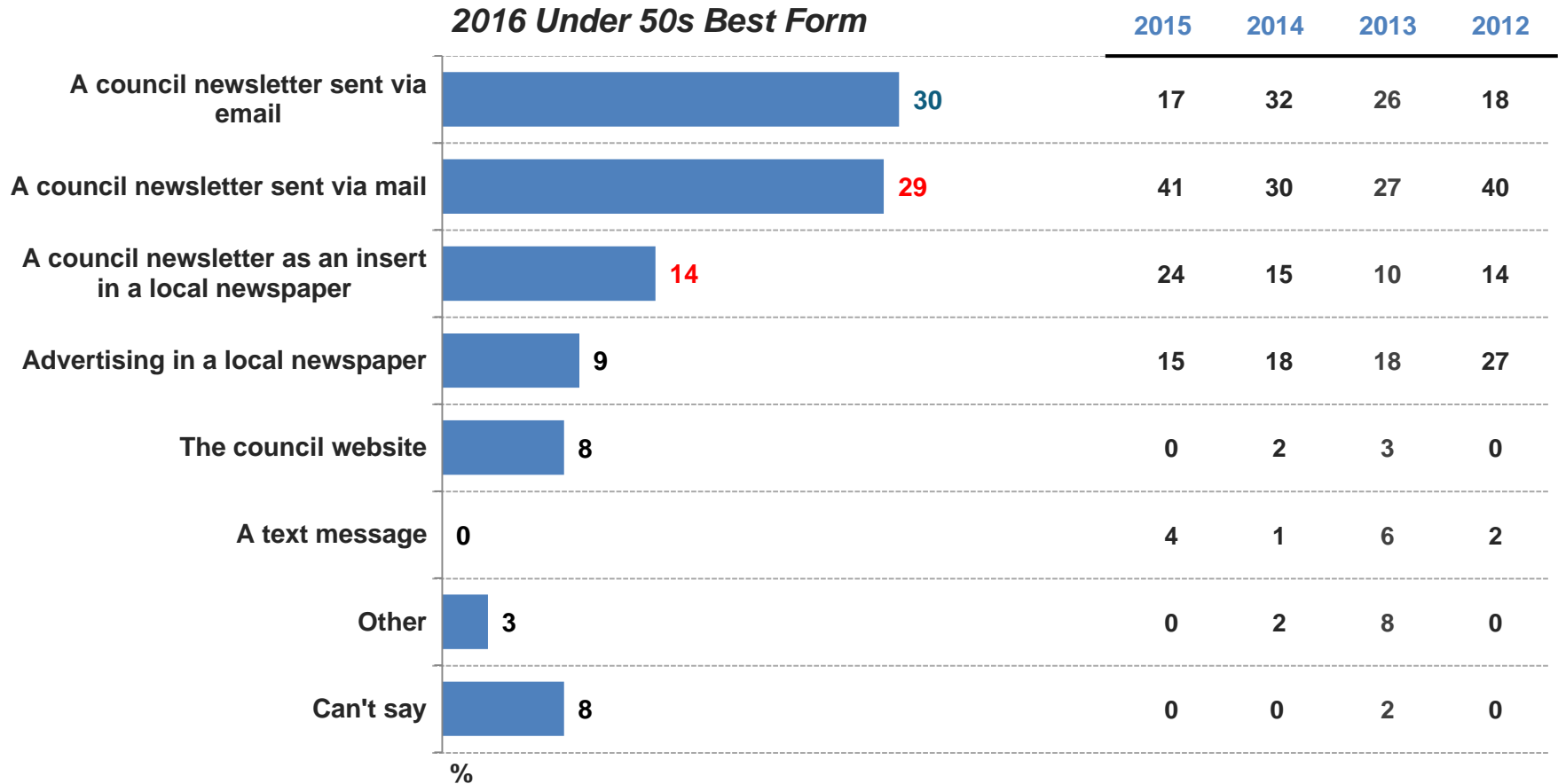
Q13. If the Borough of Queenscliffe was going to get in touch with you to inform you about Council news and information and upcoming events, which ONE of the following is the BEST way to communicate with you?

Base: All respondents. Councils asked state-wide: 23 Councils asked group: 5

Note: Please see page 5 for explanation about significant differences



2016 BEST FORMS OF COMMUNICATION: UNDER 50s



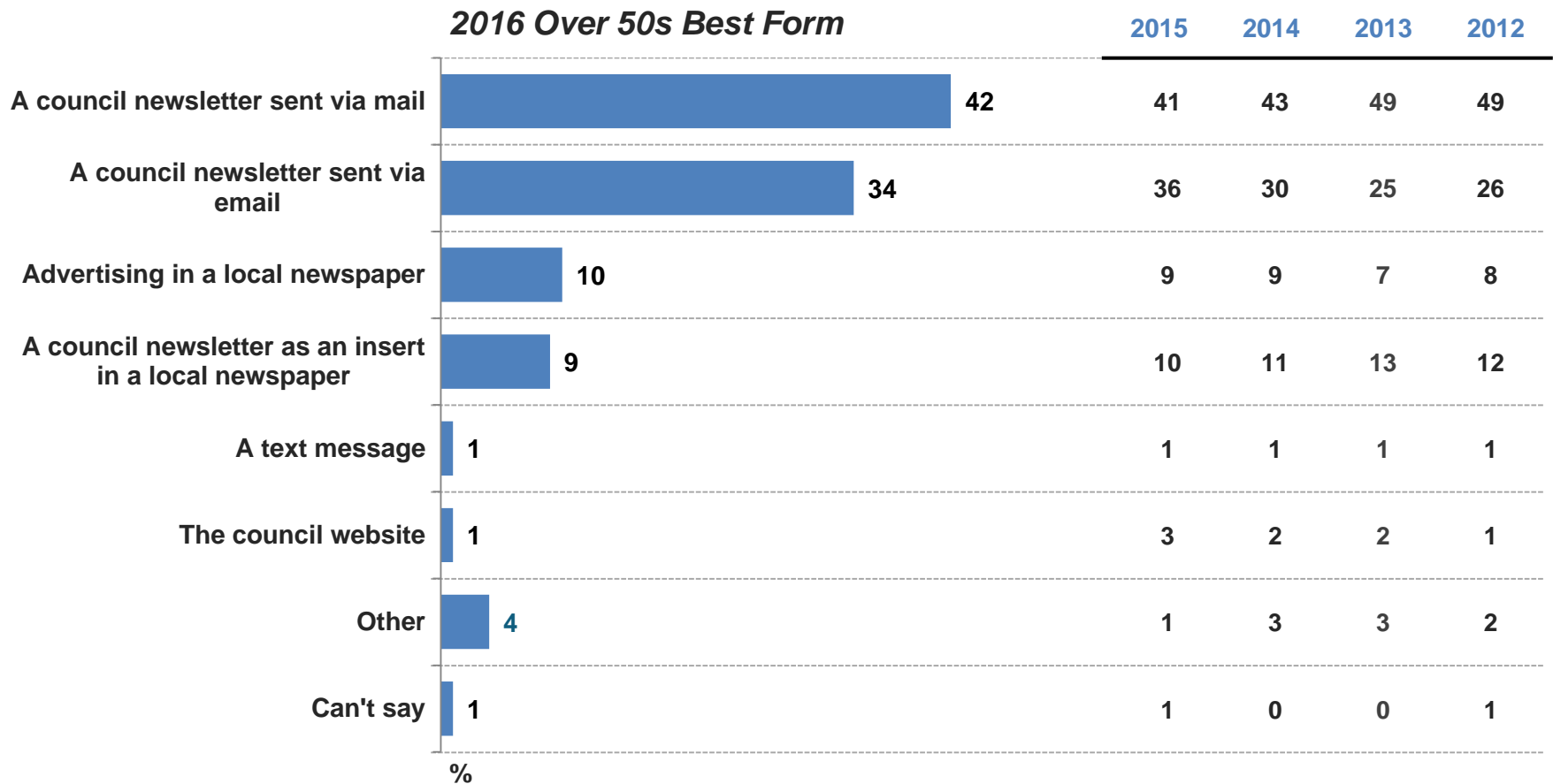
Q13. If the Borough of Queenscliffe was going to get in touch with you to inform you about Council news and information and upcoming events, which ONE of the following is the BEST way to communicate with you?

Base: All respondents aged under 50. Councils asked state-wide: 23 Councils asked group: 5

Note: Please see page 5 for explanation about significant differences



2016 BEST FORMS OF COMMUNICATION: OVER 50s



Q13. If the Borough of Queenscliffe was going to get in touch with you to inform you about Council news and information and upcoming events, which ONE of the following is the BEST way to communicate with you?

Base: All respondents aged over 50. Councils asked state-wide: 23 Councils asked group: 5

Note: Please see page 5 for explanation about significant differences

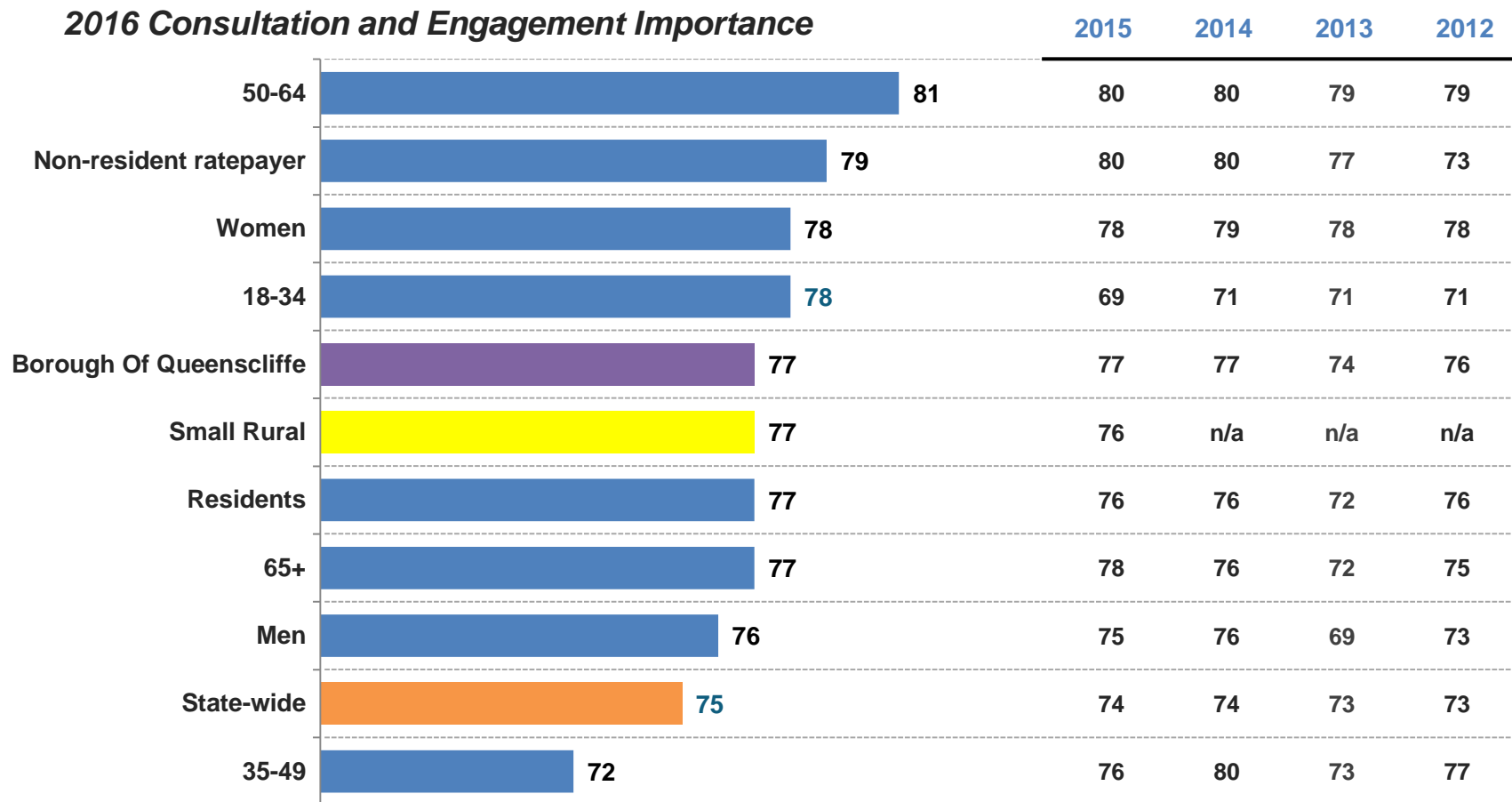


A satellite night view of the United States, showing a dense network of glowing yellow and white lines representing service areas. The text "INDIVIDUAL SERVICE AREAS" is overlaid in white, bold, sans-serif font across the center of the map.

INDIVIDUAL SERVICE AREAS

2016 COMMUNITY CONSULTATION AND ENGAGEMENT IMPORTANCE INDEX SCORES

2016 Consultation and Engagement Importance



Q1. Firstly, how important should 'community consultation and engagement' be as a responsibility for Council?

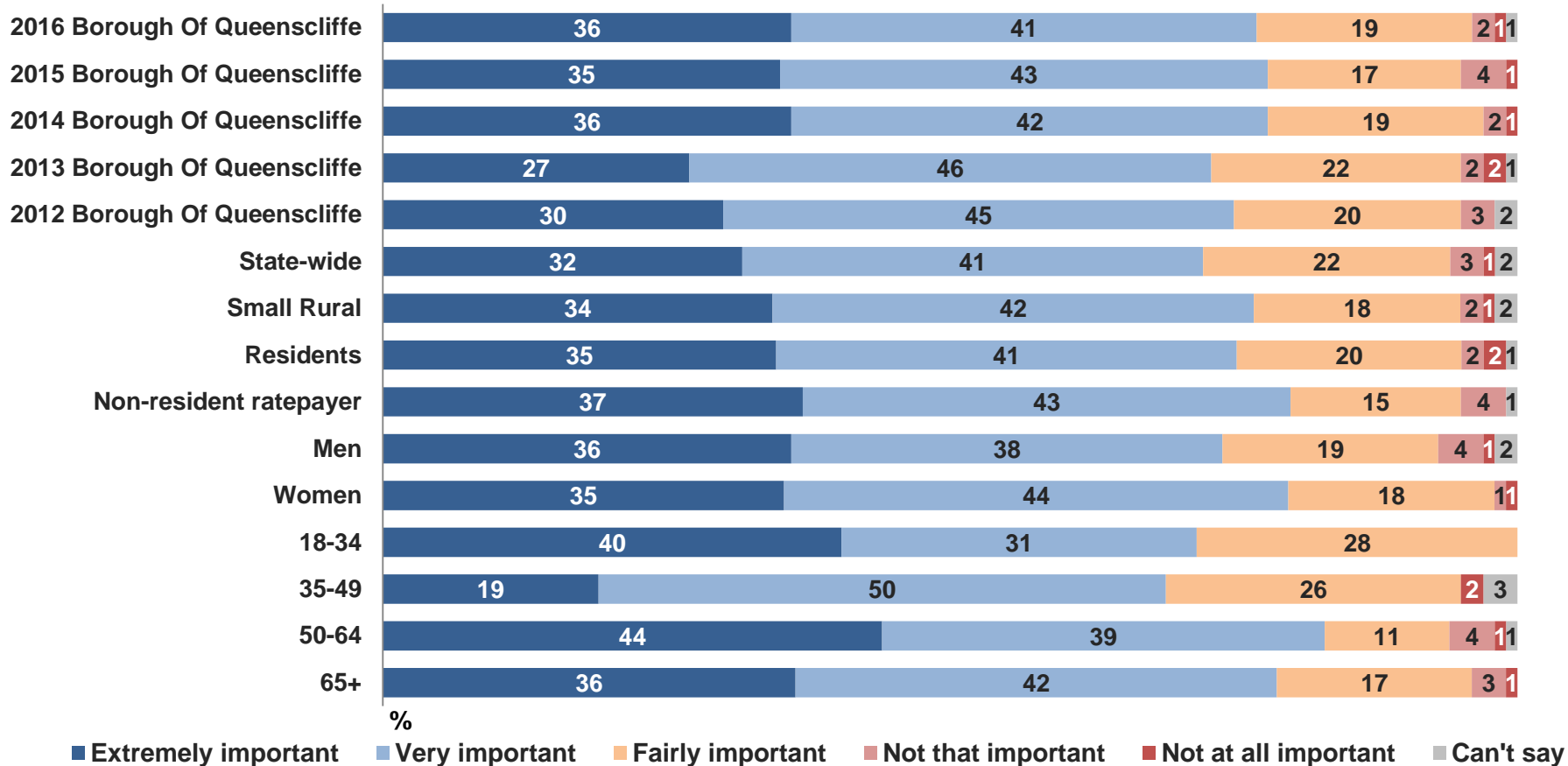
Base: All respondents. Councils asked state-wide: 25 Councils asked group: 4

Note: Please see slide 5 for explanation about significant differences



2016 COMMUNITY CONSULTATION AND ENGAGEMENT IMPORTANCE DETAILED PERCENTAGES

2016 Consultation and Engagement Importance



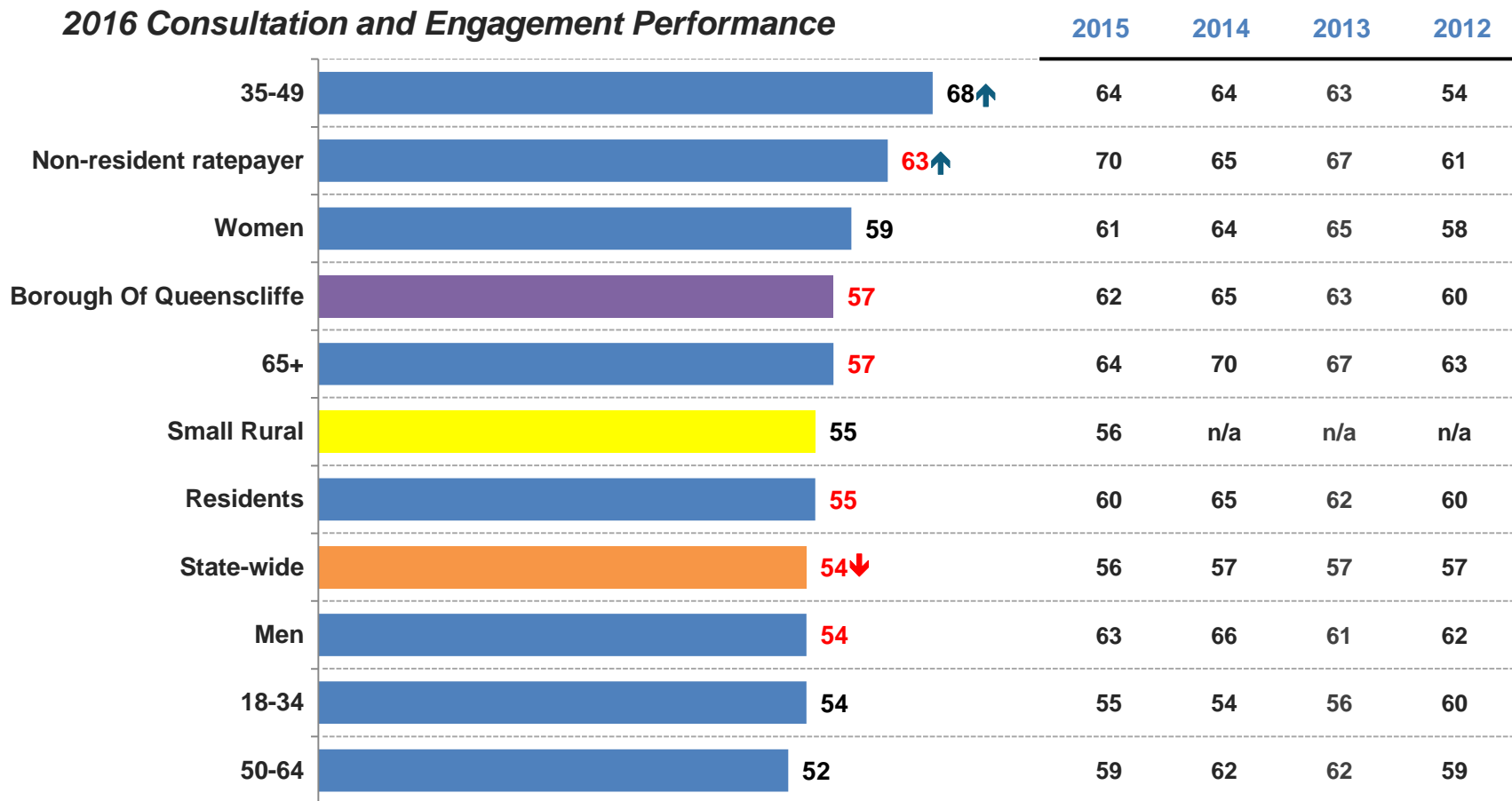
Q1. Firstly, how important should 'community consultation and engagement' be as a responsibility for Council?

Base: All respondents. Councils asked state-wide: 25 Councils asked group: 4



2016 COMMUNITY CONSULTATION AND ENGAGEMENT PERFORMANCE INDEX SCORES

2016 Consultation and Engagement Performance



Q2. How has Council performed on 'community consultation and engagement' over the last 12 months?

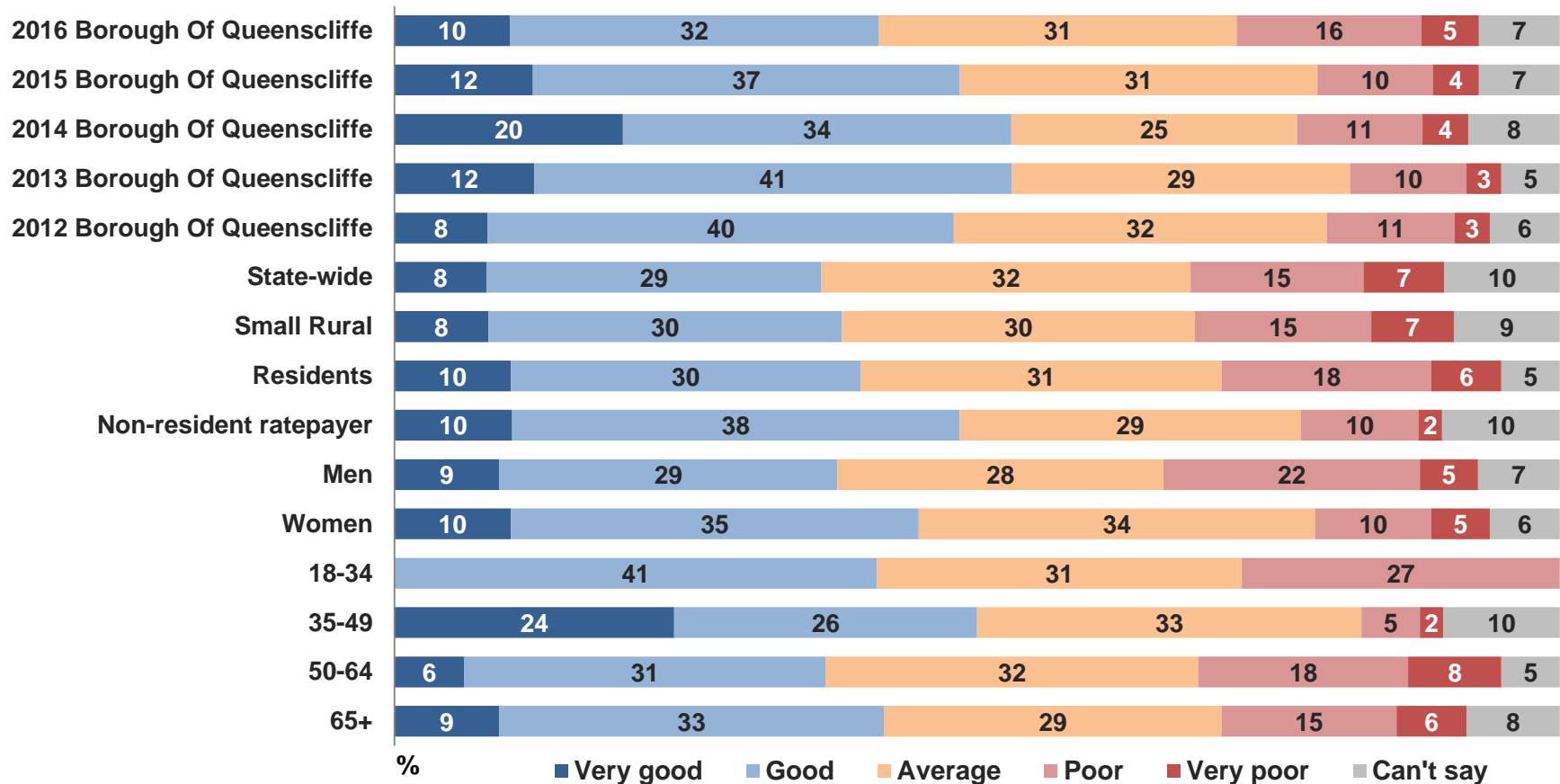
Base: All respondents. Councils asked state-wide: 69 Councils asked group: 17

Note: Please see slide 5 for explanation about significant differences



2016 COMMUNITY CONSULTATION AND ENGAGEMENT PERFORMANCE DETAILED PERCENTAGES

2016 Consultation and Engagement Performance

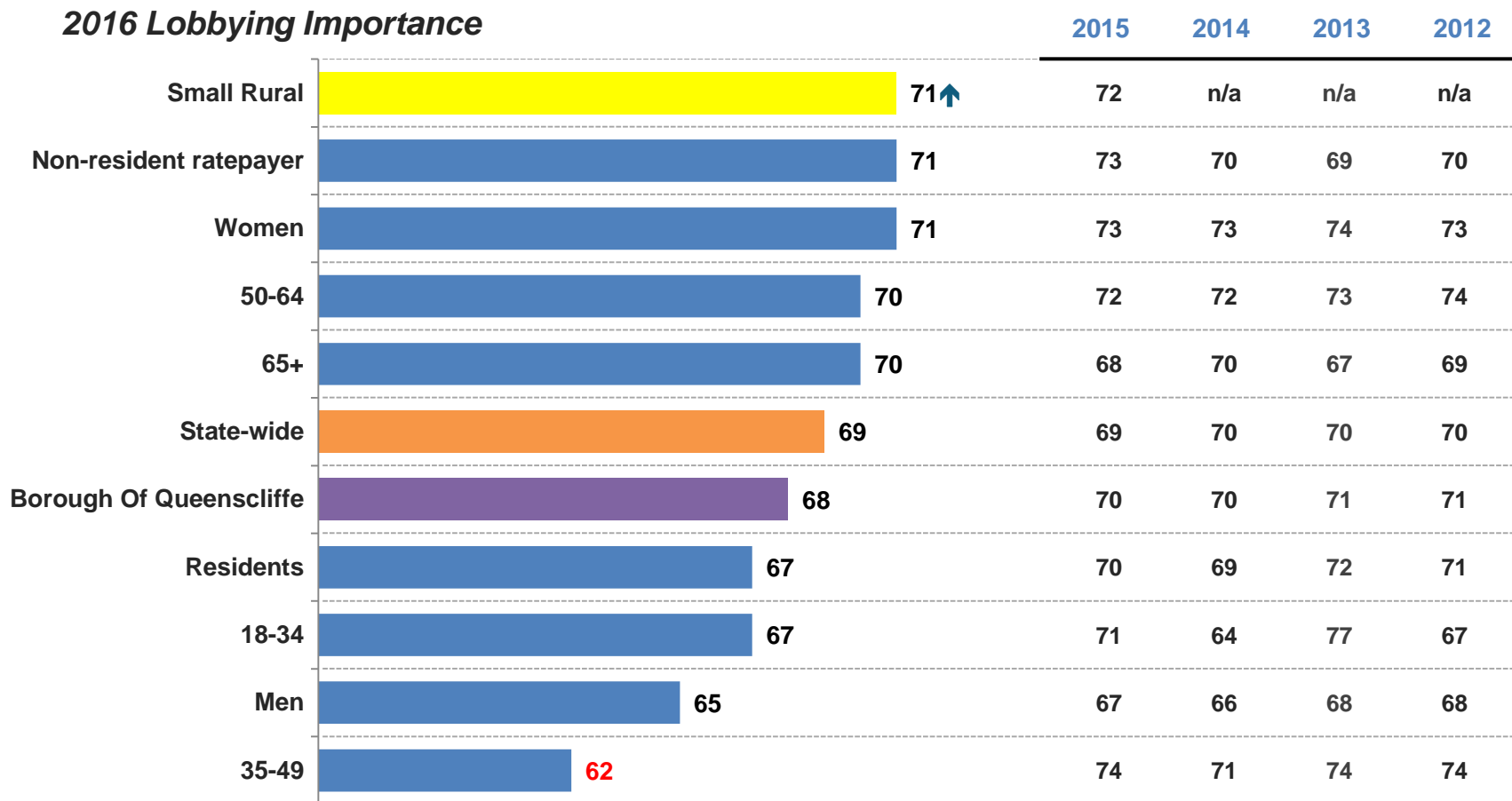


Q2. How has Council performed on 'community consultation and engagement' over the last 12 months?
 Base: All respondents. Councils asked state-wide: 69 Councils asked group: 17



2016 LOBBYING ON BEHALF OF THE COMMUNITY IMPORTANCE INDEX SCORES

2016 Lobbying Importance



Q1. Firstly, how important should 'lobbying on behalf of the community' be as a responsibility for Council?

Base: All respondents. Councils asked state-wide: 24 Councils asked group: 4

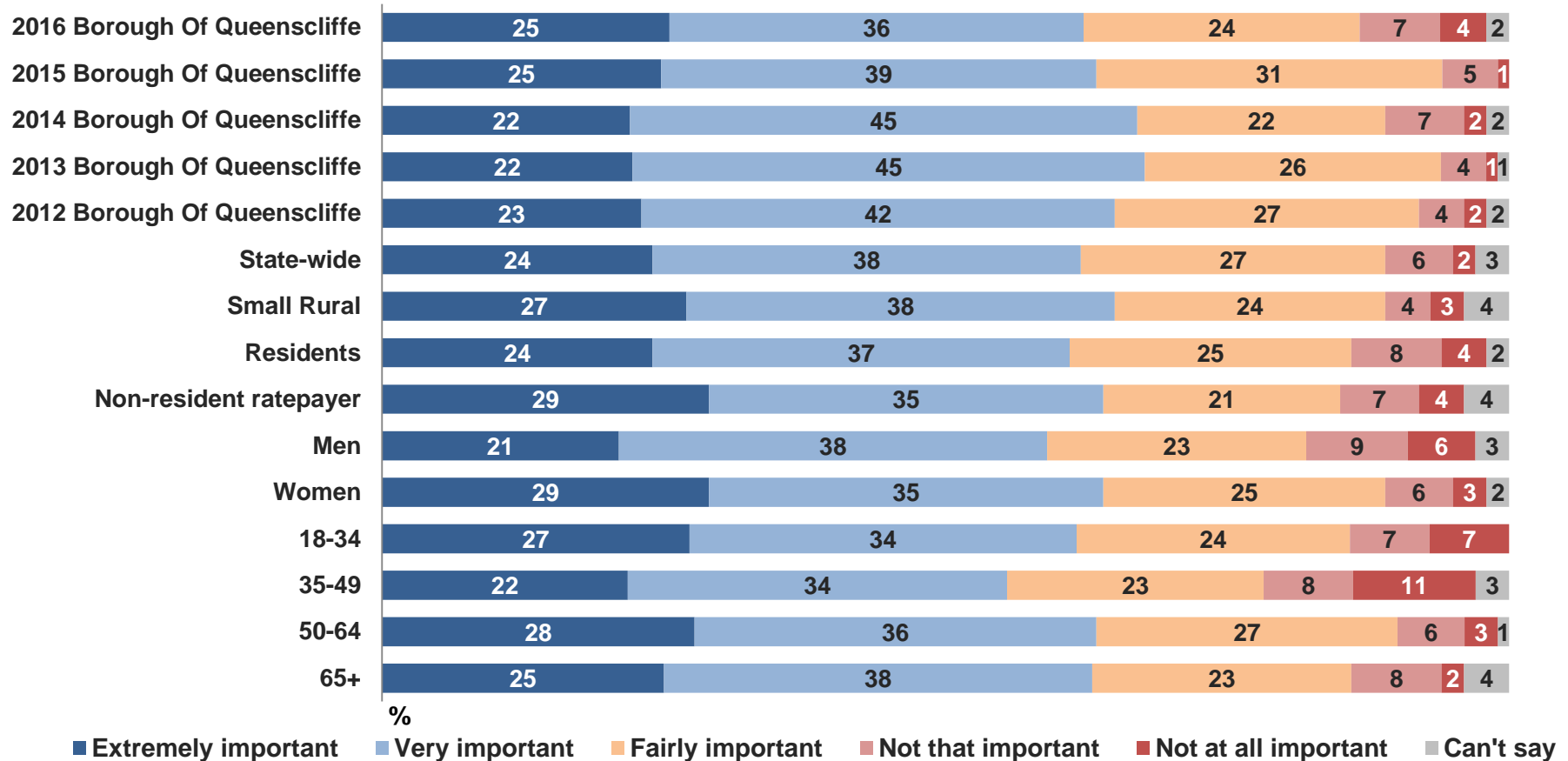
Note: Please see slide 5 for explanation about significant differences



2016 LOBBYING ON BEHALF OF THE COMMUNITY

IMPORTANCE DETAILED PERCENTAGES

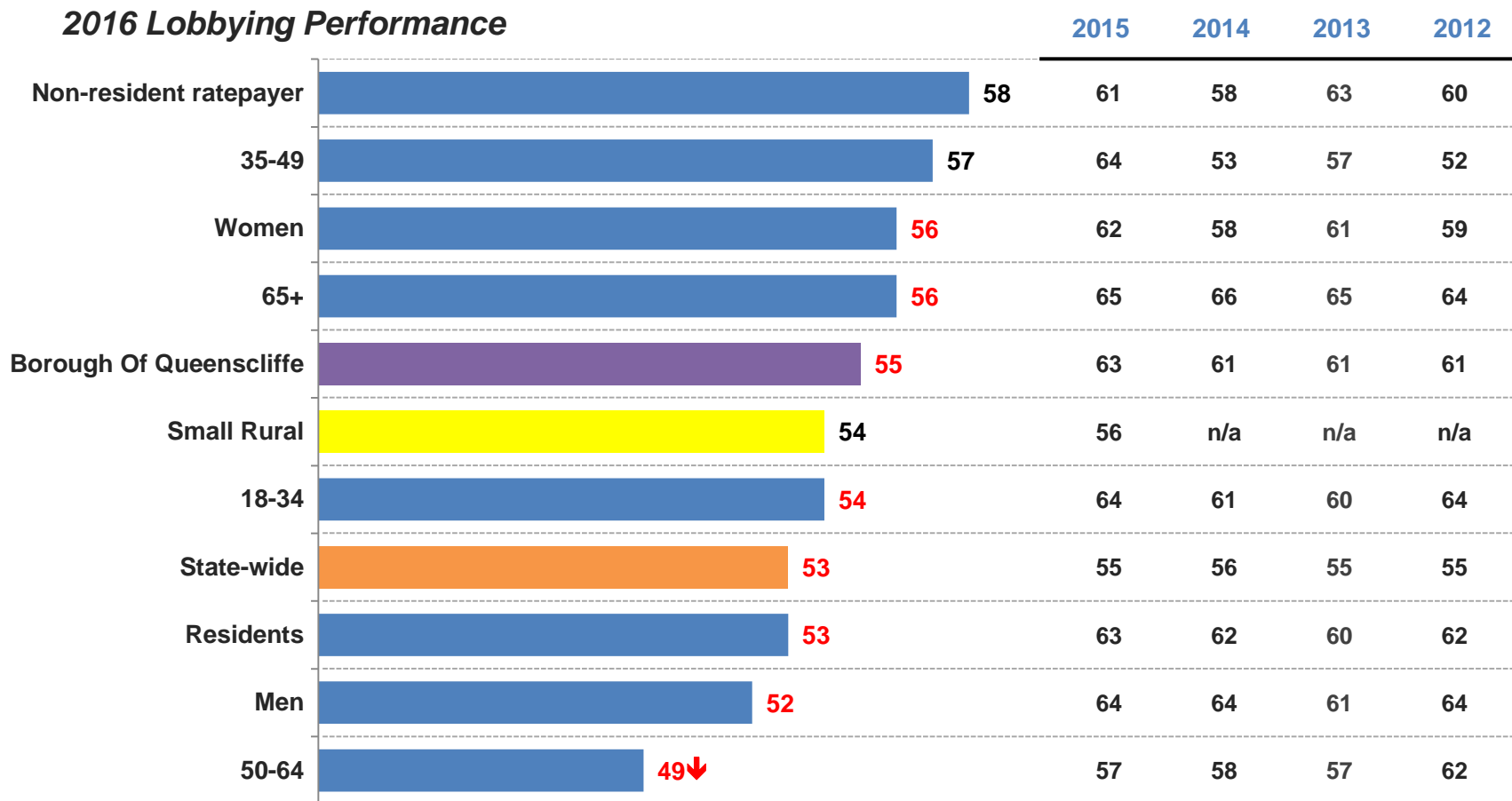
2016 Lobbying Importance



Q1. Firstly, how important should 'lobbying on behalf of the community' be as a responsibility for Council?
 Base: All respondents. Councils asked state-wide: 24 Councils asked group: 4

2016 LOBBYING ON BEHALF OF THE COMMUNITY PERFORMANCE INDEX SCORES

2016 Lobbying Performance



Q2. How has Council performed on 'lobbying on behalf of the community' over the last 12 months?

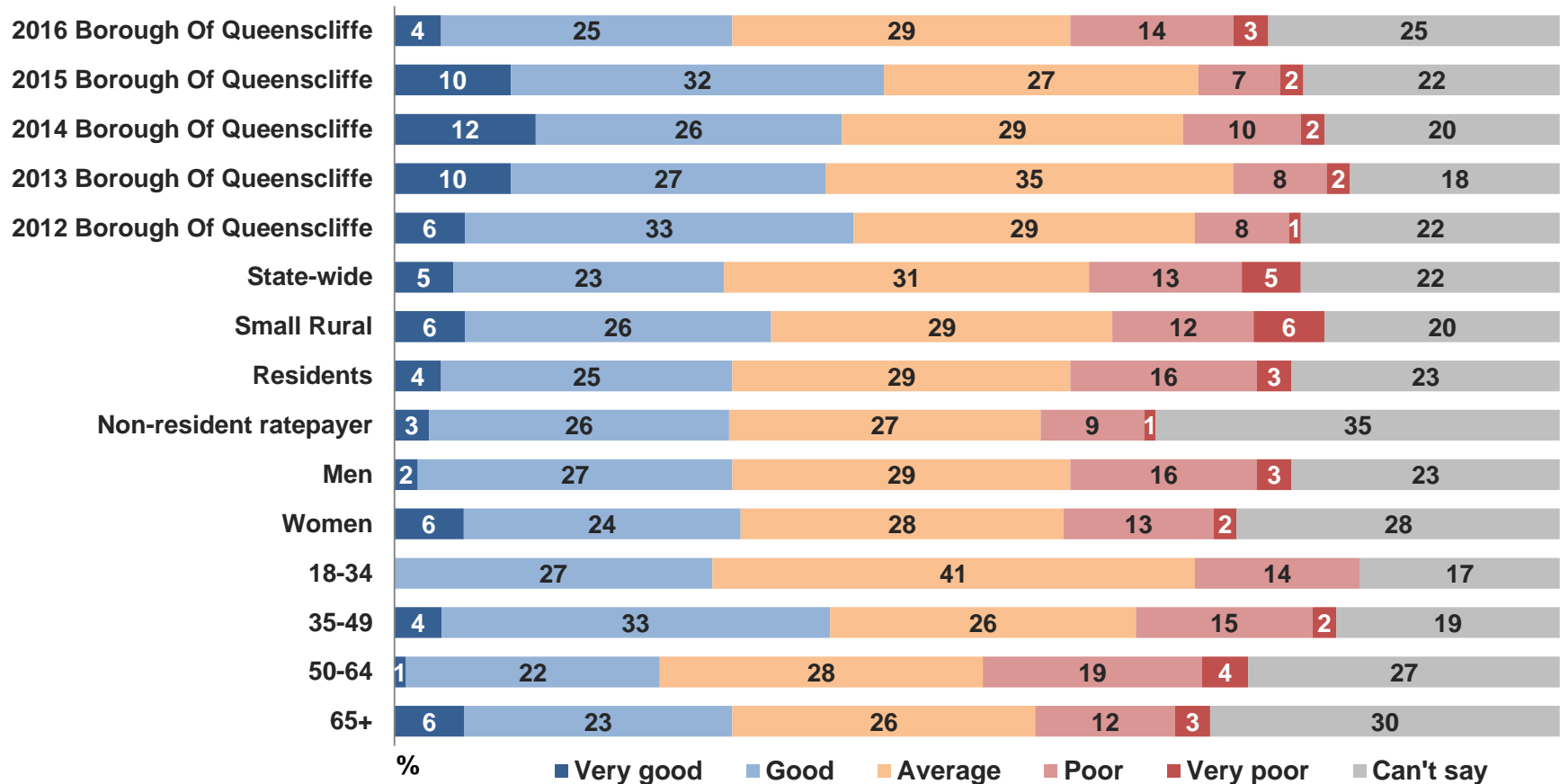
Base: All respondents. Councils asked state-wide: 69 Councils asked group: 17

Note: Please see slide 5 for explanation about significant differences



2016 LOBBYING ON BEHALF OF THE COMMUNITY PERFORMANCE DETAILED PERCENTAGES

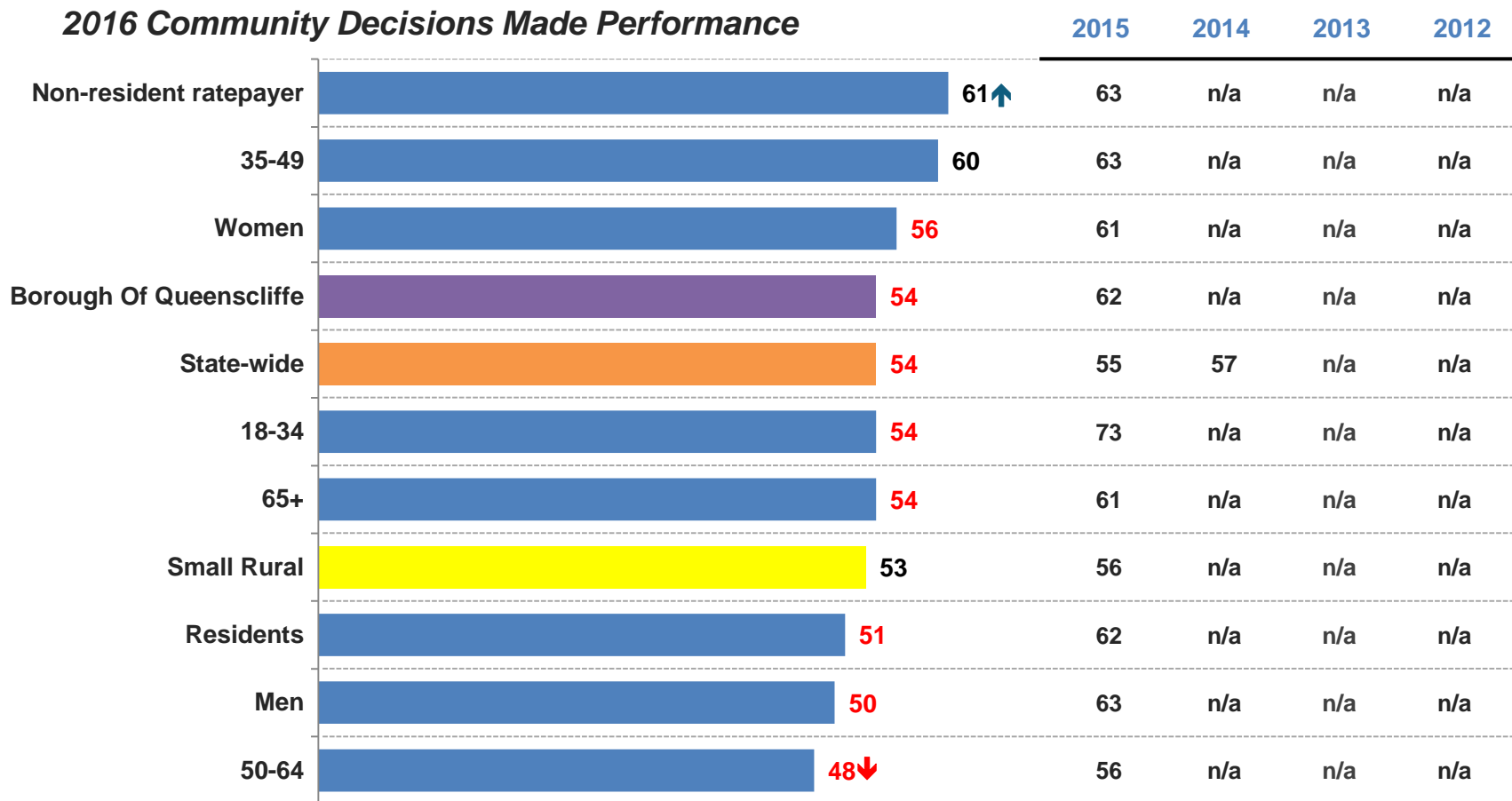
2016 Lobbying Performance



Q2. How has Council performed on 'lobbying on behalf of the community' over the last 12 months?
Base: All respondents. Councils asked state-wide: 69 Councils asked group: 17

2016 DECISIONS MADE IN THE INTEREST OF THE COMMUNITY PERFORMANCE INDEX SCORES

2016 Community Decisions Made Performance



Q2. How has Council performed on 'decisions made in the interest of the community' over the last 12 months?

Base: All respondents. Councils asked state-wide: 69 Councils asked group: 17

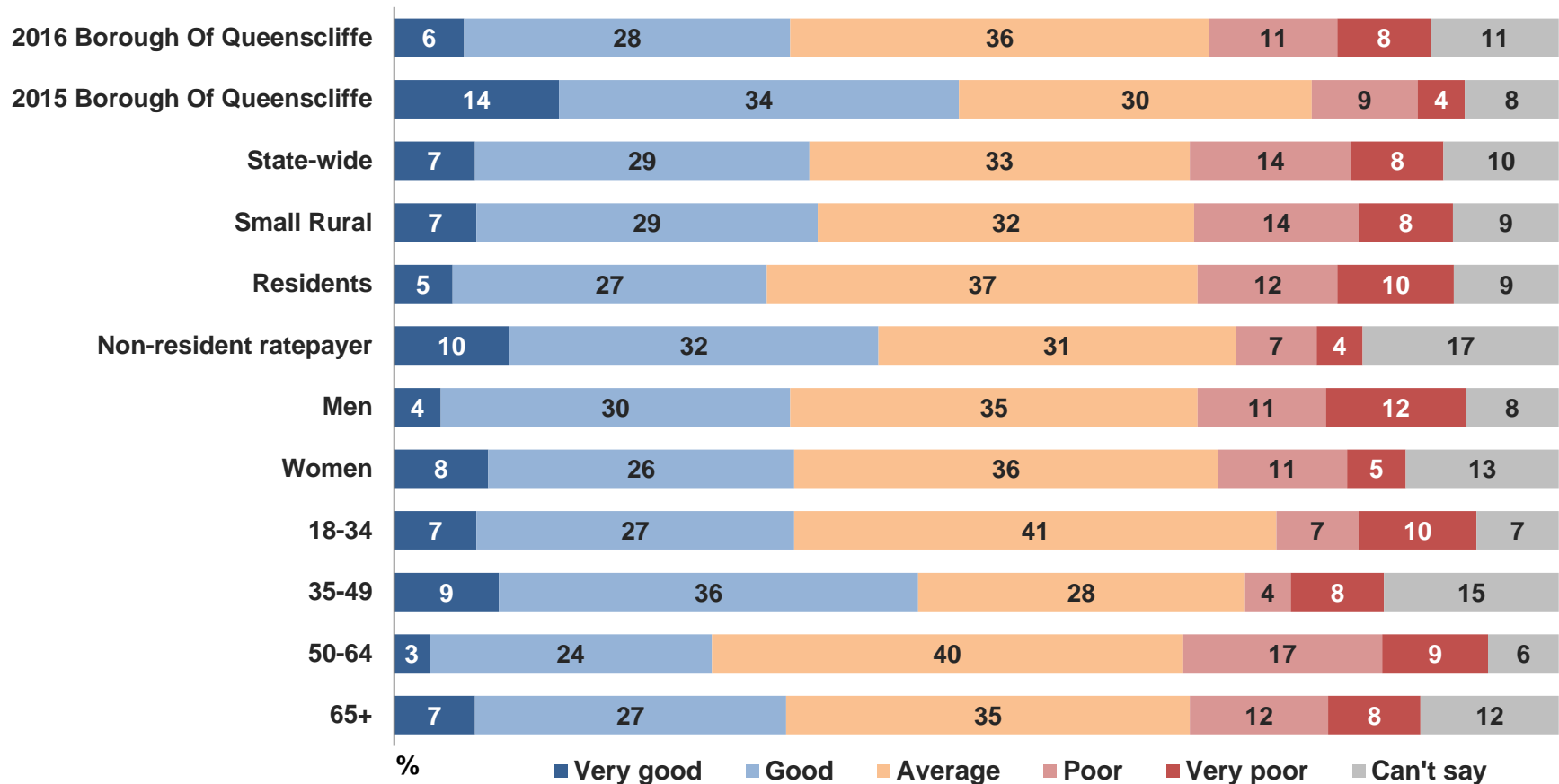
Note: Please see slide 5 for explanation about significant differences



2016 DECISIONS MADE IN THE INTEREST OF THE COMMUNITY

PERFORMANCE DETAILED PERCENTAGES

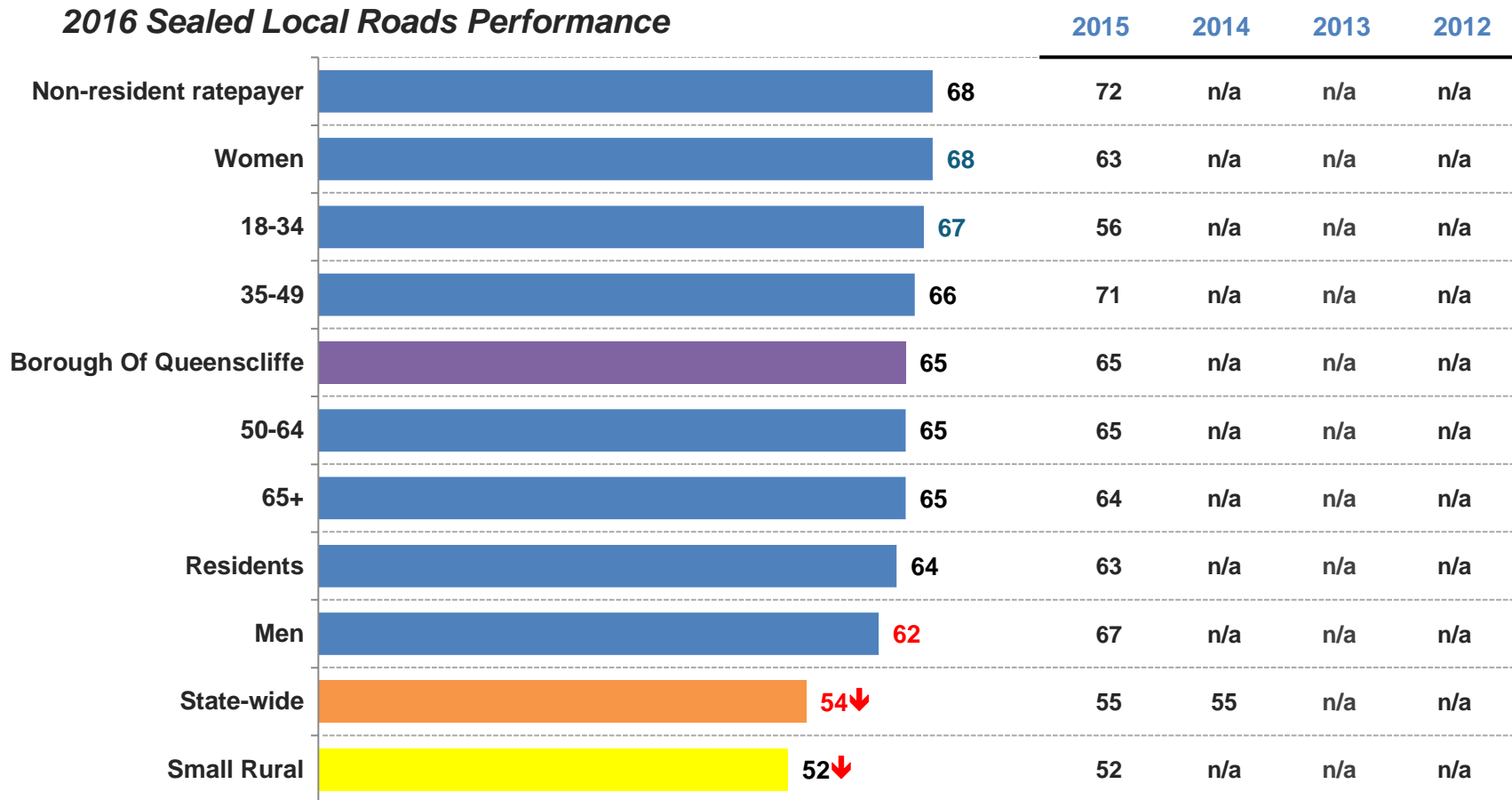
2016 Community Decisions Made Performance



Q2. How has Council performed on 'decisions made in the interest of the community' over the last 12 months?
 Base: All respondents. Councils asked state-wide: 69 Councils asked group: 17

2016 THE CONDITION OF SEALED LOCAL ROADS IN YOUR AREA PERFORMANCE INDEX SCORES

2016 Sealed Local Roads Performance



Q2. How has Council performed on 'the condition of sealed local roads in your area' over the last 12 months?

Base: All respondents. Councils asked state-wide: 69 Councils asked group: 17

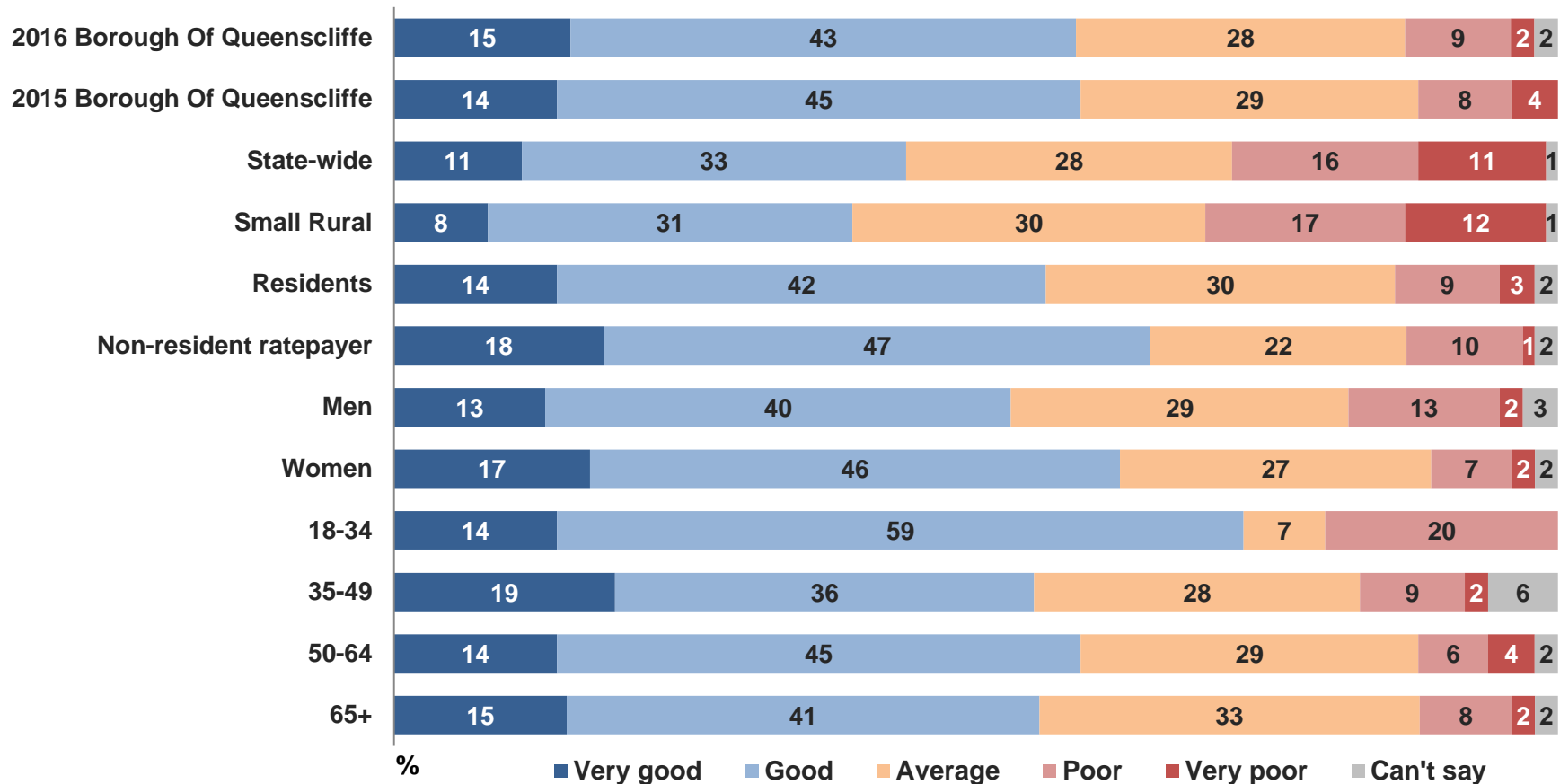
Note: Please see slide 5 for explanation about significant differences



2016 THE CONDITION OF SEALED LOCAL ROADS IN YOUR AREA

PERFORMANCE DETAILED PERCENTAGES

2016 Sealed Local Roads Performance

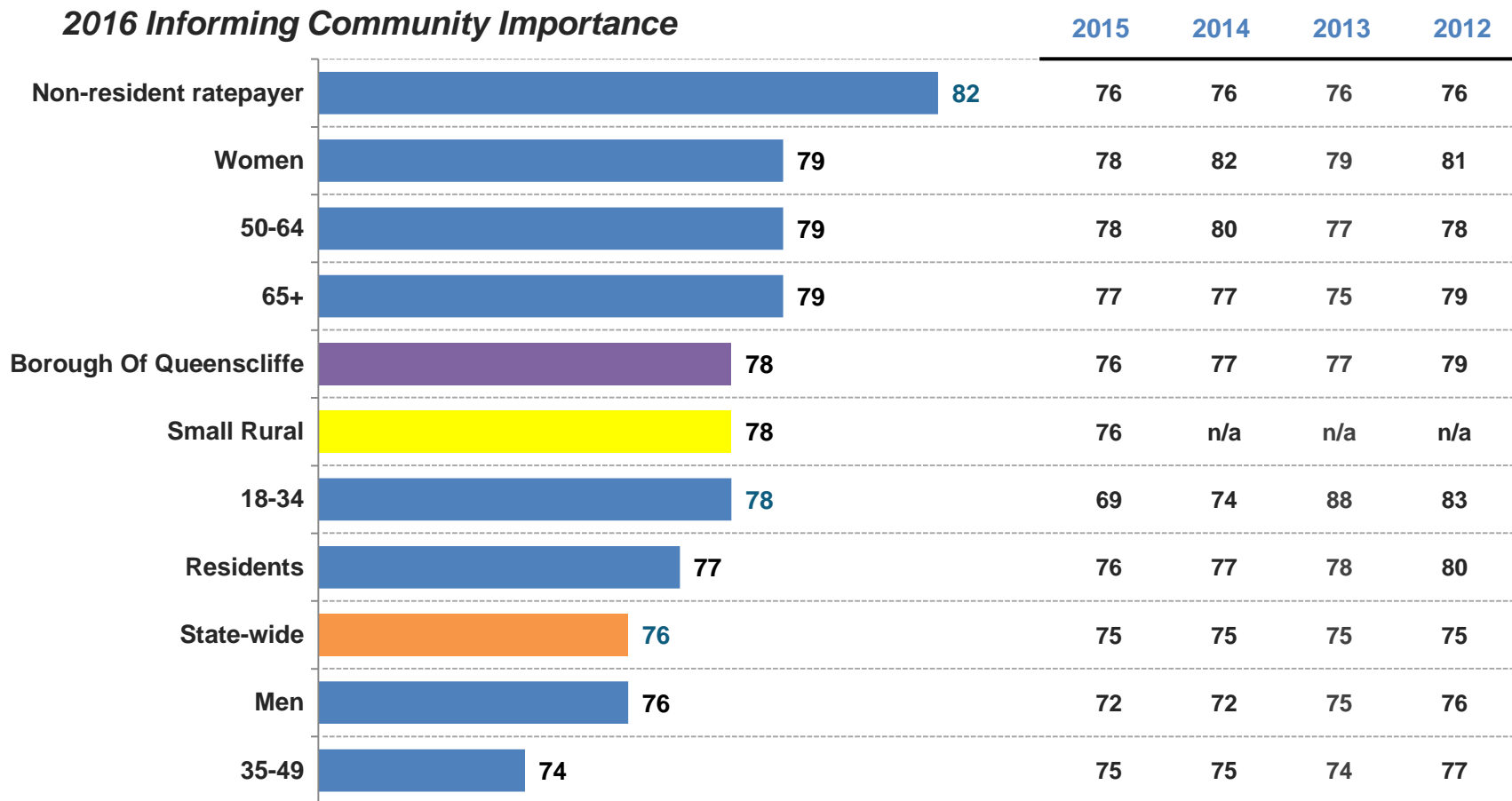


Q2. How has Council performed on 'the condition of sealed local roads in your area' over the last 12 months?
 Base: All respondents. Councils asked state-wide: 69 Councils asked group: 17



2016 INFORMING THE COMMUNITY IMPORTANCE INDEX SCORES

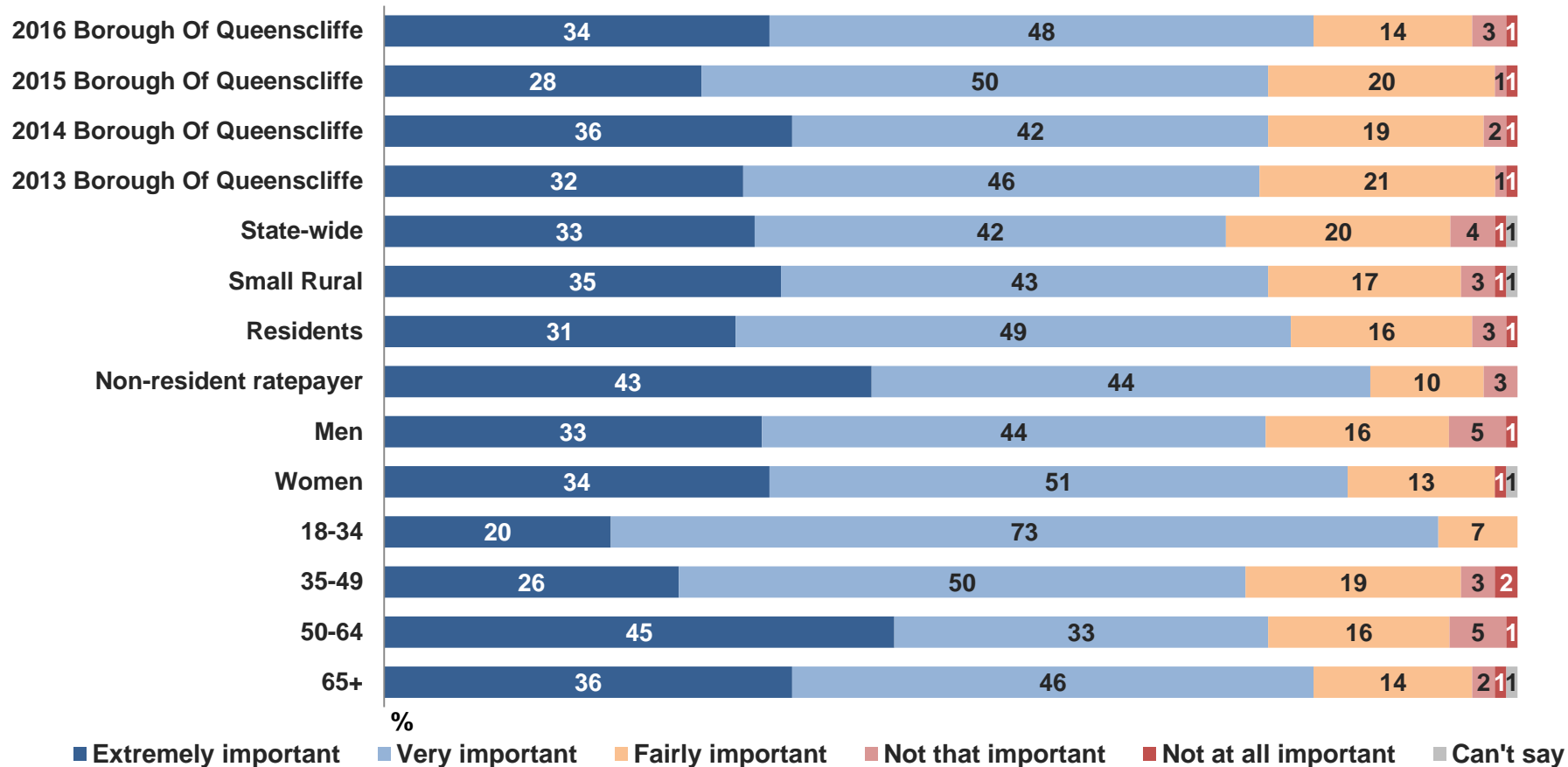
2016 Informing Community Importance



Q1. Firstly, how important should 'informing the community' be as a responsibility for Council?
 Base: All respondents. Councils asked state-wide: 25 Councils asked group: 4
 Note: Please see slide 5 for explanation about significant differences

2016 INFORMING THE COMMUNITY IMPORTANCE DETAILED PERCENTAGES

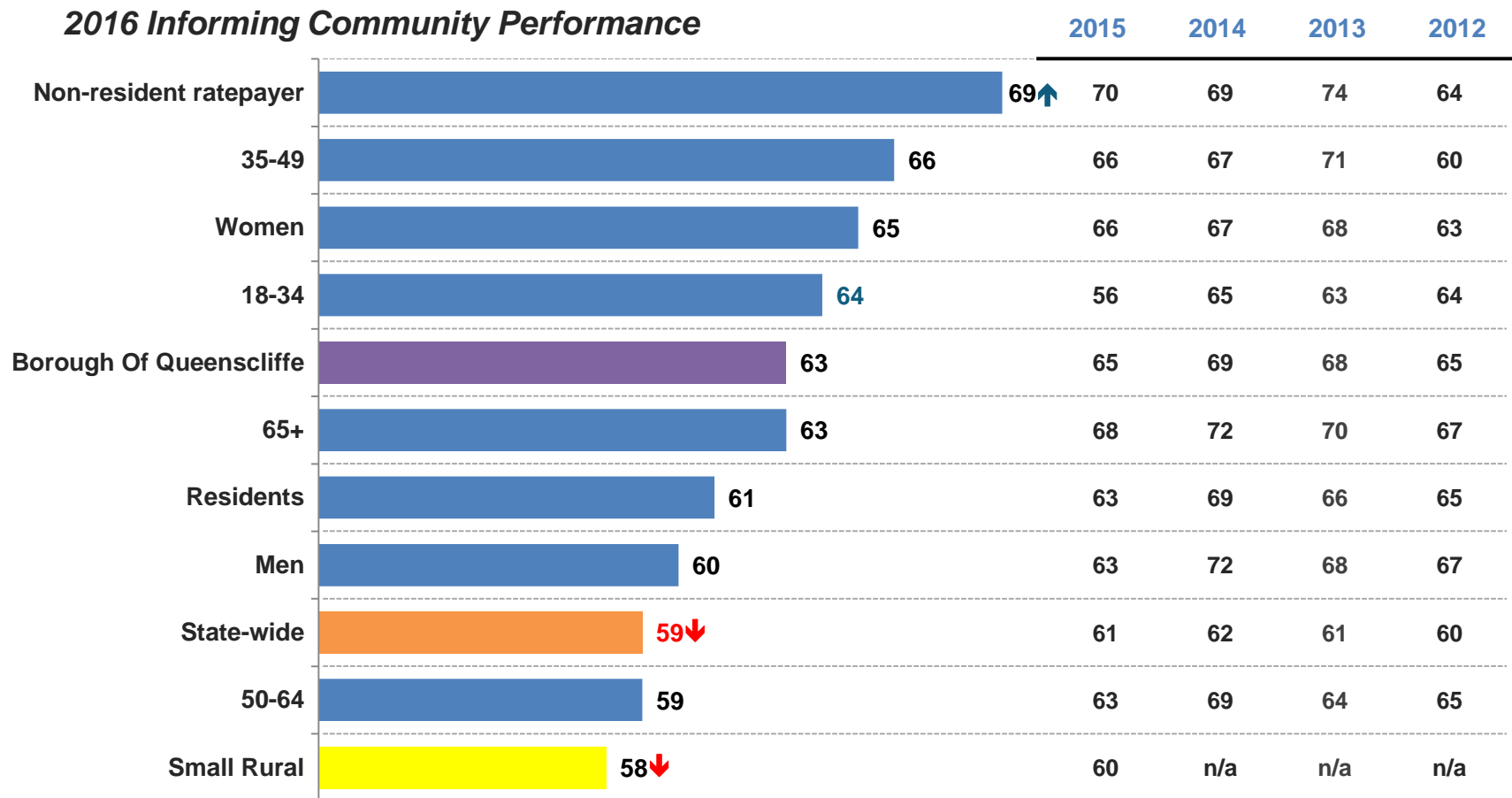
2016 Informing Community Importance



Q1. Firstly, how important should 'informing the community' be as a responsibility for Council?
Base: All respondents. Councils asked state-wide: 25 Councils asked group: 4

2016 INFORMING THE COMMUNITY PERFORMANCE INDEX SCORES

2016 Informing Community Performance



Q2. How has Council performed on 'informing the community' over the last 12 months?

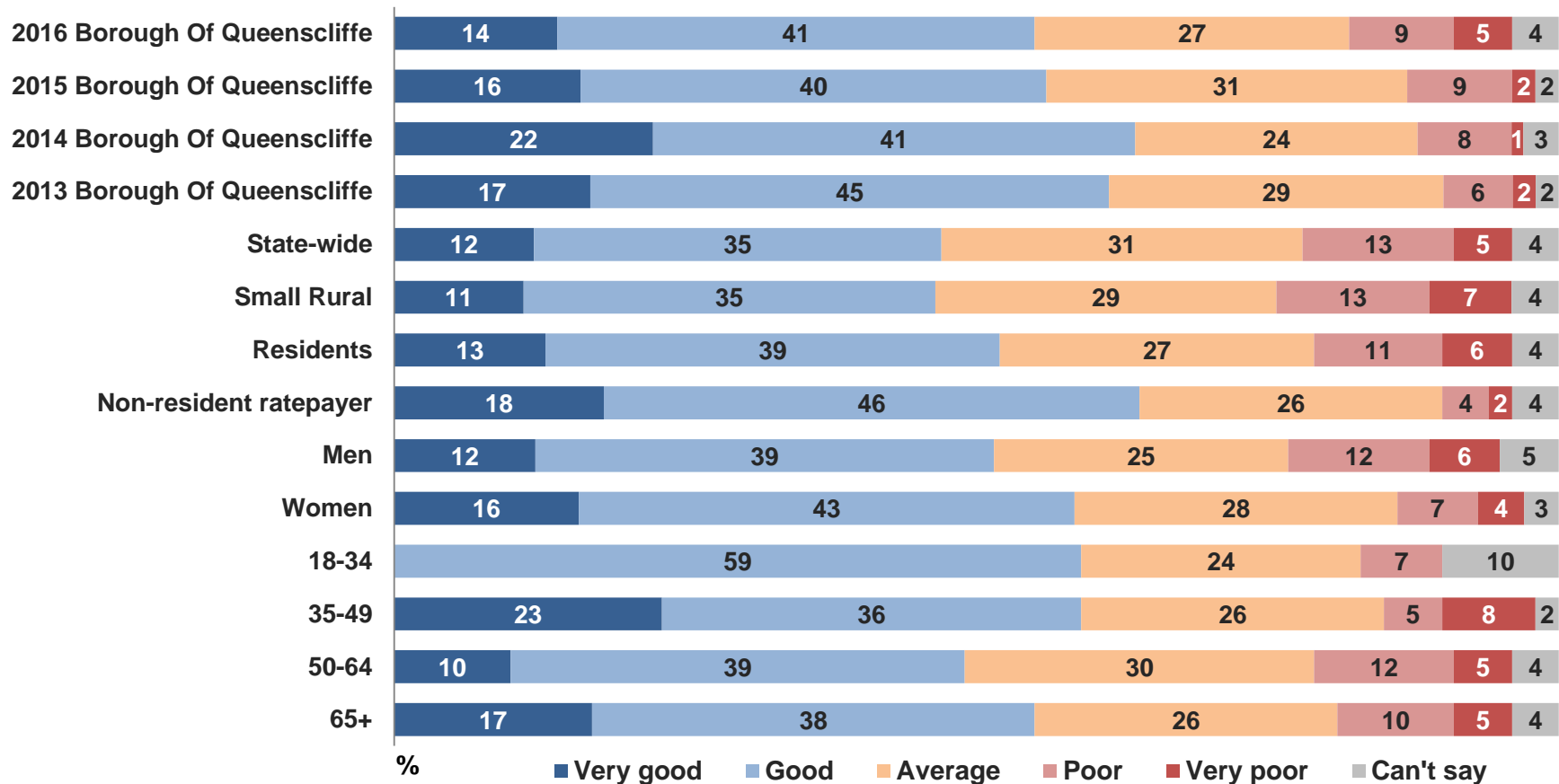
Base: All respondents. Councils asked state-wide: 37 Councils asked group: 8

Note: Please see slide 5 for explanation about significant differences



2016 INFORMING THE COMMUNITY PERFORMANCE DETAILED PERCENTAGES

2016 Informing Community Performance

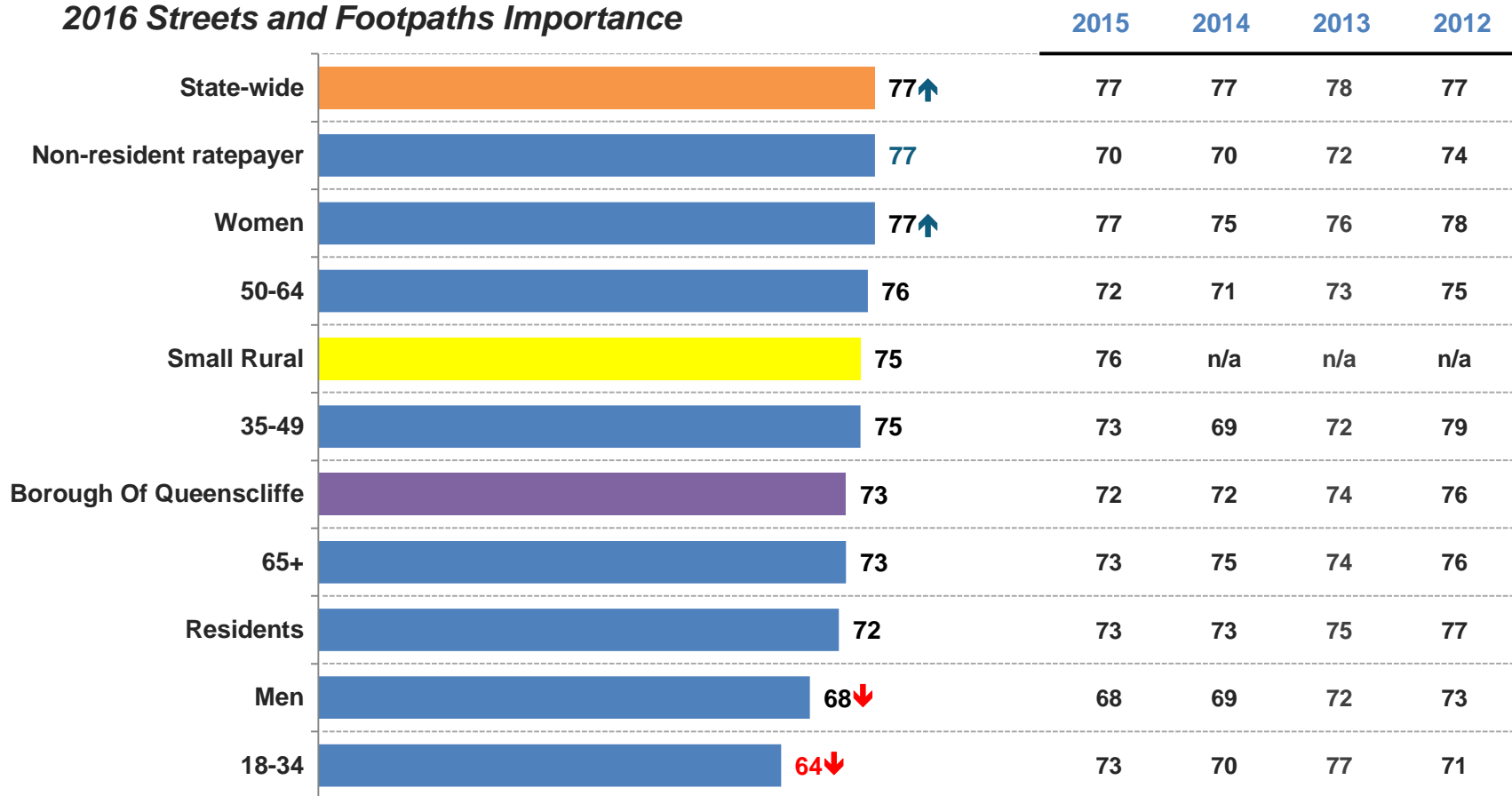


Q2. How has Council performed on 'informing the community' over the last 12 months?
Base: All respondents. Councils asked state-wide: 37 Councils asked group: 8

2016 THE CONDITION OF LOCAL STREETS AND FOOTPATHS IN YOUR AREA

IMPORTANCE INDEX SCORES

2016 Streets and Footpaths Importance



Q1. Firstly, how important should 'the condition of local streets and footpaths in your area' be as a responsibility for Council?

Base: All respondents. Councils asked state-wide: 27 Councils asked group: 5

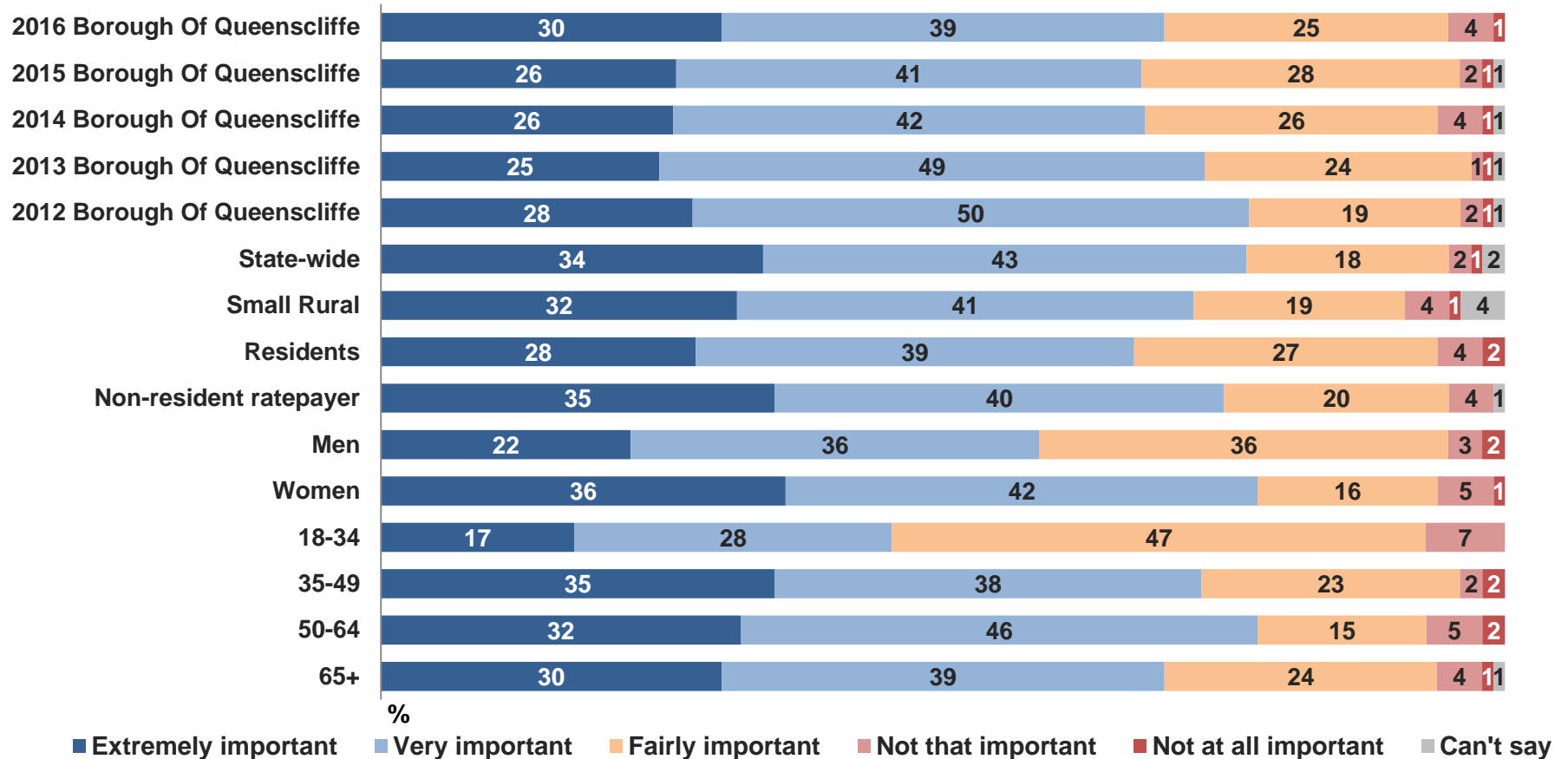
Note: Please see slide 5 for explanation about significant differences



2016 THE CONDITION OF LOCAL STREETS AND FOOTPATHS IN YOUR AREA

IMPORTANCE DETAILED PERCENTAGES

2016 Streets and Footpaths Importance

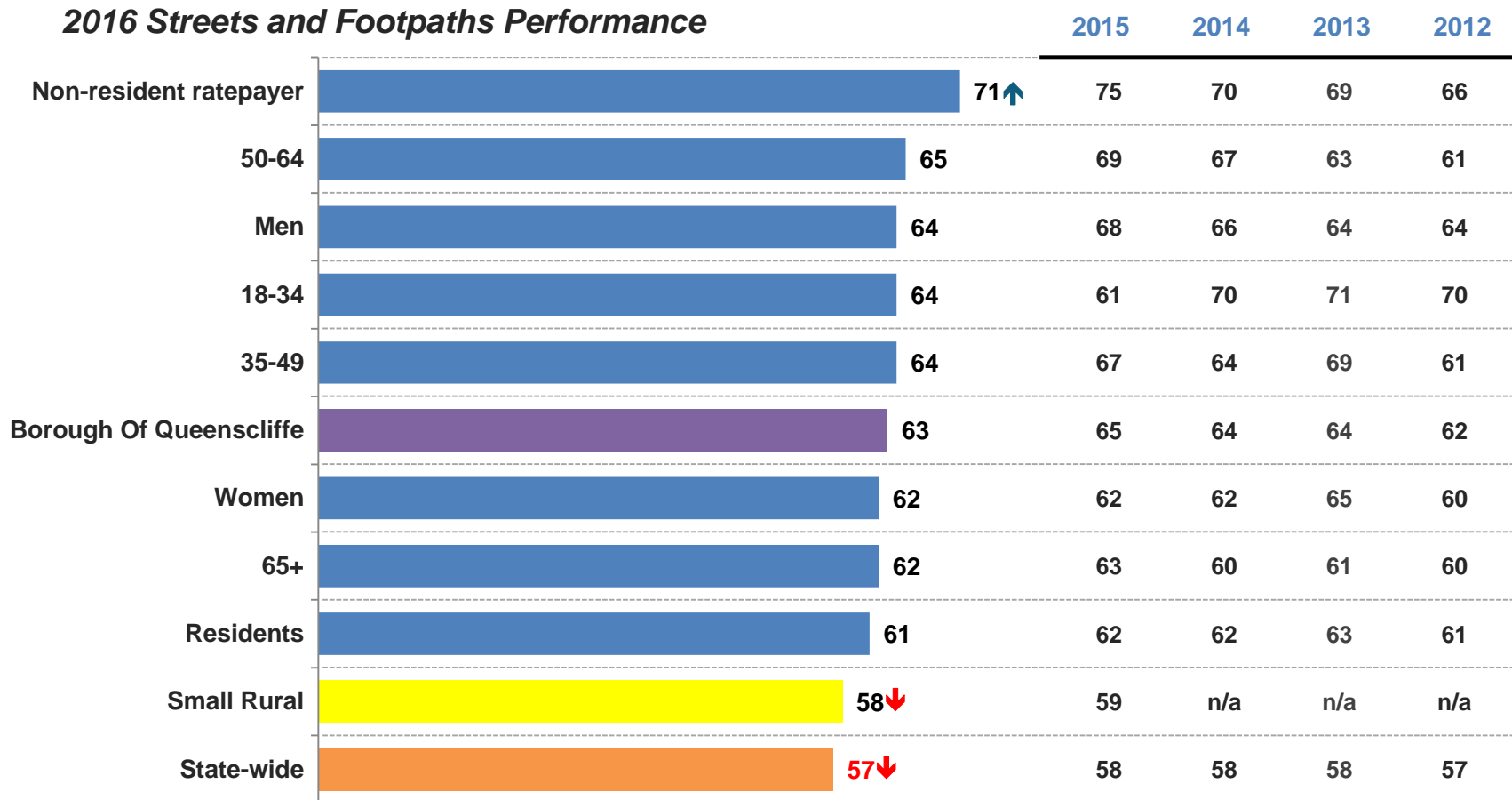


Q1. Firstly, how important should 'the condition of local streets and footpaths in your area' be as a responsibility for Council?

Base: All respondents. Councils asked state-wide: 27 Councils asked group: 5

2016 THE CONDITION OF LOCAL STREETS AND FOOTPATHS IN YOUR AREA PERFORMANCE INDEX SCORES

2016 Streets and Footpaths Performance



Q2. How has Council performed on 'the condition of local streets and footpaths in your area' over the last 12 months?

Base: All respondents. Councils asked state-wide: 34 Councils asked group: 8

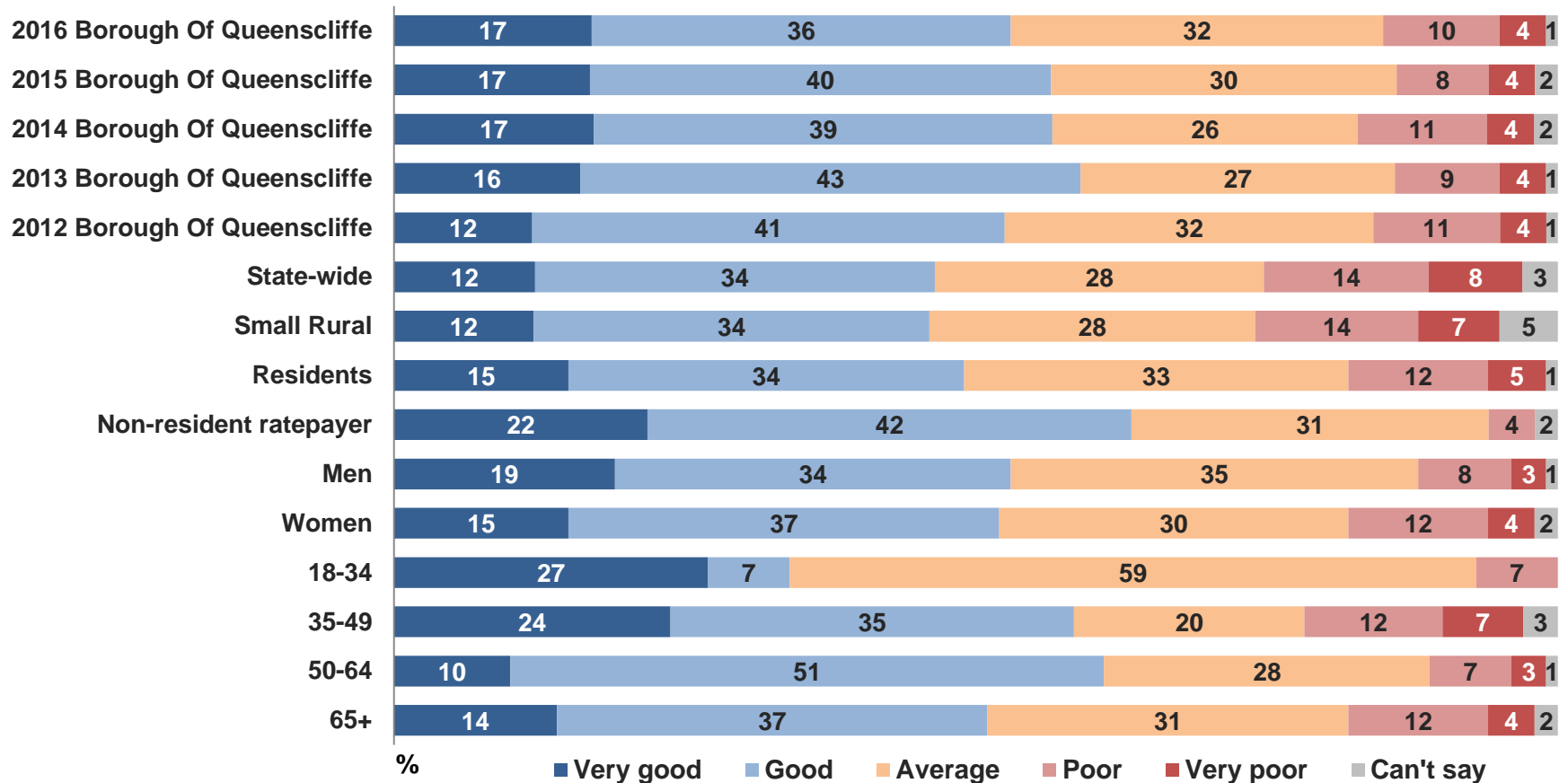
Note: Please see slide 5 for explanation about significant differences



2016 THE CONDITION OF LOCAL STREETS AND FOOTPATHS IN YOUR AREA

PERFORMANCE DETAILED PERCENTAGES

2016 Streets and Footpaths Performance



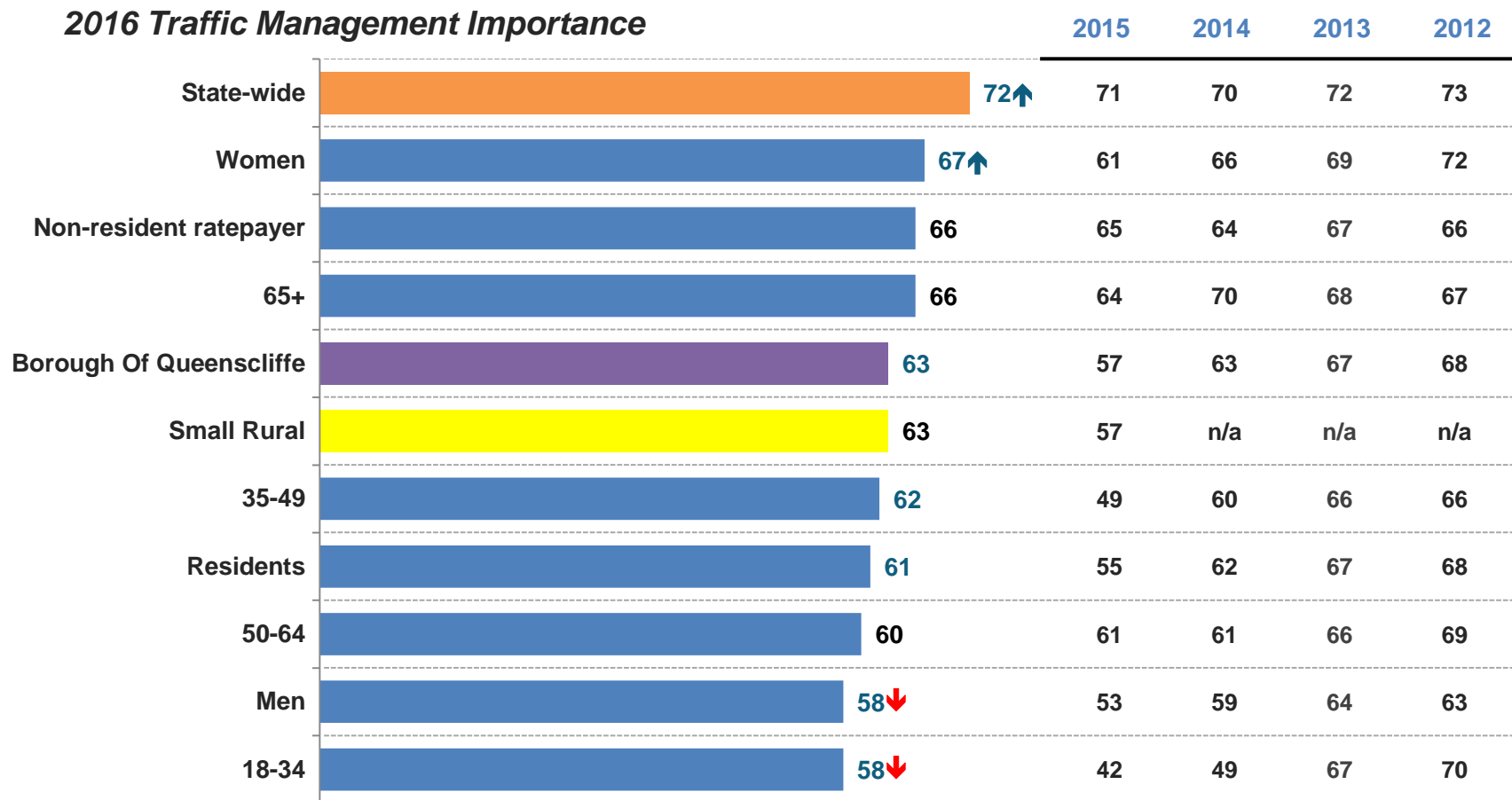
Q2. How has Council performed on 'the condition of local streets and footpaths in your area' over the last 12 months?

Base: All respondents. Councils asked state-wide: 34 Councils asked group: 8



2016 TRAFFIC MANAGEMENT IMPORTANCE INDEX SCORES

2016 Traffic Management Importance



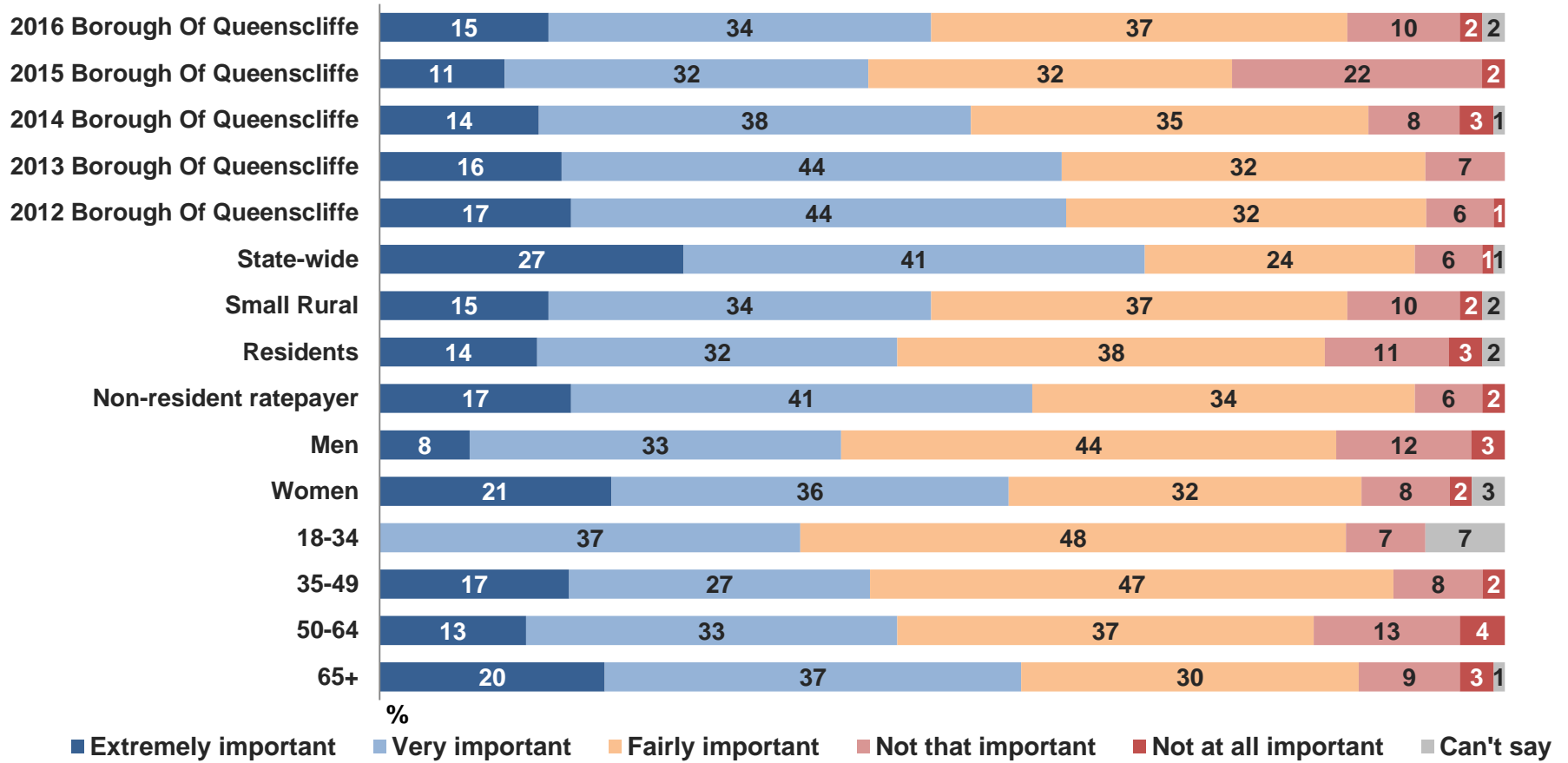
Q1. Firstly, how important should 'traffic management' be as a responsibility for Council?

Base: All respondents. Councils asked state-wide: 15 Councils asked group: 1

Note: Please see slide 5 for explanation about significant differences

2016 TRAFFIC MANAGEMENT IMPORTANCE DETAILED PERCENTAGES

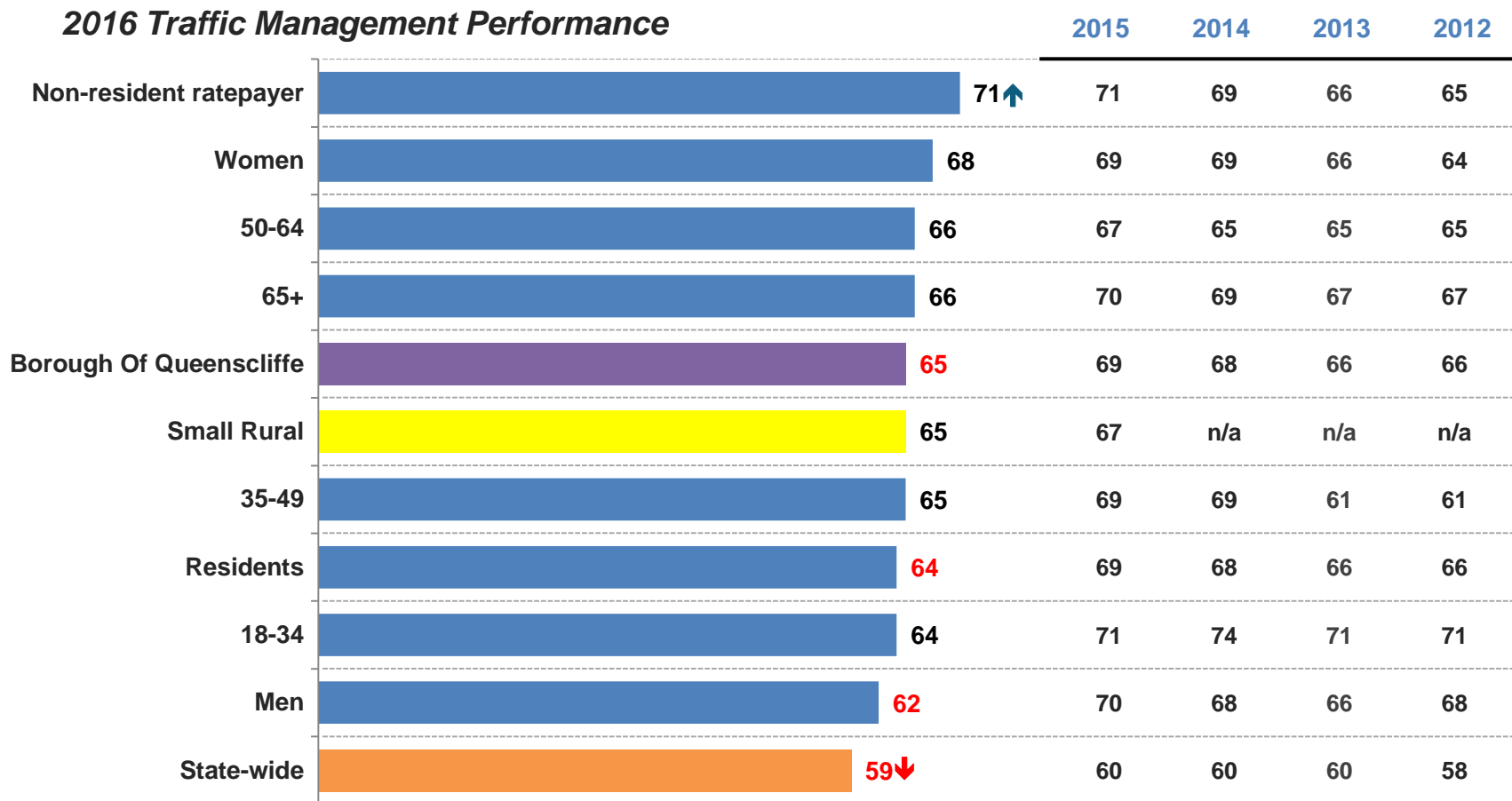
2016 Traffic Management Importance



Q1. Firstly, how important should 'traffic management' be as a responsibility for Council?
Base: All respondents. Councils asked state-wide: 15 Councils asked group: 1

2016 TRAFFIC MANAGEMENT PERFORMANCE INDEX SCORES

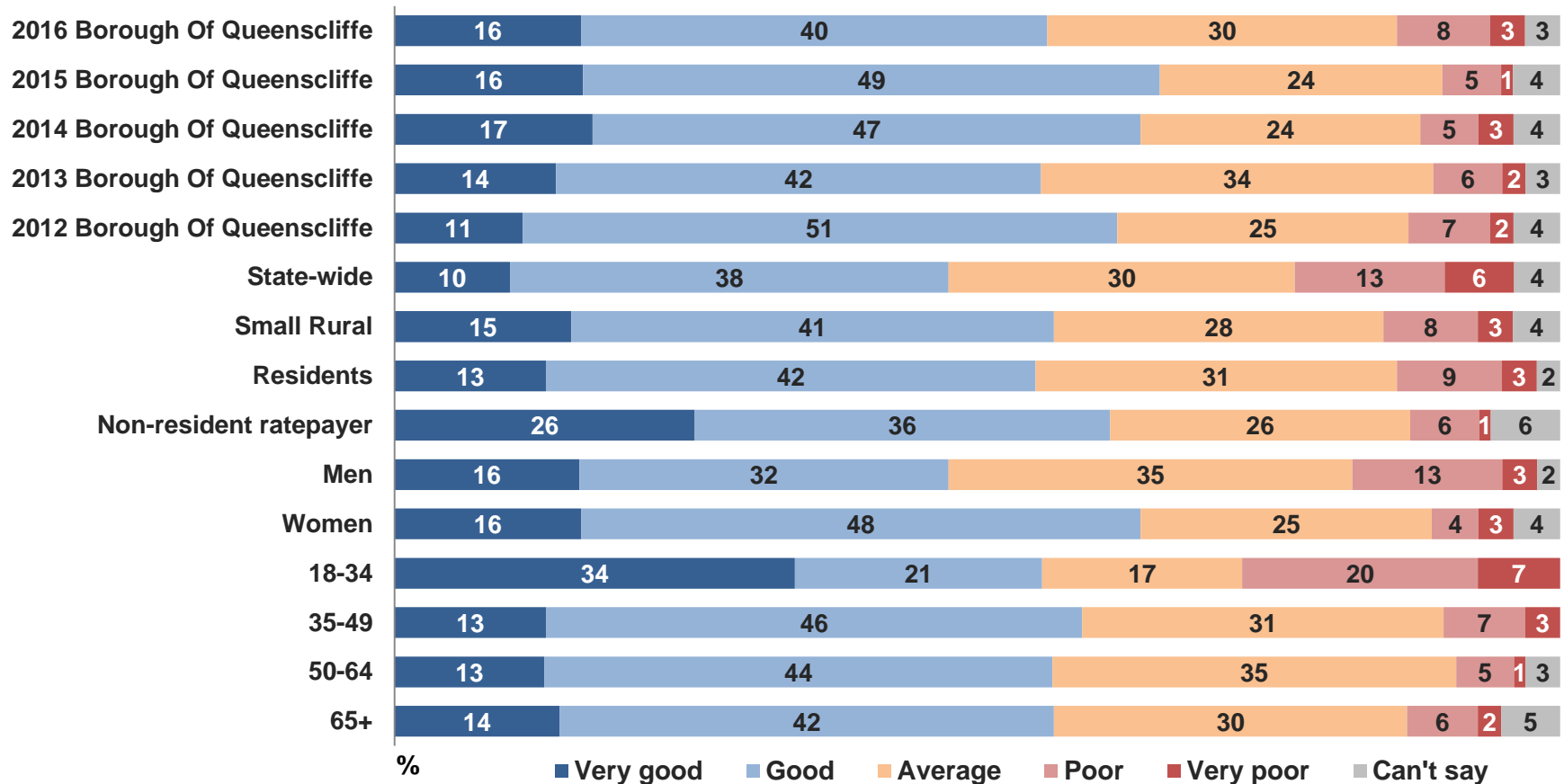
2016 Traffic Management Performance



Q2. How has Council performed on 'traffic management' over the last 12 months?
 Base: All respondents. Councils asked state-wide: 19 Councils asked group: 2
 Note: Please see slide 5 for explanation about significant differences

2016 TRAFFIC MANAGEMENT PERFORMANCE DETAILED PERCENTAGES

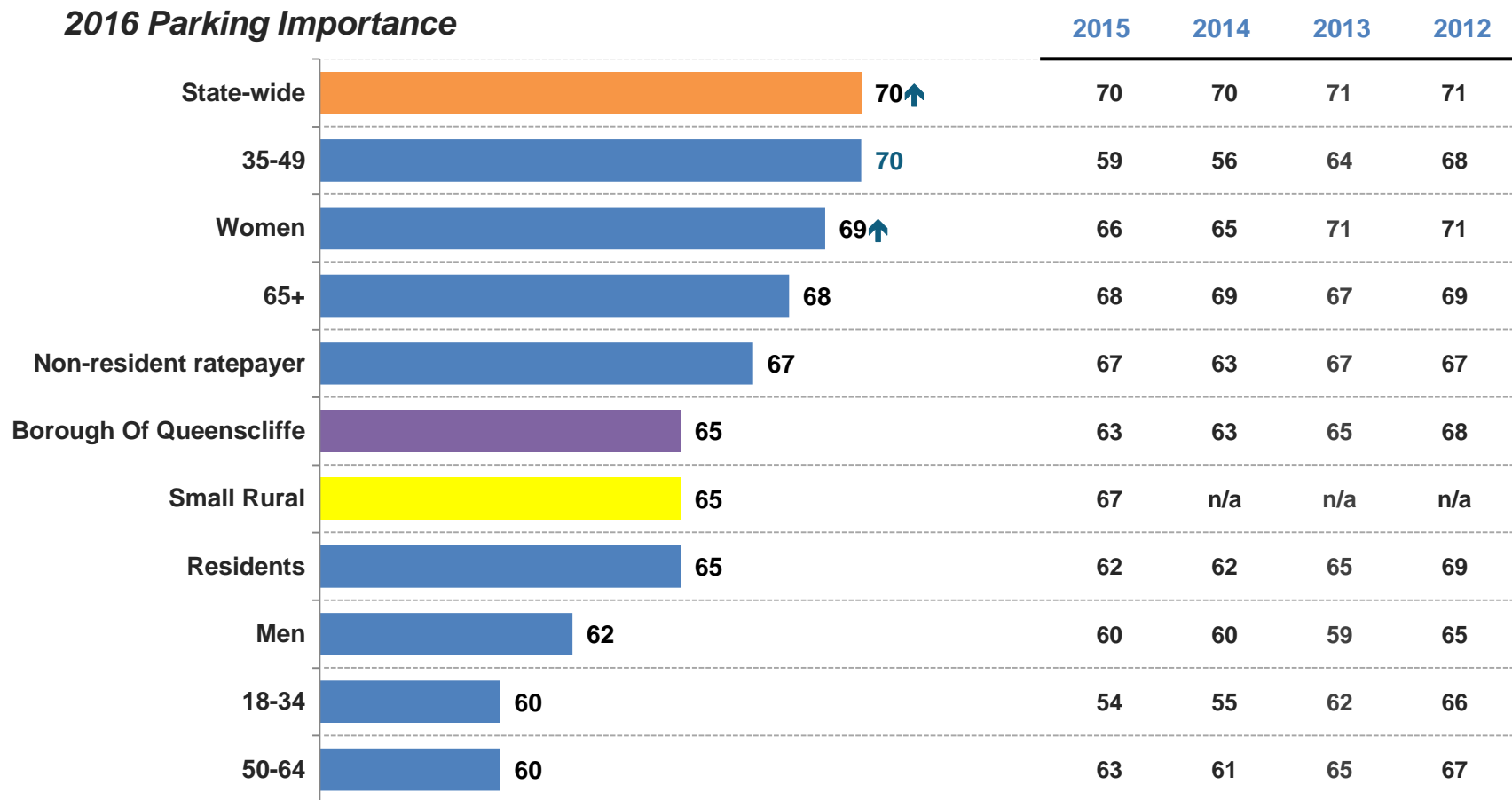
2016 Traffic Management Performance



Q2. How has Council performed on 'traffic management' over the last 12 months?
 Base: All respondents. Councils asked state-wide: 19 Councils asked group: 2

2016 PARKING FACILITIES IMPORTANCE INDEX SCORES

2016 Parking Importance



Q1. Firstly, how important should 'parking facilities' be as a responsibility for Council?

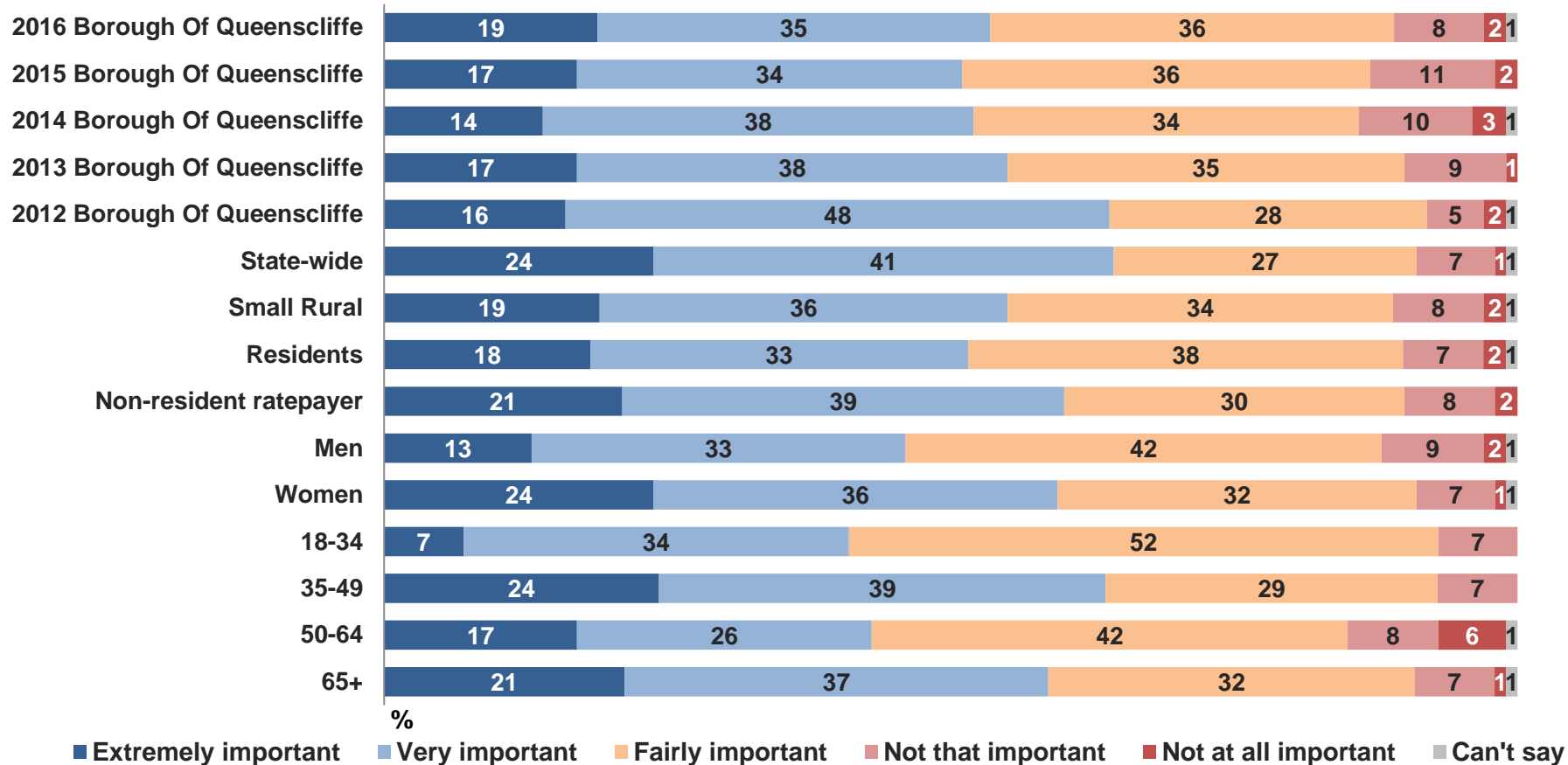
Base: All respondents. Councils asked state-wide: 17 Councils asked group: 2

Note: Please see slide 5 for explanation about significant differences



2016 PARKING FACILITIES IMPORTANCE DETAILED PERCENTAGES

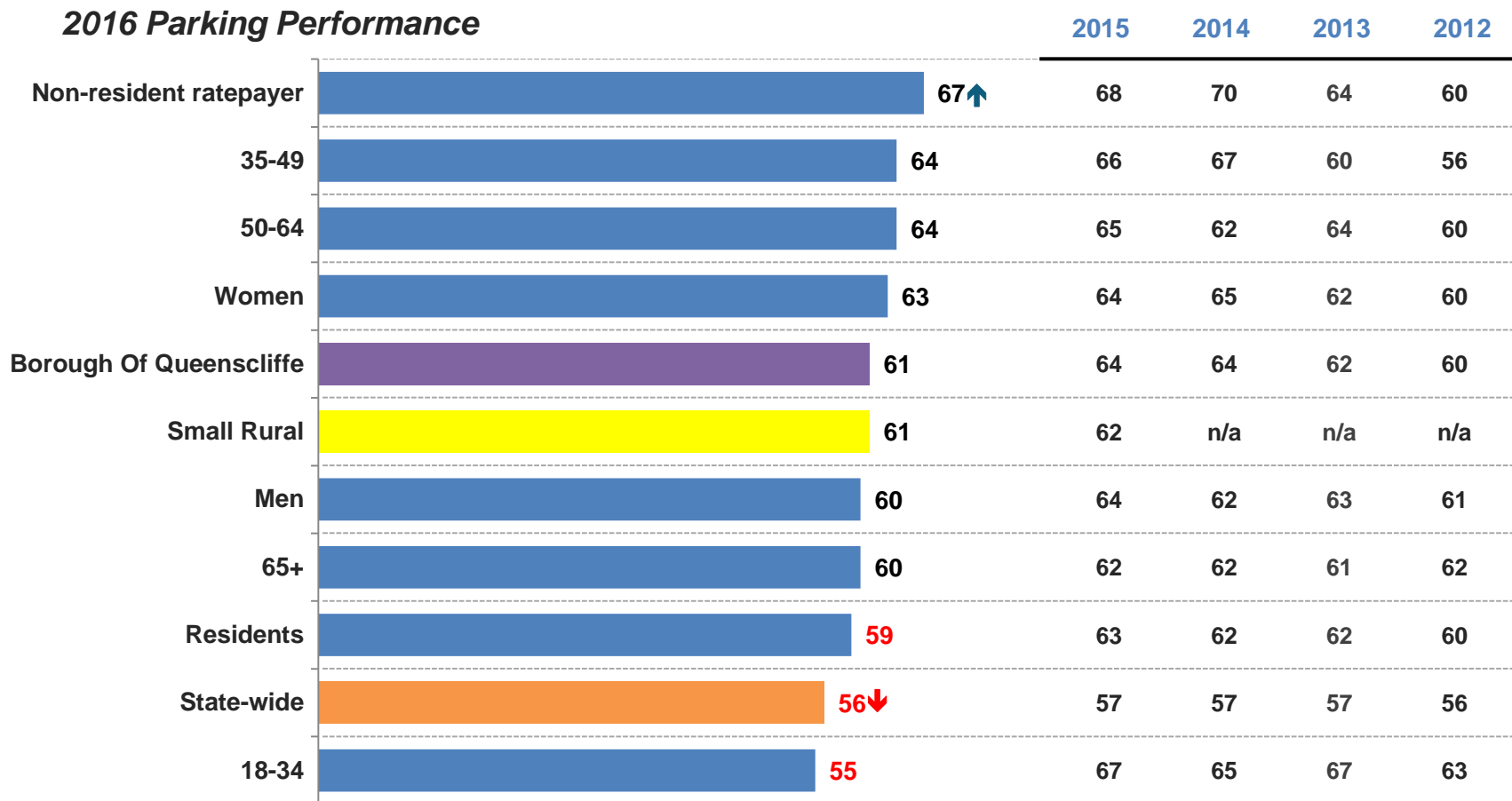
2016 Parking Importance



Q1. Firstly, how important should 'parking facilities' be as a responsibility for Council?
Base: All respondents. Councils asked state-wide: 17 Councils asked group: 2

2016 PARKING FACILITIES PERFORMANCE INDEX SCORES

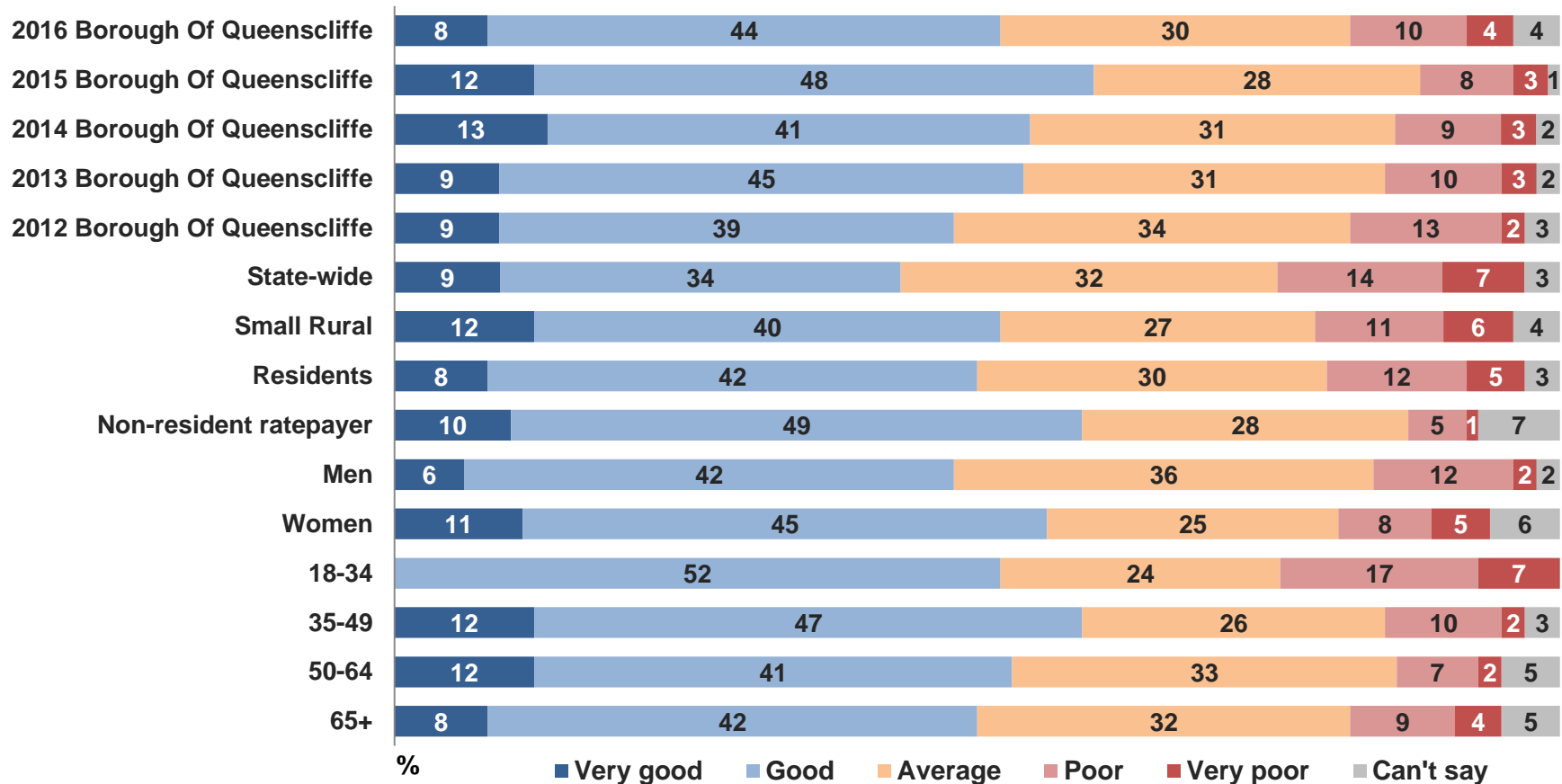
2016 Parking Performance



Q2. How has Council performed on 'parking facilities' over the last 12 months?
 Base: All respondents. Councils asked state-wide: 24 Councils asked group: 4
 Note: Please see slide 5 for explanation about significant differences

2016 PARKING FACILITIES PERFORMANCE DETAILED PERCENTAGES

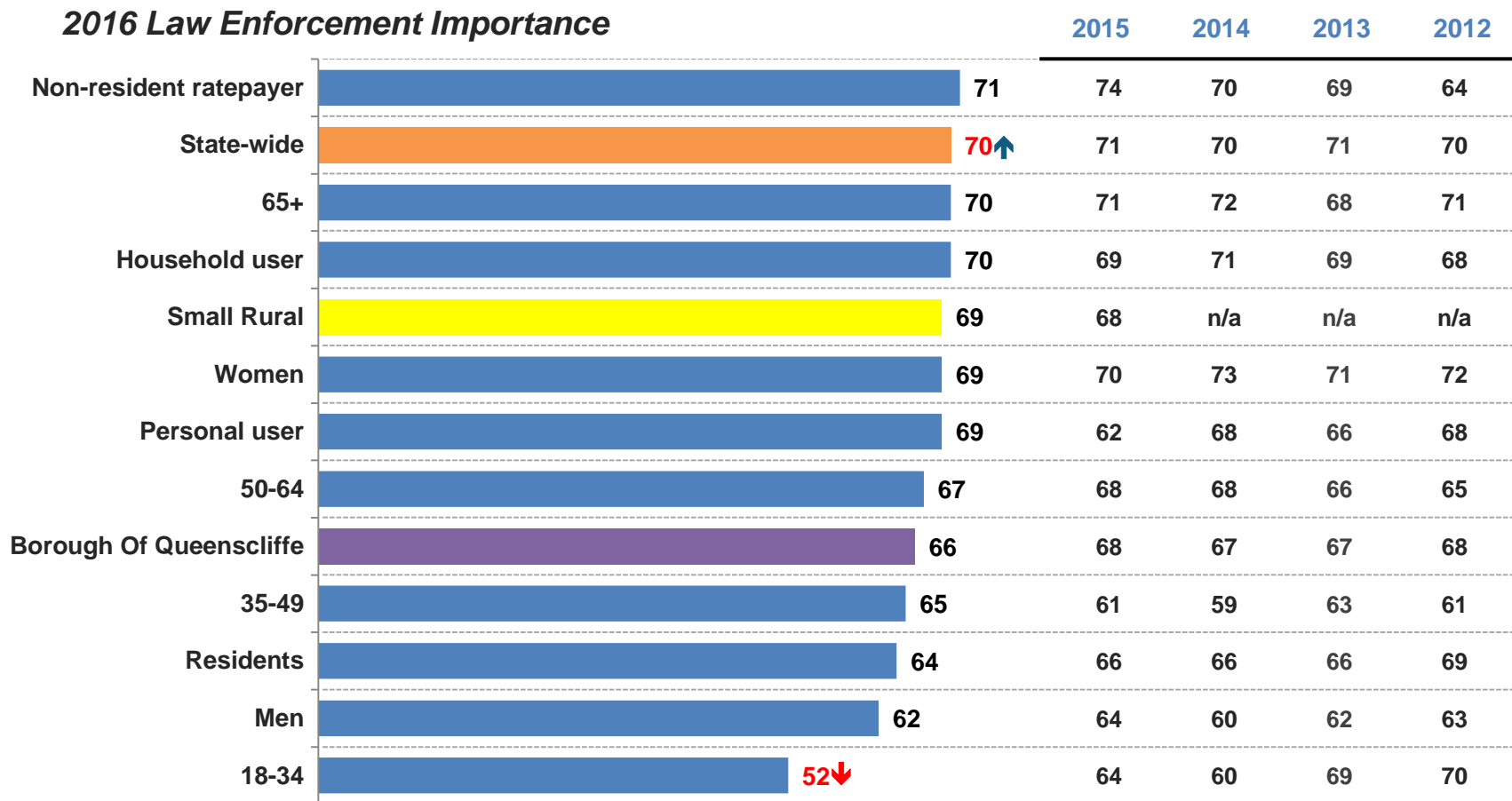
2016 Parking Performance



Q2. How has Council performed on 'parking facilities' over the last 12 months?
Base: All respondents. Councils asked state-wide: 24 Councils asked group: 4

2016 ENFORCEMENT OF LOCAL LAWS IMPORTANCE INDEX SCORES

2016 Law Enforcement Importance



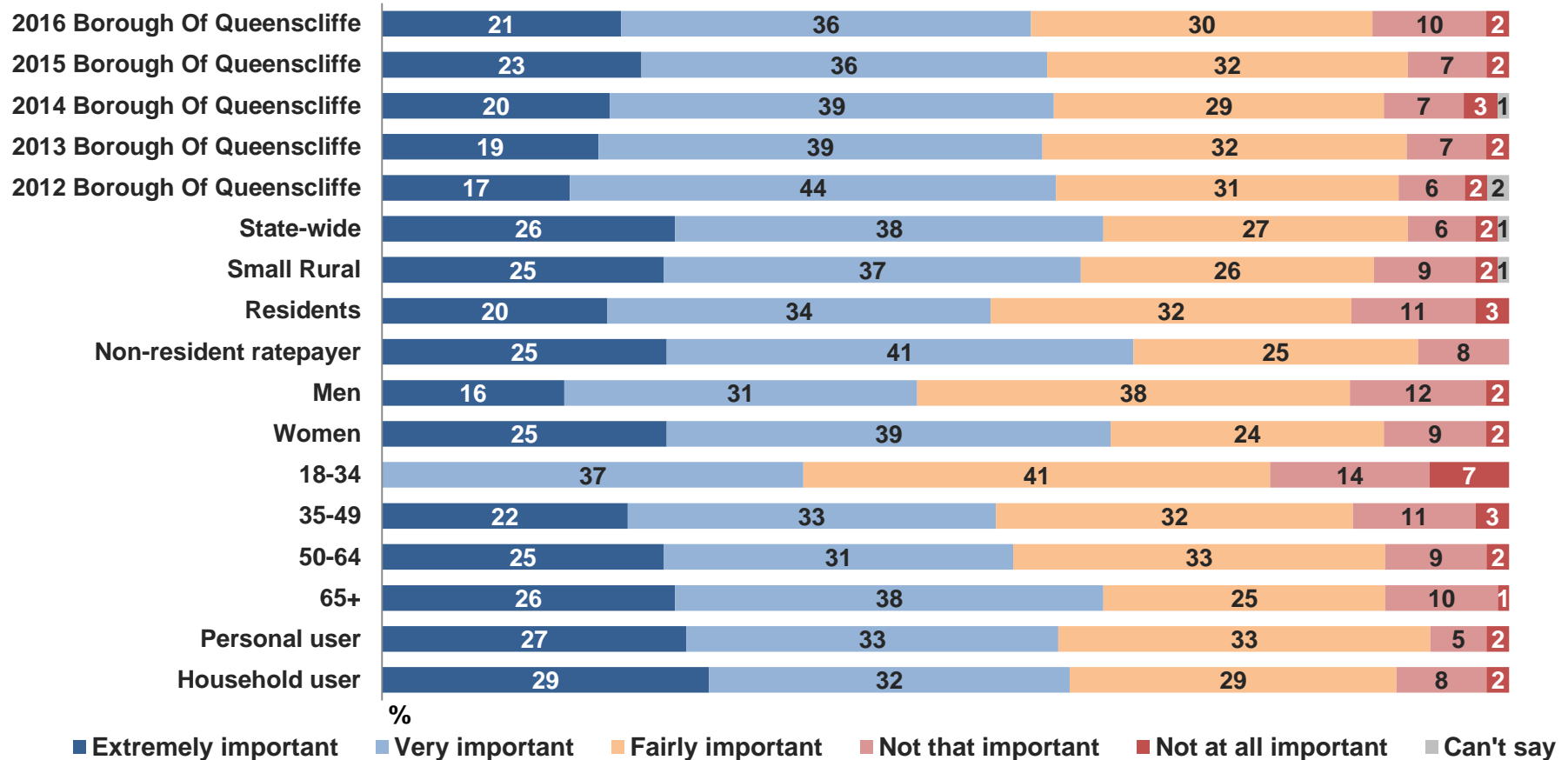
Q1. Firstly, how important should 'enforcement of local laws' be as a responsibility for Council?

Base: All respondents. Councils asked state-wide: 21 Councils asked group: 2

Note: Please see slide 5 for explanation about significant differences

2016 ENFORCEMENT OF LOCAL LAWS IMPORTANCE DETAILED PERCENTAGES

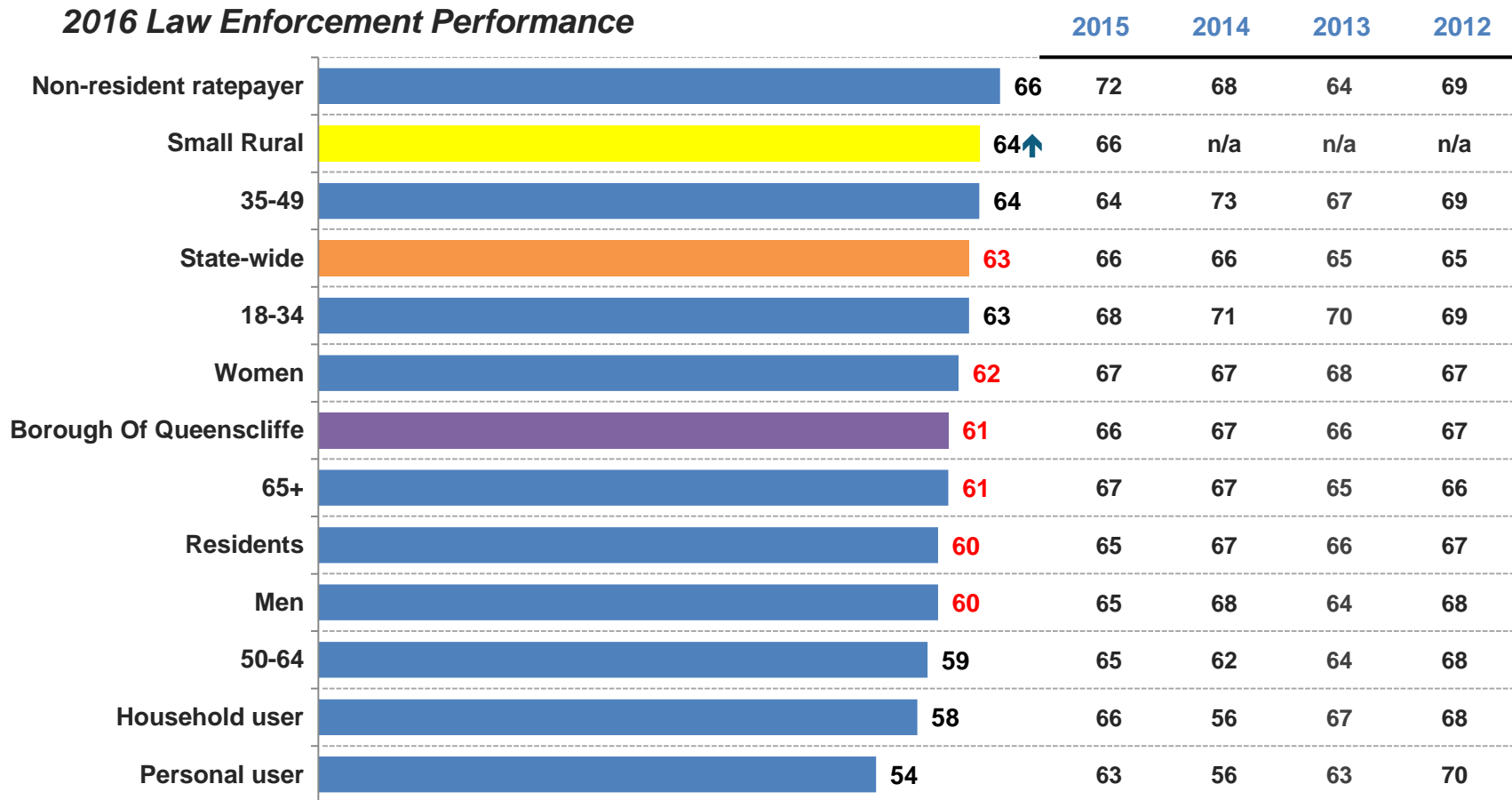
2016 Law Enforcement Importance



Q1. Firstly, how important should 'enforcement of local laws' be as a responsibility for Council?
Base: All respondents. Councils asked state-wide: 21 Councils asked group: 2

2016 ENFORCEMENT OF LOCAL LAWS PERFORMANCE INDEX SCORES

2016 Law Enforcement Performance



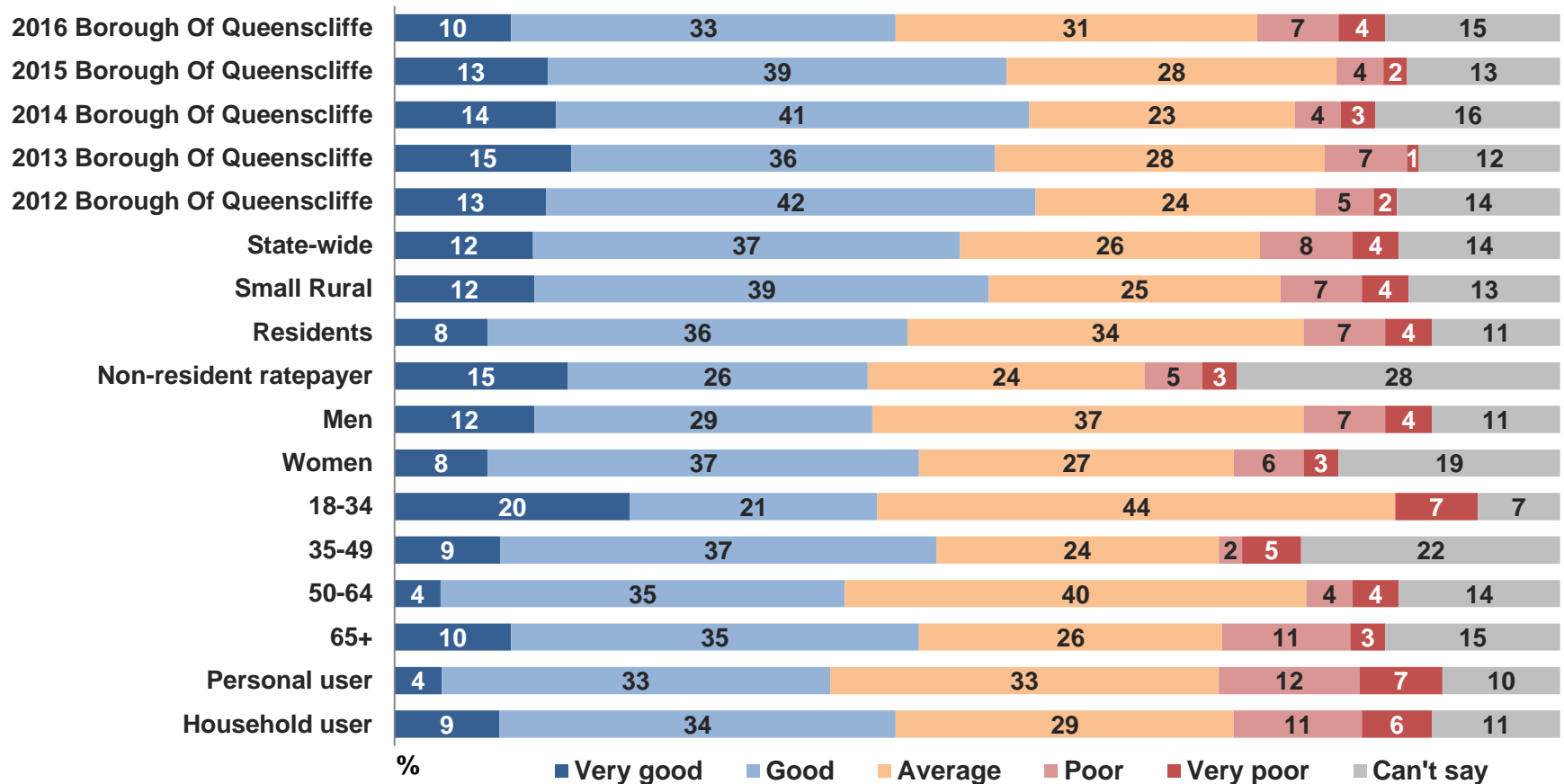
Q2. How has Council performed on 'enforcement of local laws' over the last 12 months?

Base: All respondents. Councils asked state-wide: 31 Councils asked group: 5

Note: Please see slide 5 for explanation about significant differences

2016 ENFORCEMENT OF LOCAL LAWS PERFORMANCE DETAILED PERCENTAGES

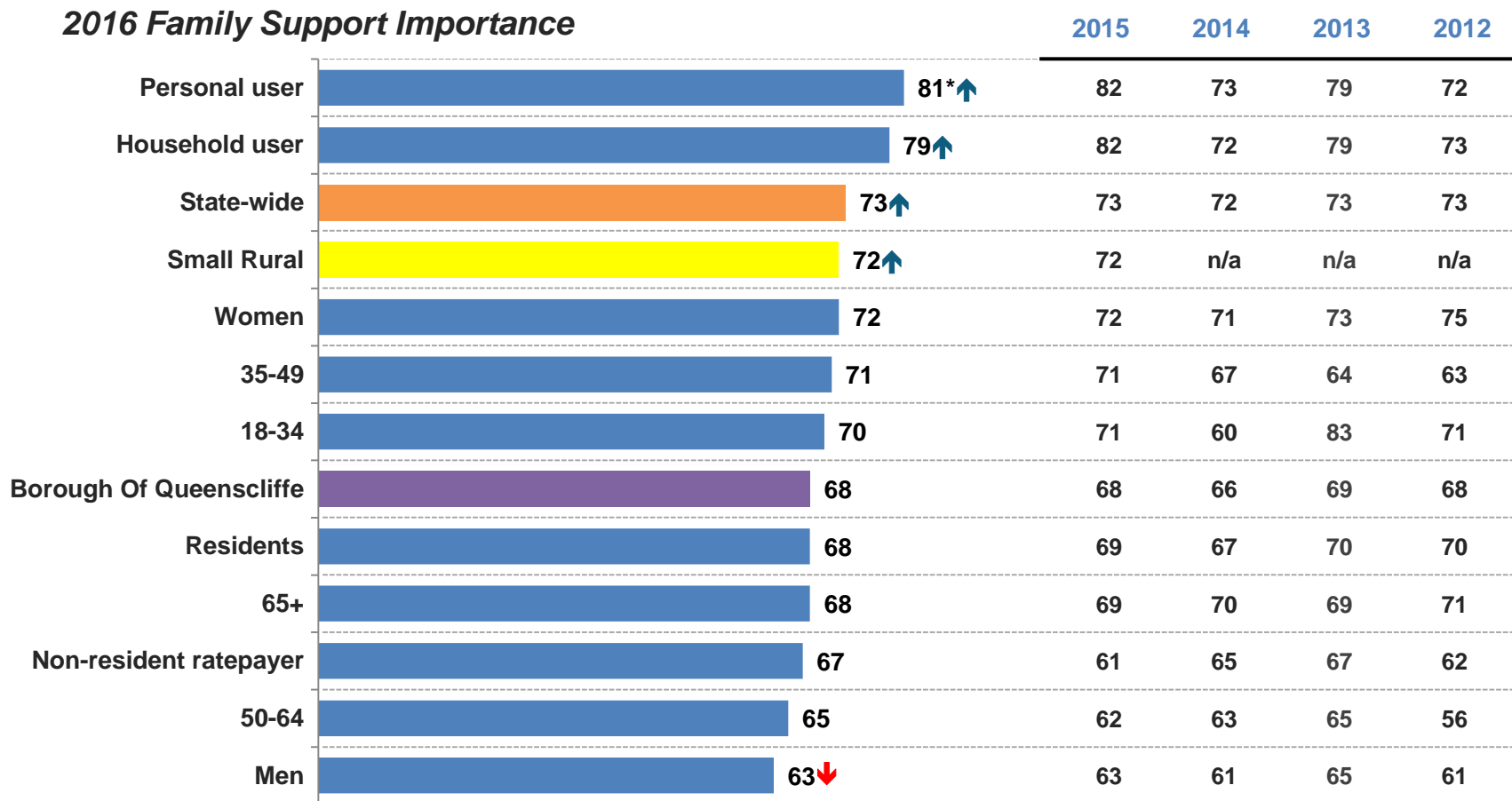
2016 Law Enforcement Performance



Q2. How has Council performed on 'enforcement of local laws' over the last 12 months?
Base: All respondents. Councils asked state-wide: 31 Councils asked group: 5

2016 FAMILY SUPPORT SERVICES IMPORTANCE INDEX SCORES

2016 Family Support Importance



Q1. Firstly, how important should 'family support services' be as a responsibility for Council?

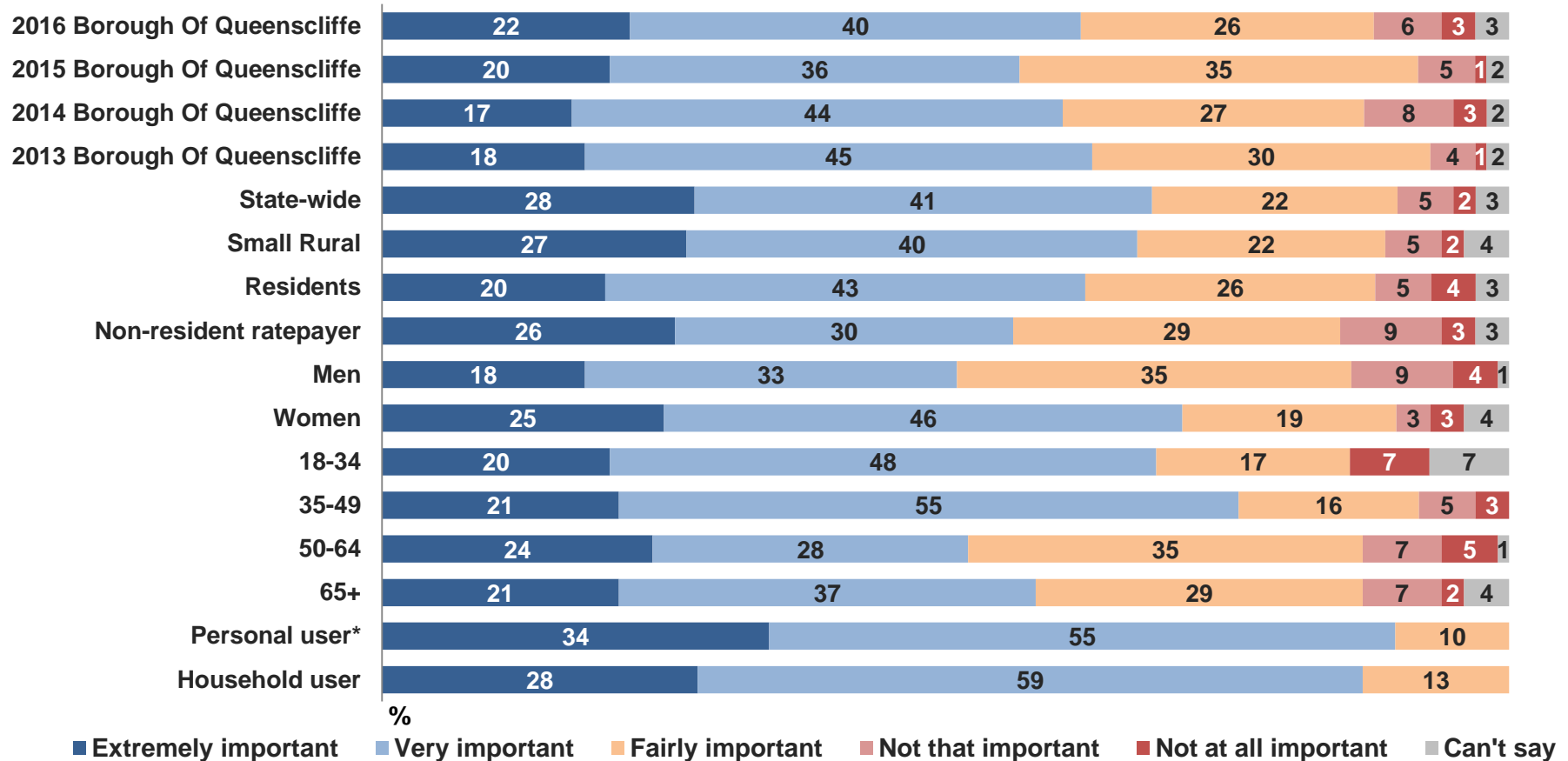
Base: All respondents. Councils asked state-wide: 25 Councils asked group: 4

Note: Please see slide 5 for explanation about significant differences

*Caution: small sample size < n=30

2016 FAMILY SUPPORT SERVICES IMPORTANCE DETAILED PERCENTAGES

2016 Family Support Importance



Q1. Firstly, how important should 'family support services' be as a responsibility for Council?

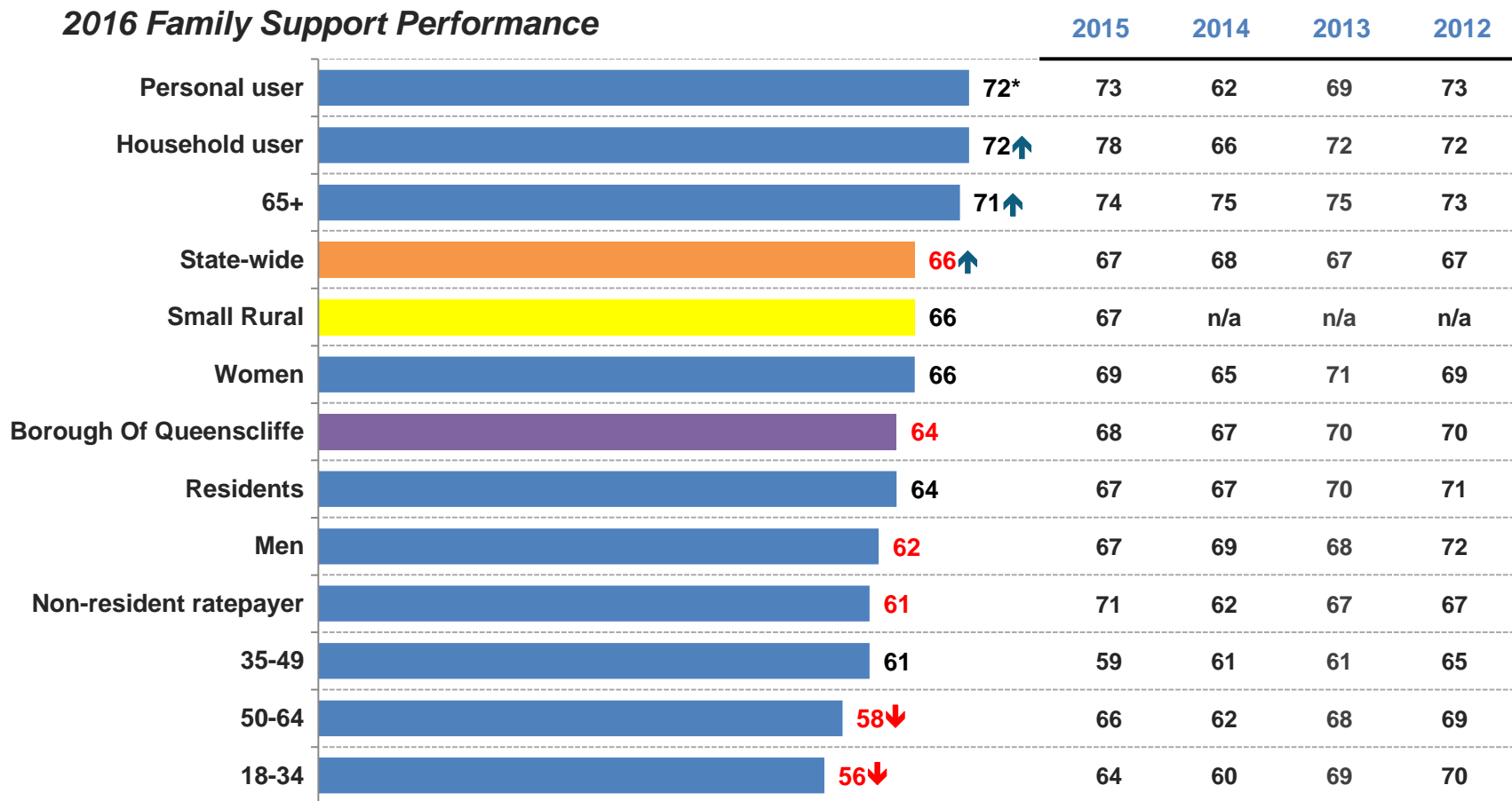
Base: All respondents. Councils asked state-wide: 25 Councils asked group: 4

*Caution: small sample size < n=30



2016 FAMILY SUPPORT SERVICES PERFORMANCE INDEX SCORES

2016 Family Support Performance



Q2. How has Council performed on 'family support services' over the last 12 months?

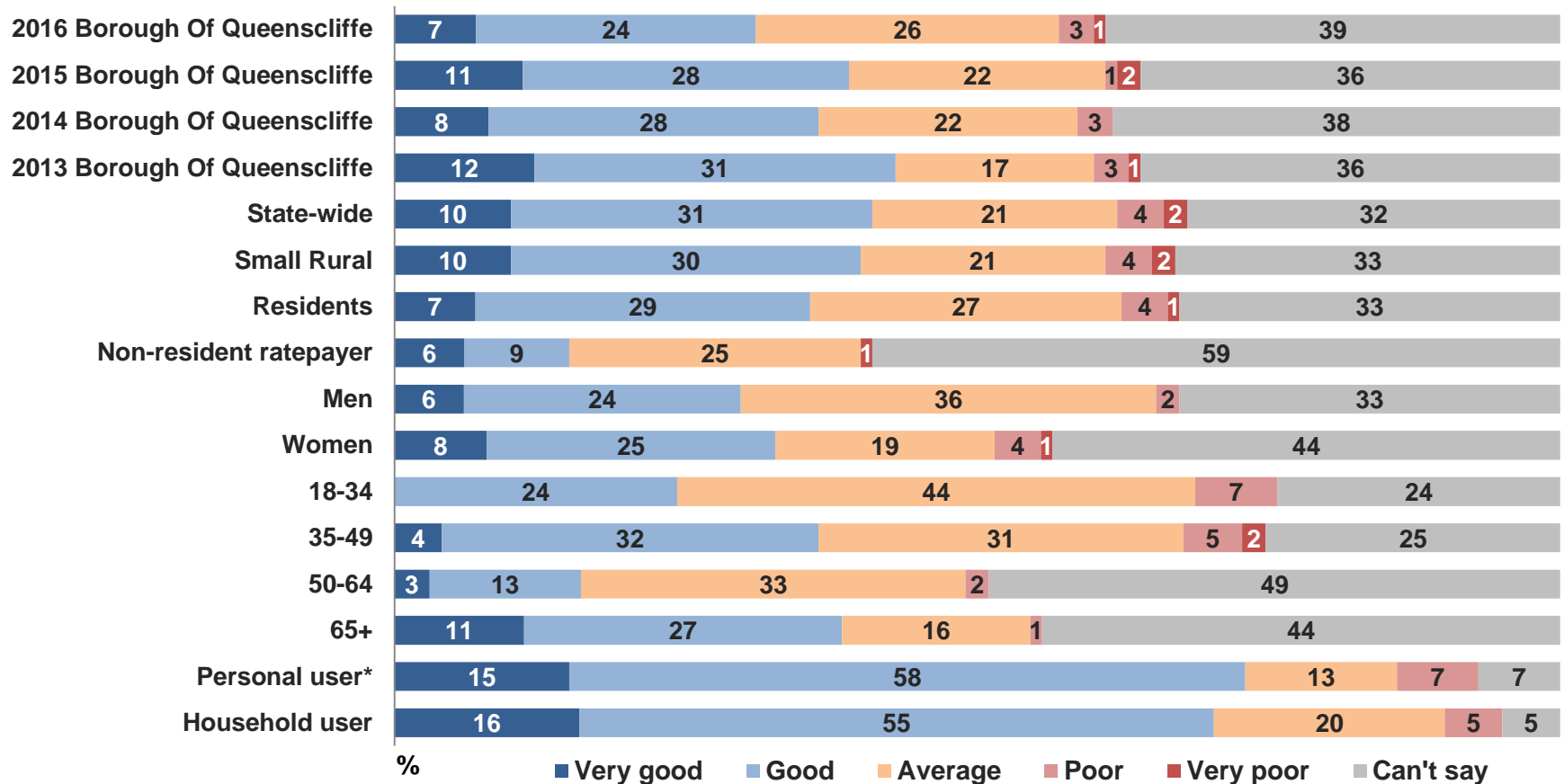
Base: All respondents. Councils asked state-wide: 35 Councils asked group: 7

Note: Please see slide 5 for explanation about significant differences

*Caution: small sample size < n=30

2016 FAMILY SUPPORT SERVICES PERFORMANCE DETAILED PERCENTAGES

2016 Family Support Performance



Q2. How has Council performed on 'family support services' over the last 12 months?

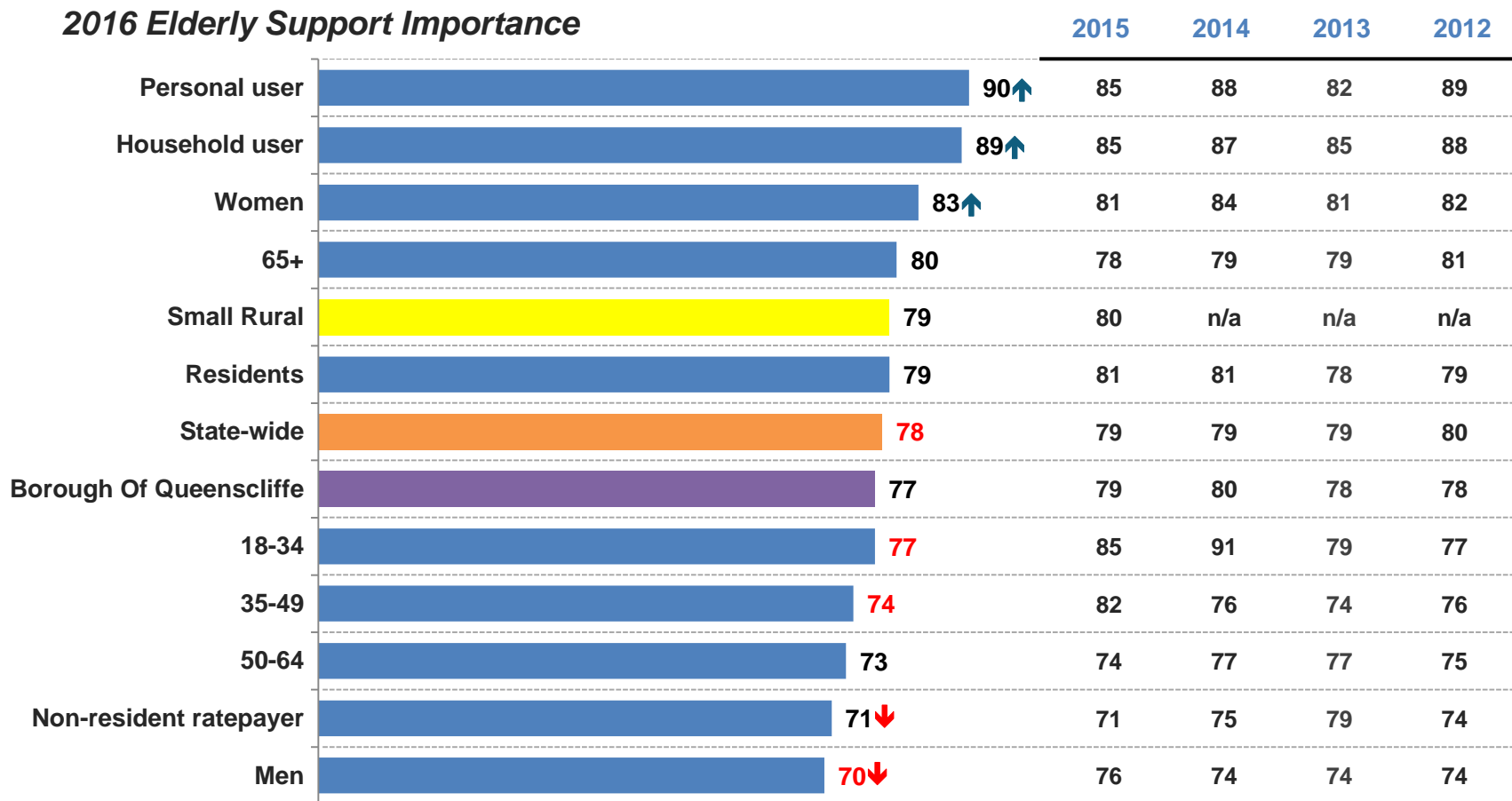
Base: All respondents. Councils asked state-wide: 35 Councils asked group: 7

*Caution: small sample size < n=30



2016 ELDERLY SUPPORT SERVICES IMPORTANCE INDEX SCORES

2016 Elderly Support Importance



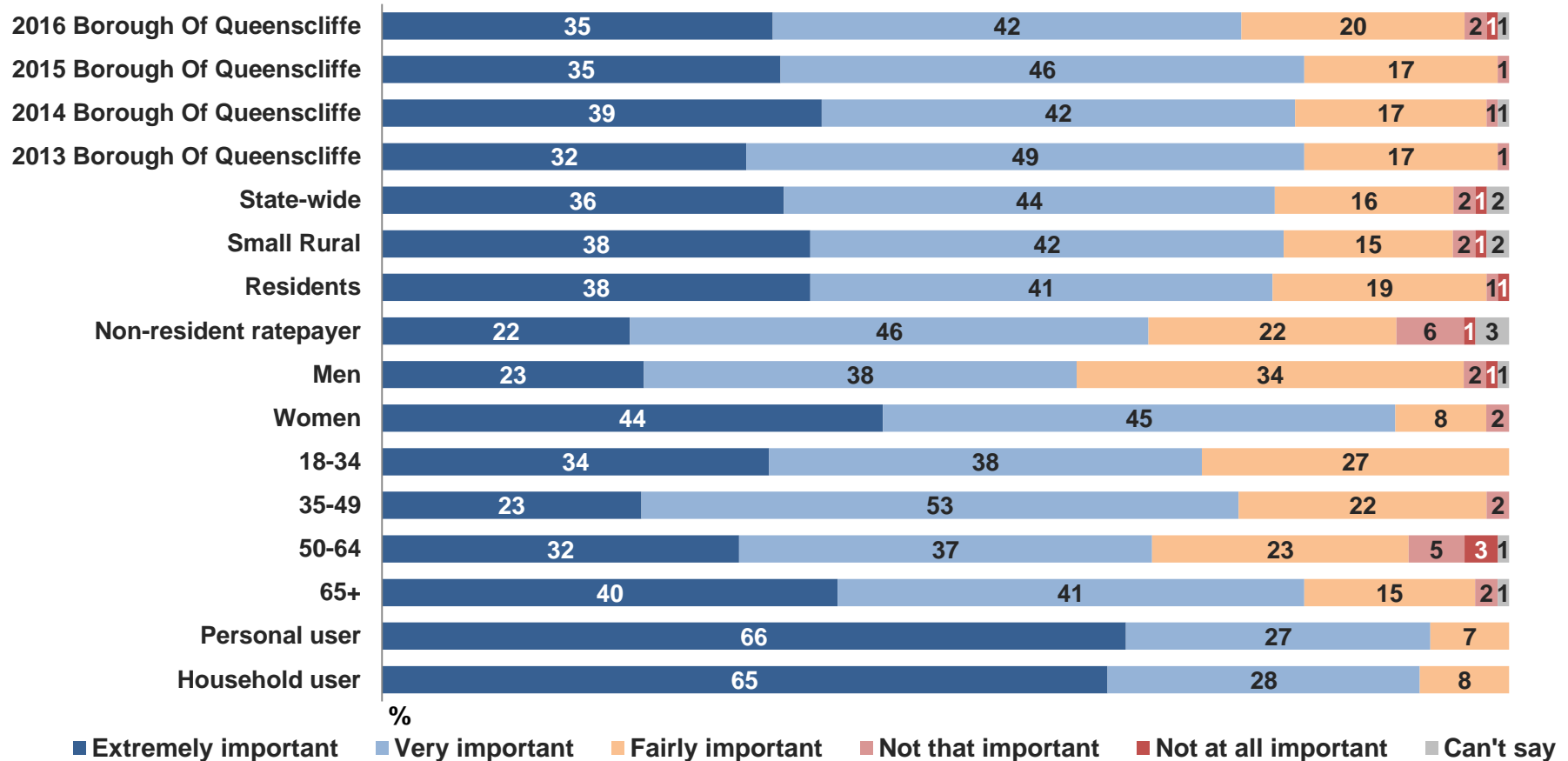
Q1. Firstly, how important should 'elderly support services' be as a responsibility for Council?

Base: All respondents. Councils asked state-wide: 26 Councils asked group: 5

Note: Please see slide 5 for explanation about significant differences

2016 ELDERLY SUPPORT SERVICES IMPORTANCE DETAILED PERCENTAGES

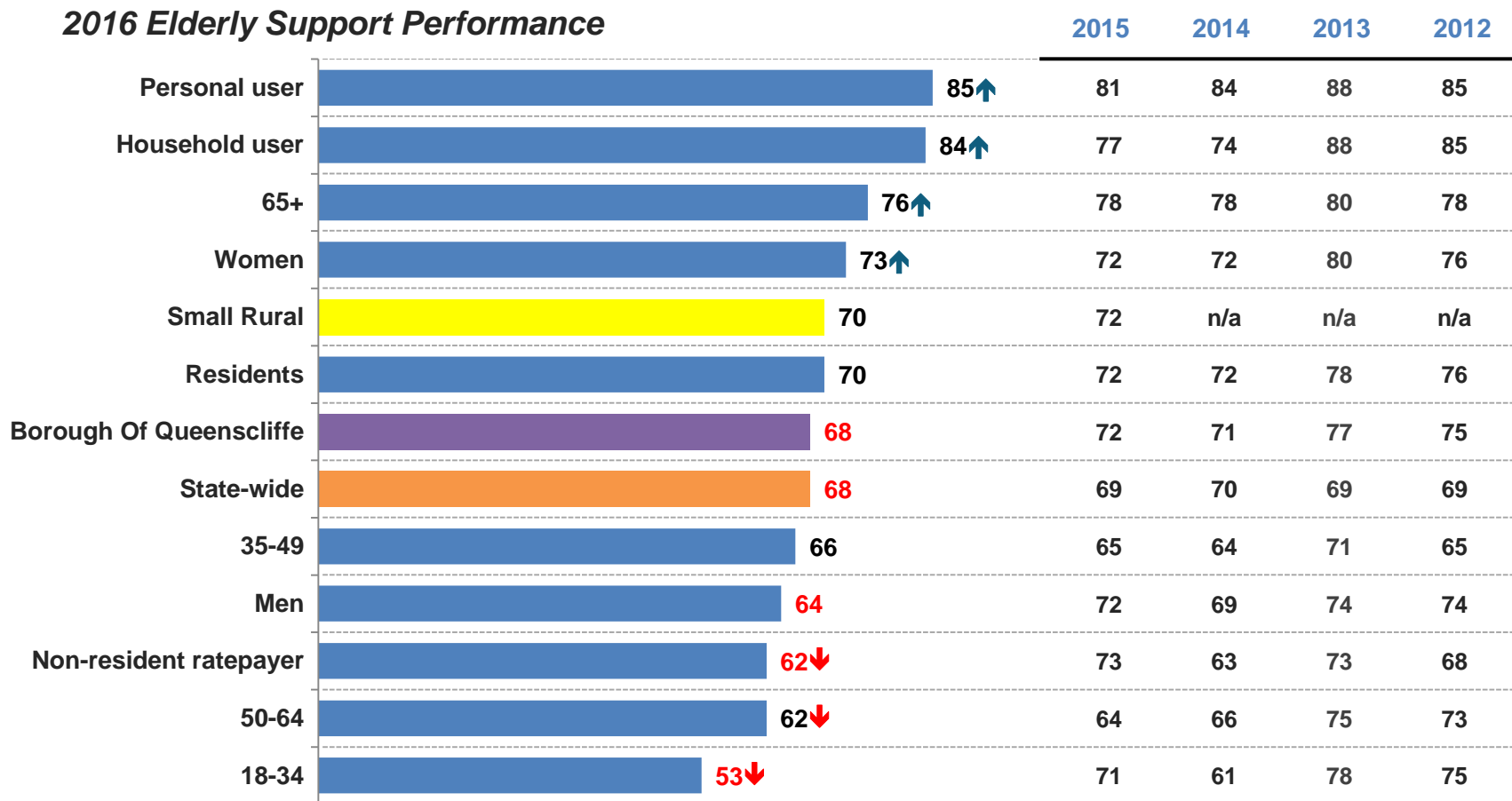
2016 Elderly Support Importance



Q1. Firstly, how important should 'elderly support services' be as a responsibility for Council?
 Base: All respondents. Councils asked state-wide: 26 Councils asked group: 5

2016 ELDERLY SUPPORT SERVICES PERFORMANCE INDEX SCORES

2016 Elderly Support Performance



Q2. How has Council performed on 'elderly support services' over the last 12 months?

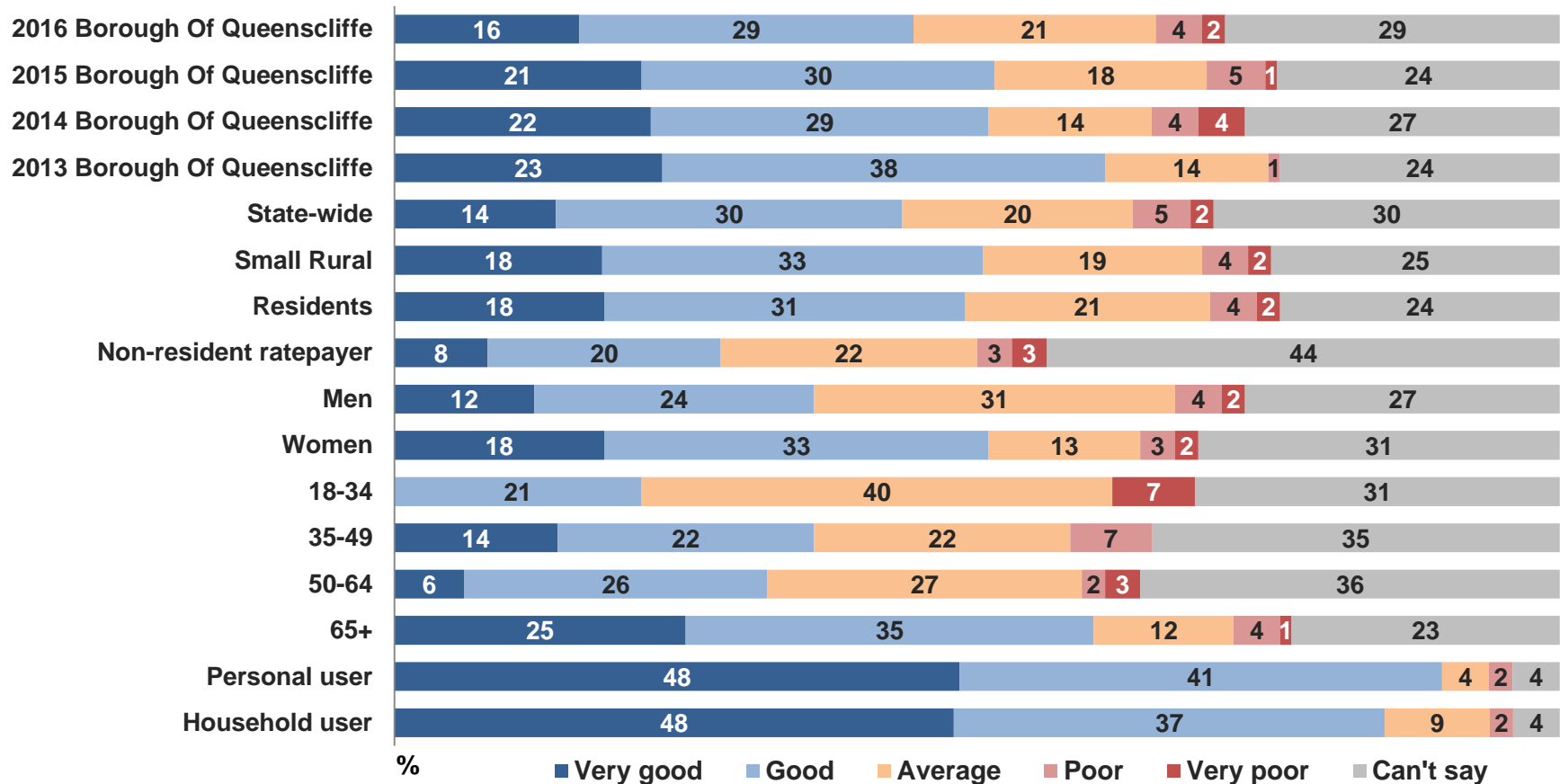
Base: All respondents. Councils asked state-wide: 37 Councils asked group: 9

Note: Please see slide 5 for explanation about significant differences



2016 ELDERLY SUPPORT SERVICES PERFORMANCE DETAILED PERCENTAGES

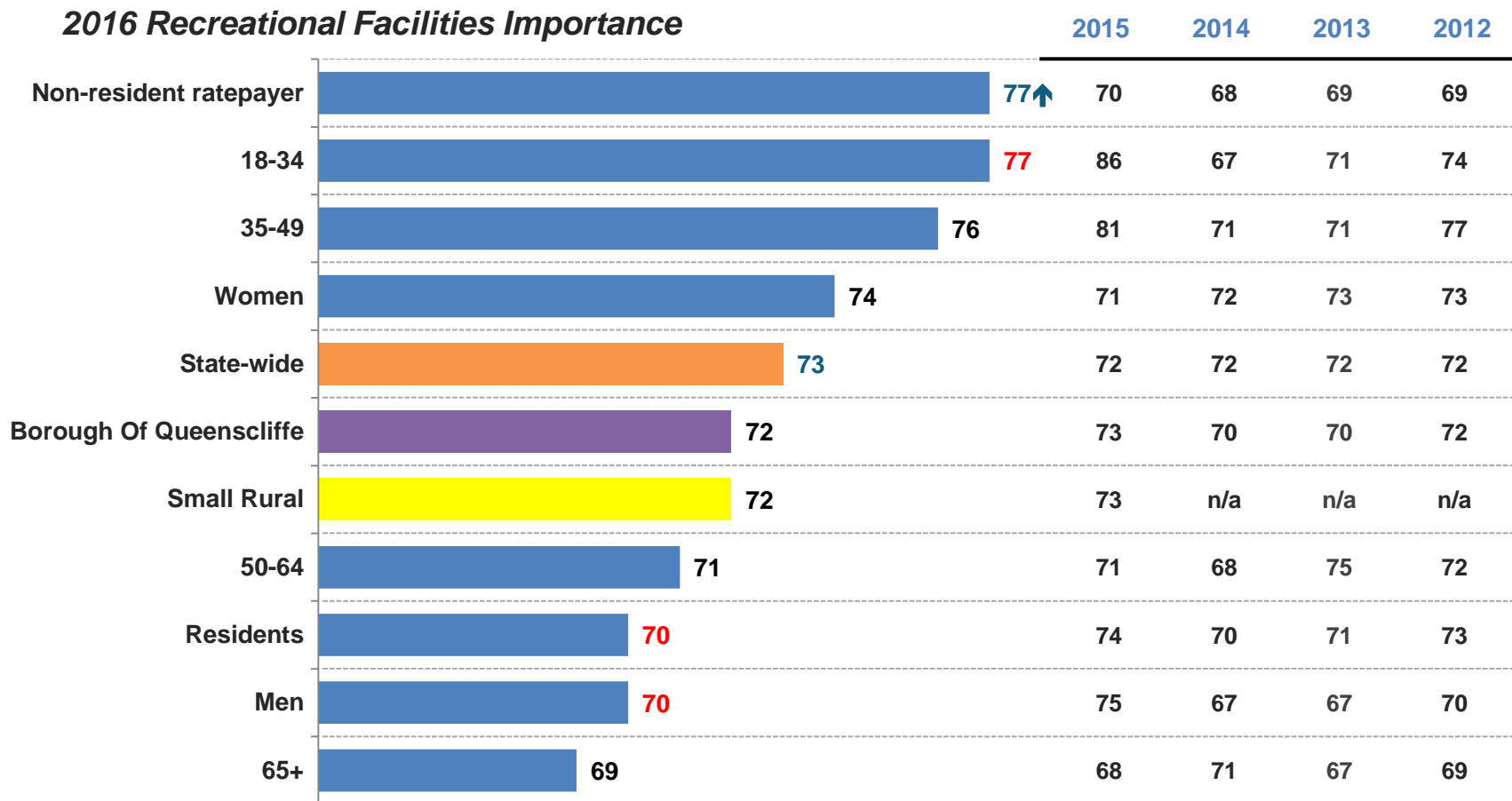
2016 Elderly Support Performance



Q2. How has Council performed on 'elderly support services' over the last 12 months?
 Base: All respondents. Councils asked state-wide: 37 Councils asked group: 9

2016 RECREATIONAL FACILITIES IMPORTANCE INDEX SCORES

2016 Recreational Facilities Importance



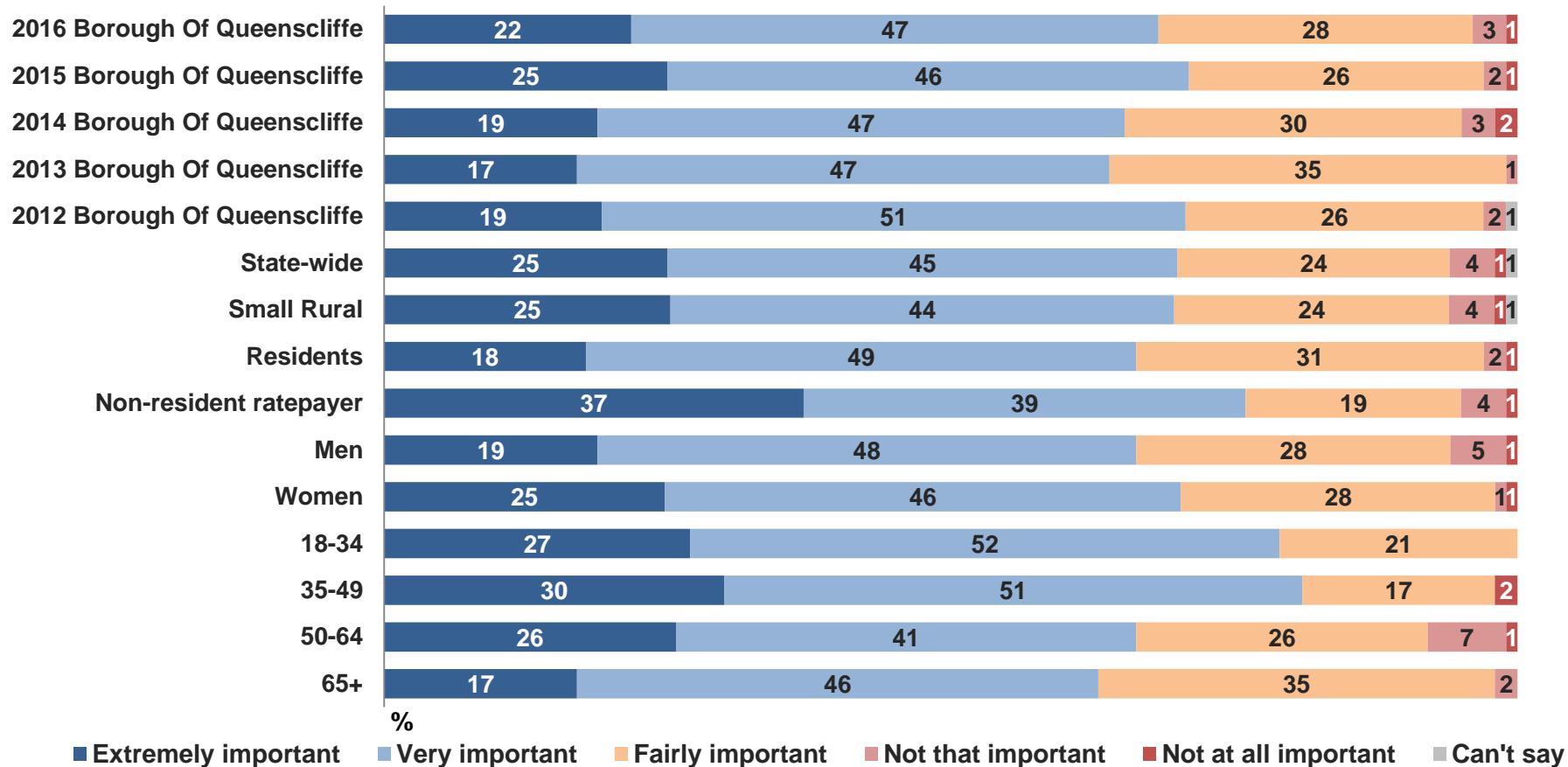
Q1. Firstly, how important should 'recreational facilities' be as a responsibility for Council?

Base: All respondents. Councils asked state-wide: 29 Councils asked group: 4

Note: Please see slide 5 for explanation about significant differences

2016 RECREATIONAL FACILITIES IMPORTANCE DETAILED PERCENTAGES

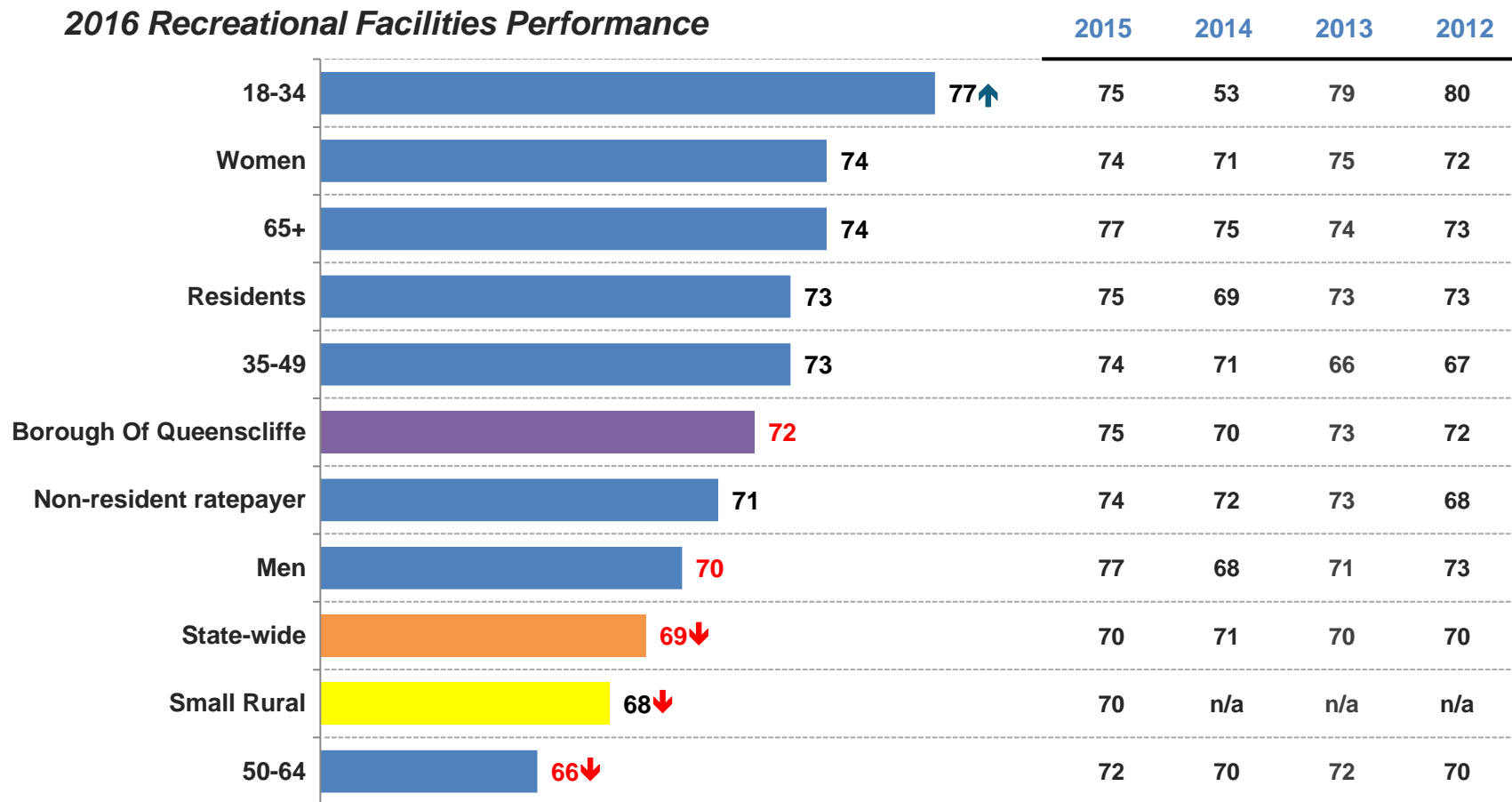
2016 Recreational Facilities Importance



Q1. Firstly, how important should 'recreational facilities' be as a responsibility for Council?
Base: All respondents. Councils asked state-wide: 29 Councils asked group: 4

2016 RECREATIONAL FACILITIES PERFORMANCE INDEX SCORES

2016 Recreational Facilities Performance



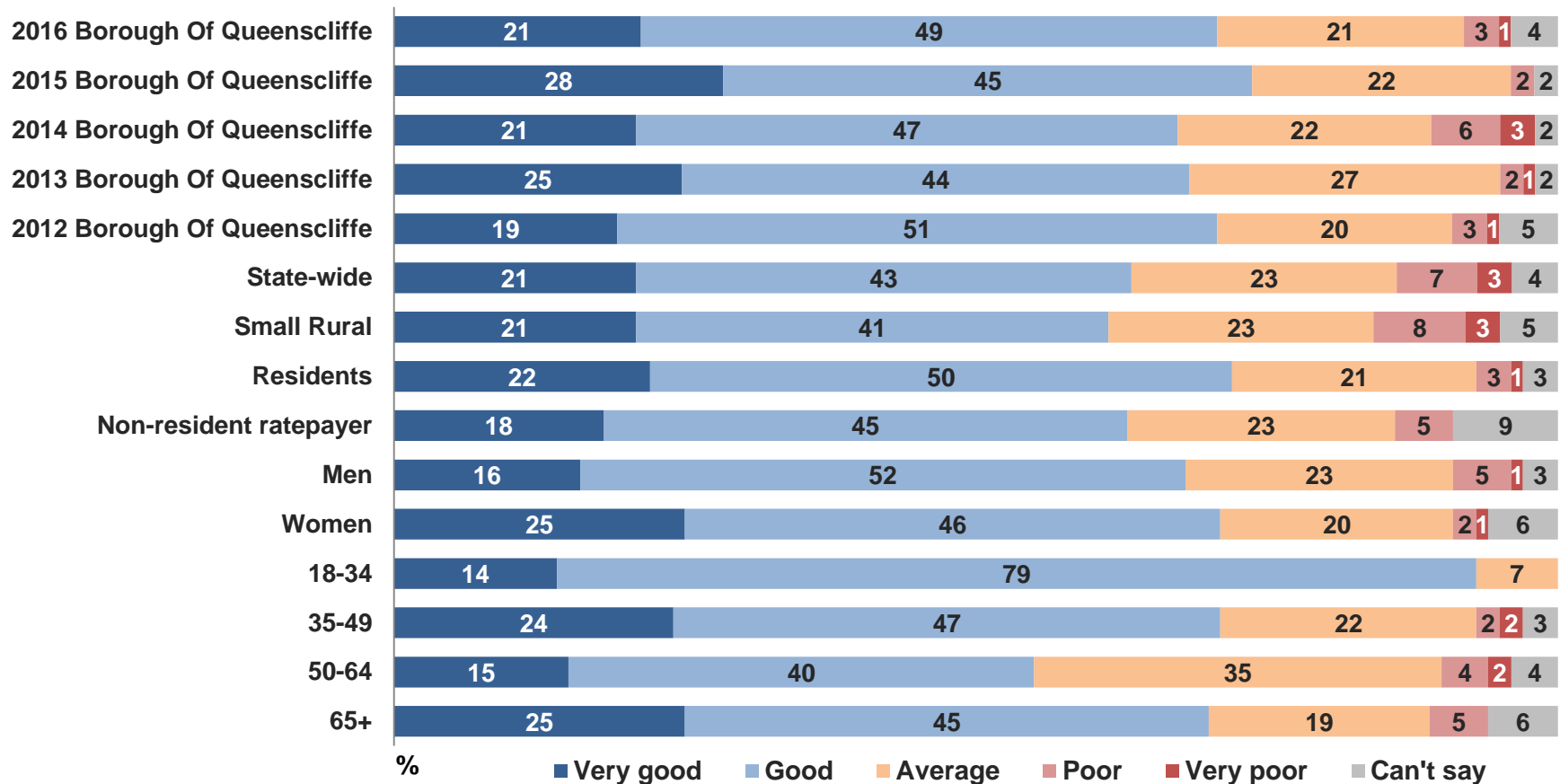
Q2. How has Council performed on 'recreational facilities' over the last 12 months?

Base: All respondents. Councils asked state-wide: 43 Councils asked group: 9

Note: Please see slide 5 for explanation about significant differences

2016 RECREATIONAL FACILITIES PERFORMANCE DETAILED PERCENTAGES

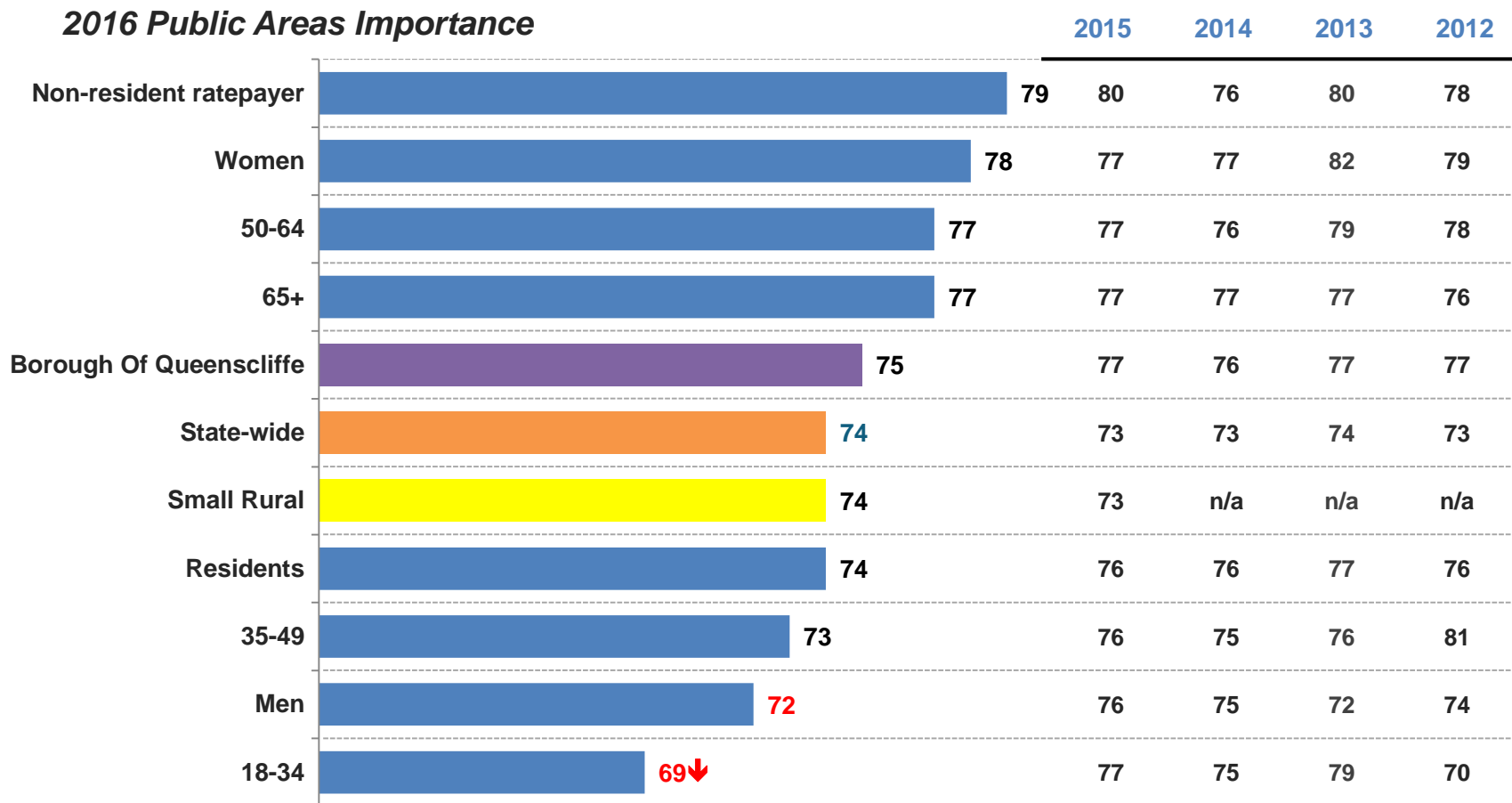
2016 Recreational Facilities Performance



Q2. How has Council performed on 'recreational facilities' over the last 12 months?
 Base: All respondents. Councils asked state-wide: 43 Councils asked group: 9

2016 THE APPEARANCE OF PUBLIC AREAS IMPORTANCE INDEX SCORES

2016 Public Areas Importance



Q1. Firstly, how important should 'the appearance of public areas' be as a responsibility for Council?

Base: All respondents. Councils asked state-wide: 27 Councils asked group: 4

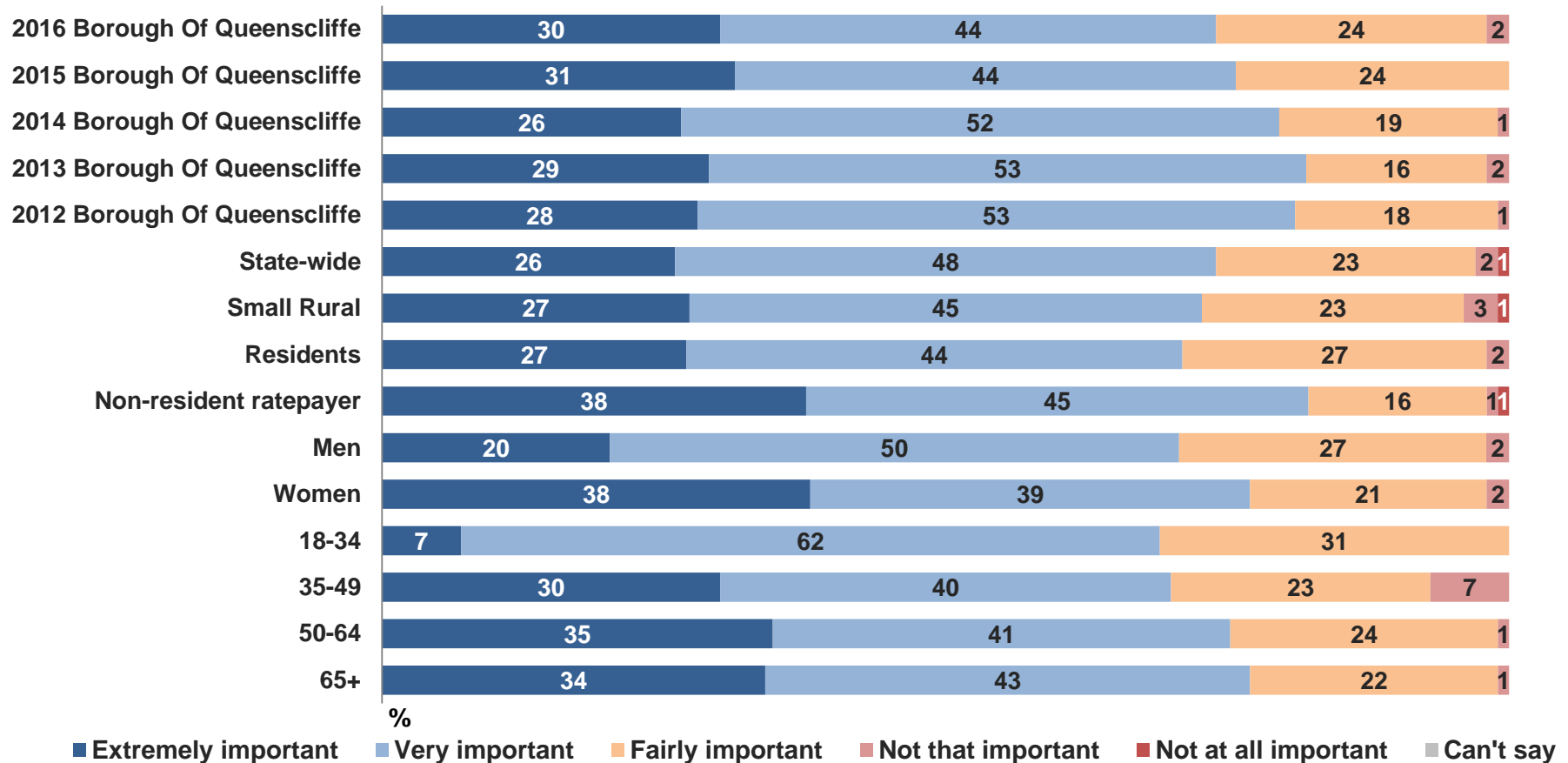
Note: Please see slide 5 for explanation about significant differences



2016 THE APPEARANCE OF PUBLIC AREAS

IMPORTANCE DETAILED PERCENTAGES

2016 Public Areas Importance

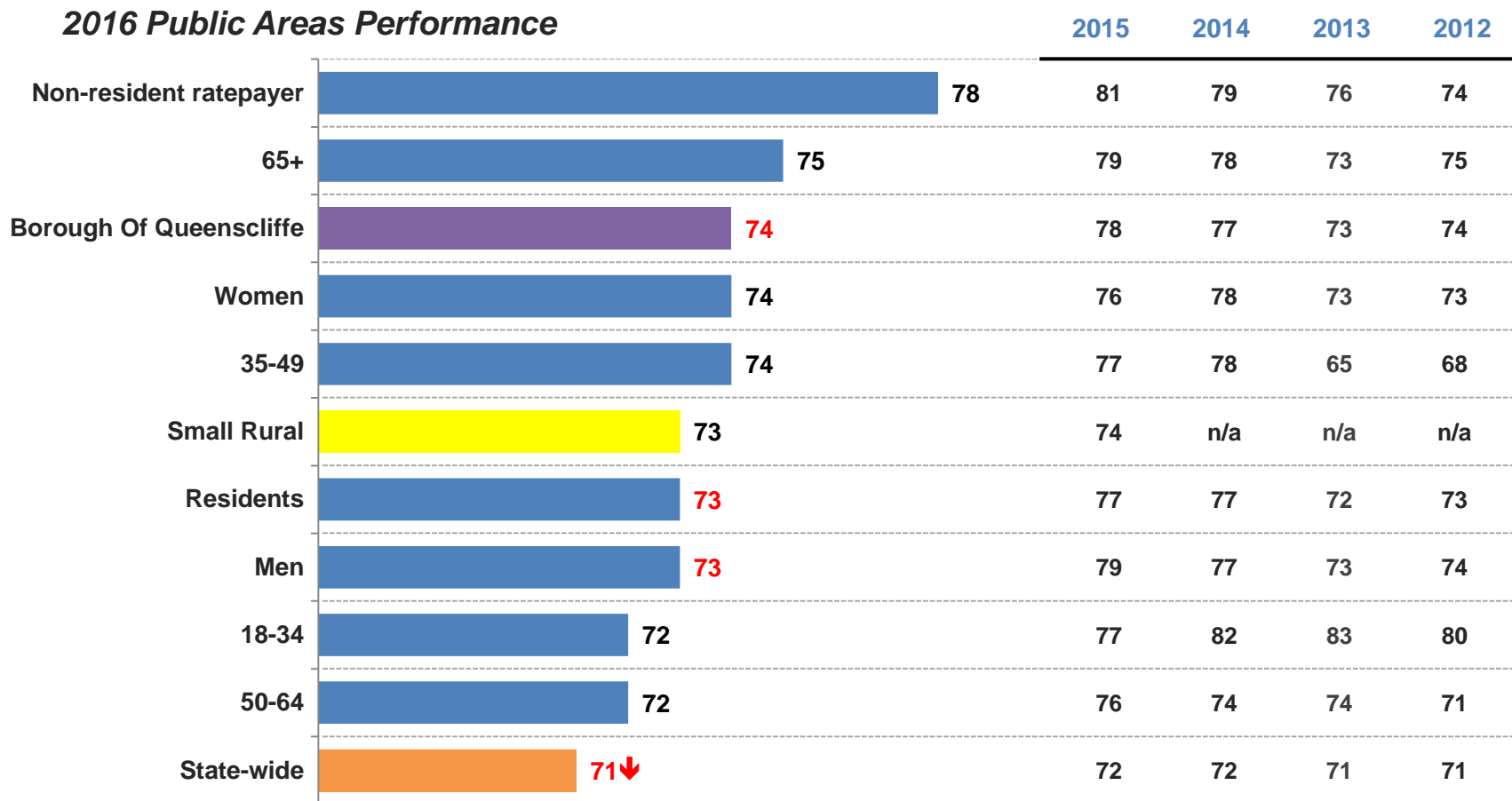


Q1. Firstly, how important should 'the appearance of public areas' be as a responsibility for Council?
 Base: All respondents. Councils asked state-wide: 27 Councils asked group: 4



2016 THE APPEARANCE OF PUBLIC AREAS PERFORMANCE INDEX SCORES

2016 Public Areas Performance



Q2. How has Council performed on 'the appearance of public areas' over the last 12 months?

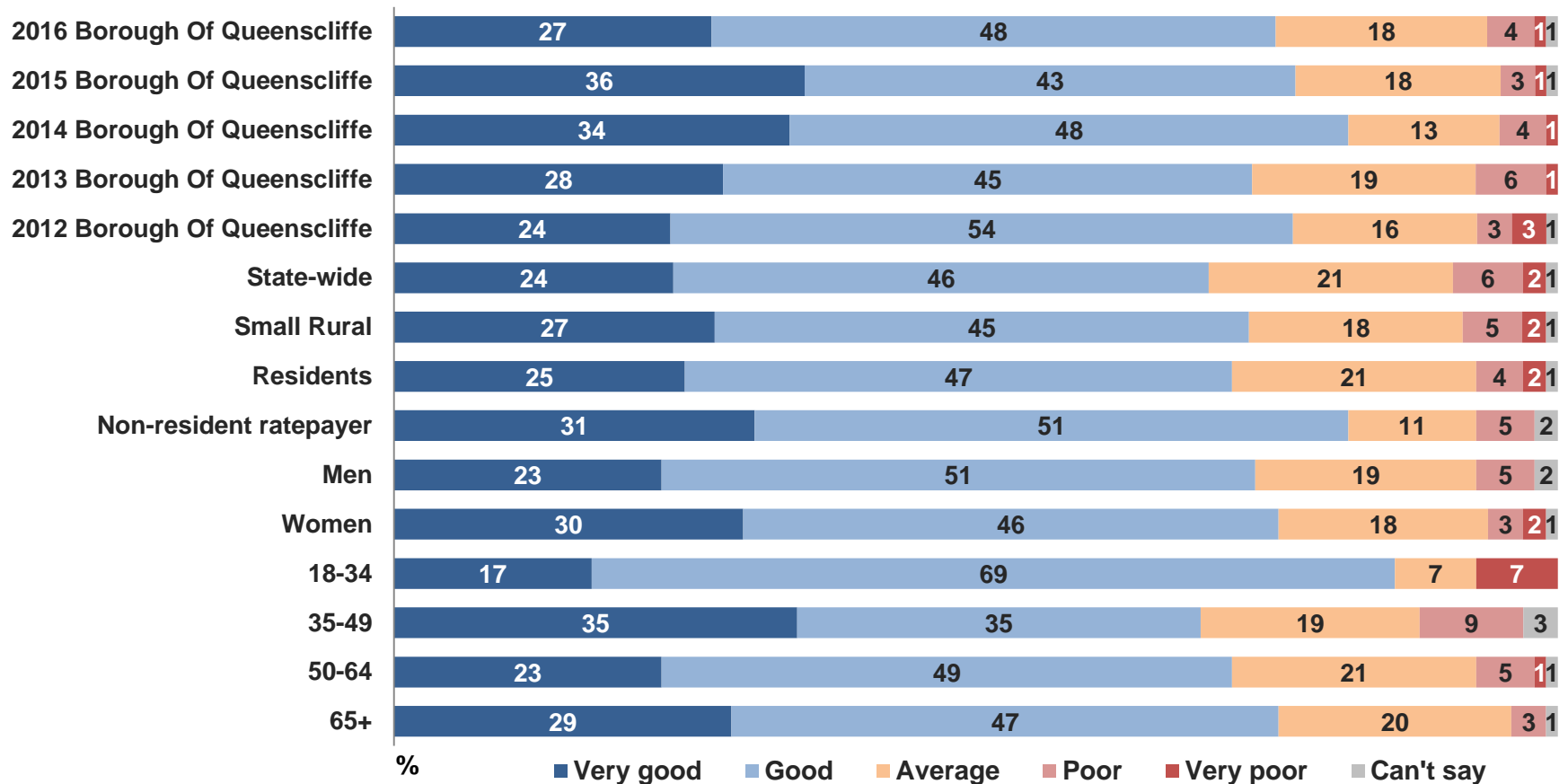
Base: All respondents. Councils asked state-wide: 37 Councils asked group: 9

Note: Please see slide 5 for explanation about significant differences



2016 THE APPEARANCE OF PUBLIC AREAS PERFORMANCE DETAILED PERCENTAGES

2016 Public Areas Performance

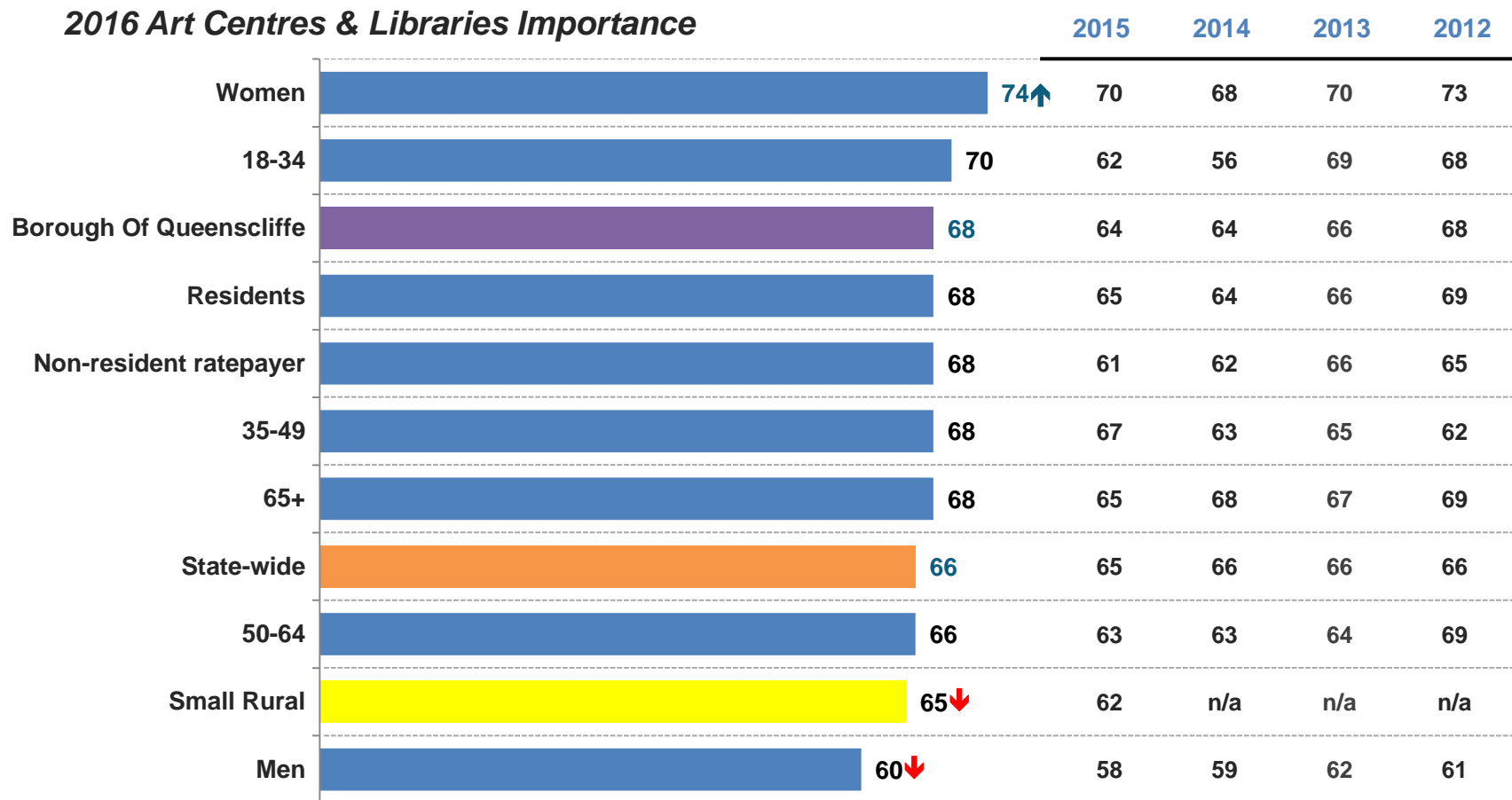


Q2. How has Council performed on 'the appearance of public areas' over the last 12 months?
Base: All respondents. Councils asked state-wide: 37 Councils asked group: 9



2016 ART CENTRES AND LIBRARIES IMPORTANCE INDEX SCORES

2016 Art Centres & Libraries Importance



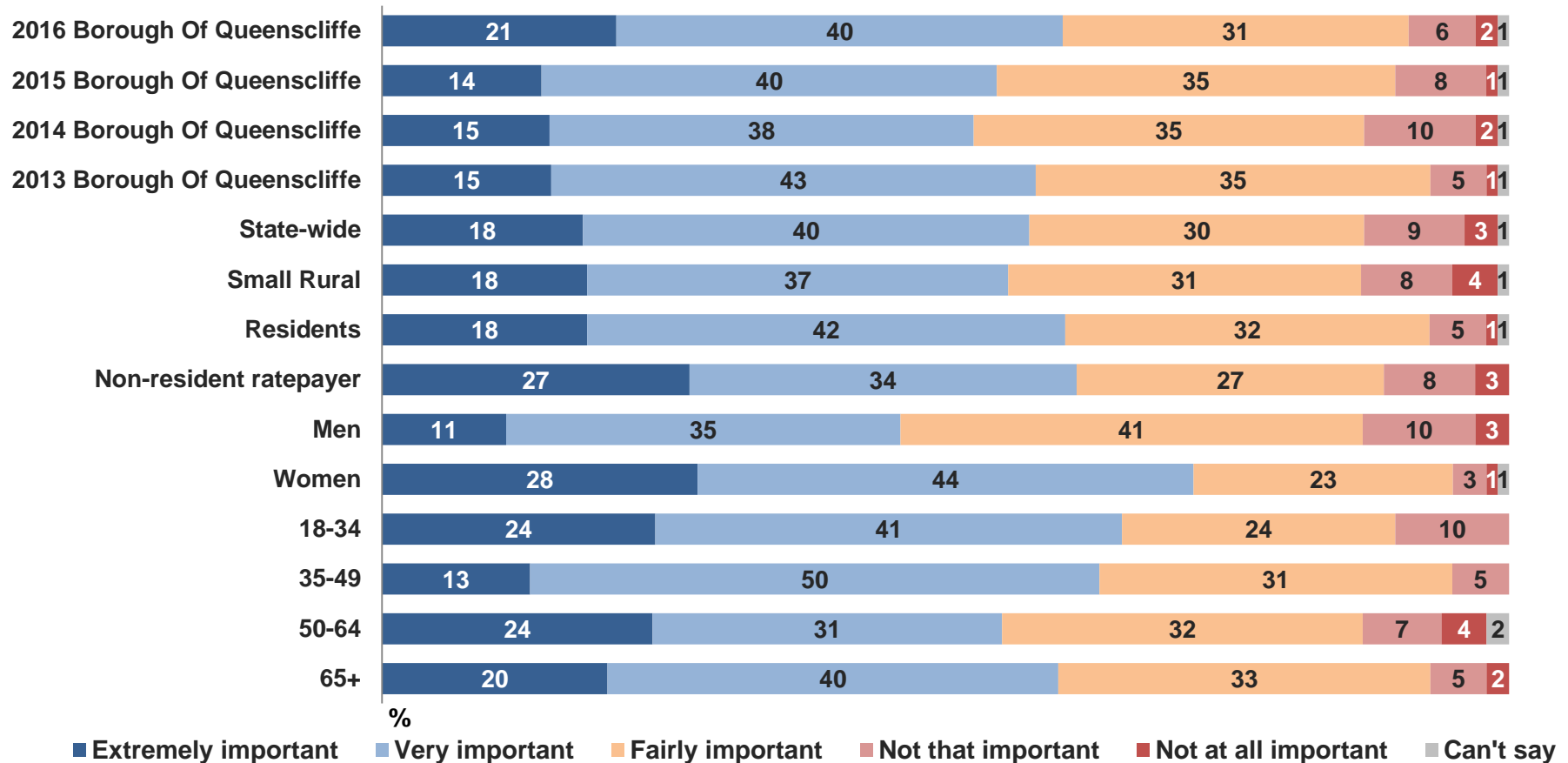
Q1. Firstly, how important should 'art centres and libraries' be as a responsibility for Council?

Base: All respondents. Councils asked state-wide: 20 Councils asked group: 2

Note: Please see slide 5 for explanation about significant differences

2016 ART CENTRES AND LIBRARIES IMPORTANCE DETAILED PERCENTAGES

2016 Art Centres & Libraries Importance

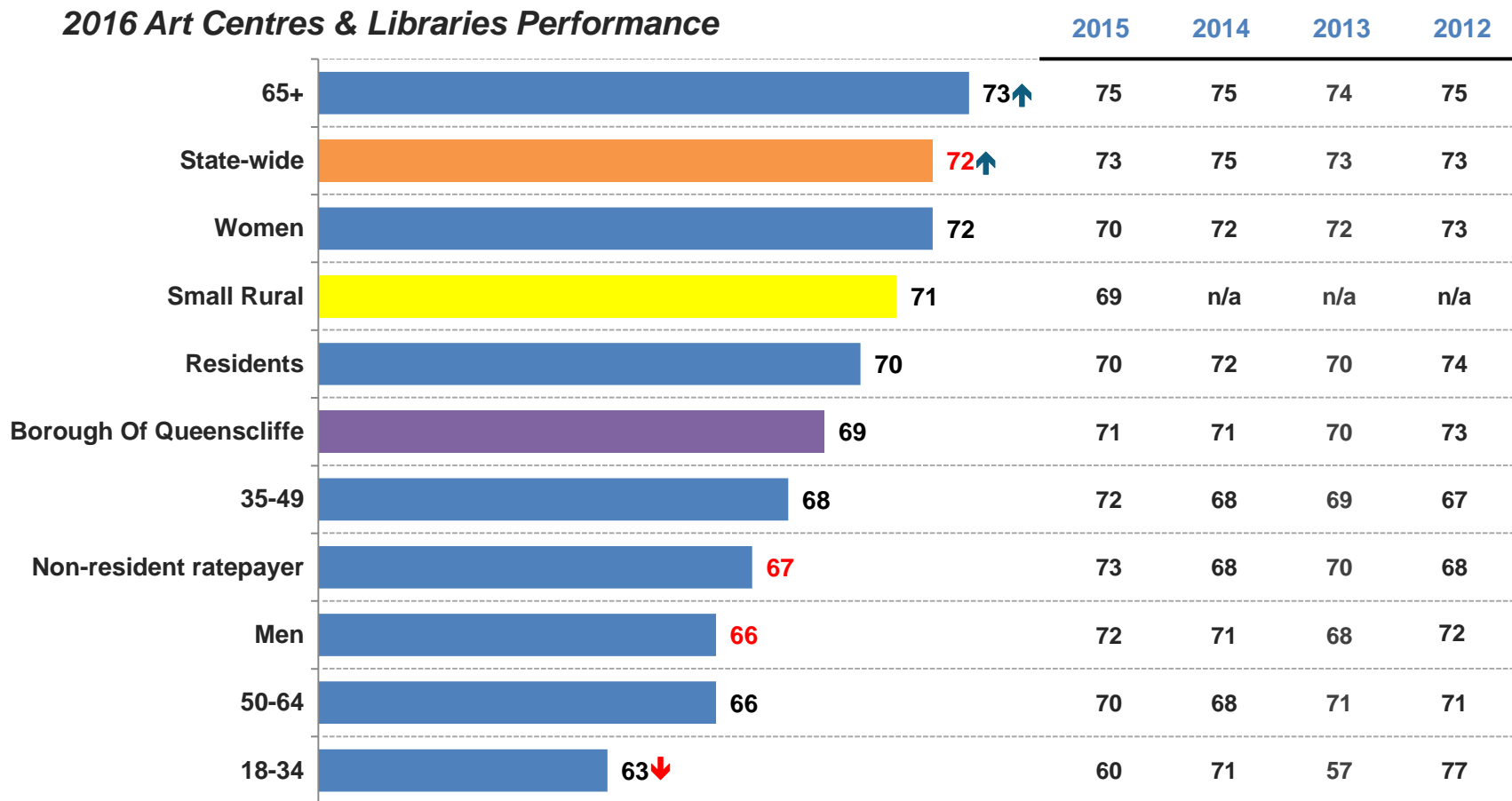


Q1. Firstly, how important should 'art centres and libraries' be as a responsibility for Council?
 Base: All respondents. Councils asked state-wide: 20 Councils asked group: 2



2016 ART CENTRES AND LIBRARIES PERFORMANCE INDEX SCORES

2016 Art Centres & Libraries Performance



Q2. How has Council performed on 'art centres and libraries' over the last 12 months?

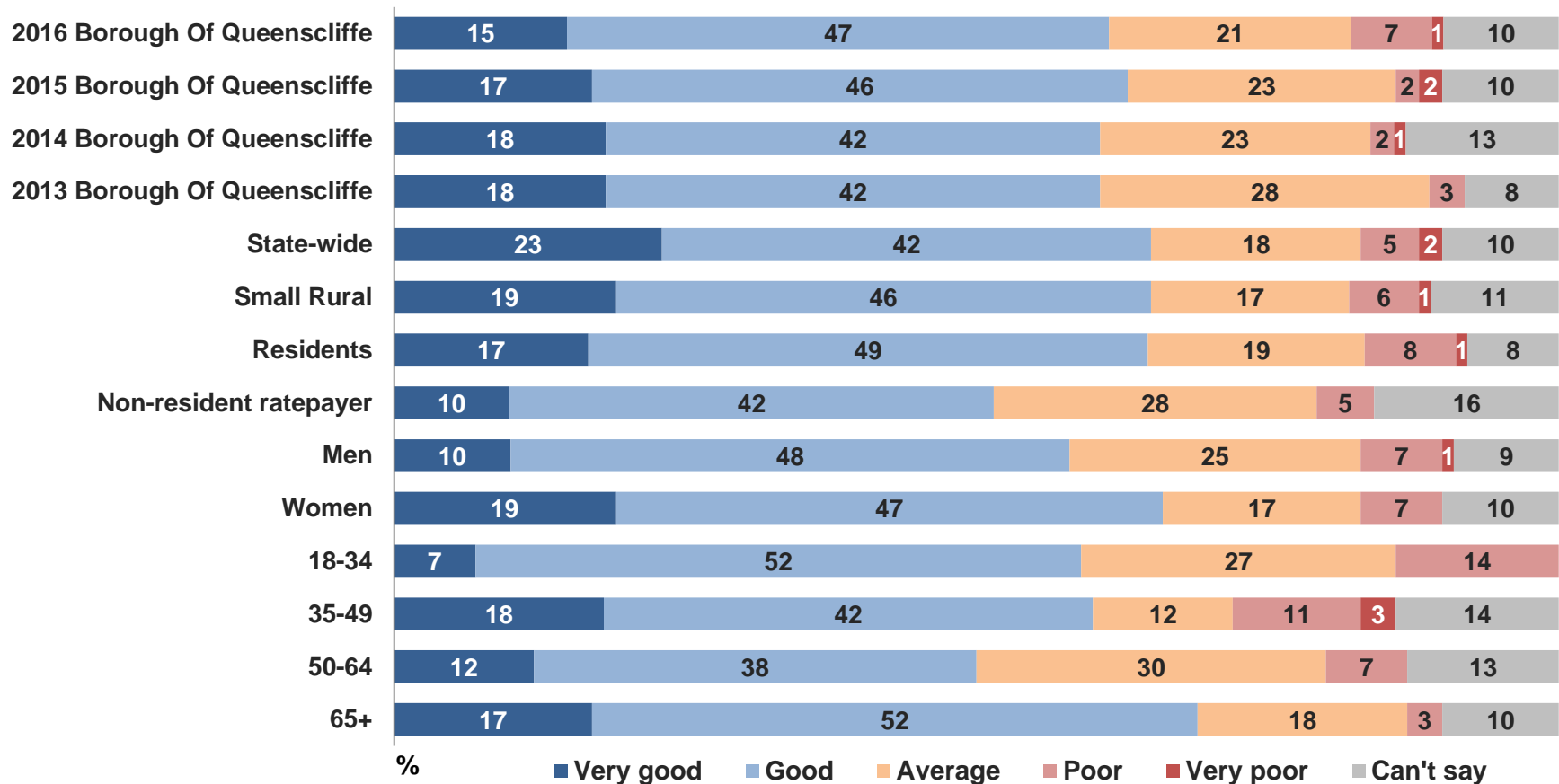
Base: All respondents. Councils asked state-wide: 27 Councils asked group: 3

Note: Please see slide 5 for explanation about significant differences



2016 ART CENTRES AND LIBRARIES PERFORMANCE DETAILED PERCENTAGES

2016 Art Centres & Libraries Performance

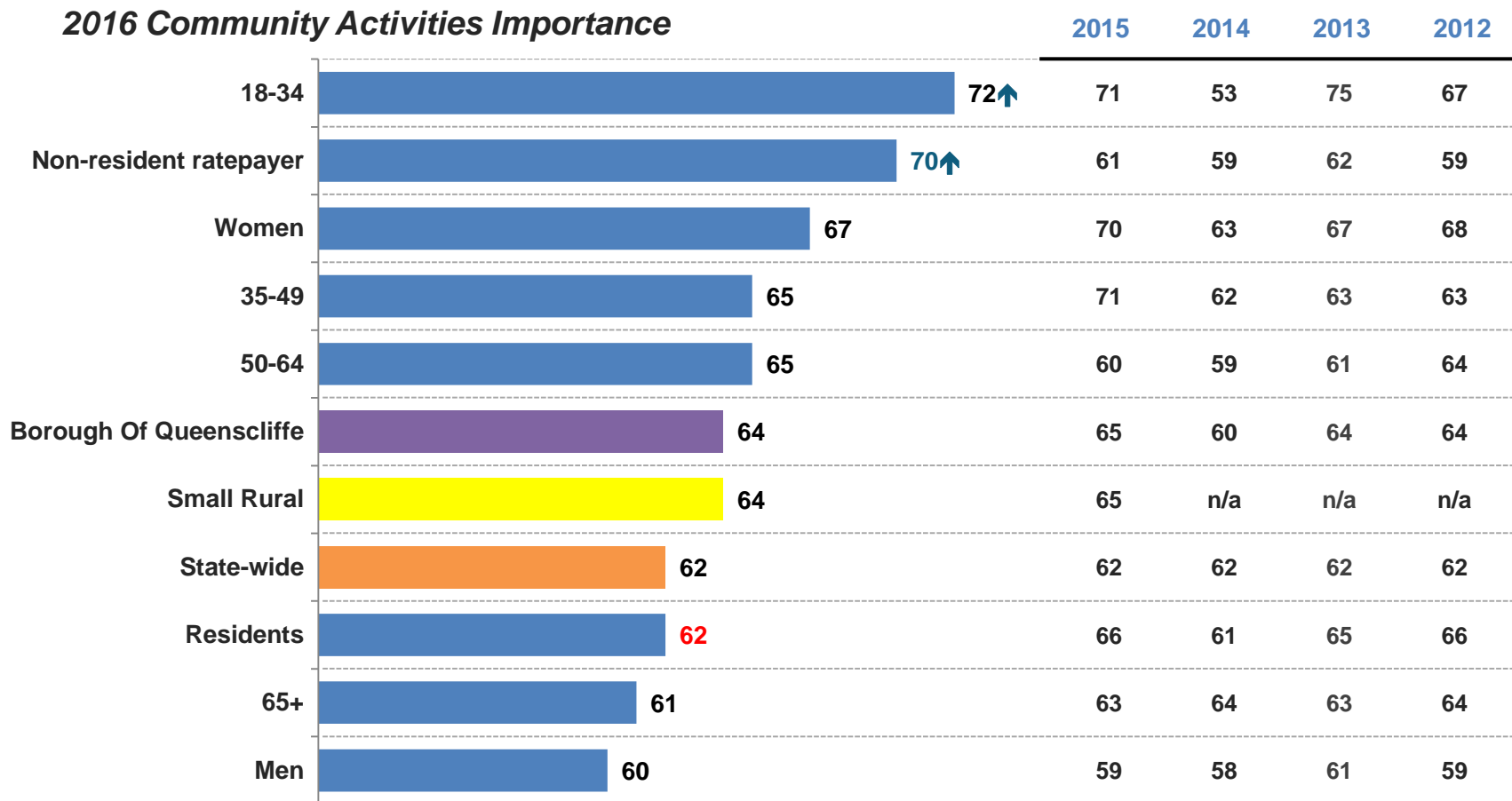


Q2. How has Council performed on 'art centres and libraries' over the last 12 months?
Base: All respondents. Councils asked state-wide: 27 Councils asked group: 3



2016 COMMUNITY AND CULTURAL ACTIVITIES IMPORTANCE INDEX SCORES

2016 Community Activities Importance



Q1. Firstly, how important should 'community and cultural activities' be as a responsibility for Council?

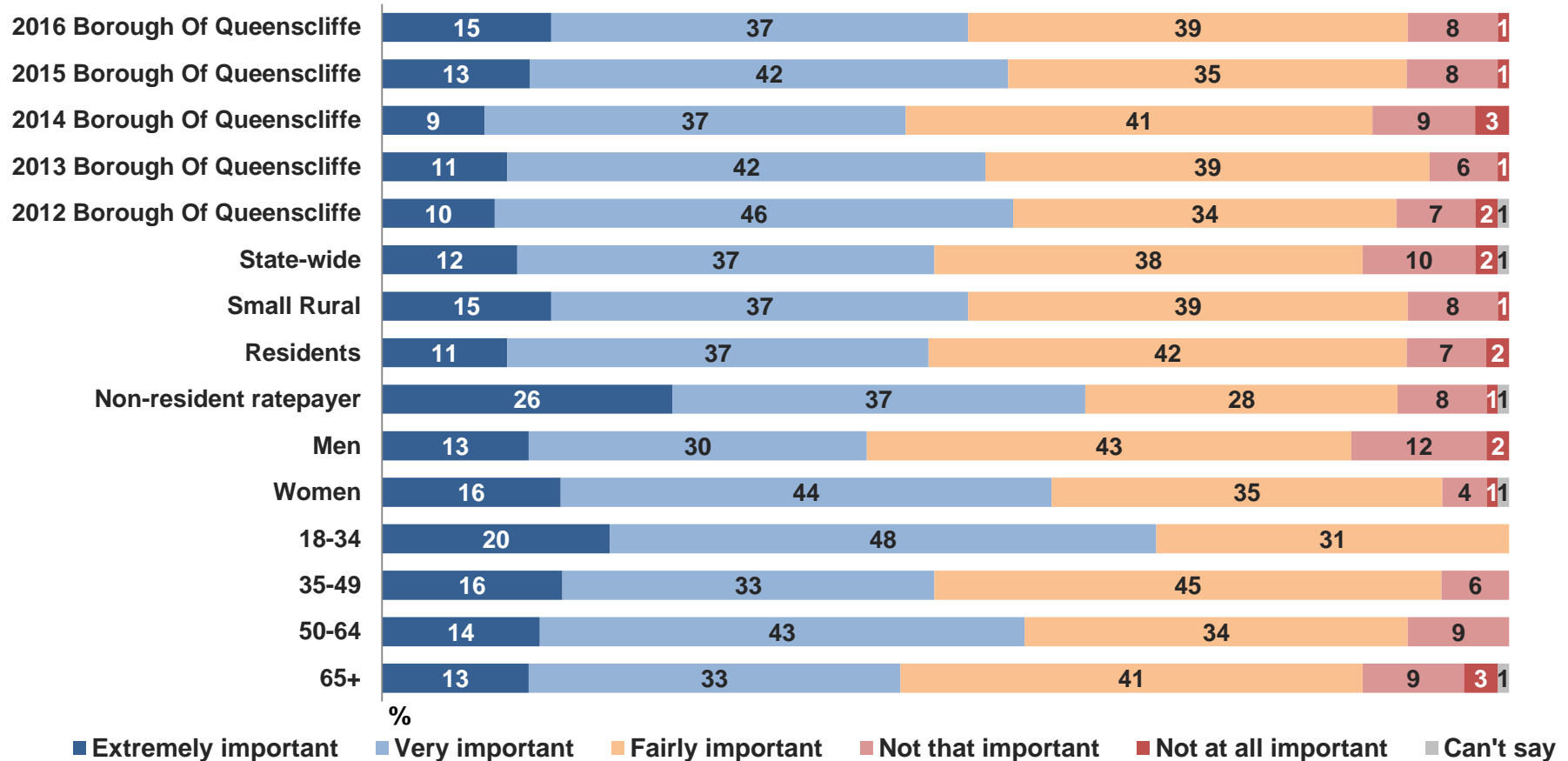
Base: All respondents. Councils asked state-wide: 21 Councils asked group: 1

Note: Please see slide 5 for explanation about significant differences



2016 COMMUNITY AND CULTURAL ACTIVITIES IMPORTANCE DETAILED PERCENTAGES

2016 Community Activities Importance

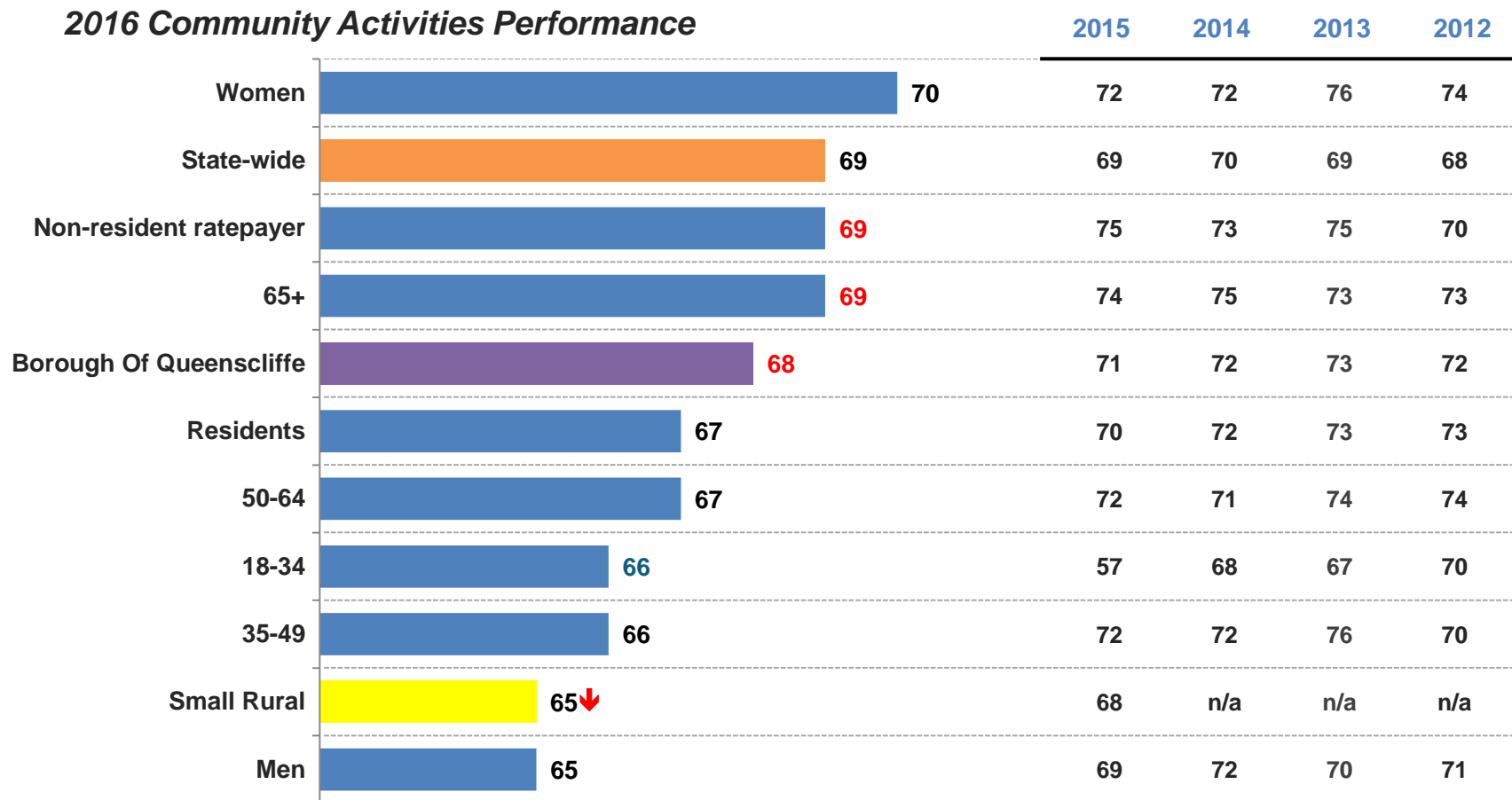


Q1. Firstly, how important should 'community and cultural activities' be as a responsibility for Council?
 Base: All respondents. Councils asked state-wide: 21 Councils asked group: 1



2016 COMMUNITY AND CULTURAL ACTIVITIES PERFORMANCE INDEX SCORES

2016 Community Activities Performance



Q2. How has Council performed on 'community and cultural activities' over the last 12 months?

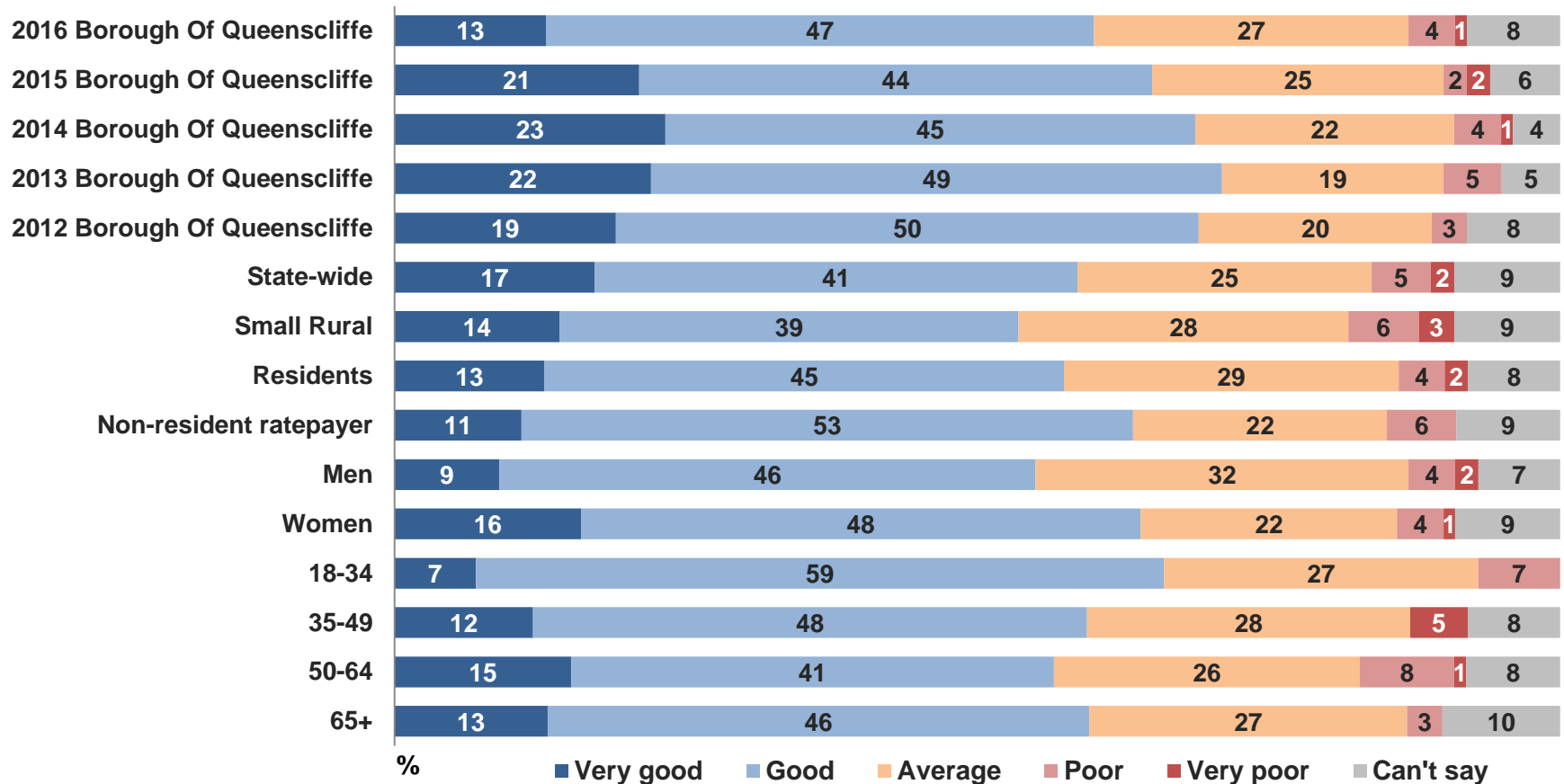
Base: All respondents. Councils asked state-wide: 29 Councils asked group: 2

Note: Please see slide 5 for explanation about significant differences



2016 COMMUNITY AND CULTURAL ACTIVITIES PERFORMANCE DETAILED PERCENTAGES

2016 Community Activities Performance

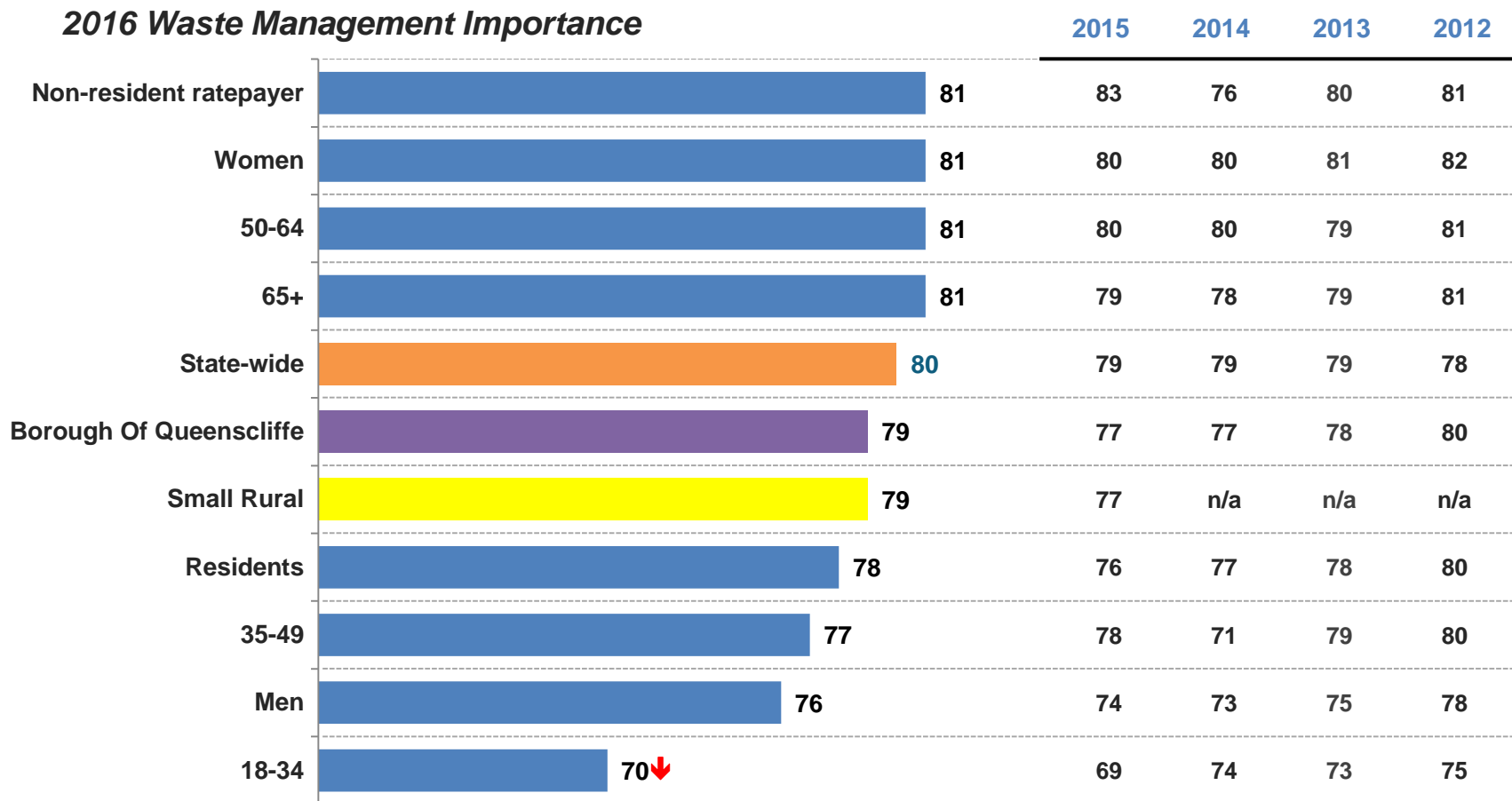


Q2. How has Council performed on 'community and cultural activities' over the last 12 months?
 Base: All respondents. Councils asked state-wide: 29 Councils asked group: 2



2016 WASTE MANAGEMENT IMPORTANCE INDEX SCORES

2016 Waste Management Importance



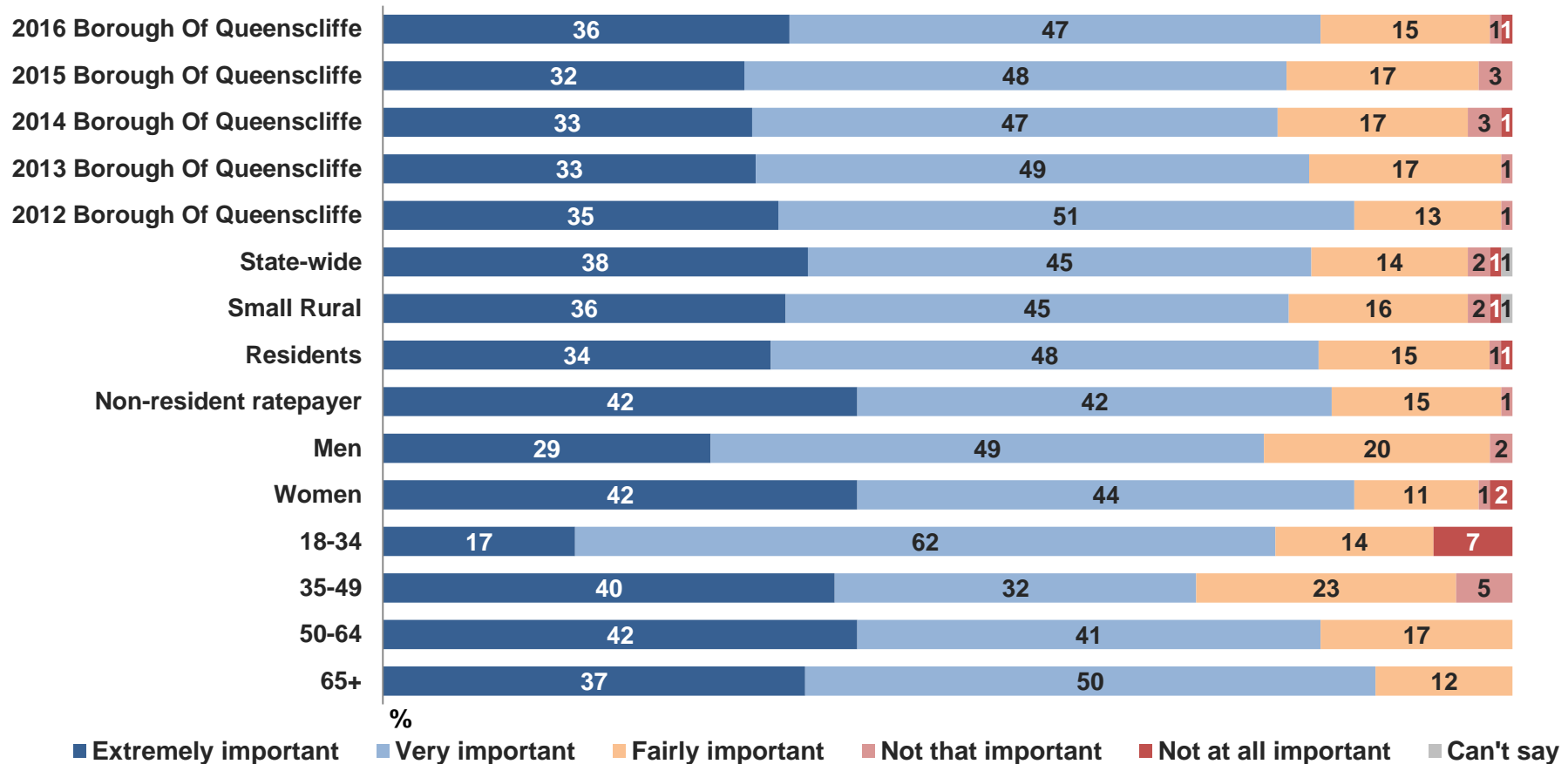
Q1. Firstly, how important should 'waste management' be as a responsibility for Council?

Base: All respondents. Councils asked state-wide: 31 Councils asked group: 5

Note: Please see slide 5 for explanation about significant differences

2016 WASTE MANAGEMENT IMPORTANCE DETAILED PERCENTAGES

2016 Waste Management Importance

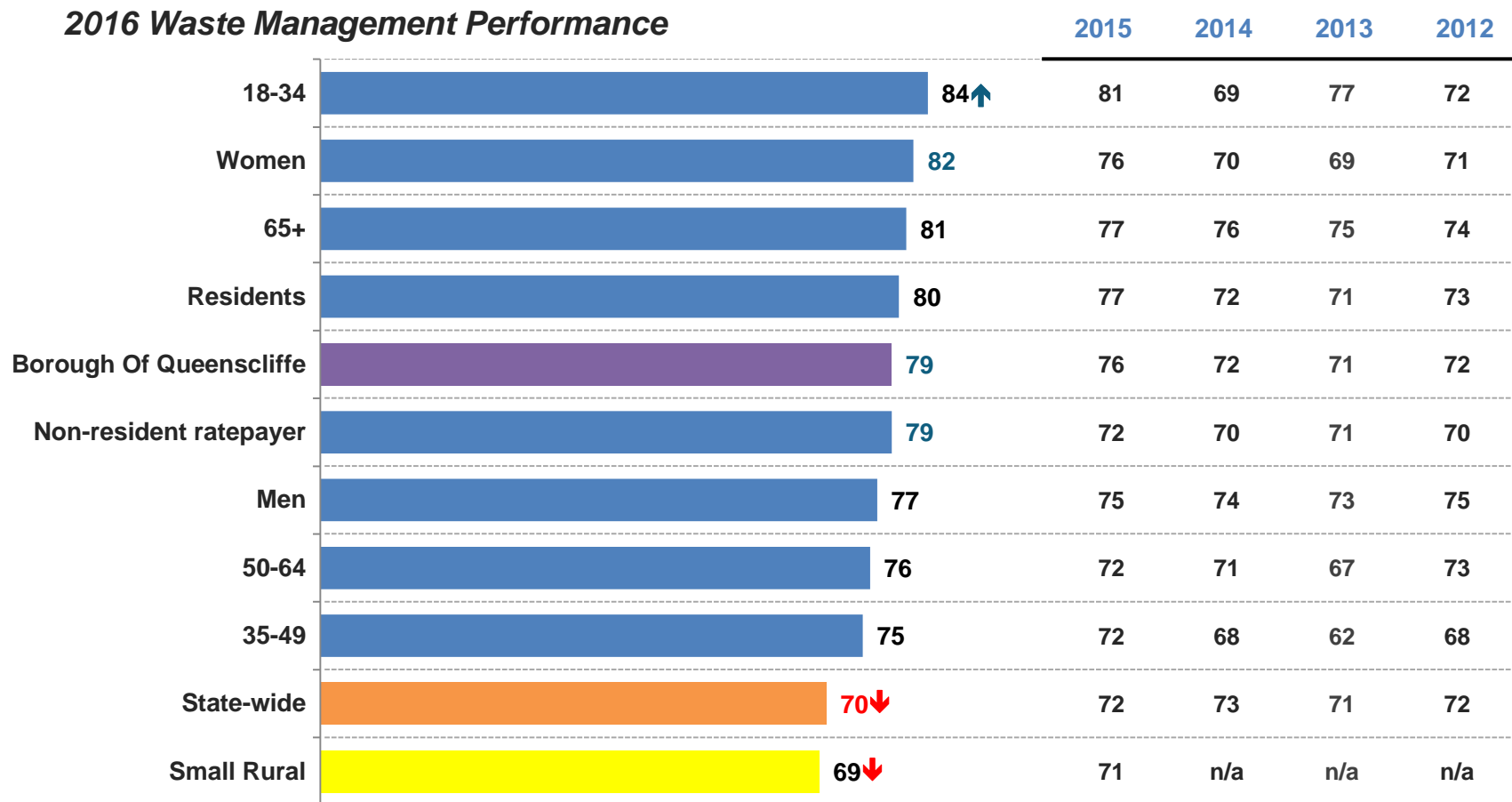


Q1. Firstly, how important should 'waste management' be as a responsibility for Council?
 Base: All respondents. Councils asked state-wide: 31 Councils asked group: 5



2016 WASTE MANAGEMENT PERFORMANCE INDEX SCORES

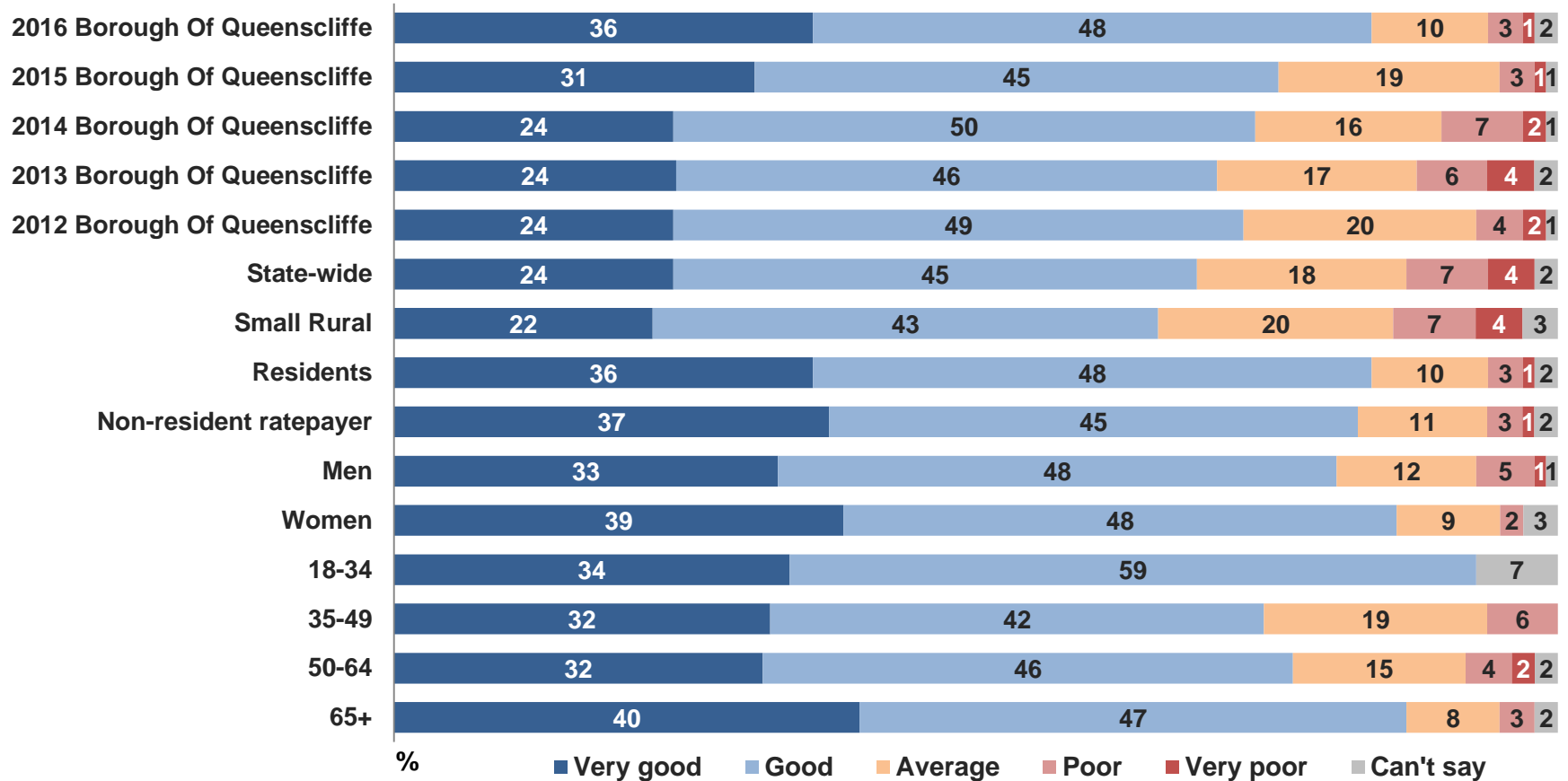
2016 Waste Management Performance



Q2. How has Council performed on 'waste management' over the last 12 months?
 Base: All respondents. Councils asked state-wide: 41 Councils asked group: 9
 Note: Please see slide 5 for explanation about significant differences

2016 WASTE MANAGEMENT PERFORMANCE DETAILED PERCENTAGES

2016 Waste Management Performance

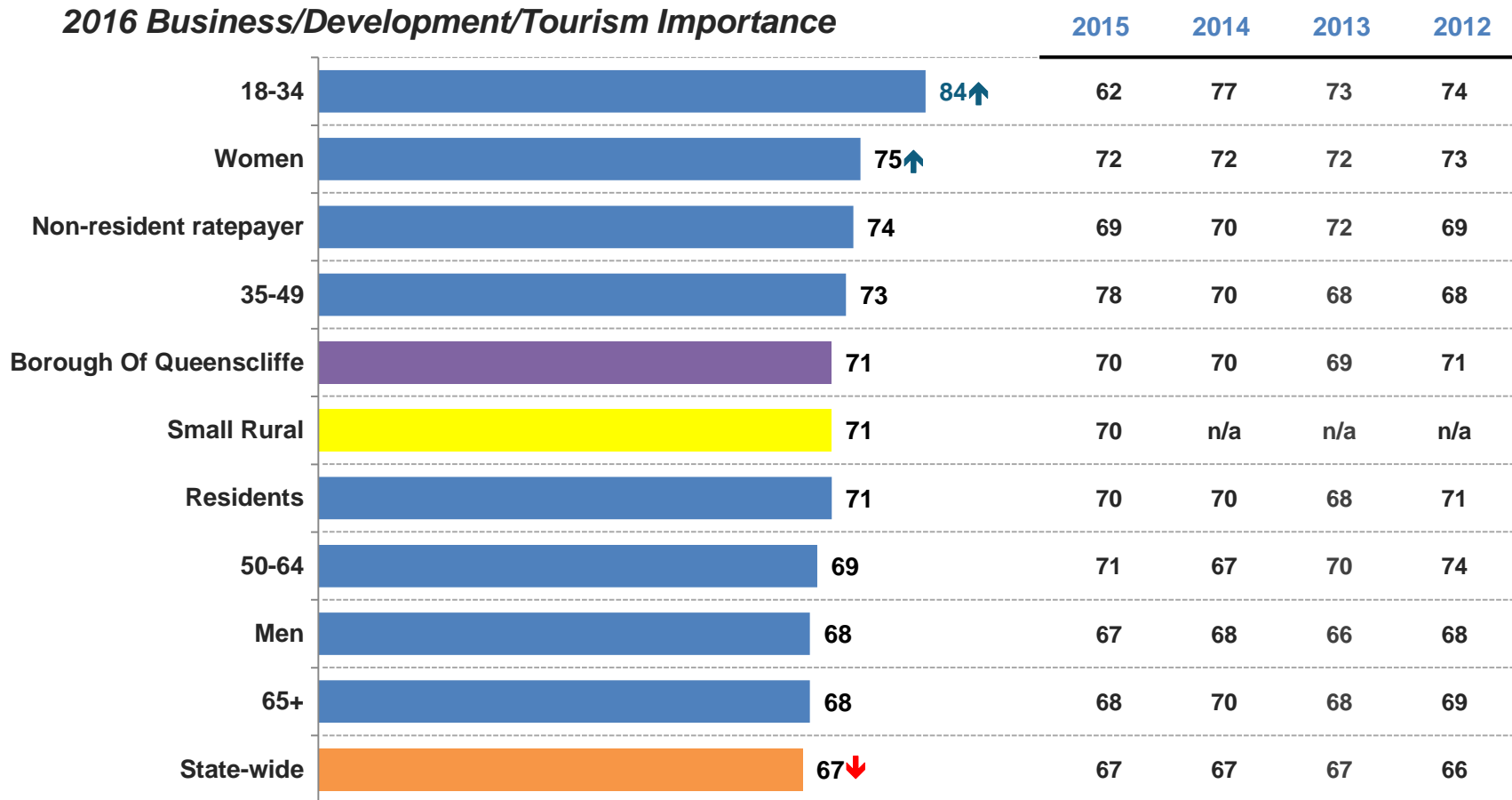


Q2. How has Council performed on 'waste management' over the last 12 months?
 Base: All respondents. Councils asked state-wide: 41 Councils asked group: 9



2016 BUSINESS AND COMMUNITY DEVELOPMENT AND TOURISM IMPORTANCE INDEX SCORES

2016 Business/Development/Tourism Importance



Q1. Firstly, how important should 'business and community development and tourism' be as a responsibility for Council?

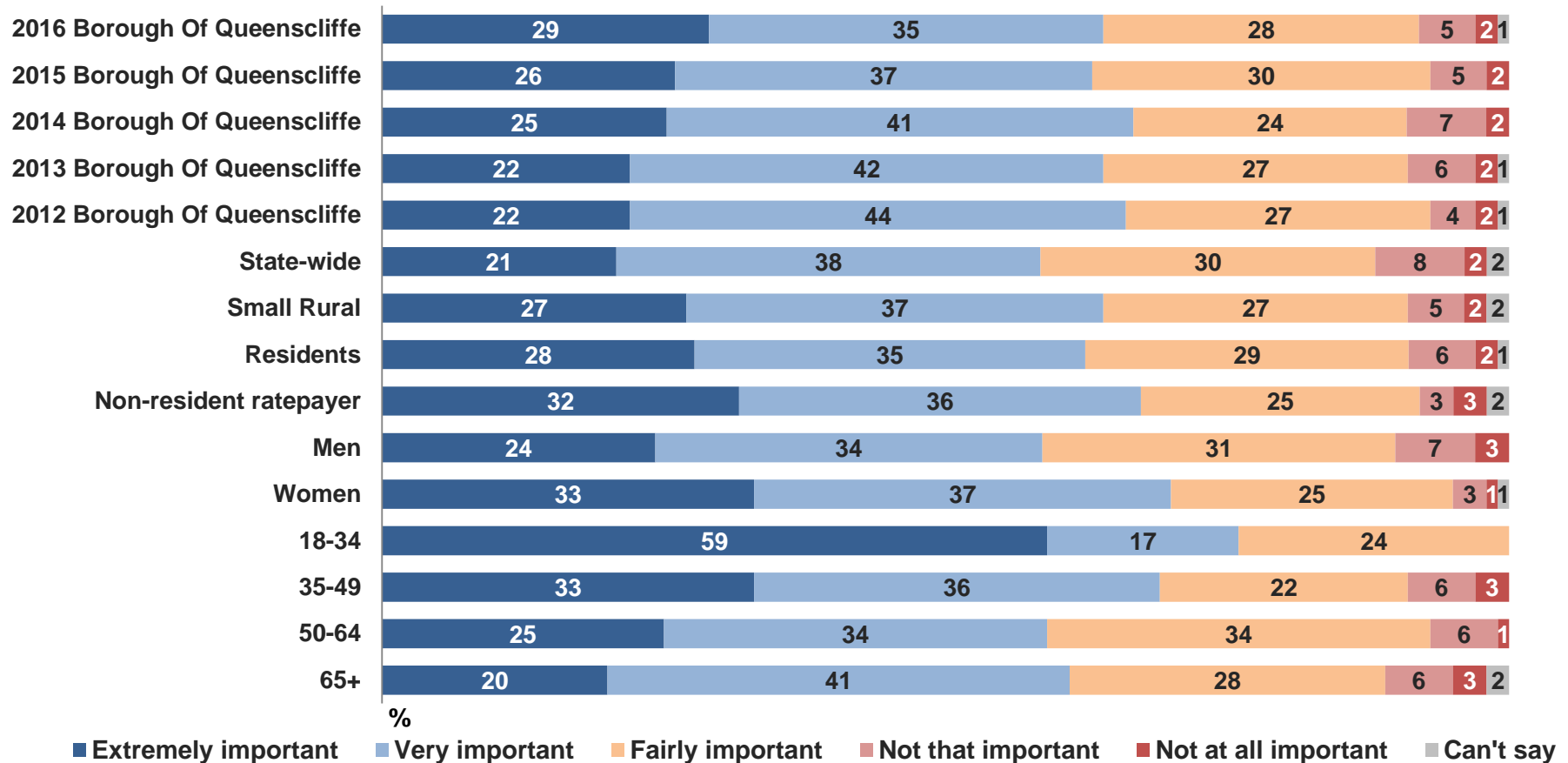
Base: All respondents. Councils asked state-wide: 20 Councils asked group: 4

Note: Please see slide 5 for explanation about significant differences



2016 BUSINESS AND COMMUNITY DEVELOPMENT AND TOURISM IMPORTANCE DETAILED PERCENTAGES

2016 Business/Development/Tourism Importance



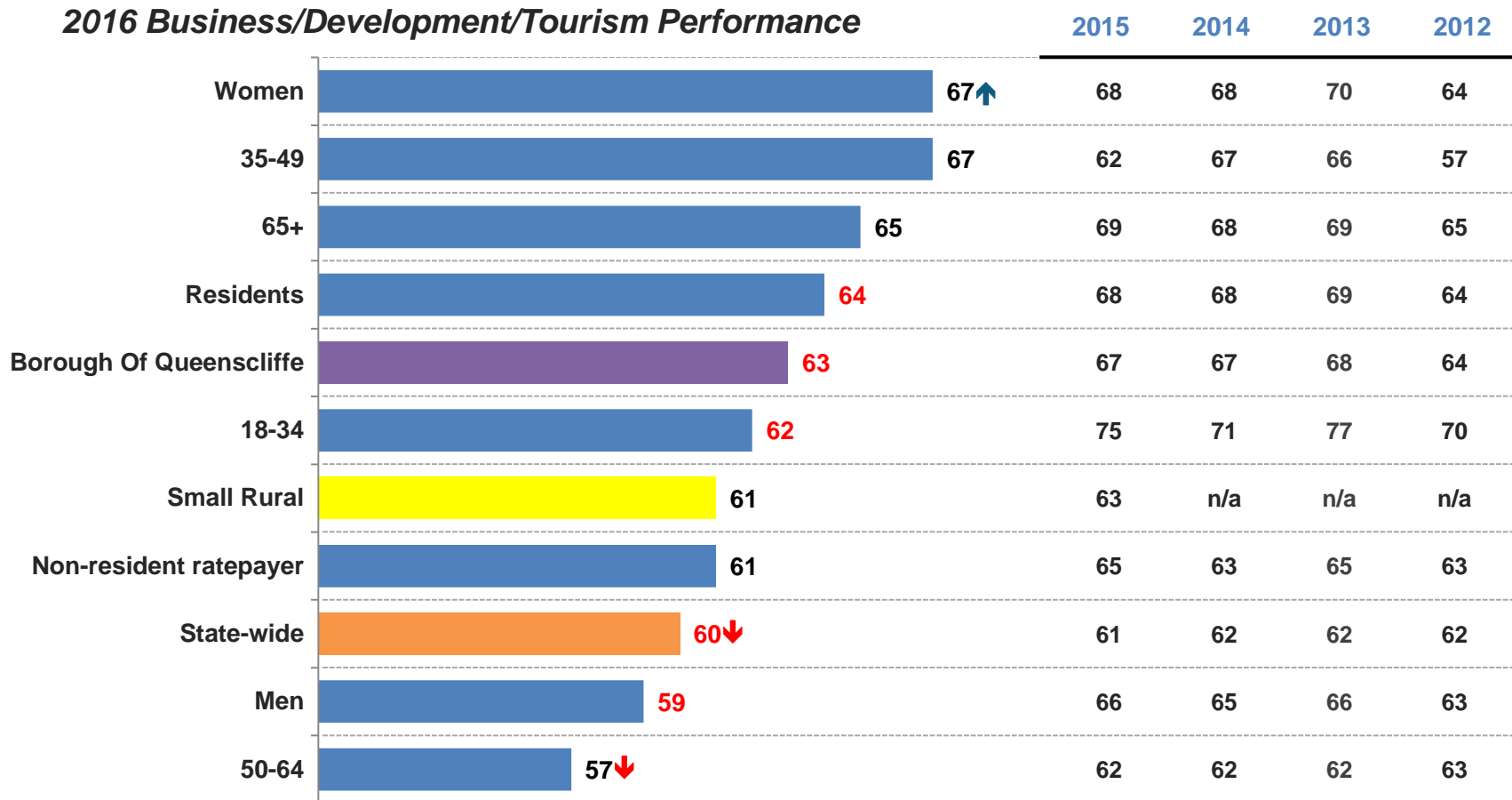
Q1. Firstly, how important should 'business and community development and tourism' be as a responsibility for Council?

Base: All respondents. Councils asked state-wide: 20 Councils asked group: 4



2016 BUSINESS AND COMMUNITY DEVELOPMENT AND TOURISM PERFORMANCE INDEX SCORES

2016 Business/Development/Tourism Performance



Q2. How has Council performed on 'business and community development and tourism' over the last 12 months?

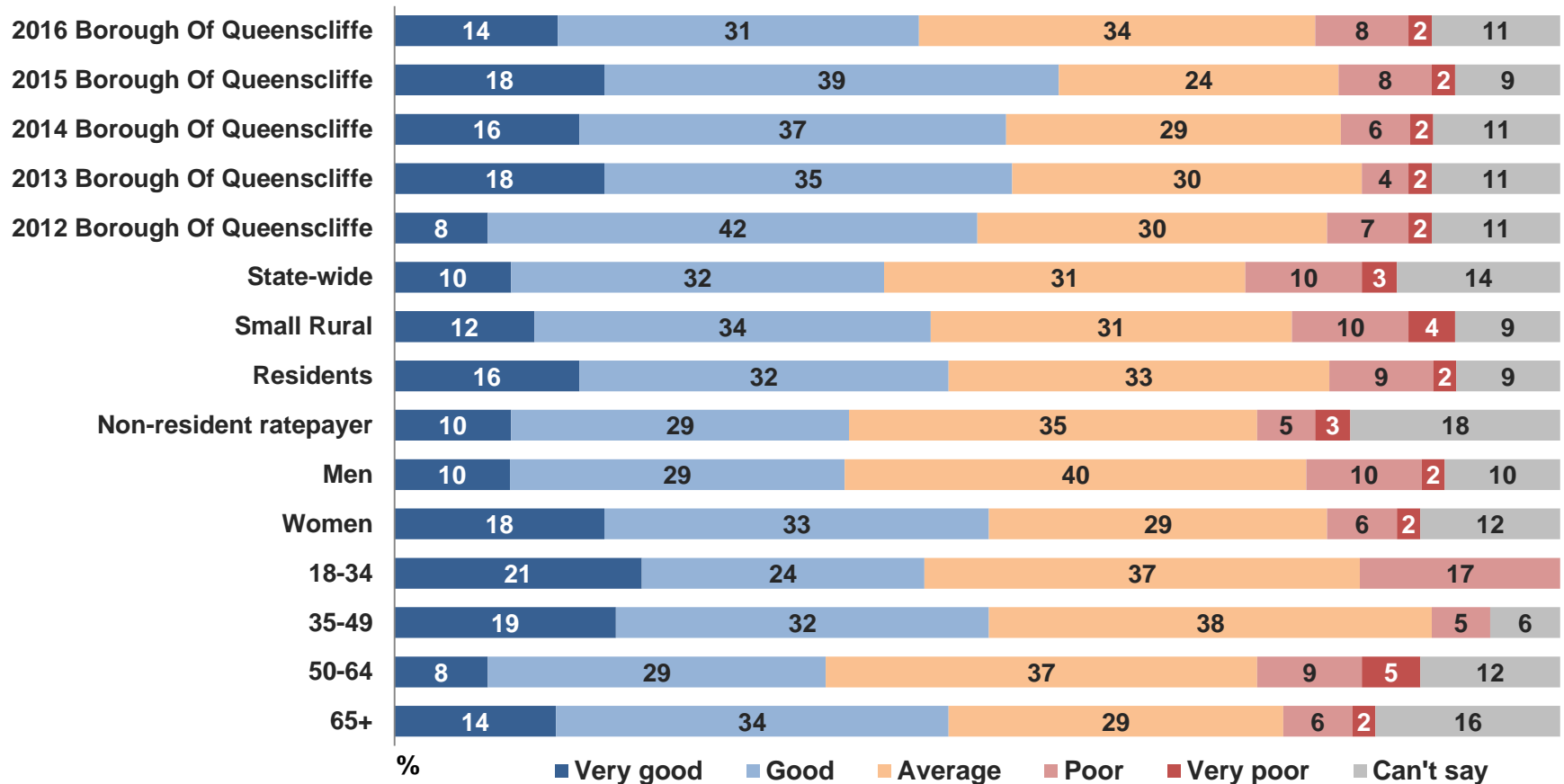
Base: All respondents. Councils asked state-wide: 26 Councils asked group: 6

Note: Please see slide 5 for explanation about significant differences



2016 BUSINESS AND COMMUNITY DEVELOPMENT AND TOURISM PERFORMANCE DETAILED PERCENTAGES

2016 Business/Development/Tourism Performance



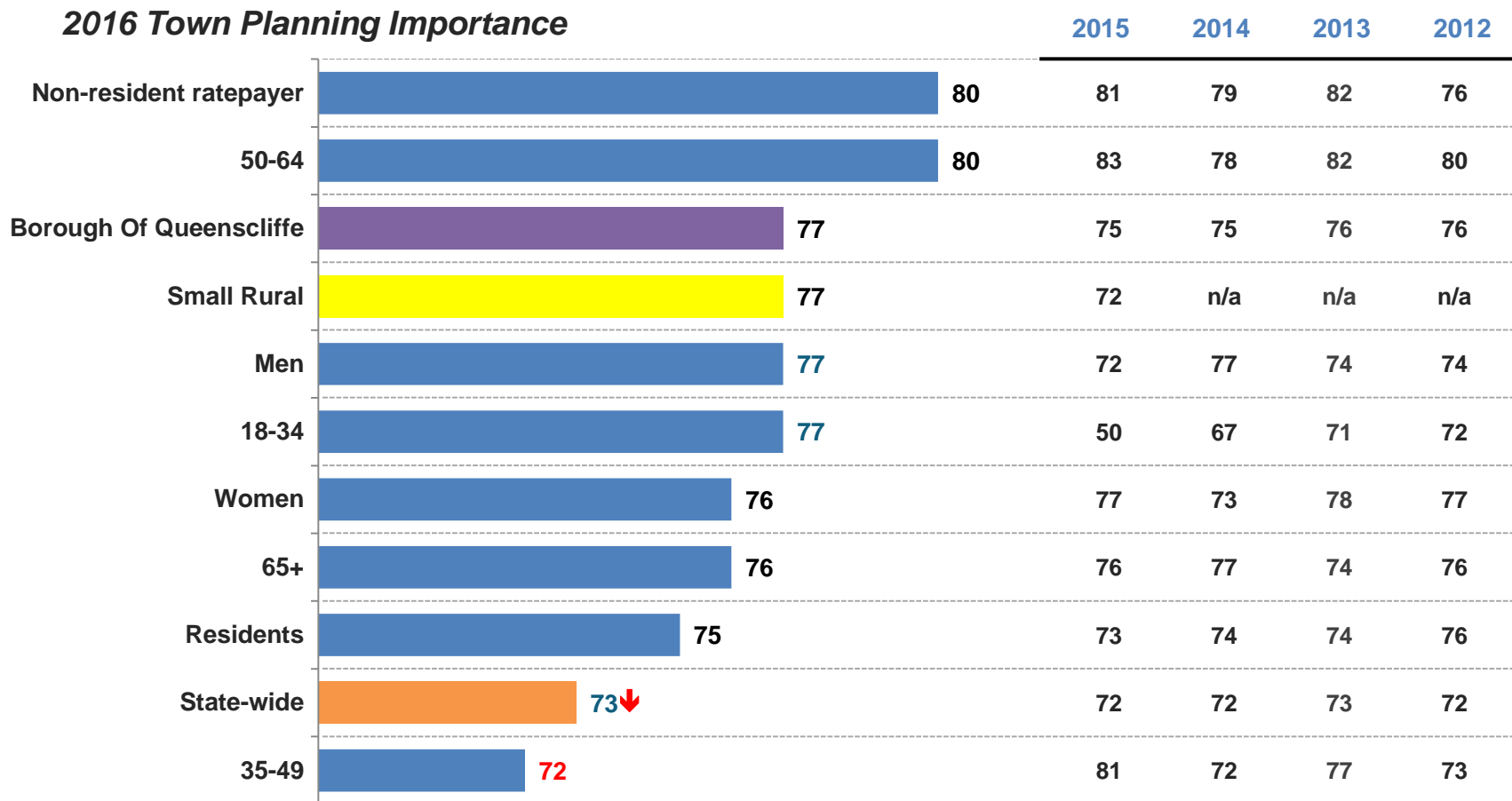
Q2. How has Council performed on 'business and community development and tourism' over the last 12 months?

Base: All respondents. Councils asked state-wide: 26 Councils asked group: 6



2016 COUNCIL'S GENERAL TOWN PLANNING POLICY IMPORTANCE INDEX SCORES

2016 Town Planning Importance



Q1. Firstly, how important should 'council's general town planning policy' be as a responsibility for Council?

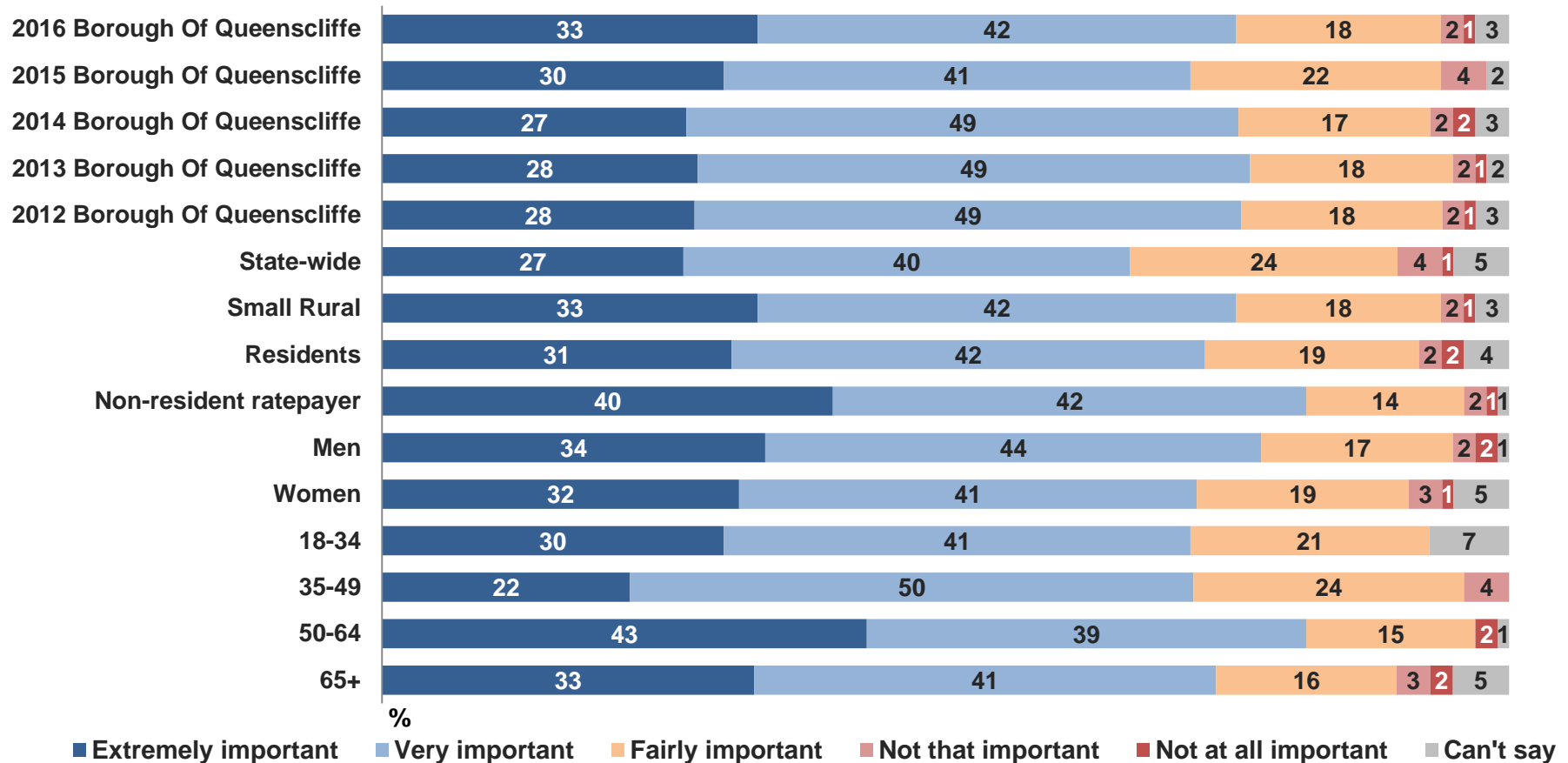
Base: All respondents. Councils asked state-wide: 19 Councils asked group: 1

Note: Please see slide 5 for explanation about significant differences



2016 COUNCIL'S GENERAL TOWN PLANNING POLICY IMPORTANCE DETAILED PERCENTAGES

2016 Town Planning Importance

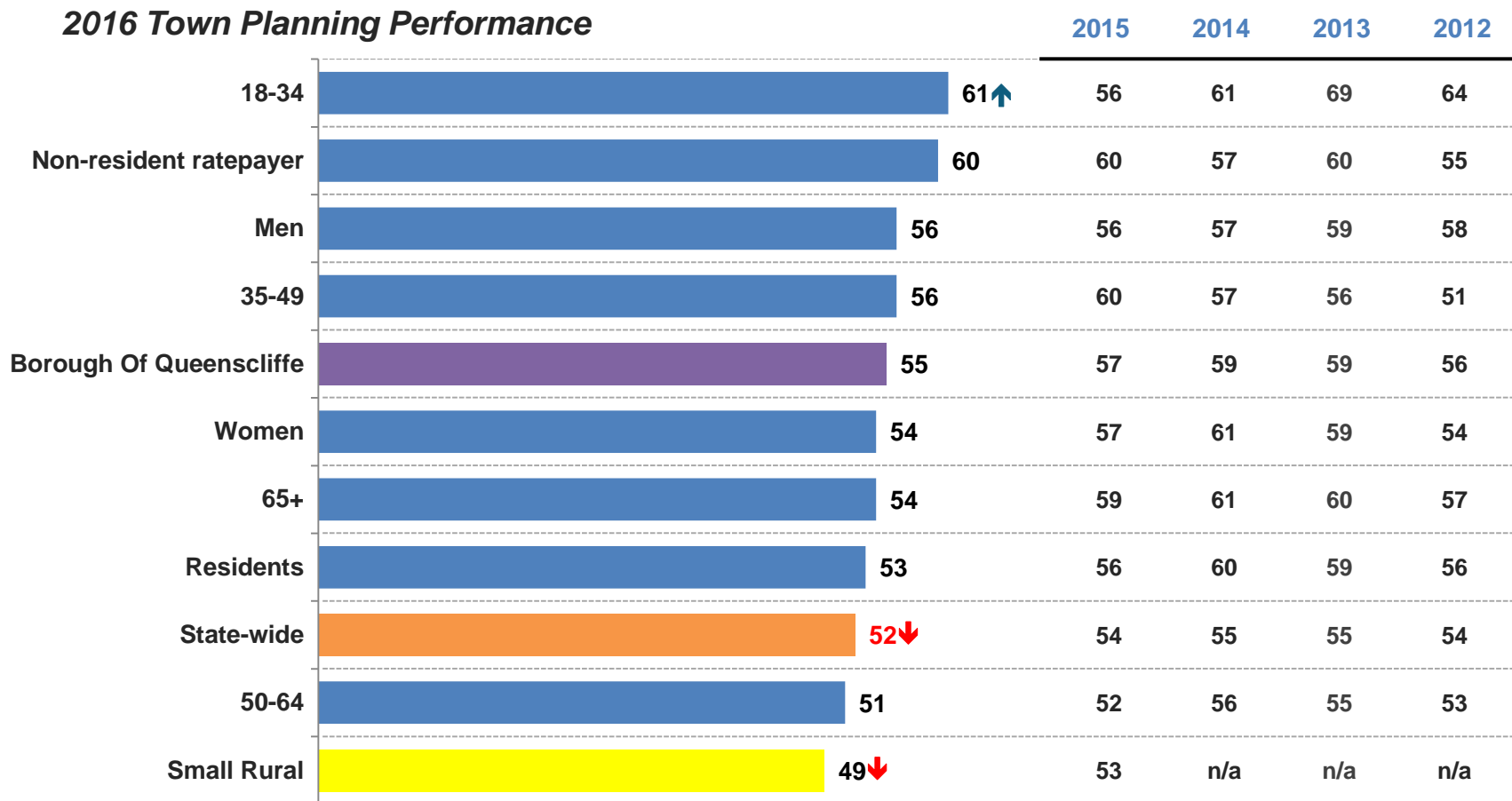


Q1. Firstly, how important should 'council's general town planning policy' be as a responsibility for Council?
Base: All respondents. Councils asked state-wide: 19 Councils asked group: 1



2016 COUNCIL'S GENERAL TOWN PLANNING POLICY PERFORMANCE INDEX SCORES

2016 Town Planning Performance



Q2. How has Council performed on 'council's general town planning policy' over the last 12 months?

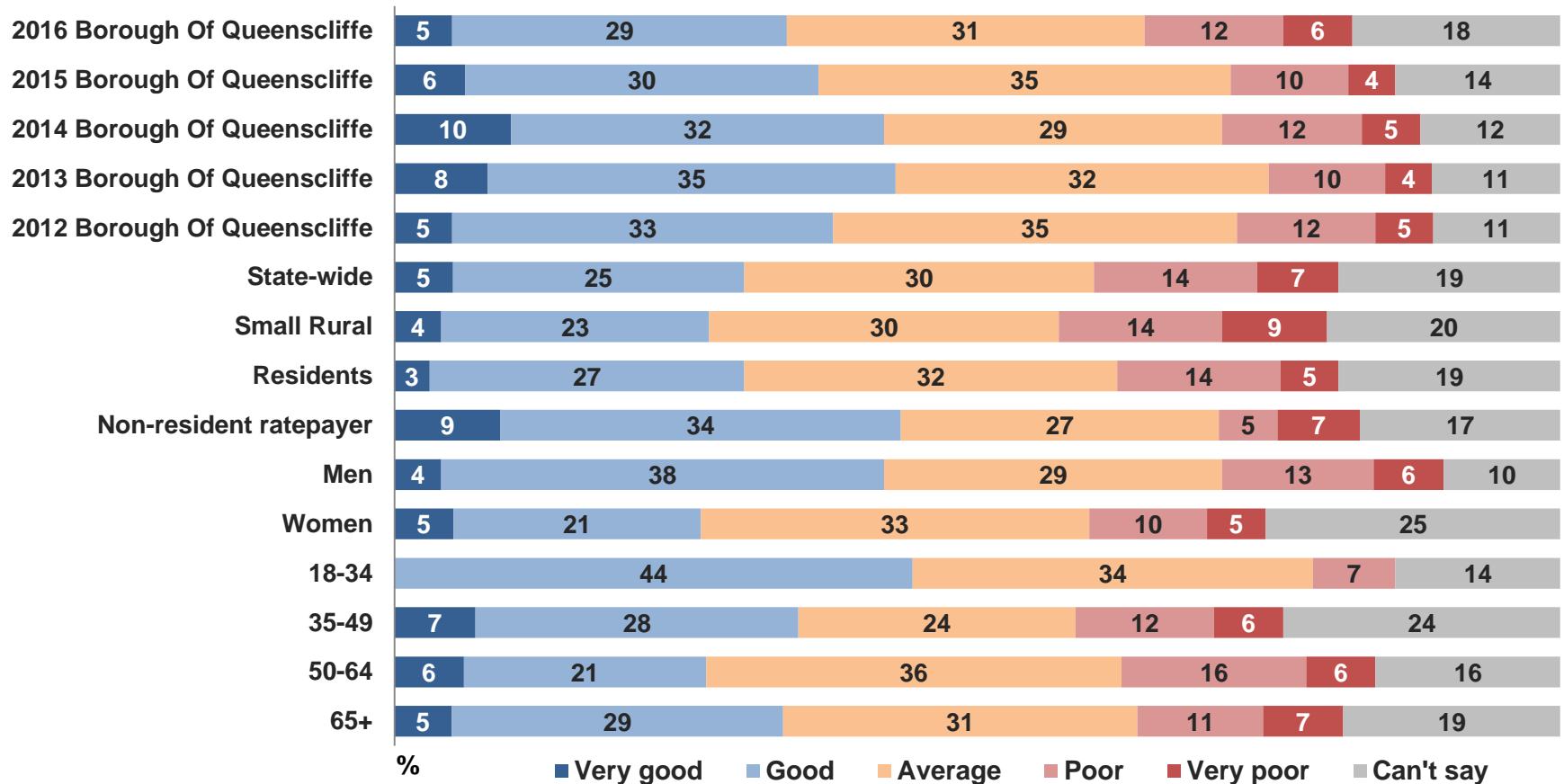
Base: All respondents. Councils asked state-wide: 27 Councils asked group: 4

Note: Please see slide 5 for explanation about significant differences



2016 COUNCIL'S GENERAL TOWN PLANNING POLICY PERFORMANCE DETAILED PERCENTAGES

2016 Town Planning Performance

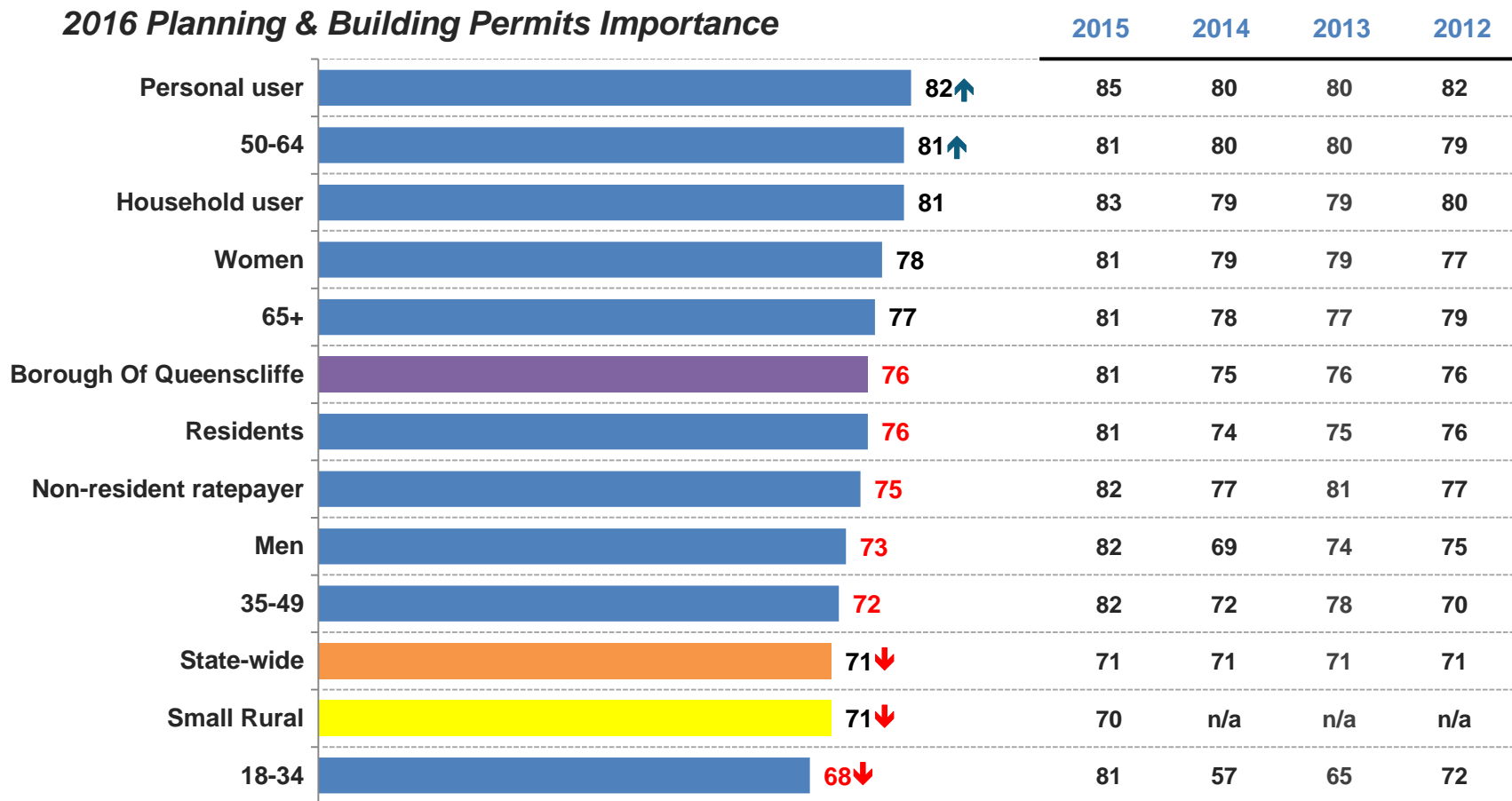


Q2. How has Council performed on 'council's general town planning policy' over the last 12 months?
Base: All respondents. Councils asked state-wide: 27 Councils asked group: 4



2016 PLANNING AND BUILDING PERMITS IMPORTANCE INDEX SCORES

2016 Planning & Building Permits Importance



Q1. Firstly, how important should 'planning and building permits' be as a responsibility for Council?

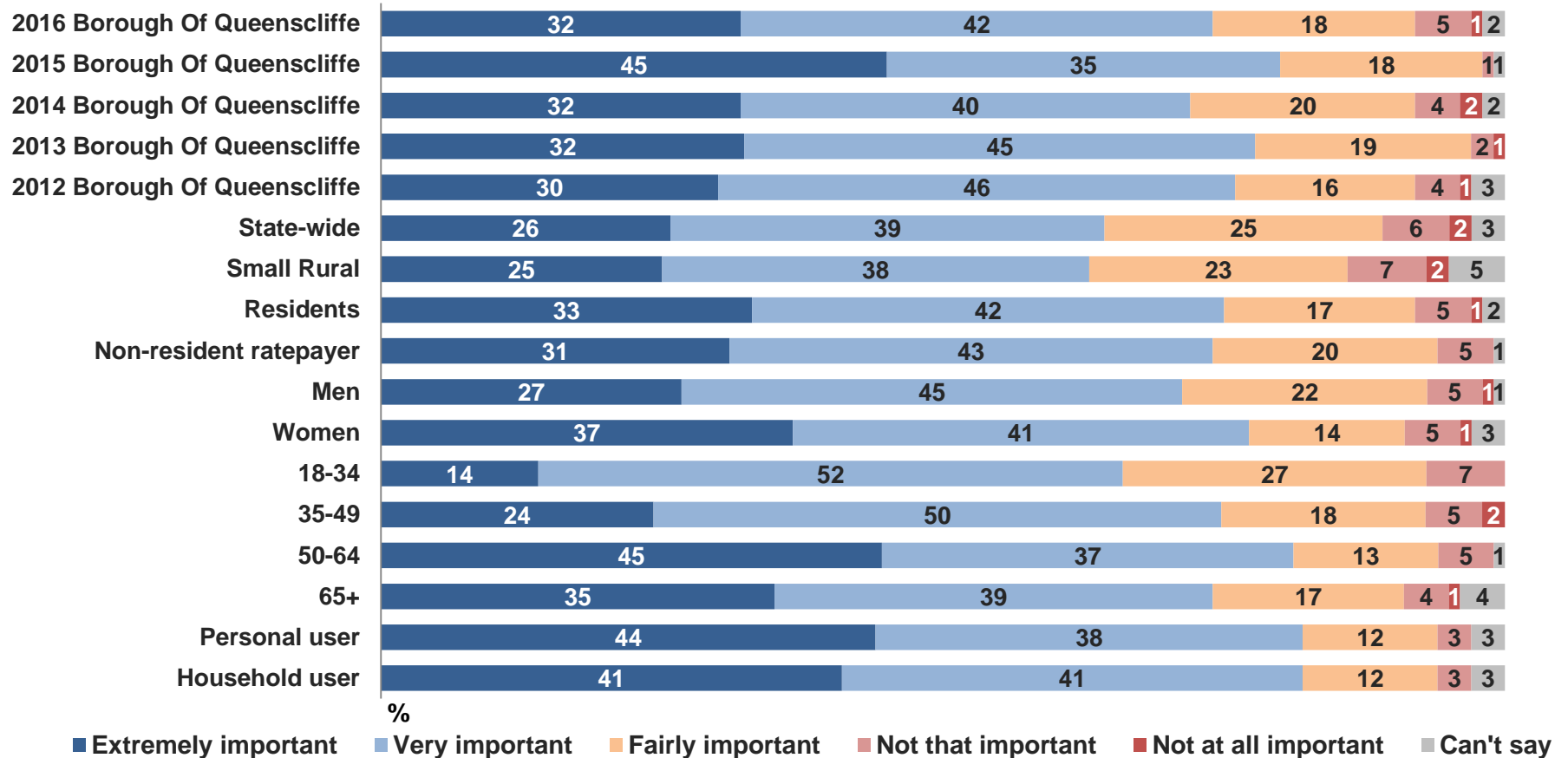
Base: All respondents. Councils asked state-wide: 19 Councils asked group: 4

Note: Please see slide 5 for explanation about significant differences



2016 PLANNING AND BUILDING PERMITS IMPORTANCE DETAILED PERCENTAGES

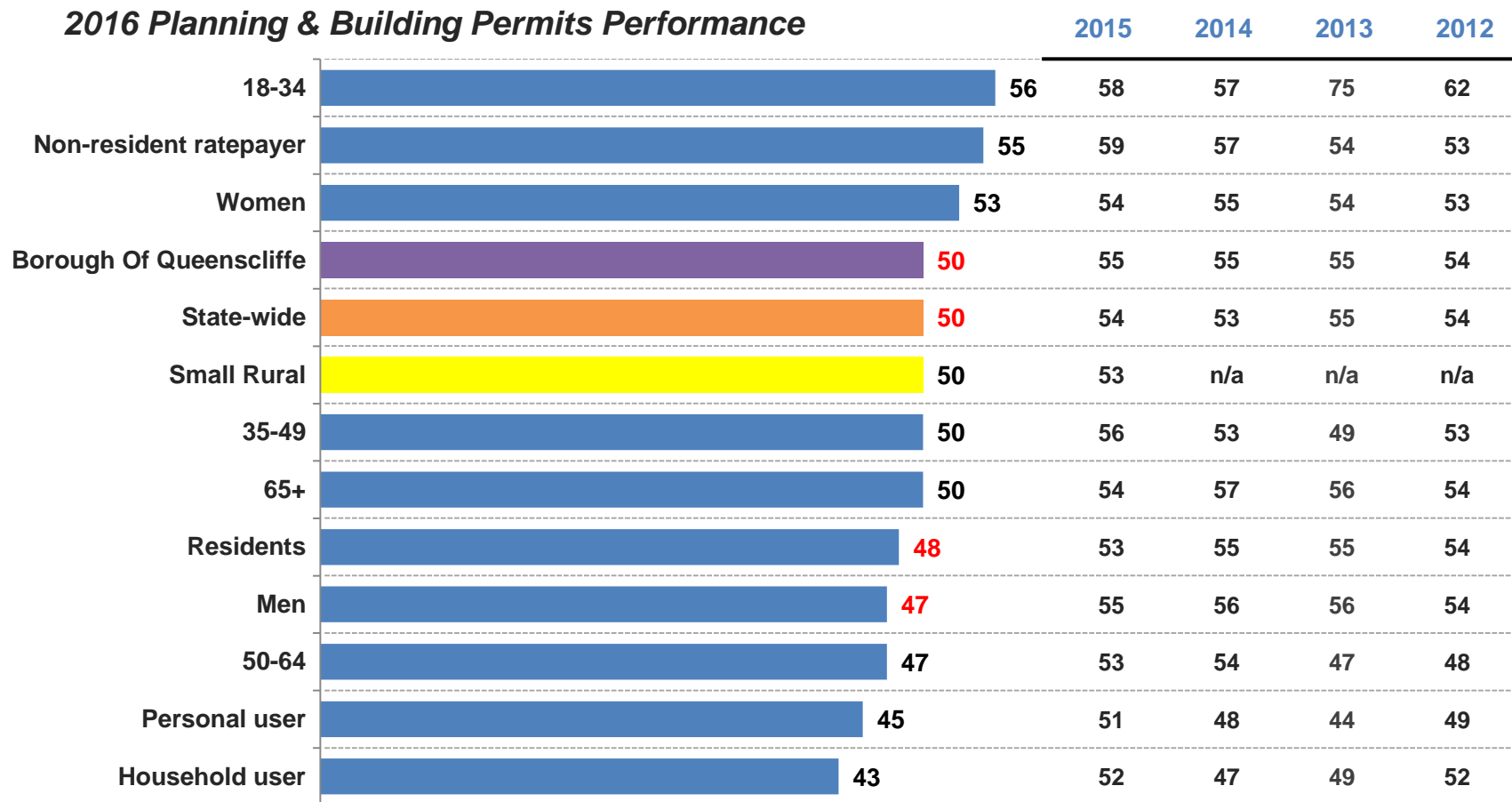
2016 Planning & Building Permits Importance



Q1. Firstly, how important should 'planning and building permits' be as a responsibility for Council?
Base: All respondents. Councils asked state-wide: 19 Councils asked group: 4

2016 PLANNING AND BUILDING PERMITS PERFORMANCE INDEX SCORES

2016 Planning & Building Permits Performance



Q2. How has Council performed on 'planning and building permits' over the last 12 months?

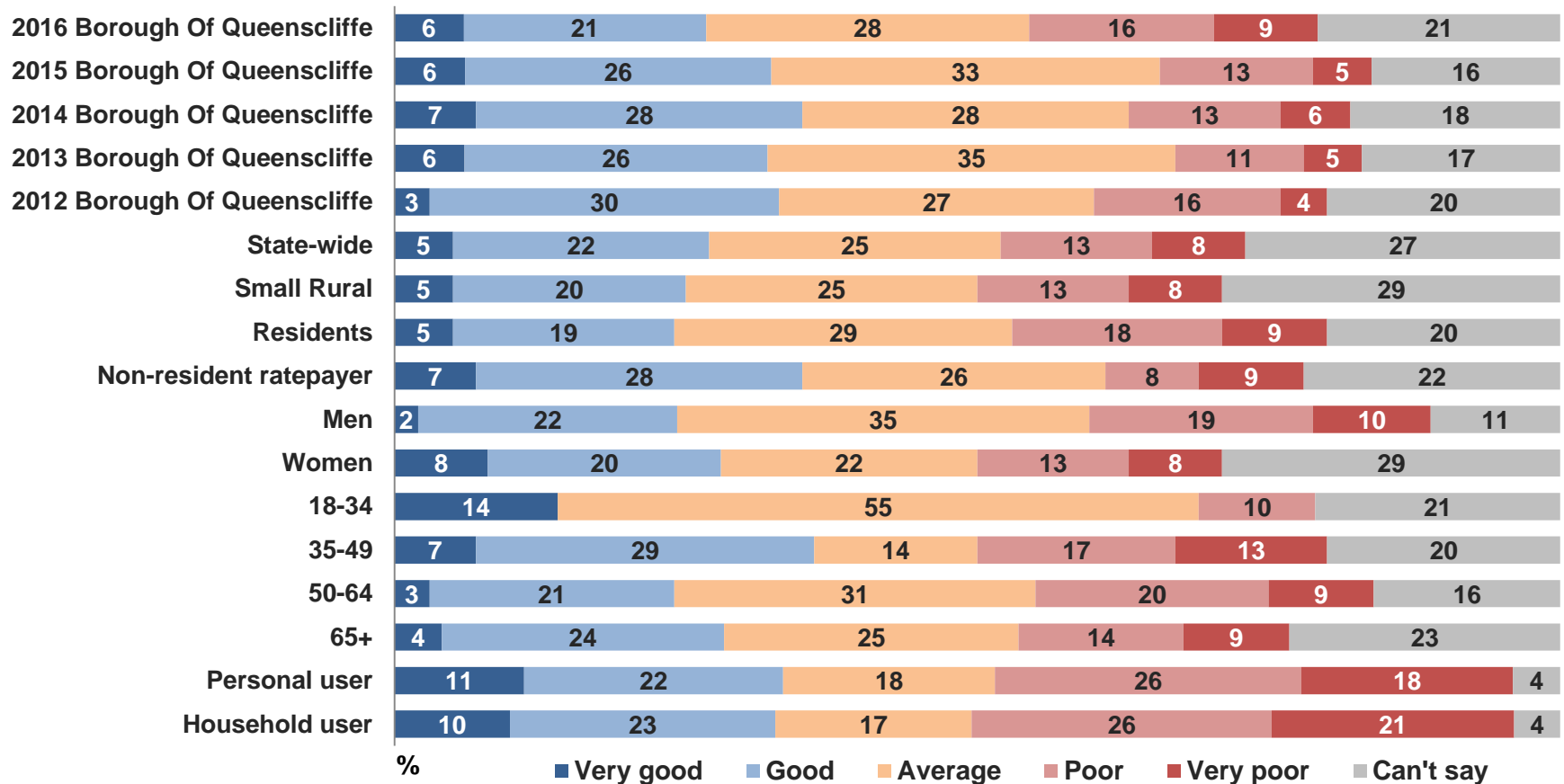
Base: All respondents. Councils asked state-wide: 25 Councils asked group: 6

Note: Please see slide 5 for explanation about significant differences



2016 PLANNING AND BUILDING PERMITS PERFORMANCE DETAILED PERCENTAGES

2016 Planning & Building Permits Performance

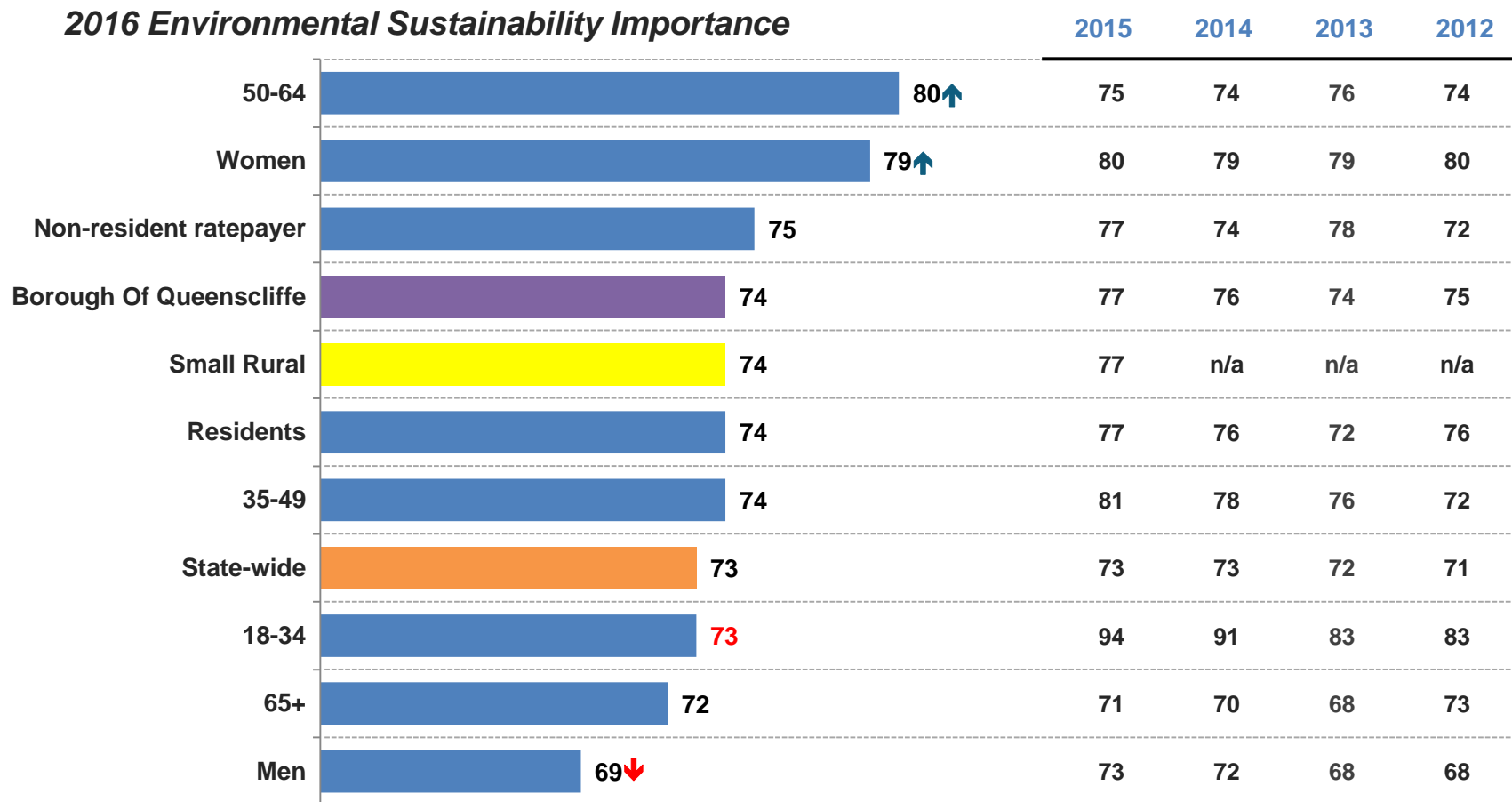


Q2. How has Council performed on 'planning and building permits' over the last 12 months?
 Base: All respondents. Councils asked state-wide: 25 Councils asked group: 6



2016 ENVIRONMENTAL SUSTAINABILITY IMPORTANCE INDEX SCORES

2016 Environmental Sustainability Importance

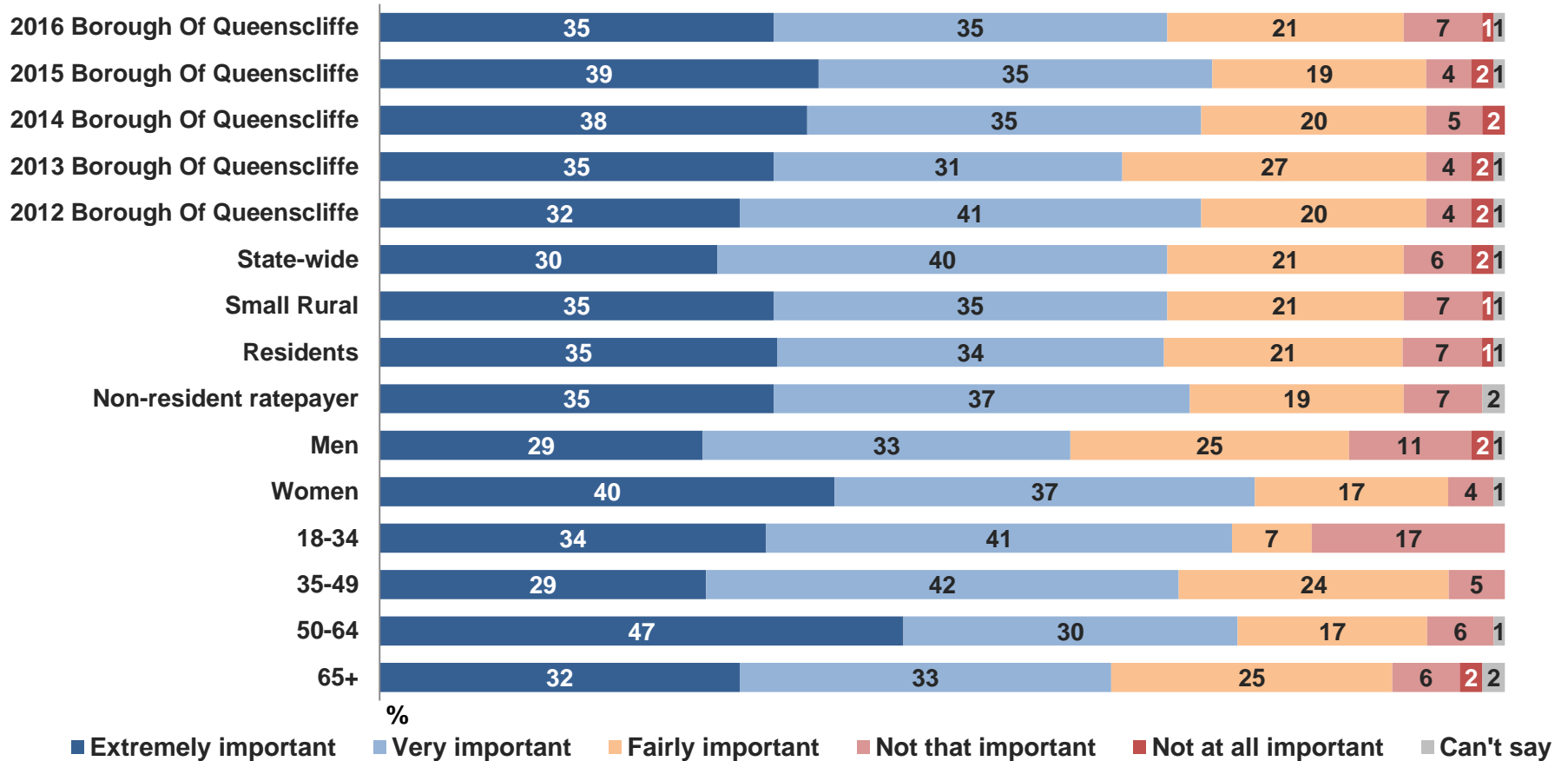


Q1. Firstly, how important should 'environmental sustainability' be as a responsibility for Council?
 Base: All respondents. Councils asked state-wide: 21 Councils asked group: 1
 Note: Please see slide 5 for explanation about significant differences



2016 ENVIRONMENTAL SUSTAINABILITY IMPORTANCE DETAILED PERCENTAGES

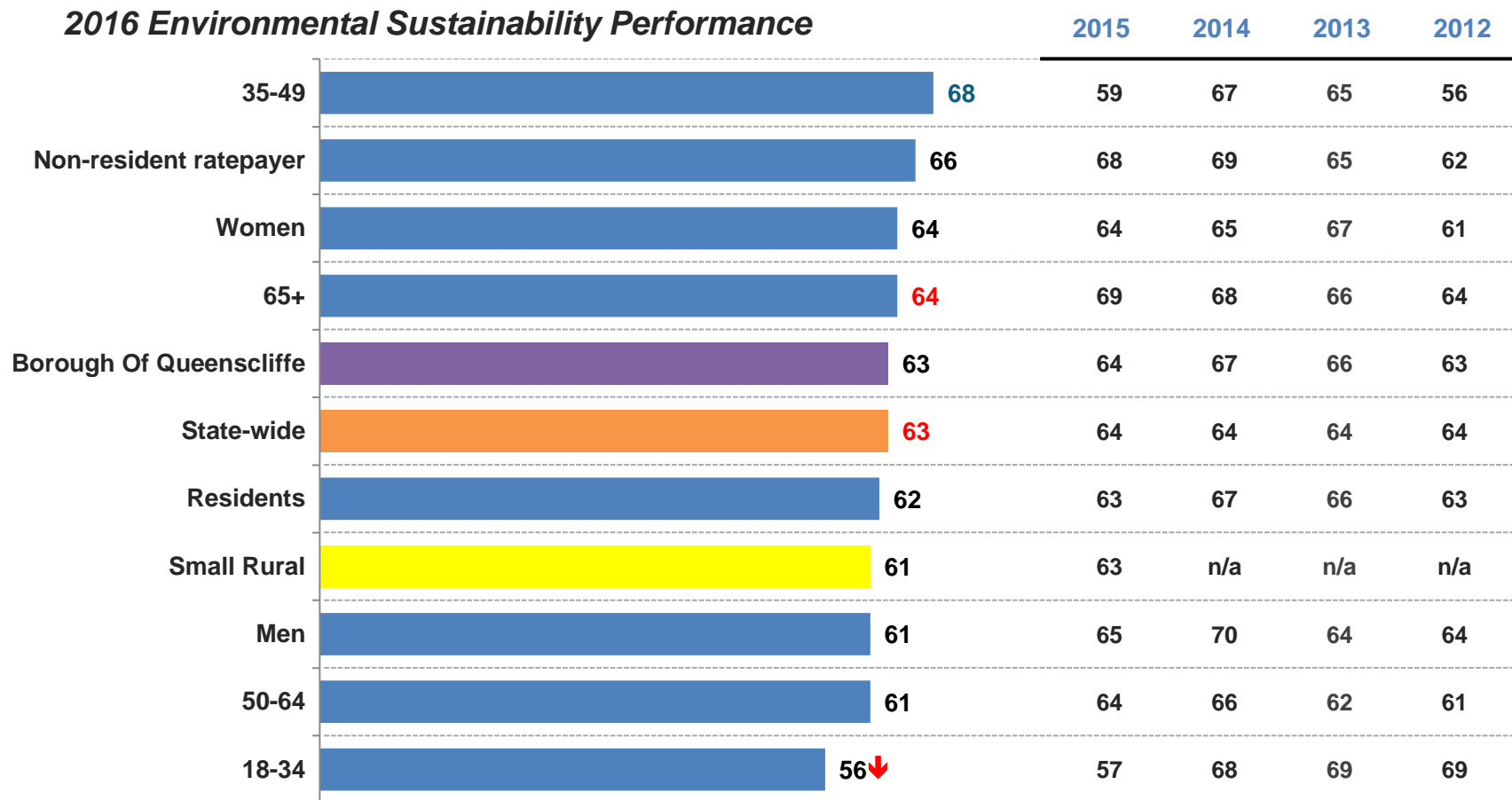
2016 Environmental Sustainability Importance



Q1. Firstly, how important should 'environmental sustainability' be as a responsibility for Council?
 Base: All respondents. Councils asked state-wide: 21 Councils asked group: 1

2016 ENVIRONMENTAL SUSTAINABILITY PERFORMANCE INDEX SCORES

2016 Environmental Sustainability Performance



Q2. How has Council performed on 'environmental sustainability' over the last 12 months?

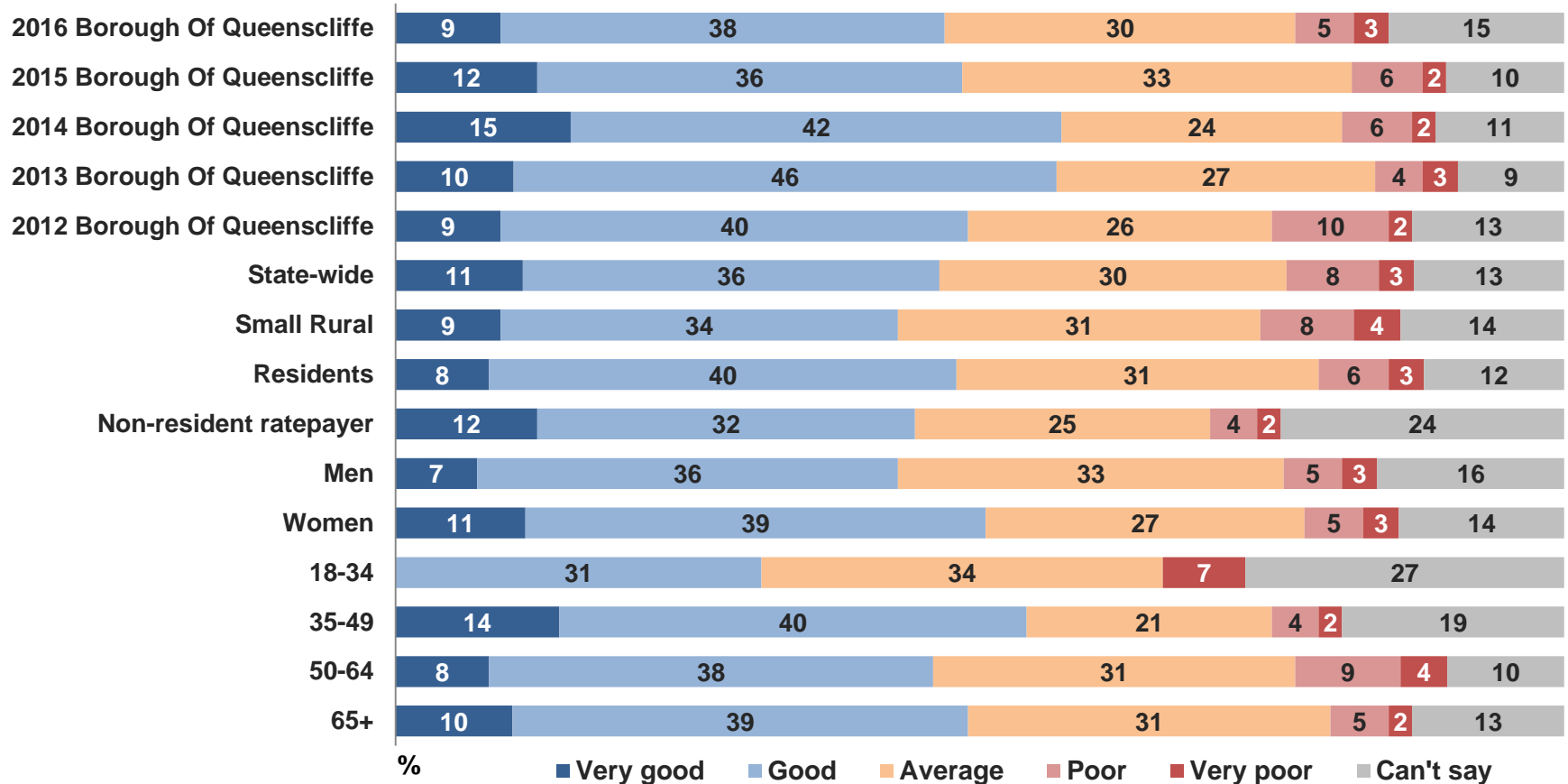
Base: All respondents. Councils asked state-wide: 31 Councils asked group: 3

Note: Please see slide 5 for explanation about significant differences



2016 ENVIRONMENTAL SUSTAINABILITY PERFORMANCE DETAILED PERCENTAGES

2016 Environmental Sustainability Performance



Q2. How has Council performed on 'environmental sustainability' over the last 12 months?
 Base: All respondents. Councils asked state-wide: 31 Councils asked group: 3

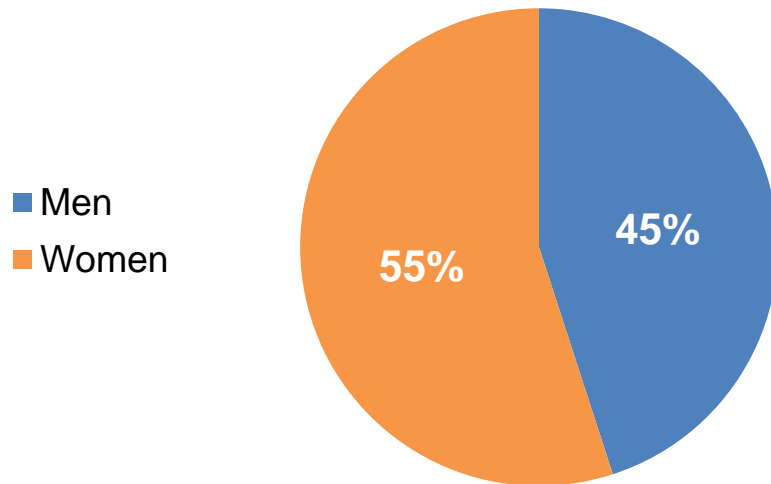


A satellite night view of South America, showing the continent's outline against the dark blue ocean. The landmass is illuminated by a dense network of glowing yellow and white lights, representing city lights and road networks. The lights are most concentrated in the coastal regions and major inland cities. The text "DETAILED DEMOGRAPHICS" is overlaid in white, bold, sans-serif font across the center of the continent.

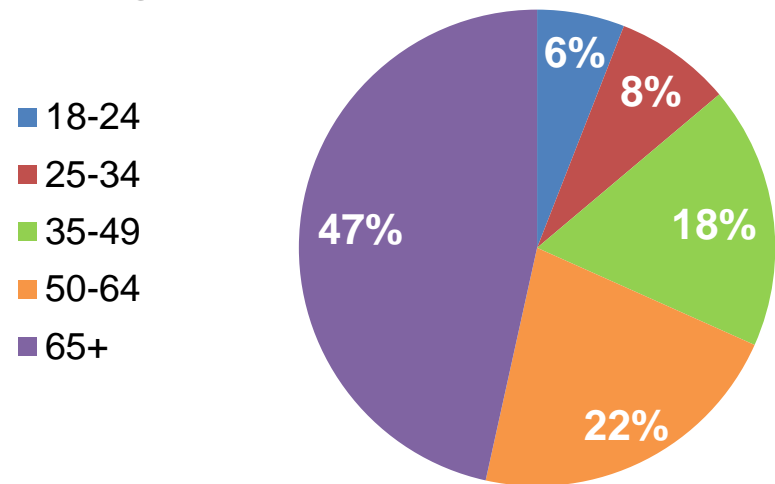
DETAILED DEMOGRAPHICS

2016 GENDER AND AGE PROFILE

Gender



Age



Please note that for the reason of simplifying reporting, interlocking age and gender reporting has not been included in this report. Interlocking age and gender analysis is still available in the dashboard and data tables provided alongside this report.

S3. [Record gender] / S4. To which of the following age groups do you belong?
 Base: All respondents. Councils asked state-wide: 69 Councils asked group: 17



**APPENDIX A:
DETAILED SURVEY TABULATIONS**

AVAILABLE IN SUPPLIED EXCEL FILE

A satellite night view of the United States, showing city lights and a dense network of roads. The text is overlaid on the left side of the image.

**APPENDIX B:
FURTHER PROJECT INFORMATION**

APPENDIX B:

BACKGROUND AND OBJECTIVES

The survey was revised in 2012. As a result:

- The survey is now conducted as a representative random probability survey of residents aged 18 years or over in local councils, whereas previously it was conducted as a ‘head of household’ survey.
- As part of the change to a representative resident survey, results are now weighted post survey to the known population distribution of the Borough of Queenscliffe according to the most recently available Australian Bureau of Statistics population estimates, whereas the results were previously not weighted.
- The service responsibility area performance measures have changed significantly and the rating scale used to assess performance has also changed.

As such, the results of the 2012 State-wide Local Government Community Satisfaction Survey should be considered as a benchmark. Please note that comparisons should not be made with the State-wide Local Government Community Satisfaction Survey results from 2011 and prior due to the methodological and sampling changes. **Comparisons in the period 2012-2016 have been made throughout this report as appropriate.**

APPENDIX B:

MARGINS OF ERROR

The sample size for the 2016 State-wide Local Government Community Satisfaction Survey for the Borough of Queenscliffe was n=400. Unless otherwise noted, this is the total sample base for all reported charts and tables.

The maximum margin of error on a sample of approximately n=400 interviews is +/-4.5% at the 95% confidence level for results around 50%. Margins of error will be larger for any sub-samples. As an example, a result of 50% can be read confidently as falling midway in the range 45.5% - 54.5%.

Maximum margins of error are listed in the table below, based on a population of 3,000 people aged 18 years or over for the Borough of Queenscliffe, according to ABS estimates.

Demographic	Actual survey sample size	Weighted base	Maximum margin of error at 95% confidence interval
Borough of Queenscliffe	400	400	+/-4.5
Men	164	181	+/-7.4
Women	236	219	+/-6.1
18-34 years	12	54	+/-29.5
35-49 years	41	70	+/-15.4
50-64 years	111	88	+/-9.1
65+ years	236	187	+/-6.1

APPENDIX B:

ANALYSIS AND REPORTING

All participating councils are listed in the state-wide report published on the DELWP website. In 2016, 69 of the 79 Councils throughout Victoria participated in this survey. For consistency of analysis and reporting across all projects, Local Government Victoria has aligned its presentation of data to use standard council groupings. Accordingly, the council reports for the community satisfaction survey provide analysis using these standard council groupings. Please note that councils participating across 2012-2016 vary slightly.

Council Groups

The Borough of Queenscliffe is classified as a Small Rural council according to the following classification list:

- Metropolitan, Interface, Regional Centres, Large Rural & Small Rural

Councils participating in the Small Rural group are: Alpine, Ararat, Benalla, Buloke, Central Goldfields, Gannawarra, Hepburn, Hindmarsh, Indigo, Loddon, Mansfield, Murrindindi, Pyrenees, Queenscliffe, Towong, West Wimmera and Yarriambiack.

Wherever appropriate, results for the Borough of Queenscliffe for this 2016 State-wide Local Government Community Satisfaction Survey have been compared against other participating councils in the Small Rural group and on a state-wide basis. Please note that council groupings changed for 2015, and as such comparisons to council group results before that time can not be made within the reported charts.

APPENDIX B:

ANALYSIS AND REPORTING

Index Scores

Many questions ask respondents to rate council performance on a five-point scale, for example, from 'very good' to 'very poor', with 'can't say' also a possible response category. To facilitate ease of reporting and comparison of results over time, starting from the 2012 benchmark survey and measured against the state-wide result and the council group, an 'Index Score' has been calculated for such measures.

The Index Score is calculated and represented as a score out of 100 (on a 0 to 100 scale), with 'can't say' responses excluded from the analysis. The '% RESULT' for each scale category is multiplied by the 'INDEX FACTOR'. This produces an 'INDEX VALUE' for each category, which are then summed to produce the 'INDEX SCORE', equating to '60' in the following example.

SCALE CATEGORIES	% RESULT	INDEX FACTOR	INDEX VALUE
Very good	9%	100	9
Good	40%	75	30
Average	37%	50	19
Poor	9%	25	2
Very poor	4%	0	0
Can't say	1%	--	INDEX SCORE 60

APPENDIX B: ANALYSIS AND REPORTING

Similarly, an Index Score has been calculated for the Core question ‘Performance direction in the last 12 months’, based on the following scale for each performance measure category, with ‘Can’t say’ responses excluded from the calculation.

SCALE CATEGORIES	% RESULT	INDEX FACTOR	INDEX VALUE
Improved	36%	100	36
Stayed the same	40%	50	20
Deteriorated	23%	0	0
Can't say	1%	--	INDEX SCORE 56

APPENDIX B:

INDEX SCORE SIGNIFICANT DIFFERENCE CALCULATION

The test applied to the Indexes was an Independent Mean Test, as follows:

$$Z \text{ Score} = (\$1 - \$2) / \text{Sqrt} ((\$3^2 / \$5) + (\$4^2 / \$6))$$

Where:

- \$1 = Index Score 1
- \$2 = Index Score 2
- \$3 = unweighted sample count 1
- \$4 = unweighted sample count 1
- \$5 = standard deviation 1
- \$6 = standard deviation 2

All figures can be sourced from the detailed cross tabulations.

The test was applied at the 95% confidence interval, so if the Z Score was greater than +/- 1.954 the scores are significantly different.

APPENDIX B: ANALYSIS AND REPORTING

Core, Optional and Tailored Questions

Over and above necessary geographic and demographic questions required to ensure sample representativeness, a base set of questions for the 2016 State-wide Local Government Community Satisfaction Survey was designated as 'Core' and therefore compulsory inclusions for all participating Councils.

These core questions comprised:

- Overall performance last 12 months (Overall performance)
- Lobbying on behalf of community (Advocacy)
- Community consultation and engagement (Consultation)
- Decisions made in the interest of the community (Making community decisions)
- Condition of sealed local roads (Sealed local roads)
- Contact in last 12 months (Contact)
- Rating of contact (Customer service)
- Overall council direction last 12 months (Council direction)

Reporting of results for these core questions can always be compared against other participating councils in the council group and against all participating councils state-wide. Alternatively, some questions in the 2016 State-wide Local Government Community Satisfaction Survey were optional. Councils also had the ability to ask tailored questions specific only to their council.

APPENDIX B: ANALYSIS AND REPORTING

Reporting

Every council that participated in the 2016 State-wide Local Government Community Satisfaction Survey receives a customised report. In addition, the state government is supplied with a state-wide summary report of the aggregate results of 'Core' and 'Optional' questions asked across all council areas surveyed.

Tailored questions commissioned by individual councils are reported only to the commissioning council and not otherwise shared unless by express written approval of the commissioning council.

The overall State-wide Local Government Community Satisfaction Report is available at <http://www.delwp.vic.gov.au/local-government/strengthening-councils/council-community-satisfaction-survey>.

APPENDIX B:

GLOSSARY OF TERMS

Core questions: Compulsory inclusion questions for all councils participating in the CSS.

CSS: 2016 Victorian Local Government Community Satisfaction Survey.

Council group: One of five classified groups, comprising: metropolitan, interface, regional centres, large rural and small rural.

Council group average: The average result for all participating councils in the council group.

Highest / lowest: The result described is the highest or lowest result across a particular demographic sub-group e.g. men, for the specific question being reported. Reference to the result for a demographic sub-group being the highest or lowest does not imply that it is significantly higher or lower, unless this is specifically mentioned.

Index score: A score calculated and represented as a score out of 100 (on a 0 to 100 scale). This score is sometimes reported as a figure in brackets next to the category being described, e.g. men 50+ (60).

Optional questions: Questions which councils had an option to include or not.

Percentages: Also referred to as ‘detailed results’, meaning the proportion of responses, expressed as a percentage.

Sample: The number of completed interviews, e.g. for a council or within a demographic sub-group.

Significantly higher / lower: The result described is significantly higher or lower than the comparison result based on a statistical significance test at the 95% confidence limit. If the result referenced is statistically higher or lower then this will be specifically mentioned, however not all significantly higher or lower results are referenced in summary reporting.

State-wide average: The average result for all participating councils in the State.

Tailored questions: Individual questions tailored by and only reported to the commissioning council.

Weighting: Weighting factors are applied to the sample for each council based on available age and gender proportions from ABS census information to ensure reported results are proportionate to the actual population of the council, rather than the achieved survey sample.