Request for information

Borough of Queenscliffe Council

Borough of Queenscliffe Council (Council) applied for a higher rate cap of 4.5 per cent for 2017-18. This is 2.5 per cent higher than the rate cap set by the Minister for Local Government of 2.0 per cent for 2017-18. The Commission received the application on 31 May 2017.

The questions and issues listed in this document represent areas in the original application where we need further information or clarification to assist our assessment. They concern the six legislative matters that Council must specify under the Local Government Act 1989 when seeking a higher cap.

We have structured this information request around the legislative matters, since the Commission must have regard to them in determining whether the higher cap is appropriate.

Please note we have assumed that Council already has the information we request available, as part of its existing management and reporting systems. However, if you consider our request is too difficult or time-consuming, please provide the best you can and identify the constraints that you face.

Council should clearly indicate any confidential information in its response to this request for further information.

185E(3)(a) – Higher Cap

This legislative matter requires the Council to specify a proposed higher cap for each specified financial year.

No questions.

185E(3)(b) – Reasons

This legislative matter requires the Council to specify the reasons for which the Council seeks the higher cap.

1. **Could Council explain the key service, infrastructure and financial impacts of the higher cap in 2017/18?**
2. **Could Council explain how it has consulted with its community on the key impacts of the higher cap identified in question 1?**

The Budget Baseline Information (BBI) shows the following additional expenditures in 2017/18 if the higher cap is approved.

Operating expenditure	Value
Local laws, safety & amenity	$3,500
Coastal protection	$15,000
Tourism & economic development	$10,000
Financial & risk management	$10,000
Capital expenditure	**Value**
New decking at the Queenscliffe neighbourhood house	$15,000
Council contribution to Point Lonsdale Tennis Club lighting	$30,000
Towns entry and main road tourism signage plan	$5,000
Construction of school crossing – St Aloysius Primary School	$15,000
Assets	**Value**
Unrestricted cash	$52,200

Council Response:

Subsequent to completing the community consultation on the Council Plan and having prioritised the impacts in late May 2017, Council identified the following key areas likely to be impacted in 2017/18:

- Additional one-off priority operating project initiatives identified by the community that could be funded in 2017/18, resulting in an increase in operating expenditure of $30,000 2017/18. These projects relate to:
  - Investigating extending Avenue of Honour tree replacement program through to King Street (2017/18 $15,000)
  - Working with local and regional organisations to improve arts and cultural activities in the Borough (2017/18 $10,000)
  - Implementing the Tourism Signage Strategy recommendations through towns entry and main road tourism signage (2017/18 $5,000)
- Additional priority capital works initiatives identified by the community that could be funded, resulting in an increase in capital expenditure of $60,000 in 2017/18 and an increase in capital contributions of $5,000 in 2017/18. These projects relate to:
  - Construct new school crossing at St. Aloysius Primary School (2017/18 $15,000)
  - Point Lonsdale tennis club lighting (2017/18 $30,000)
  - New decking at the Queenscliffe Neighbourhood House ($2017/18 $15,000)
  - Offset by a capital contribution to new decking at the Queenscliffe Neighbourhood House (2017/18 ($5,000)
- Additional new ongoing priority programs and services could be delivered, resulting in an increase in operating expenditure of $13,500 in 2017/18, $17,200 in 2018/19, $17,400 in 2019/20 and $17,600 in 2020/21. These projects relate to:
  - Undertaking an annual service review of a specific Council service or program (2017/18 $10,000, 2018/19 $10,000, 2019/20 $10,000, 2020/21 $10,000)
  - New school crossing supervision (2017/18 $3,500, 2018/19 $7,200, 2019/20 $7,400, 2020/21 $7,600)
- A decrease in Transfers to Reserves (cash funded from 2017/18 rate revenue) of $52,200 in 2017/18, resulting in a decrease in cash Transfers from Reserves relating to operating a new

school crossing at St. Aloysius Primary School and undertaking annual service reviews of Council services and programs of $17,200 in 2018/19, $17,400 in 2019/20 and $17,600 in 2020/21. Council had planned to set aside operating surpluses in 2017/18 in order to fund these ongoing priority programs in the short term. Note, Council has already reduced its Annual Asset Renewal Program in the short term ($62,000 in 2017/18 and $72,000 in 2018/19) in order to set aside those funds from rates to deliver priority projects identified by the community in 2018/19 and 2019/20.

The community consultation process, outlined in Council's application for a higher rate cap, was critical to informing the development of the draft Council Plan 2017-2021, draft 2017/18 Implementation Plan and draft 2017/18 Budget, based on a 4.5% higher rate cap. The community consultation process identified the majority of the above priorities following community input via:

1. 350 Community Surveys
2. 238 Children's Feedback Forms,
3. 17 written submissions,
4. 50 randomly selected residents and ratepayers and representatives of local clubs and community organisations participating in a 'Community Summit', and
5. 60 representatives from the three local Primary Schools and the Queenscliff Kindergarten participating in the 'Children's Summit'.

The additional list of priorities also took into account responding to specific formal requests from community organisations/schools received during 2016/17, such as the new decking at the Queenscliffe Neighbourhood House, Point Lonsdale tennis club lighting and new school crossing at St. Aloysius Primary School.

Council has explained the financial impact on Council's available rate revenue annually, as well as the impact on Council's underlying surpluses over the longer term. This information has been provided in the *Why a higher rate cap* Community Bulletin distributed to all ratepayers, as well as a detailed presentation at the two public information sessions held in Queenscliff and Melbourne in June 2017.

Council also endorsed and released the draft 2017/18 Implementation Plan and draft 2017/18 Budget on 25 May 2017 based on a 4.5% higher cap and detailing the full list of new initiatives and capital works proposed in 2017/18, acknowledging that Council did not have the resources to prepare and present two alternative versions, with and without the higher cap, to the community.

The community were informed via the above community engagement activities that a 2.0% rate cap Council would result in Council being required to formally consider three available options:

1. Determine not deliver some of the priorities developed with the community.
2. Increase borrowing levels and/or sell assets to provide funding for capital works.
3. Consider applying for a higher rate cap in future years.

Given the timeframes to develop the Council Plan with the community, complete the application for a higher rate cap and develop the Implementation Plan and Budget, Council was not yet in a position to explain to the community the specific impacts on services, projects and works. Council needed time to prioritise and identify the specific services, priority projects and capital works that were likely to be impacted following completion of the community consultation activities to develop the Council Plan.

Prior to determining the final impacts on services, projects and works, Council will consider the submissions on the draft Implementation Plan and draft 2017/18 Budget, which close on 23 June 2017.

3. Could Council explain how the additional expenditures identified in the BBI relate to the key impacts of the higher cap identified in question 1?

Council's Minutes (27 April 2017) state that '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, and 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 park' (page 82-83, Appendix A).

Council Response:

The higher rate cap of 4.5% will generate $149,600 in 2017/18.

Council does not have the financial capacity to deliver the identified projects and works above if a higher rate cap is not approved.

In preparing the draft 2017/18 Budget, Council has given consideration to how it can work within a 2.0% rate cap in 2017/18. Council has considered and prioritised a large number of initiatives identified during the community consultation process, noting that Council's capacity to continue to deliver community priorities is anticipated to be reduced significantly over the longer term without an increased level of rate revenue available in future years (refer to underlying surpluses in the LTFP).

Council does not currently have the capacity to deliver a range of discretionary services and mainly provides a very limited range of mandated or legislated services, as well as services that Council is obligated to provide under existing funding agreements. Noting that Council delivers these services with a lean organisation and very few resources, a 2.0% rate cap will primarily impact on Council's capacity to deliver new initiatives and works identified by the community to meet their aspirations and priorities in future years.

Council has prioritised the new initiatives identified by the community following the development of the draft Council Plan 2017-2021, which was formally considered by Council in April 2017. Following the public submission process, Council received a minimal number of submissions (6) in response to the 42 strategies developed together with the community that provided the foundation for Council to frame the priorities in the draft 2017/18 Implementation Plan and draft 2017/18 Budget.

Council is not seeking a higher rate cap to redevelop the tourist parks and has other funding sources available to undertake the proposed capital works. The higher rate cap will assist Council to effectively manage the medium term cash flow impact on tourist park revenue during the redevelopment and construction phase.

4. Could Council explain how the overall impact of the redevelopment of the caravan parks factors into the reason for the higher cap in 2017/18?

Council Response:
Council manages four tourist parks, three of which are located on Crown land with Council being appointed by the State Government as the Committee of Management some three decades ago.

Council has proposed the redevelopment of the Council-managed tourist parks to address a number of critical risks and opportunities, including:

1. Proactively manage the potential impact of proposed changes to the regulatory environment for Crown land,
2. Maximising income generation to ensure the sustainability of the tourist parks to enable Council to continue to effectively manage and maintain the Borough's significant coastal Crown land areas,
3. Minimising the risks associated with ageing building infrastructure on Council-managed Crown land, and
4. Ensuring the continued financial sustainability of the Borough, given the significant financial contribution from tourist parks to fund these services, projects and works.

Managing the potential impact of proposed changes to the regulatory environment
Council, as Committee of Management, manages the highest proportion of Crown land of any municipality in Victoria with extensive areas of Crown land in the municipality (8% of the municipal area) The *Crown Land (Reserves) Act 1978* requires Council to invest the income that is generated from activities on Crown land in managing, improving maintaining and controlling our Crown land assets. This means that Council may not expend its income stream from the tourist parks on other services, projects and works not related to improving and maintaining its coastal Crown land assets.

The regulatory environment is under review with a new *Marine and Coastal Act* set to succeed the current legislation. Proposed reforms have been made by the State Government to the existing governance arrangements with respect to coastal Crown land management. The sector anticipates a number of potential impacts of this change, including:

- That local government should fund the management of Crown land without any capital or operational funding from State Government.
- An increasing push for councils (and adjoining landowners) to pay for coastal protection works (both initial capital costs and recurrent maintenance).
- Confusion within the community, and sometimes between agencies, about respective roles and responsibilities within coastal reserves.
- A lack of expertise in terms of coastal erosion, geomorphic change and other coastal specific issues. These are not matters that Catchment Management Authorities have traditionally dealt with and DELWP no longer have coastal process or engineering expertise.
- An absence of direction (in the form of State Policy) about climate change adaptation and approaches to coastal protection infrastructure and land use planning.
- A failure to identify priority areas for coastal hazard assessment on which councils can make risk assessments for both coastal management and land use planning decisions.
- An unwillingness for Catchment Management Authorities to become involved in coastal planning or management.
- A lack of interest by most government agencies in estuaries and impacts upon them.

Council anticipates that the reforms will add to Council's current responsibilities and as a result impact on its future financial obligations for it's significant coastal Crown land areas.

Maximising income generation to effectively manage and maintain the Borough's significant coastal Crown land areas
Council generates a net recurrent income from its tourist parks annually (2016/17 Forecast $833,000). Tourist park income of $1.7 million contributes 17% of Council's total operating revenue. This is a significant income stream and the net income is reinvested each year along with a contribution from rate revenue, into improvements and maintenance of open spaces and community facilities on its coastal Crown land to meet its legislative obligations and meet community expectations.

The higher rate cap will enable Council to responsibly manage the short term cash flow impact during the transition of the tourist parks through a proposed redevelopment in the short term with the objective of lowering the rate burden over the long term. The redevelopment of the caravan parks will be delivered over a number of years and stages. During the proposed staged redevelopment of the tourist parks, Council has forecast forgone net revenue from caravan and camping fees of $23,000 in 2017/18, $458,000 in 2018/19 and $100,000 2019/20.

Council has attracted significant grant funding of $3.15 million to upgrade the Queenscliff Sport and Recreation Reserve. The Queenscliff Recreation Reserve includes two tourist parks (Queenscliff Recreation Reserve and Victoria Park). The project partly includes the upgrade of ageing utility services and renewal and upgrade of ageing camping infrastructure at the Queenscliff Recreation Reserve with no contribution required from rates toward the redevelopment works.

In addition, Council has also successfully attracted Federal grant funding of $3.49 million for Stage 1 of the Destination Queenscliff project alongside an application for a further $2.70 million from State Government for Stage 2 of the project. The Destination Queenscliff project includes funding for high quality eco-cabin accommodation with no contribution from Council (rate revenue) to the cost of works.

Despite the major investment in infrastructure, rate revenue will not contribute to the cost of the redevelopment works. In contrast, the higher rate cap will assist Council to effectively manage the medium term cash flow impact on tourist park revenue during the redevelopment and construction phase.

The redevelopment will result in temporary disruption to tourist park operations. Noting that Council's recurrent net income from the tourist parks is currently $833,000, Council anticipates lower recurrent net income of $698,000 in 2018/19, $339,000 in 2019/20 and $711,000 in 2020/21 during the staged redevelopment of each of the tourist parks. This places additional financial pressure on Council's capacity to deliver priority projects over the short term, as demonstrated in the forecast underlying surplus shown below the Comprehensive Income Statement in the LTFP (**Attachment A**).

Council presently does not generate sufficient income from its tourist park operations to meet the full cost of managing all the coastal Crown land open spaces and community infrastructure where it is the appointed Committee of Management. Given the above risks and opportunities, Council cannot responsibly do nothing. Effectively managing the transition through a staged redevelopment is critical to ensuring a sustainable outcome over the long term. This will maximise future income streams from each tourist park and lessen the burden on ratepayers beyond the redevelopment period.

185E(3)(c) – Engagement

This legislative matter requires the Council to specify how it has taken account of the views of the community. It is expected that Council provide evidence of how it sought to engage with the community, what were the outcomes of the engagement (i.e. what were community views) and, crucially, how these were considered in determining the higher cap.

Council Response:
Refer to supplementary community engagement material.

185E(3)(d) – Value and efficiency

This legislative matter requires councils to ensure that they can demonstrate they have sufficient policies and processes in place (and have taken specific actions) to ensure that the additional revenue raised will be used efficiently and that the outcomes being pursued represent value for money for ratepayers.

5. **Has Council considered undertaking any service reviews?**
6. **Could Council explain how any service reviews were prioritised, and the outcomes of any service reviews?**

Council Response:
Council has not previously had the resources to undertake targeted service reviews, however Council did identify this need during the planning process and allocated $10,000 per annum in the draft 2017/18 Budget to undertake an annual service review of a specific Council service or program each year. As outlined above, having prioritised the large number of initiatives identified during the community consultation process as well as those likely to be impacted by a 2.0% rate cap, Council may not be able to fund this ongoing program.

185E(3)(e) – Tradeoffs and alternative funding

This legislative matter requires councils to demonstrate that they have considered the prioritisation of services and different funding options before seeking a higher cap.

The application states that 'financial modelling has demonstrated that the financial plan will be impacted during the redevelopment of the caravan parks over the short to medium term' (page 21, higher cap application).

7. **Could Council provide a summary of the key results of the financial modelling of the redevelopment of the caravan parks?**

Council Response:
As stated above, Council anticipates lower recurrent net income of $698,000 in 2018/19, $339,000 in 2019/20 and $711,000 in 2020/21 during the staged redevelopment of each of the tourist parks. A summary of the forecast income and expenditure relating to the tourist parks is provided in **Attachment B**. The draft 2017/18 Budget includes these forecasts. The future impact of this lower recurrent net income over the short to medium term is demonstrated in the forecast underlying surplus shown below the Comprehensive Income Statement in the LTFP (**Attachment A**).

185E(3)(f) – Long term planning

This legislative matter requires that the assumptions and proposals in the application are consistent with those in the council's long-term strategy and financial management policies set out in the council's planning documents and annual budget.

The application refers to Council's Asset Management Plan (Buildings) (Appendix G), Public Toilet Strategy (Appendix L), and Coastal Management Plan (Appendix Q).

8. Could Council provide a summary of the key impacts of these plans/strategies on Council's need for a higher cap in 2017/18?
9. How regularly does Council review these plans/strategies?

Council Response:

Council is currently preparing the Caravan Parks Master Plan to for Council to consider a number of options modelled by an independent economic consultant for the upgrade of its tourist parks. The draft Caravan Parks Master Plan identifies the following impacts:

- The net income generated from the tourist parks partially offsets Council's expenditure on Crown land management of some 100ha of land that Council has responsibility for and the net income generated reduces the burden to ratepayers to maintain Crown land in the Borough,
- The opportunities to potentially maximise income generation have been identified through an economic analysis by the consultant, including introducing more cabins, operating more caravan and camping sites year round and increasing occupancy through amenity improvements and marketing,
- Opportunities to improve on the existing net income generated, more extensive investment and management changes are required,
- The identified need to review the current operation of the parks to ensure that Council and the community are getting the best value from it's public assets and investment, including:
    - the best return on investment,
    - attracting maximum potential visitation, and
    - ensuring the parks are catering to the changing needs of visitors (visitation being a key contributor to the local economy).

Council's tourist park infrastructure is ageing and reaching end of life, as highlighted in Council's Asset Management Plan (Buildings) (Appendix G). In the absence of upgrade, the viability, attractiveness and capability of this ageing infrastructure to meet current demand for camping facilities will be compromised. The draft Master Plan also highlights that:

"Aged facilities not matched to maintain all year round tourist markets:

- *Significant range of aged infrastructure at the parks limits promotion and marketing of these unique and highly sought after locations.*
- *Only 5 quality cabins and 2 aged cabins on offer limits daily revenue generation.*
- *Limited seasonal bookings of parks have limited revenue and restrict justification to improve facilities."*

The Asset Management Plan (Buildings) was last formally reviewed in 2007 and is currently under review.

The Public Toilet Strategy was updated in 2015 and prepared for the next ten years to determine needs in relation to public amenities and to inform Council's decision-making and actions so as to:

- most efficiently and effectively service the community with public amenities, and
- improve the quality of public toilets across the Borough.

The Public Toilet Strategy examined Council's existing public toilets and made recommendations based on performance, risk, building condition and user needs for the future provision of public toilets, the management and operations of the public toilets and recommended thirty three (33) actions to be undertaken over the next ten years for the improved provision and maintenance of the public toilets. To support the recommendations of the Public Toilet Strategy, the draft 2017/18 Budget has been able to incorporate an annual amount of $16,000 in the Annual Asset Renewal Program for the renewal of its foreshore public conveniences, which is funded from rate revenue, however further investment is required to deliver the 10 year capital works program for new or replacement toilets identified in the Strategy.

The redevelopment of the Queenscliff Sport and Recreation Reserve, which includes the upgrade of ageing camping infrastructure at the Queenscliff Recreation Reserve, incorporates the upgrade of the very old toilet block, funded entirely from grant revenue. The Strategy proposes that this toilet be demolished and replaced, ranked as the second lowest performing public toilet among the 14 public toilets in the Borough.

The development of a Coastal Management Plan is a requirement under the *Coastal Management Act* and was completed a in 2006 to establish an agreement between Council (as a Committee of Management), DELWP (formerly Department of Sustainability and Environment (DSE)) and the community as to how an area of the coastal Crown land areas in the Borough of Queenscliffe would be managed. The Plan has not been updated since this time.

The key impacts of the Coastal Management Plan were explained in Section 5 of the application for a higher rate cap.

The application refers to Council's robust financial strategies for debt management, asset renewal/replacement and reserve funding (page 19, higher cap application).

10. Could Council provide a copy of these strategies, if available? **11. Has Council consulted with its community on these strategies?**

Council Response:

Council does have the capacity to develop a separate suite of financial strategy documents. The financial strategies, including the Strategic Resource Plan, are updated and incorporated into the Annual Budget (Appendix D). Council consults on the Annual Budget through a formal submission process, as required by the *Local Government Act 1989* and consults with the community on the financial strategies annually via public information sessions and a community-based Governance & Finance Portfolio Reference Group during the public exhibition period.

This is a cost effective approach given our very small size and resource capacity.

The CT Management Report refers to Council's Long Term Financial Plan (page 38, Appendix K).

12. Could Council provide a copy of its 10-year Long Term Financial Plan, and 10-year Capital Works Plan, if available?

Council Response:
Council currently does have the capacity to develop a 10-year Long Term Financial Plan and 10-year Capital Works Plan, however Council is working towards a longer term financial plan and has expanded the previous 4-year financial plan to a 5-year financial plan. A copy of the 5-year Long Term Financial Plan is included in **Attachment A**.

The CT Management Report provides key recommendations for Council (page 10, Appendix K):

- Prior to undertaking any major renewal works a detailed assessment of the overall need for facilities be undertaken.
- Update Council's 2007 Building Asset Management Plan including inclusion of revised asset data, maintenance/renewal programs and the outcomes of the Service Plans.
- The assumptions on condition intervention levels and the % of assets existing outside the determined intervention level target are reviewed.
- Council's current renewal funding levels and potential other funding sources be reviewed and the LTFP be updated to better reflect the renewal demand for required building facilities.
- Review and develop preventative maintenance program for all facilities and incorporate the program within the LTFP building renewal allocations.

13. Could Council explain how these recommendations have influenced Council's Long Term Financial Plan and Asset Management Plan (Buildings)?

Council Response:
Renewal works and maintenance is programmed to deliver levels of service to agreed risk and cost standards, within available resources.

Renewal works are programmed in the long term financial plan, having considered and assessed:

- the asset lifecycle
- best available current information and asset condition data, including asset management strategies
- risk assessment to identify critical assets
- existing levels of service
- prioritising capital works using criteria
- cashflow predictions of expenditure based on current knowledge
- financial and critical asset service performance measures in line with Asset Management Plans

Assumptions on condition intervention level targets are reviewed on a cyclical basis following completion of asset condition audits, which influence Council's Annual Asset Renewal Program in the long term Capital Works Plan for scheduled annual renewal of:

- Council buildings
- public toilets
- Council fleet
- plant and equipment
- roads
- footpaths and cycleways
- drainage
- recreational, leisure and community facilities
- parks, open space and streetscapes
- off street carparks
- other infrastructure

The Capital Works Plan and annual maintenance program in the LTFP is reviewed annually as part of the review of the Strategic Resource Plan and preparation of the Annual Budget.

As indicated above, the Asset Management Plan (Buildings) is currently under review. The updated Plan will include revised asset data and maintenance/renewal programs.

Comprehensive Income Statement
For the five years ending 30 June 2022

	Forecast Actual 2016/17 $'000	Draft Budget 2017/18 $'000	Strategic Resource Plan Projections 2018/19 $'000	Strategic Resource Plan Projections 2019/20 $'000	Strategic Resource Plan Projections 2020/21 $'000	LTFP 2021/22 $'000
Income						
Rates and charges	6,806	7,117	7,265	7,415	7,569	7,726
Statutory fees and fines	109	108	108	108	108	108
User fees	2,013	1,972	1,584	2,032	2,109	2,195
Grants - operating	870	779	778	780	782	784
Grants - capital	18	2,848	7,149	650	881	350
Contributions - monetary - operating	0	13	0	0	0	0
Contributions - monetary - capital	0	5	11	0	0	0
Other income	246	234	237	239	242	244
Share of net profits of associates	0	0	0	0	0	0
Net gain on disposal of property, infrastructure, plant and equipment	0	0	0	0	0	0
Total income	**10,062**	**13,075**	**17,131**	**11,225**	**11,691**	**11,408**
Expenses						
Employee costs	3,847	4,057	4,173	4,289	4,409	4,553
Materials and services	5,071	5,448	4,927	4,914	5,106	5,081
Bad and doubtful debts	3	3	3	3	3	3
Depreciation	1,121	1,197	1,328	1,345	1,374	1,391
Borrowing costs	10	11	22	33	29	25
Other expenses	229	233	239	243	250	256
Total expenses	**10,281**	**10,949**	**10,693**	**10,827**	**11,170**	**11,309**
Surplus / (deficit) for the year	**(219)**	**2,126**	**6,438**	**398**	**521**	**98**
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	0
Total comprehensive result	**(219)**	**2,126**	**6,438**	**398**	**521**	**98**

Adjusted Underlying Result

	Forecast Actual 2016/17 $'000	Draft Budget 2017/18 $'000	2018/19 $'000	2019/20 $'000	2020/21 $'000	2021/22 $'000
Total income	10,062	13,075	17,131	11,225	11,691	11,408
Total expenses	10,281	10,949	10,693	10,827	11,170	11,309
Surplus / (deficit) for the year	**(219)**	**2,126**	**6,438**	**398**	**521**	**98**
Grants - capital non-recurrent	(18)	(2,616)	(7,149)	(650)	(650)	0
Contributions - monetary - capital	0	(5)	(11)	0	0	0
Adjusted underlying deficit	**(237)**	**(495)**	**(722)**	**(252)**	**(129)**	**98**

Balance Sheet
For the five years ending 30 June 2022

	Forecast Actual 2016/17 $'000	Draft Budget 2017/18 $'000	Strategic Resource Plan Projections 2018/19 $'000	2019/20 $'000	2020/21 $'000	LTFP 2021/22 $'000
Assets						
Current assets						
Cash and cash equivalents	1,347	**1,410**	1,115	943	931	1,082
Trade and other receivables	350	**350**	350	350	350	350
Other financial assets	2,500	**2,000**	1,500	1,000	1,000	1,000
Inventories	5	**5**	5	5	5	5
Other assets	200	**200**	200	200	200	200
Total current assets	**4,402**	**3,965**	**3,170**	**2,498**	**2,486**	**2,637**
Non-current assets						
Investments in associates	240	**240**	240	240	240	240
Property, infrastructure, plant and equipment	126,209	**129,166**	137,215	137,814	138,290	138,139
Total non-current assets	**126,449**	**129,406**	**137,455**	**138,054**	**138,530**	**138,379**
Total assets	**130,851**	**133,371**	**140,625**	**140,552**	**141,016**	**141,016**
Liabilities						
Current liabilities						
Trade and other payables	592	**835**	1,371	644	646	601
Trust funds and deposits	87	**87**	87	87	87	87
Provisions	910	**933**	956	980	1,005	1,030
Interest-bearing loans and borrowings	107	**78**	86	95	80	73
Other liabilities	75	**75**	75	75	75	75
Total current liabilities	**1,771**	**2,008**	**2,575**	**1,881**	**1,893**	**1,866**
Non-current liabilities						
Provisions	64	**66**	67	69	71	73
Interest-bearing loans and borrowings	0	**155**	403	624	553	480
Total non-current liabilities	**64**	**221**	**470**	**693**	**624**	**553**
Total liabilities	**1,835**	**2,229**	**3,045**	**2,574**	**2,517**	**2,419**
Net assets	**129,016**	**131,142**	**137,580**	**137,978**	**138,499**	**138,597**
Equity						
Accumulated surplus	89,707	**92,191**	99,984	100,353	100,914	100,843
Reserves	39,309	**38,951**	37,596	37,625	37,585	37,753
Total equity	**129,016**	**131,142**	**137,580**	**137,978**	**138,499**	**138,597**

Statement of Changes in Equity
For the five years ending 30 June 2022

	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**
2021/22 Draft LTFP				
Balance at beginning of the financial year	138,498	100,914	36,996	589
Surplus / (deficit) for the year	98	98	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	0	(169)	0	169
Transfer from other reserves	0	0	0	0
Balance at end of the financial year	**138,597**	**100,843**	**36,996**	**758**

Statement of Cash Flows
For the five years ending 30 June 2022

	Forecast Actual 2016/17 $'000	Draft Budget 2017/18 $'000	Strategic Resource Plan Projections 2018/19 $'000	2019/20 $'000	2020/21 $'000	LTFP 2021/22 $'000
Cash flows from operating activities						
Receipts						
Rates and charges	6,818	7,117	7,265	7,415	7,569	7,726
Statutory fees and fines	111	108	108	108	108	108
User fees	2,055	1,972	1,584	2,032	2,109	2,195
Grants - Operating	854	779	778	780	782	784
Grants - Capital	1,008	2,848	7,149	650	881	350
Contributions - monetary - operating	0	13	0	0	0	0
Contributions - monetary - capital	0	5	11	0	0	0
Interest received	85	100	100	100	100	100
Other receipts	161	134	137	139	142	144
Net GST refund / (payment)	32	0	0	0	0	0
Total receipts	**11,123**	**13,075**	**17,131**	**11,225**	**11,691**	**11,408**
Payments						
Employee costs	(3,823)	(4,033)	(4,148)	(4,263)	(4,382)	(4,526)
Materials and services	(5,084)	(5,205)	(4,392)	(5,641)	(5,104)	(5,126)
Other payments	(232)	(236)	(242)	(245)	(253)	(259)
Total payments	**(9,139)**	**(9,474)**	**(8,781)**	**(10,149)**	**(9,739)**	**(9,911)**
Net cash provided by operating activities	**1,984**	**3,601**	**8,350**	**1,075**	**1,952**	**1,496**
Cash flows from investing activities						
Payments for property, infrastructure, plant and equipment	(1,856)	(4,231)	(9,460)	(2,037)	(1,932)	(1,338)
Proceeds from sale of property, infrastructure, plant and equipment	81	78	83	93	83	98
Payments for investments	(152)	0	0	0	0	0
Proceeds from sale of investments	0	500	500	500	0	0
Net cash used in investing activities	**(1,928)**	**(3,653)**	**(8,878)**	**(1,444)**	**(1,849)**	**(1,240)**
Cash flows from financing activities						
Borrowing costs	(10)	(11)	(22)	(33)	(29)	(25)
Proceeds from borrowings	0	177	300	300	0	0
Repayment of borrowings	(207)	(51)	(44)	(70)	(86)	(80)
Net cash provided by / (used in) financing activities	**(217)**	**115**	**234**	**197**	**(115)**	**(105)**
Net increase / (decrease) in cash and cash equivalents	**(161)**	**63**	**(294)**	**(172)**	**(12)**	**151**
Cash and cash equivalents at the beginning of the financial year	1,508	1,347	1,410	1,115	943	931
Cash and cash equivalents at the end of the financial year	**1,347**	**1,410**	**1,115**	**943**	**931**	**1,082**

Statement of Capital Works
For the five years ending 30 June 2022

	Forecast Actual 2016/17 $'000	Draft Budget 2017/18 $'000	Strategic Resource Plan Projections 2018/19 $'000	2019/20 $'000	2020/21 $'000	LTFP 2021/22 $'000
Property						
Land improvements	5	76	0	0	0	0
Buildings	430	1,263	1,100	245	249	252
Total property	**436**	**1,339**	**1,100**	**245**	**249**	**252**
Plant and equipment						
Plant, machinery and equipment	172	165	175	195	175	205
Fixtures, fittings and furniture	5	5	5	5	5	5
Computers and telecommunications	216	30	30	30	30	30
Total plant and equipment	**393**	**200**	**210**	**230**	**210**	**240**
Infrastructure						
Roads	90	469	149	129	336	105
Footpaths and cycleways	112	64	12	12	12	12
Drainage	45	67	35	35	35	35
Recreational, leisure and community facilities	376	831	844	498	152	155
Parks, open space and streetscapes	177	950	6,899	33	433	33
Off street car parks	2	26	26	0	0	0
Other infrastructure	227	285	185	855	505	505
Total infrastructure	**1,029**	**2,692**	**8,150**	**1,562**	**1,473**	**845**
Total capital works expenditure	**1,856**	**4,231**	**9,460**	**2,037**	**1,932**	**1,338**
Represented by:						
New asset expenditure	612	1,583	3,134	554	676	558
Asset renewal expenditure	852	1,542	4,669	750	1,182	745
Asset upgrade expenditure	393	1,106	1,657	732	74	35
Total capital works expenditure	**1,856**	**4,231**	**9,460**	**2,037**	**1,932**	**1,338**

Statement of Human Resources
For the five years ending 30 June 2022

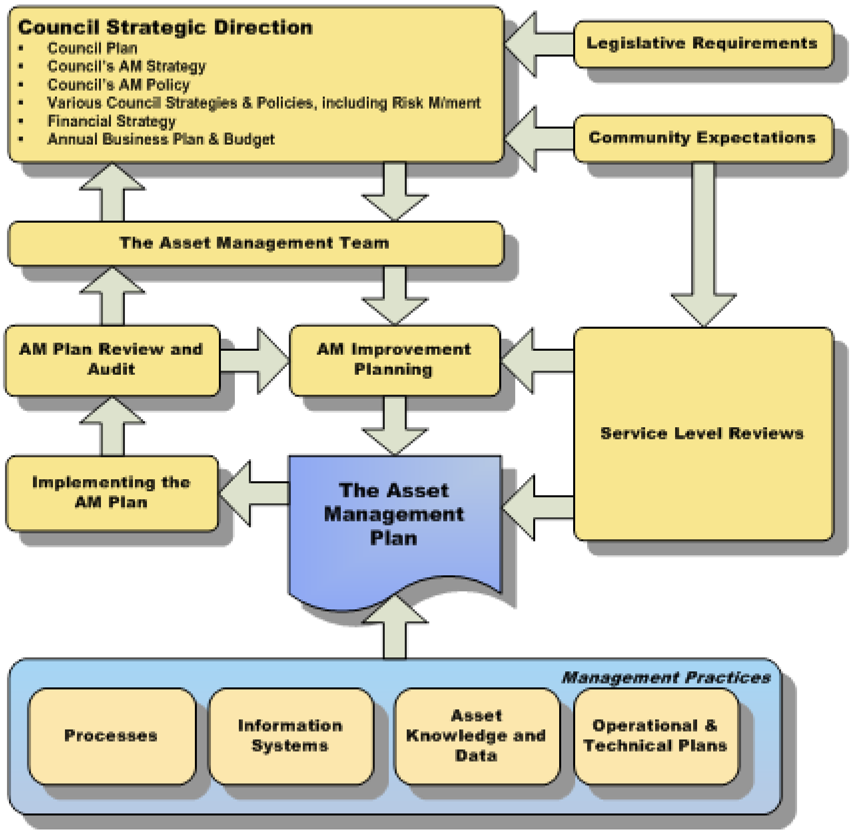
	Forecast Actual 2016/17 $'000	Draft Budget 2017/18 $'000	Strategic Resource Plan Projections 2018/19 $'000	2019/20 $'000	2020/21 $'000	LTFP 2021/22 $'000
Staff expenditure						
Employee costs - operating	3,847	4,057	4,173	4,289	4,409	4,553
Employee costs - capital (project management - priority infrastructure projects)	194	201	208	216	224	231
Total staff expenditure	**4,041**	**4,258**	**4,381**	**4,505**	**4,633**	**4,784**
	EFT	EFT	EFT	EFT	EFT	EFT
Staff expenditure						
Employees - operating	40.8	41.9	41.9	41.9	41.9	41.9
Employees - capitalised	1.6	1.6	1.6	1.6	1.6	1.6
Total staff numbers	**42.4**	**43.5**	**43.5**	**43.5**	**43.5**	**43.5**

Draft Budget by Strategic Objective
For the five years ending 30 June 2022

Strategic Objective 3 : Foster a diverse and vibrant local economy.		Forecast Actual 2016/17 $'000	Draft Budget 2017/18 $'000	Strategic Resource Plan Projections 2018/19 $'000	Strategic Resource Plan Projections 2019/20 $'000	Strategic Resource Plan Projections 2020/21 $'000	LTFP 2021/22 $'000
Tourist Parks and Boat Ramp Services	Expenditure	898	1,045	962	992	1,021	1,054
	(Revenue)	(1,824)	(1,734)	(1,395)	(1,799)	(1,914)	(1,961)
	Net Income	(926)	(689)	(433)	(807)	(893)	(908)
Boat Ramp Services	Expenditure	13	13	13	13	14	14
	(Revenue)	(106)	(104)	(106)	(109)	(112)	(114)
	Net Income	(92)	(91)	(93)	(96)	(98)	(101)
Tourist Parks New Initiatives	Expenditure	0	100	0	0	0	0
	(Revenue)	0	0	0	0	0	0
	Net Income	0	100	0	0	0	0
Tourist Parks Services (net recurrent income)	**Expenditure**	**885**	932	**949**	**979**	**1,007**	**1,040**
	(Revenue)	**(1,718)**	(1,630)	**(1,289)**	**(1,690)**	**(1,802)**	**(1,847)**
	Net Income	**(833)**	(698)	**(339)**	**(711)**	**(795)**	**(807)**

Asset Management Planning Framework

The 2007 Asset Management Plan describes the relationship between some of the asset management planning processes:



The council strategic direction documents provide an overarching strategic framework and direction within which the asset management planning framework is developed. Council's individual asset service review strategies such as the Public Toilet Strategy, Queenscliff Recreation Reserve Sport Precinct Master Plan and Coastal Management Plan feed in to the Asset Management Plan at the service level review stage. Each of these service reviews consider the community's expectations via different methods of community engagement.

The review dates of Council's major asset groups of roads (including footpaths and shared paths) and buildings are listed below. A copy of the reports can be forwarded if required.

Asset Class	Year of Review		
Roads Assets	March 2010	May 2013	June 2016
Building Assets	March 2010	Jan 2014	Proposed 2017

The regular condition assessments and renewal modelling provide key inputs to the asset management planning process by contributing to the current information and asset condition data available and are developed as part of a set of management practices. Council's asset condition reviews and renewal modelling are also key inputs to the strategic resource plan, which is reviewed annually.

Council's asset renewal funding model is a product of the regular condition assessment process. The renewal funding modelling indicates how much renewal funding is required to be spent in particular areas to ensure the assets remain within intervention levels and continue to deliver a desired level of service. Council conducts focussed service level reviews to complement the asset condition review data and the resulting recommendations. The service reviews enable Council to engage with the community to determine the required level of service and review what assets are required to deliver that service. The outcome of the service plan is a focussed asset renewal/replacement plan that then feeds into the strategic resource plan.