

**Borough of Queenscliffe
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2024

- Draft -

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Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the Local Government Act 2020, the Local Government (Planning and Reporting) Regulations 2020, the Australian Accounting Standards and other mandatory professional reporting requirements.

Gihan Kohobange CPA, CA
Principal Accounting Officer
Date: 25 September 2024
Queenscliff

In our opinion, the accompanying financial statements present fairly the financial transactions of the Borough of Queenscliffe for the year ended 30 June 2023 and the financial position of the Council as at that date.

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

We have been authorised by the Council and by the Local Government (Planning and Reporting) Regulations 2020 to certify the financial statements in their final form.

Councillor Ross Ebbels
Mayor
Date: 25 September 2024
Queenscliff

Councillor Donnie Grigau
Councillor
Date: 25 September 2024
Queenscliff

Martin Gill
Chief Executive Officer
Date: 25 September 2024
Queenscliff

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Comprehensive Income Statement For the Year Ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Income / Revenue			
Rates and charges	3.1	8,508	8,109
Statutory fees and fines		126	173
User fees	3.2	2,084	2,070
Grants - operating	3.3	1,767	1,370
Grants - capital	3.3	224	2,232
Net gain on disposal of property, infrastructure, plant and equipment		99	109
Share of net profits of associates and joint ventures		21	-
Other income	3.4	819	492
Total income / revenue		13,648	14,555
Expenses			
Employee costs	4.1	(5,281)	(5,037)
Materials and services	4.2	(6,445)	(5,240)
Depreciation	4.3	(1,269)	(1,244)
Allowance for impairment losses		(6)	-
Other expenses	4.4	(1,248)	(1,409)
Total expenses		(14,249)	(12,930)
Surplus/(deficit) for the year		(601)	1,625
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain / (loss)	6.1	124	(2,397)
Total other comprehensive income		124	(2,397)
Total comprehensive result		(477)	(772)

The above comprehensive income statement should be read in conjunction with the accompanying notes.
Please note that some transactions from last year have been reclassified for improved clarity in presentation.

Balance Sheet As at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	1,790	3,568
Trade and other receivables	5.1	443	230
Other financial assets	5.1	8,780	7,593
Inventories		6	4
Prepayments		198	233
Other assets		203	410
Total current assets		11,420	12,038
Non-current assets			
Other financial assets	5.1	1,058	-
Investments in associates, joint arrangements and subsidiaries		181	160
Property, infrastructure, plant and equipment	6.1	172,005	172,562
Total non-current assets		173,244	172,722
Total assets		184,664	184,760
Liabilities			
Current liabilities			
Trade and other payables	5.2	582	829
Trust funds and deposits		25	20
Contract and other liabilities	5.2	1,356	844
Provisions	5.3	1,002	935
Total current liabilities		2,965	2,628
Non-current liabilities			
Provisions	5.3	142	98
Total non-current liabilities		142	98
Total liabilities		3,107	2,726
Net assets		181,557	182,034
Equity			
Accumulated surplus		98,253	99,424
Reserves	9.1	83,304	82,610
Total Equity		181,557	182,034

The above balance sheet should be read in conjunction with the accompanying notes.
Please note that some transactions from last year have been reclassified for improved clarity in presentation.

Statement of Changes in Equity For the Year Ended 30 June 2024

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2024					
Balance at beginning of the financial year		182,034	99,424	74,278	8,332
Surplus/(deficit) for the year		(601)	(601)	-	-
Net asset revaluation gain / (loss)	6.2	124	-	124	-
Transfers to other reserves	9.1	-	(953)	-	953
Transfers from other reserves	9.1	-	382	-	(382)
		<u>181,557</u>	<u>98,253</u>	<u>74,402</u>	<u>8,902</u>
Balance at end of the financial year		181,557	98,253	74,402	8,902
		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2023					
Balance at beginning of the financial year		182,806	101,380	76,675	4,751
Surplus/(deficit) for the year		1,625	1,625	-	-
Net asset revaluation gain / (loss)	6.2	(2,397)	-	(2,397)	-
Transfers to other reserves	9.1	-	(4,520)	-	4,520
Transfers from other reserves	9.1	-	939	-	(939)
		<u>182,034</u>	<u>99,424</u>	<u>74,278</u>	<u>8,332</u>
Balance at end of the financial year		182,034	99,424	74,278	8,332

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

Statement of Cash Flows For the Year Ended 30 June 2024

	Note	2024 Inflows/ (Outflows) \$'000	2023 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		8,419	8,203
Statutory fees and fines		128	201
User fees		2,016	2,035
Grants - operating		1,596	1,457
Grants - capital		716	1,686
Interest received		420	132
Trust funds and deposits taken		40	12
Other receipts		661	263
Net GST refund/ (payment)		78	109
Employee costs		(5,176)	(4,883)
Materials and services		(6,572)	(5,786)
Short-term, low value and variable lease payments		(1)	(13)
Trust funds and deposits repaid		(34)	(43)
Other payments		(808)	(473)
Net cash provided by/(used in) operating activities		1,483	2,900
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(1,110)	(5,527)
Proceeds from sale of property, infrastructure, plant and equipment		100	3,504
Payments for investments		(11,392)	(12,240)
Proceeds from sale of investments		9,141	11,152
Net cash provided by/(used in) investing activities		(3,261)	(3,110)
Cash flows from financing activities			
Net cash provided by/(used in) financing activities		-	-
Net increase (decrease) in cash and cash equivalents		(1,778)	(210)
Cash and cash equivalents at the beginning of the financial year		3,568	3,778
Cash and cash equivalents at the end of the financial year		1,790	3,568
Financing arrangements	5.6		

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Capital Works For the Year Ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Property			
Buildings		137	1,117
Heritage buildings		6	-
Total buildings		<u>143</u>	<u>1,117</u>
Total property		<u>143</u>	<u>1,117</u>
Plant and equipment			
Plant, machinery and equipment		246	50
Fixtures, fittings and furniture		41	1
Computers and telecommunications		13	312
Total plant and equipment		<u>299</u>	<u>363</u>
Infrastructure			
Roads		139	190
Footpaths and cycleways		228	49
Drainage		22	107
Recreational, leisure and community facilities		34	495
Parks, open space and streetscapes		104	679
Off street car parks		-	122
Other infrastructure		49	884
Other Assets		14	-
Total infrastructure		<u>589</u>	<u>2,525</u>
Total capital works expenditure		<u>1,032</u>	<u>4,006</u>
Represented by:			
New asset expenditure		184	1,583
Asset renewal expenditure		657	1,059
Asset upgrade expenditure		191	1,364
Total capital works expenditure		<u>1,032</u>	<u>4,006</u>

The above statement of capital works should be read in conjunction with the accompanying notes.

Notes to the Financial Report **For the Year Ended 30 June 2024**

Note 1 OVERVIEW

Introduction

The Borough of Queenscliffe was established by an Order of the Governor in Council on 12th May 1863 and is a body corporate. The Council's main office is located at 50 Learmonth Street, Queenscliff, VIC, 3225.

Statement of compliance

Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

The Council is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a not-for-profit entity under the Australian Accounting Standards.

Accounting policy information

1.1 Basis of accounting

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Specific accounting policies applied are disclosed in sections where the related balance or financial statement matter is disclosed.

The accrual basis of accounting has been used in the preparation of these financial statements, except for the cash flow information, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when

The financial statements are based on the historical cost convention unless a different measurement basis is specifically disclosed in the notes to the financial statements.

The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars unless otherwise specified. Minor discrepancies in tables between totals and the sum of components are due to rounding.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 3)
- other areas requiring judgements

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

Goods and Services Tax (GST)

Income and expenses are recognised net of the amount of associated GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Notes to the Financial Report For the Year Ended 30 June 2024

Note 2 ANALYSIS OF OUR RESULTS

2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or a dollar variance +/- \$100,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

These notes are prepared to meet the requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

2.1.1 Income / Revenue and expenditure

	Budget 2024 \$'000	Actual 2024 \$'000	Variance \$'000	Variance %	Ref
Income / Revenue					
Rates and charges	8,483	8,508	25	0%	
Statutory fees and fines	113	127	14	13%	
User fees	2,166	2,084	(82)	-4%	1
Grants - operating	1,692	1,767	75	4%	2
Grants - capital	1,417	224	(1,193)	-84%	3
Net gain on disposal of property, infrastructure, plant and equipment	35	99	64	100%	4
Share of net profits/(losses) of associates and joint ventures	-	21	21	100%	
Other income	534	819	285	53%	5
Total income / revenue	14,440	13,648	(792)	-5%	
Expenses					
Employee costs	(5,407)	(5,281)	(125)	2%	6
Materials and services	(5,903)	(6,445)	542	-9%	7
Depreciation	(1,373)	(1,269)	(104)	8%	8
Allowance for impairment losses	(3)	(6)	3	-113%	
Other expenses	(669)	(1,247)	579	-87%	9
Total expenses	(13,355)	(14,249)	895	-7%	
Surplus/(deficit) for the year	1,085	(601)	1,686	155%	

Notes to the Financial Report For the Year Ended 30 June 2024

(i) Explanation of material variations

- 1 User fees: The net decrease of \$82,000 is primarily due to a reduction in income from Council-managed caravan parks (\$78,000) and client contributions (\$44,000) from community care services. This decrease is partially offset by an increase in income from facility hire and electrical vehicle charging stations.
Grants - Operating: The increase of \$75,000 is mainly due to:
 - \$378,000 additional non-recurring operating grant for asbestos removal work;
 - \$42,000 new grant to develop a Kindergarten Infrastructure and Services Plan (KISP);
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 - \$40,000 new grant for a cliff stability study;
 - \$34,000 additional funding for the Record Digitisation project;
 - \$26,000 new funding for circular economy household education; and
 - Partially offset by the early receipt of the 2023-24 Financial Assistance Grant (\$413,000) in the 2022-23 financial year.
- 3 Grants - capital; The decrease is mainly due to the delay in commencing underlying capital work projects (\$912,000 grant income of the development work of Point Lonsdale Maritime & Defence Precinct, \$160,000 grant income of Queenscliffe recreation reserve lighting upgrade, \$110,000 grant income of establishing a safety fence at Dog beach.
- 4 Net Gain on Disposal of Property, Infrastructure, Plant, and Equipment: The increase is due to the timing of delivering replacement vehicles and the higher resale value of some vehicles.
- 5 Other income: The increase is mainly due to the increase in income from interest by \$215,000 and the increase in notional income of contribution from volunteers by \$59,000.
- 6 Employee Costs: The net reduction of \$125,000 is due to temporary staff vacancies during the financial year and a reduction in Full Time Equivalent (FTE) staff resources resulting from an internal restructuring of some roles, managed through natural attrition. Savings in wages and salaries have been partly offset by a \$34,000 increase in the Workcover premium compared to the budget Workcover premium.
- 7 Materials and services: The net increase of \$542,000 is mainly due to:
 - \$359,000 in additional expenses for asbestos removal work (100% grant funded);
 - \$153,000 increase in vegetation and tree management expenses. This is due to more than a 100% increase in community requests for vegetation management and significant tree damage caused by bad weather during the year;
 - \$91,000 increase in building maintenance expenses, primarily due to the costs associated with relocating air conditioning units in the Qhub building (\$38,000). Additionally, there has been an increased demand for maintenance of public convenience buildings, tourist park buildings, and other associated assets (e.g., water mains) due to the aging of these assets;
 - \$76,000 net increase in costs associated with non-recurring operating projects (both grant funded and rates funded), excluding the asbestos removal project. This increase is mainly due to the costs related to new grant-funded projects secured during the year; and
 - Above increases have been partially off-set by savings in other expenses items.
- 8 The reduction in the depreciation expenses is mainly due to the shift in the timing of the capitalisation of new assets during the financial year.
- 9 Due to expense of costs associated with the ICT transformation project, which involved implementing a suite of new cloud-based systems (Software as a Service (SaaS)), a total of \$501,000 was expensed during the year. This amount includes \$395,000 incurred in previous financial years and \$106,000 incurred during the 2023-24 financial year. In total, \$350,000 has been recognised as income (Grants - capital) for this project, with the majority of the income recognised in previous years.

Notes to the Financial Report For the Year Ended 30 June 2024

2.1.2 Capital works

	Budget 2024 \$'000	Actual 2024 \$'000	Variance \$'000	Variance %	Ref
Property					
Buildings	573	137	(436)	-76%	1
Heritage buildings	-	6	6	100%	
Total buildings	573	143	(430)	-75%	
Total property	573	143	(430)	-75%	
Plant and equipment					
Plant, machinery and equipment	210	246	36	17%	2
Fixtures, fittings and furniture	5	41	36	726%	3
Computers and telecommunications	193	13	(181)	-94%	4
Total plant and equipment	408	299	(109)	-27%	
Infrastructure					
Roads	113	139	26	23%	5
Footpaths and cycleways	71	228	157	222%	6
Drainage	103	22	(81)	-79%	7
Recreational, leisure and community facilities	1,423	34	(1,389)	-98%	8
Parks, open space and streetscapes	95	104	9	10%	
Other infrastructure	10	49	39	385%	
Total infrastructure	1,815	576	(1,239)	-68%	
Total capital works expenditure	2,797	1,018	(1,778)	-64%	
Represented by:					
New asset expenditure	1,664	184	(1,480)	-89%	
Asset renewal expenditure	304	657	353	116%	
Asset upgrade expenditure	829	191	(638)	-77%	
Total capital works expenditure	2,797	1,032	(1,765)	-63%	

Notes to the Financial Report For the Year Ended 30 June 2024

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	<p>The renewal of the Toch H toilet project, budgeted at \$130,000, has been delayed due to setbacks in receiving the necessary approvals.</p> <p>The upgrade project (\$180,000) for the Town Hall's heating and cooling system did not commence in the 2023-24 Financial Year (FY) and is now scheduled for completion in the 2024-25 FY.</p> <p>\$62,000 of staff costs budgeted to be capitalised. However, since staff efforts on individual projects were minimal in the 2023-24 financial year, all staff costs have been expensed for this period.</p> <p>The variance in the balance is primarily attributed to the timing of annual asset renewal allocations, with unspent funds transferred to asset renewal reserves for future use.</p>
2	Plant, machinery and equipment	<p>The delivery timing of replacement vehicles caused delays, with two vehicles originally scheduled for delivery in the previous financial year instead arriving at the start of the 2023/24 financial year.</p>
3	Fixtures, fittings and furniture	<p>The replacement of the air-conditioning unit at Neighbourhood House, not budgeted for, incurred a cost of \$18,000.</p>
4	Computers and telecommunications	<p>A total of \$106,000 was spent during the year on the ICT transformation project and expensed as the expenditure was incurred on SaaS platforms. Further, unspent funds of annual asset renewal allocations have been transferred to asset renewal reserves for future use have been transferred to asset renewal reserves for future use.</p>
5	Roads	<p>Expenditure related to the annual road resealing program slightly exceeded the budgeted amount.</p>
6	Footpaths and cycleways	<p>This is mainly due to footpath capital works carried over from the 2022-23 financial year. Additionally, the tendered costs for constructing the footpath linking Hesse Street to the boat ramp were 35% higher than the estimated costs.</p>
7	Drainage	<p>Annual asset renewal allocations and unspent funds have been transferred to asset renewal reserves for future use.</p>
8	Recreational, leisure and community facilities	<p>The Point Lonsdale Maritime & Defence Precinct project, which is entirely grant-funded, has been delayed due to changes in the initial project scope and delays in securing the necessary approvals. Completion is now expected in the 2025-26 FY (\$811,000 unspent budget allocation).</p> <p>The lighting upgrade (\$160,000) at Queenscliffe Rec Reserve began at the end of the 2023/24 financial year and is expected to be completed in the 2024-25 FY.</p> <p>Safety improvement work (\$150,000) by DEECA at Narrows Beach is scheduled for completion in the 2024-25 FY.</p> <p>\$62,000 of staff costs budgeted to be capitalised. However, since staff efforts on individual projects were minimal in the 2023-24 financial year, all staff costs have been expensed for this period.</p>

Notes to the Financial Report For the Year Ended 30 June 2024

2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Portfolio 1: Health and wellbeing: To support community wellbeing and encourage an active lifestyle.

Aged Services

The Aged Services program provides care and assistance to older residents and carers requiring respite so that residents can live independently and remain safe in their homes. The program is focused on maximising the wellbeing, safety and health of frail older people and carers requiring respite. 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.

Recreation, Arts, Culture and Community

The Recreation, Arts, Culture and Community 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.

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.

Maternal and Child Health

The Maternal and Child Health program (MCH) plays a key role in supporting and monitoring the health and wellbeing of local families and children from birth to school age. MCH is a primary health 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.

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 smooth transition to primary school. Whilst the Queenscliff Kindergarten is operated as a not for profit organisation, Council manages the Kindergarten building, facilitates access to external grants and supports the Kindergarten Committee of Management as needs arise.

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 Food Act 1984 and Public Health and Wellbeing Act 2008. 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 and infectious disease investigations control and reduce the likelihood of notifiable disease. The Environmental Health program area also facilitates mosquito control activity.

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, 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.

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 deed of agreement with Council. Council is one of four municipalities that make up the membership of the Corporation.

Notes to the Financial Report For the Year Ended 30 June 2024

Portfolio 2: Environment: To protect our environment and address climate change issues.

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.

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 annual planting of trees, shrubs and grasses.

Waste Management and Recycling

The Waste Management and Recycling program seeks to involve the local community in protecting the environment for future generations by minimising waste. Council works with local and regional organisations, including neighbouring councils and Sustainability Victoria to increase community awareness and promote behaviours that reduce waste and promote recycling. The program includes a recycling service, Food Organic and Garden Organic (FOGO) service, household rubbish service and hard rubbish collection 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. It is important to note that full cost recovery of waste management, including recycling, is achieved via application of waste charges to ratepayers in accordance with Council's Rating and Revenue Plan.

Portfolio 3: Local economy: To support a prosperous and diverse local economy.

Tourist Parks

The Tourist Parks 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. It currently provides approximately 350 camping/caravanning sites and associated facilities, including maintenance of seven amenities blocks. 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.

Visitor Information Centre

The Visitor Information Centre program promotes the Borough as a special place for visitors, and supports local tourism and related businesses through the dissemination of tourism information that plays a key role in supporting a diverse and vibrant local economy. This program manages a year round State accredited tourist information service, with paid staff and volunteers offering information and advice about the visitor experiences on offer across the Borough and through other parts of Victoria.

Tourism & 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 and regional 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 is informed by the Council's Economic Development Strategy and includes supporting local businesses and working with neighbouring municipalities, Tourism Greater Geelong & the Bellarine, G21 and the State Government to implement regional economic development and related infrastructure priorities.

Portfolio 4: Heritage, planning and infrastructure: To protect our distinctive coastal, cultural and built environment, and provide sustainable, suitable infrastructure.

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 project design, tendering and contract management activities as well as the implementation 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.

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 implements 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.

Notes to the Financial Report For the Year Ended 30 June 2024

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 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.

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.

Asset Management and Appearance of Public Places

The Asset Management and Appearance of Public Places program ensures the safety, functionality and aesthetics 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 active 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.

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. Importantly, Council has upgraded the streetlight infrastructure to achieve a high level of energy efficiency.

Powerline Safety

The Powerline Safety program assists in the provision of a safe environment and protection of the Borough's significant public and private assets and vegetation from fire by maintaining clear zones around powerlines to standards as set by legislation.

Portfolio 5: Governance and finance: To provide a financially viable Council that is accountable, transparent and practices good governance.

Council Governance

The Council's Governance program supports the Mayor and Councillors to maintain a cohesive Council and a well-governed municipal Council. The program is structured to meet all legislative requirements associated with the Local Government Act 2020 and any other applicable Act. It 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 also forms part of this program.

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.

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 associated administrative support.

Financial and Risk Management

The Financial and Risk Management program seeks to ensure the ongoing independence and financial sustainability of the Borough of Queenscliffe. 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 revaluation of properties for rating purposes, processing of supplementary rates and the administration of the State Government's Fire Services Property Levy. The depreciation expense for all Council assets is also included as part of this program.

Notes to the Financial Report For the Year Ended 30 June 2024

2.2.2 Summary of income / revenue, expenses, assets and capital expenses by program

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2024					
Health and wellbeing					
Aged Services	598	686	(87)	459	-
Recreation, Arts, Culture and Community	31	363	(332)	29	32,213
Maternal and Child Health	71	77	(5)	71	-
Environmental Health	68	164	(96)	26	-
Local Laws, Safety and Amenity	88	385	(297)	30	16
Library	(0)	243	(243)	-	1
Sub total	857	1,918	(1,061)	616	32,230
Environment					
Environmental Sustainability	16	256	(241)	6	-
Coastal Protection	336	880	(544)	167	286
Waste management and Recycling	1,303	1317	(14)	58	56
Sub total	1,655	2,454	(799)	231	342
Local Economy					
Tourist Parks	1,798	927	871	-	19,780
Visitor Information Centre	17	246	(229)	-	2
Tourism & Economic Development	-	146	(146)	-	2,013
Sub total	1,815	1,320	495	-	21,795
Heritage, Planning and Infrastructure					
Land Use Planning	95	497	(402)	1	-
Building Control	33	228	(195)	-	-
Asset Management and Appearance of Public Places	831	3663	(2,832)	814	73,738
Powerline Safety	-	62	(62)	-	-
Sub total	959	4,451	(3,491)	815	73,738
Governance and Finance					
Council Governance	0	471	(471)	-	660
Organisational Performance and Compliance	61	1050	(989)	61	244
Community Engagement and Customer Service	1	615	(614)	-	-
Financial and Risk Management	8,076	1409	6,667	43	-
Sub total	8,138	3,544	4,593	104	904
Total - Strategic Objectives	13,424	13,687	(263)	1,767	129,009
Other Non-attributable					
Expenditure not meeting capitalisation criteria / threshold	-	-	(562)	-	-
Capital Grants and Contributions	224	-	224	224	-
Land Under Roads	-	-	-	-	23,060
Other Property & Buildings	-	-	-	-	32,595
	13,648	13,687	(601)	1,990	184,664

Notes to the Financial Report For the Year Ended 30 June 2024

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Health and wellbeing					
Aged Services	547	769	(222)	403	-
Recreation, Arts, Culture and Community	14	402	(389)	13	32,232
Maternal and Child Health	69	80	(11)	69	-
Environmental Health	38	104	(66)	6	-
Local Laws, Safety and Amenity	99	305	(206)	37	16
Library	-	245	(245)	-	1
Sub total	767	1,904	(1,138)	528	32,250
Environment					
Environmental Sustainability	14	210	(196)	14	-
Coastal Protection	356	389	(33)	193	286
Waste management and Recycling	1,220	1,307	(86)	27	56
Sub total	1,591	1,906	(316)	234	342
Local Economy					
Tourist Parks	1,807	745	1,062	-	19,792
Visitor Information Centre	121	348	(227)	-	2
Tourism & Economic Development	48	233	(185)	48	2,014
Sub total	1,975	1,325	650	48	21,808
Heritage, Planning and Infrastructure					
Land Use Planning	133	592	(459)	-	-
Building Control	29	35	(6)	-	-
Asset Management and Appearance of Public Places	104	1,780	(1,676)	91	73,782
Powerline Safety	-	107	(107)	-	-
Sub total	266	2,515	(2,249)	91	73,782
Governance and Finance					
Council Governance	-	263	(263)	-	660
Organisational Performance and Compliance	385	1,162	(777)	377	244
Community Engagement and Customer Service	49	519	(470)	49	-
Financial and Risk Management	7,332	2,602	4,730	42	-
Sub total	7,766	4,546	3,220	469	904
Total - Strategic Objectives	12,364	12,197	167	1,370	129,086
Other Non-attributable					
Expenditure not meeting capitalisation criteria / threshold	-	773	(773)	-	-
Capital Grants and Contributions	2,232	-	2,232	2,232	-
Land Under Roads	-	-	-	-	23,060
Other Property & Buildings	-	-	-	-	32,614
	14,596	12,970	1,625	3,602	184,760

**Notes to the Financial Report
For the Year Ended 30 June 2024**

Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES	2024	2023
3.1 Rates and charges	\$'000	\$'000

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the value of the land and all its improvements.

The valuation base used to calculate general rates for 2023/24 was \$4,815 million (2022/23 \$4,545 million).

General rates		
Residential	5,961	5,778
Residential vacant land	163	142
Tourist accommodation	807	743
Commercial	298	259
Total general rates	7,229	6,921
Waste management charges		
Standard kerbside waste	910	852
Public waste	346	324
Additional bins	27	17
Total waste management charges	1,283	1,193
Other rates and charges		
Interest on rates and charges	12	12
Cultural and recreational charges - in lieu of rates	3	3
Supplementary rates and charges	24	25
Less: additional pensioner concession offered by Council	(41)	(41)
Less: rebate for properties of environmental interest	(4)	(4)
Total other rates and charges	(5)	(5)
Total rates and charges	8,508	8,109

The date of the latest general revaluation of land for rating purposes within the municipal district was 01/01/2024, and the valuation will be first applied in the rating year commencing 01/07/2024.

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 User fees

Tourist park fees	1,798	1,807
Aged Services	140	143
Registration and other permits	71	60
Building services	33	29
Tourism	17	13
Other fees and charges (<\$10,000 each)	26	18
Total user fees	2,084	2,070

User fees by timing of revenue recognition

User fees recognised over time	2,014	2,010
User fees recognised at a point in time	71	60
Total user fees	2,084	2,070

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

**Notes to the Financial Report
For the Year Ended 30 June 2024**

	2024	2023
	\$'000	\$'000
3.3 Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	468	962
State funded grants	1,512	2,635
Other grants	11	6
Total grants received	1,990	3,602
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Aged Services	362	313
Financial Assistance Grants	29	469
<i>Recurrent - State Government</i>		
Maternal and child health	71	69
Service System Resourcing	52	60
Fire Services Property Levy administration	43	42
School crossing supervision	30	37
Beach cleaning	12	13
Better Boating Program	122	122
Other (<\$10,000 each)	29	13
<i>Recurrent - Other</i>		
Tobacco Activity Program	7	6
Total recurrent operating grants	758	1,145
<i>Non-recurrent - Commonwealth Government</i>		
Victoria Park - Tree Management	-	15
<i>Non-recurrent - State Government</i>		
Tourism and economic development	-	48
Waste management and recycling	46	13
Coastal protection	40	56
Environmental Health	20	-
Record Digitisation	34	49
Asbestos Removal Works	811	-
Kindergarten Infrastructure and Services	42	-
Beach Marker condition assessment report	5	-
<i>Non-recurrent - Other</i>		
Other (<\$10,000 each)	11	44
Total non-recurrent operating grants	1,009	225
Total operating grants	1,767	1,370
(b) Capital Grants		
<i>Non-recurrent - Commonwealth Government</i>		
Roads	78	19
Queenscliffe Cultural Hub	-	145
<i>Non-recurrent - State Government</i>		
Parks, open space and streetscapes	83	679
Footpaths & Cycleways	38	8
Computers & Telecommunications	21	285
Boat Ramp upgrade	4	1,019
Other Infrastructure	-	77
Total non-recurrent capital grants	224	2,232
Total capital grants	224	2,232

Notes to the Financial Report For the Year Ended 30 June 2024

(c) Recognition of grant income

Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with *AASB 15 Revenue from Contracts with Customers*. When both these conditions are satisfied, the Council:

- identifies each performance obligation relating to revenue under the contract/agreement
- determines the transaction price
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at the point in time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies *AASB 1058 Income of Not-for-Profit Entities*.

Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of the accounting framework under which grants are recognised.

	2024	2023
	\$'000	\$'000
Income recognised under AASB 1058 Income of Not-for-Profit Entities		
General purpose	147	499
Specific purpose grants to acquire non-financial assets	230	2,246
Other specific purpose grants	235	280
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	1,378	577
	1,990	3,602
	2024	2023
	\$'000	\$'000

(d) Unspent grants received on condition that they be spent in a specific manner

Operating

Balance at start of year	204	104
Received during the financial year and remained unspent at balance date	275	204
Received in prior years and spent during the financial year	(204)	(104)
Balance at year end	275	204

Capital

Balance at start of year	397	638
Received during the financial year and remained unspent at balance date	909	397
Received in prior years and spent during the financial year	(397)	(638)
Balance at year end	909	397

Unspent grants are determined and disclosed on a cash basis.

Notes to the Financial Report
For the Year Ended 30 June 2024

3.4 Other income

Interest	512	218
Other rent - lease of Crown Land properties	169	126
Other rent - lease of Council properties	0	37
Reimbursements	3	1
Contribution from volunteers	132	108
Other	<u>2</u>	<u>2</u>
Total other income	<u>819</u>	<u>492</u>

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

**Notes to the Financial Report
For the Year Ended 30 June 2024**

Note 4 THE COST OF DELIVERING SERVICES	2024	2023
4.1 (a) Employee costs	\$'000	\$'000
Wages and salaries	4,493	4,322
Superannuation	472	435
Overtime	38	77
WorkCover	110	63
Fringe benefits tax	47	19
Other	121	121
Total employee costs	5,281	5,037

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	8	5
Employer contributions - other funds	-	-
	8	5
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	239	227
Employer contributions - other funds	224	205
	463	432
Employer contributions payable at reporting date.	-	-

Contributions made exclude amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services	2024	2023
	\$'000	\$'000
Contract Payments*	1,515	1,463
Waste Management*	1,255	1,266
Building Maintenance	1,016	173
Consultants	649	474
General Maintenance	550	535
Utilities	338	305
Office Administration	236	240
Information Technology	337	210
Insurance	331	293
Fleet Operations	53	63
Other Materials and Services	166	216
Total materials and services	6,445	5,240

Contract payments totaling \$789,000 (compared to \$844,000 for 2022/23) related to waste management operations are included under Waste Management.

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Notes to the Financial Report For the Year Ended 30 June 2024

4.3 Depreciation

Property	302	289
Plant and equipment	160	136
Infrastructure	807	819
Total depreciation	1,269	1,244

Refer to note 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.4 Other expenses

	2024	2023
Councillors' allowances	212	181
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	58	44
Auditors' remuneration - Internal	20	8
Audit and risk committee sitting fees	7	6
Peppercorn or concessional lease rentals	1	1
Contributions and Donations	183	212
Collection and bank fees	50	46
Expenditure not meeting capitalisation criteria / threshold	562	773
Cost of volunteers	132	108
Others	22	30
Total other expenses	1,248	1,409

Notes to the Financial Report For the Year Ended 30 June 2024

Note 5 INVESTING IN AND FINANCING OUR OPERATIONS	2024	2023
	\$'000	\$'000
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	1	2
Cash at bank	463	2,530
Term deposits	1,326	1,036
Total cash and cash equivalents	1,790	3,568
(b) Other financial assets		
Current		
Term deposits	8,780	7,593
Total current other financial assets	8,780	7,593
Non-current		
Term deposits	1,058	-
Total non-current other financial assets	1,058	-
Total other financial assets	9,838	7,593
Total cash and cash equivalents and other financial assets	11,628	11,161

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

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

Notes to the Financial Report For the Year Ended 30 June 2024

	2024	2023
(c) Trade and other receivables	\$'000	\$'000
Current		
<i>Statutory receivables</i>		
Rates debtors	156	64
Pensioner rebate	-	20
Infringement debtors	3	5
Allowance for expected credit losses - infringements	(1)	(2)
Net GST receivable	(0)	78
<i>Non statutory receivables</i>		
Other debtors	285	64
Total current trade and other receivables	443	230
Non-current		
Total non-current trade and other receivables	-	-
Total trade and other receivables	443	230

Short term receivables are carried at invoice amount. An allowance for expected credit losses is recognised based on past experience and other objective evidence of expected losses. Long term receivables are carried at amortised cost using the effective interest rate method.

(d) Ageing of Receivables (Non statutory receivables - Current)

The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	275	35
Past due by up to 30 days	2	8
Past due between 31 and 180 days	4	14
Past due between 181 and 365 days	4	7
Total trade and other receivables	285	64

**Notes to the Financial Report
For the Year Ended 30 June 2024**

	2024	2023
	\$'000	\$'000
5.2 Payables, trust funds and deposits and contract and other liabilities		
(a) Trade and other payables		
Current		
<i>Non-statutory payables</i>		
Trade payables	17	-
Accrued wages	187	144
Accrued expenses	359	612
<i>Statutory payables</i>		
Net GST payable	-	73
Government Paid Parental Leave	19	-
Total current trade and other payables	582	829

**Notes to the Financial Report
For the Year Ended 30 June 2024**

(b) Contract and other liabilities

Contract liabilities

Current

Grants received in advance - operating	275	204
Other	173	242
Total contract liabilities	448	447

Other liabilities

Current

Deferred capital grants	909	397
Total other liabilities	909	397
Total contract and other liabilities	1,356	844

Contract liabilities

Contract liabilities represents contract liabilities and reflect consideration received in advance from customers mainly in respect of grant-capital and user fees. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

Other liabilities

Grant consideration was received from other levels of government to support the construction of specific assets. Grant consideration is recognised as income following specific guidance under AASB 1058 as the asset is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction most closely reflect the stage of completion of the relevant asset. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.

Notes to the Financial Report For the Year Ended 30 June 2024

5.3 Provisions

(a) Employee provisions	2024	2023
2024	\$'000	\$'000
Balance at beginning of the financial year	1,033	1,047
Additional provisions	303	120
Amounts used	(185)	(126)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(6)	(8)
Balance at the end of the financial year	<u>1,145</u>	<u>1,033</u>
<i>Provisions - current</i>	1,003	936
<i>Provisions - non-current</i>	142	98
(b) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	88	63
Long service leave	26	65
Accrued days off	20	17
	<u>135</u>	<u>145</u>
Current provisions expected to be wholly settled after 12 months		
Annual leave	328	263
Long service leave	541	527
	<u>868</u>	<u>790</u>
Total current employee provisions	<u>1,003</u>	<u>935</u>
Non-current		
Long service leave	142	98
Total non-current employee provisions	<u>142</u>	<u>98</u>
Aggregate carrying amount of employee provisions:		
Current	1,003	935
Non-current	142	98
Total aggregate carrying amount of employee provisions	<u>1,145</u>	<u>1,033</u>

Notes to the Financial Report **For the Year Ended 30 June 2024**

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Annual leave

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:

- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.

	2024	2023
Key assumptions:		
- discount rate	4.348% - 4.496%	4.368% - 4.080%
- wage inflation rate	4.450%	4.350%

Notes to the Financial Report For the Year Ended 30 June 2024

5.4 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

(a) Commitments for expenditure

2024	Later than 2				Total
	Not later than 1 year	Later than 1 year and not later than 2 years	years and not later than 5 years	Later than 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Roads, Parks & Reserves Maintenance Services	1,336	1,376	4,380	3,143	10,234
Kerbside Collection Services	675	695	2,214	196	3,781
Provision of Amenities & BBQ Cleaning Services	126	26	-	-	152
Software as a Service (annual license and support)	93	92	-	-	186
Provision of Building Cleaning Services	75	15	-	-	90
Internal Audit Services	33	-	-	-	33
Total	2,338	2,205	6,594	3,339	14,476
Capital					
Queenscliff Rec Reserve Oval Lighting-LED Upgrade	181	-	-	-	181
Landscape Architectural Services - Lighthouse Reserve	47	-	-	-	47
Project Mgt Services - Lighthouse Reserve	27	-	-	-	27
Cultural Services - Lighthouse Reserve	25	-	-	-	25
Total	281	-	-	-	281
Total commitments for expenditure	2,619	2,205	6,594	3,339	14,757

2023	Later than 2				Total
	Not later than 1 year	Later than 1 year and not later than 2 years	years and not later than 5 years	Later than 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Internal audit	53	33	-	-	86
Project manager - Coastal and Marine Management Plan development	57	-	-	-	57
Cleaning services for municipal buildings and facilities	122	121	24	-	267
Cleaning services for public amenities & BBQ facilities	74	72	14	-	160
Software as a Service (annual license and support)	118	120	123	-	361
Total	423	347	161	-	931
Capital					
Project managements - Upgrade work Point Lonsdale lighthouse reser	76	-	-	-	76
Queenscliff Hub - Architectural services	11	-	-	-	11
Software as a Service implementation	80	-	-	-	80
Total	166	-	-	-	168
Total commitments for expenditure	590	347	161	-	1,099

Notes to the Financial Report
For the Year Ended 30 June 2024

(b) Operating lease receivables

Operating lease receivables

The Council has entered into commercial and community property leases, which include surplus freehold and managed (committee of management) properties. These properties, held under operating leases, have remaining non-cancellable lease terms ranging from 1 to 17 years. All leases are subject to annual rental charge adjustments based on the Consumer Price Index (CPI).

Future undiscounted minimum rentals receivable under non-cancellable operating leases are as follows:

	2024	2023
	\$'000	\$'000
Not later than one year	199	176
Later than one year and not later than five years	701	693
Later than five years	624	765
	1,524	1,634

5.5 Leases

Except for the below listed leases, Council does not have any other material lease liability. Under *AASB 16 Leases*, Council as a not-for-profit entity has elected not to measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

- Lease signed with the State Transport Authority commencing 1 Jan 1985 (Lots 26, 27, 28, 29). No term mentioned. One months' notice required to terminate the lease. Annual lease rental \$104 ex GST.
- Lease signed with the Victorian Railways Commissioners 5 May 1959 (Lot 1). For 33 years. Expired but allows for a week to week rental indefinitely. Annual lease rental \$114 ex GST.
- Lease signed with the Victorian Railways board 1 Oct 1973 (Lot 18). For 50 years. Expiring 2023. Annual lease rental \$104 ex GST.
- Lease signed with Vic Track 1 March 2009 (Lot 41). No term mentioned. One months' notice required to terminate the lease. Annual lease rental \$139.05 ex GST.

There are no restrictions on use of these assets. However, Council is not generating any income from the above properties (land) and some have been provided for community use through various community organisations.

**Notes to the Financial Report
For the Year Ended 30 June 2024**

Note 6 ASSETS WE MANAGE

6.1 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2023 \$'000	Additions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	Carrying amount 30 June 2024 \$'000
Property	147,587	164	-	(302)	-	-	8	147,458
Plant and equipment	434	263	-	(160)	(1)	-	-	535
Infrastructure	23,866	371	124	(807)	-	-	257	23,810
Work in progress	675	257	-	-	-	(442)	(288)	202
Total	172,561	1,055	124	(1,269)	(1)	(442)	(23)	172,005

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	1	38	(1)	(8)	30
Plant and equipment	402	-	(402)	-	0
Infrastructure	272	219	(39)	(280)	172
Total	675	257	(442)	(288)	202

**Notes to the Financial Report
For the Year Ended 30 June 2024**

(a) Property

	Land - specialised	Land - non specialised	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2023	97,698	29,108	126,806	359	28,797	2,792	31,949	1	158,756
Accumulated depreciation at 1 July 2023	-	-	-	(198)	(10,200)	(769)	(11,167)	-	(11,167)
	97,698	29,108	126,806	161	18,597	2,024	20,782	1	147,588
Movements in fair value									
Additions	-	-	-	-	127	37	164	38	202
Write-off	-	-	-	-	-	-	-	(1)	(1)
Transfers	-	-	-	-	8	-	8	(8)	-
	-	-	-	-	136	37	172	29	202
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	(6)	(265)	(31)	(302)	-	(302)
	-	-	-	(6)	(265)	(31)	(302)	-	(302)
At fair value 30 June 2024	97,698	29,108	126,806	359	28,933	2,829	32,121	30	158,956
Accumulated depreciation at 30 June 2024	-	-	-	(204)	(10,465)	(799)	(11,469)	-	(11,469)
Carrying amount	97,698	29,108	126,806	155	18,468	2,030	20,652	30	147,488

**Notes to the Financial Report
For the Year Ended 30 June 2024**

(b) Plant and Equipment

	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecomms \$'000	Work In Progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2023	453	468	790	402	2,114
Accumulated depreciation at 1 July 2023	(387)	(334)	(558)	-	(1,278)
	67	135	232	402	835
Movements in fair value					
Additions	246	5	13	-	263
Disposal	(151)	(3)	-	-	(154)
Write-off	-	-	-	(402)	(402)
	95	1	13	(402)	(293)
Movements in accumulated depreciation					
Depreciation and amortisation	(48)	(25)	(87)	-	(160)
Accumulated depreciation of disposals	150	3	-	-	153
	101	(21)	(87)	-	(7)
At fair value 30 June 2024	548	470	802	-	1,820
Accumulated depreciation at 30 June 2024	(285)	(355)	(645)	-	(1,285)
Carrying amount	263	115	157	-	535

**Notes to the Financial Report
For the Year Ended 30 June 2024**

(c) Infrastructure

	Roads	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	Waste Management	Parks open space and streetscapes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2023	19,107	2,468	5,898	4,431	221	2,166	1,094	3,581	272	39,237
Accumulated depreciation at 1 July 2023	(7,657)	(1,223)	(2,556)	(1,992)	(183)	(970)	(207)	(311)	-	(15,100)
	11,450	1,244	3,342	2,439	38	1,196	887	3,270	272	24,137
Movements in fair value										
Additions	139	172	22	35	-	-	-	4	219	590
Revaluation	-	-	879	-	-	-	-	-	-	879
Write-off	-	-	-	-	-	-	-	-	(39)	(39)
Transfers	-	65	-	-	-	-	-	192	(280)	(23)
	139	237	901	35	-	-	-	196	(100)	1,407
Movements in accumulated depreciation										
Depreciation and amortisation	(252)	(43)	(61)	(163)	(18)	(145)	(17)	(106)	-	(807)
Revaluation	-	-	(755)	-	-	-	-	-	-	(755)
	(252)	(43)	(816)	(163)	(18)	(145)	(17)	(106)	-	(1,563)
At fair value 30 June 2023	19,246	2,705	6,799	4,465	221	2,166	1,094	3,777	172	40,644
Accumulated depreciation at 30 June 2023	(7,910)	(1,266)	(3,373)	(2,155)	(201)	(1,115)	(224)	(418)	-	(16,662)
Carrying amount	11,336	1,438	3,427	2,310	20	1,050	870	3,359	172	23,982

Notes to the Financial Report For the Year Ended 30 June 2024

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. Refer also to Note 8.4 for further disclosure regarding fair value measurement.

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

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

	Depreciation Period	Threshold Limit
\$'000		
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
Land	-	10
Land under roads	-	10
Land improvements	-	10
Buildings		
Buildings	25 - 200 years	10
Plant and Equipment		
Plant, machinery and equipment	2 - 10 years	2
Fixtures, fittings and furniture	3 - 10 years	2
Computers and telecommunications	3 - 10 years	2
Infrastructure		
Roads	12 - 80 years	10
Footpaths and cycleways	20 - 50 years	10
Drainage	15 - 100 years	10
Recreation, leisure and community facilities	10 - 100 years	5
Waste management	5 - 15 years	5
Parks, open space and streetscapes	5 - 25 years	5
Off-street car parks	12 - 80 years	10
Other infrastructure	5 - 100 years	5

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

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

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Notes to the Financial Report For the Year Ended 30 June 2024

Valuation of land and buildings

A full valuation of land and buildings were undertaken in 2021-22 financial year by a qualified independent valuer Opteon Property Group (Victoria) ("Opteon")

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date and type of the current valuation is detailed in the following table. An indexed based revaluation was conducted in the current year, this valuation was based on Valuer General Victoria (VGV), land indexation and building cost indexation factors, however, no adjustments were required based on this exercise.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2024 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation	Next Full Valuation
Freehold Land	-	29,108	-	Jun-22	Full	Jun-26
Crown Land (specialised land)	-	-	74,638	Jun-22	Full	Jun-26
Land under roads (specialised land)	-	-	23,060	Jun-22	Full	Jun-26
Buildings	-	-	2,036	Jun-22	Full	Jun-25
Buildings Specialised	-	-	11,690	Jun-22	Full	Jun-25
Total	-	29,108	111,424			

Valuation of infrastructure

Valuation of road network infrastructure assets (roads including kerb and channel, footpaths and cycleways) and off street car parks was conducted by Council's engineer, Mr. Stuart Hansen, using the condition assessment work of Mr Peter Moloney, Dip C.E.C.E.MIE Aust, in 2022-23 financial year.

An indexation exercise of the unit cost was conducted as of the balance sheet date based on the Rawlinsons' construction cost index to evaluate any significant changes in carrying amounts on the balance sheet due to shifts in market conditions. However, no adjustments were required based on this exercise.

The valuation of drainage assets was conducted by Council's engineer, Mr. Stuart Hense in the 2023-24 financial year.

The valuation is at fair value based on current replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2024 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation	Next Full Valuation
Roads	-	-	11,336	Jun-23	Full	Jun-26
Footpaths and cycleways	-	-	1,438	Jun-23	Full	Jun-26
Drainage	-	-	3,427	Jun-24	Full	Jun-28
Off street car parks	-	-	870	Jun-23	Full	Jun-26
Total	-	-	17,071			

Notes to the Financial Report For the Year Ended 30 June 2024

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$208 and \$9,545 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$493 to \$5,086 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 year to 104 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 5 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2024	2023
	\$'000	\$'000
Reconciliation of specialised land		
Crown Land	74,638	74,638
Land under roads	23,060	23,060
Total specialised land	97,698	97,698

Notes to the Financial Report For the Year Ended 30 June 2024

Note 7 PEOPLE AND RELATIONSHIPS

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Borough of Queenscliffe is the parent entity.

Subsidiaries and Associates

Geelong Regional Library Corporation (Council's share of the net assets , 1.51%)

(b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of the Borough of Queenscliffe. The Councillors, Chief Executive Officer and General Managers are deemed KMP.

Details of KMP at any time during the year are:

		2024	2023
		No.	No.
Councillors	Councillor Isabelle Tolhurst	1	1
	Councillor Fleur Hewitt - up to 18 May 2023	-	1
	Councillor Ross Ebbels	1	1
	Councillor Donnie Grigau	1	1
	Councillor Michael Grout	1	1
	Councillor Rob Minty	1	1
	Chief Executive Officer, Martin Gill	1	1
	Acting Chief Executive Officer, Kelvin Spiller - from 15 Feb 2023 to to 26 Apr 2023	-	1
	Manager Community & Regulatory Services, Tim Crawford	1	1
	Manager, Community, Shannon Maloney - up to 12 May 2023	-	1
	Manager, Finance and ICT Services, Gihan Kohobange	1	1
	Manager, Infrastructure and Environment, Stuart Hansen	1	1
	Manager, Customer Experience, Abbey Tatterson - from 11 March 2024	1	
	Total Number of Councillors	5	6
Total of Chief Executive Officer and other Key Management Personnel	5	6	
Total Number of Key Management Personnel	10	12	

Notes to the Financial Report For the Year Ended 30 June 2024

(c) Remuneration of Key Management Personnel

Remuneration comprises employee benefits including all forms of consideration paid, payable or provided by Council, or on behalf of the Council, in exchange for services rendered. Remuneration of Key Management Personnel and Other senior staff is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Other long-term employee benefits include long service leave, other long service benefits or deferred compensation.

Post-employment benefits include pensions, and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Termination benefits include termination of employment payments, such as severance packages.

	2024	2023
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,087	1,062
Other long-term employee benefits	45	11
Post-employment benefits	88	84
Total	1,220	1,158

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

	2024	2023
	No.	No.
\$0 - \$9,999	-	1
\$20,000 - \$29,999	3	3
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	1	1
\$70,000 - \$79,999	1	1
\$110,000 - \$119,999	-	1
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	-	1
\$180,000 - \$189,000	1	1
\$190,000 - \$199,999	1	-
\$310,000 - \$319,000	1	1
	10	12

Notes to the Financial Report
For the Year Ended 30 June 2024

	2024	2023
	\$'000	\$'000
7.2 Related party disclosure		
(a) Transactions with related parties		
During the period Council entered into the following transactions with related parties.		
Geelong Regional Library Corporation - contribution to cover ongoing expenses	230	226
Tourism Greater Geelong and Bellarine - annual municipal partnership fee and cost of promotional publications	25	26
Trak constructions - building construction services	16	-
Planting Ideas - cost of horticultural consultancy services	7	8
G21 - Geelong Region Alliance Ltd - annual membership fees	6	-
Swan Bay Environment Association - community grant provided during the year and purchase of plant	6	-
Point Lonsdale Bowls Club - - community grant provided during the year	1	-
Queenscliff Lonsdale Yacht Club (QLYC) - community grant provided during the year	1	2

(b) Outstanding balances with related parties

No balances are outstanding at the end of the reporting period in relation to transactions with related parties (2022–23: nil).

(c) Loans to/from related parties

No loans have been made, guaranteed or secured during the reporting period by Council to a related party (2022–23: nil).

(d) Commitments to/from related parties

No commitments are in existence at balance date that have been made, guaranteed or secured during the reporting period by Council to a related party (2022–23: nil).

Notes to the Financial Report For the Year Ended 30 June 2024

Note 8 MANAGING UNCERTAINTIES

8.1 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value.

(a) Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

At reporting date, a developer had commenced construction of assets that will eventually be transferred to Council upon issuing a Statement of Compliance. Council cannot reliably measure the value of assets involved prior to completion.

(b) Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

At balance date the Council is not aware of any contingent liabilities in addition to the specific items disclosed below.

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Insurance claims

There are Nil insurance claims as at 30 June 2024 that could have a material impact on future operations.

Legal matters

As at balance date, there are no legal matters pending other than a potential matter disclosed in "Other contingent liabilities" below.

Liability Mutual Insurance

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

MAV Workcare

Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance. MAV WorkCare commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria. If required, adjustments will occur at the 3-year and 6-year points during the liability period, and will affect participating members.

Other contingent liabilities

Council has been informed of a potential litigation as of the balance date, which may lead to legal proceedings to determine liability. However, as of the balance date, Council is unable to reliably estimate the outcomes of these proceedings.

(c) Guarantees for loans to other entities

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

Borough of Queenscliff (Council) transferred land to Point Lonsdale Surf Life Saving Club (PLSLSC) for one dollar (\$1) consideration in April 2015. Subsequently, the PLSLSC has secured a line of credit of up to \$150,000 providing the land as a part of the mortgage.

As per the agreement under section 173 of the Planning and Environments Act 1987 (Vic), between the Council and the PLSLSC, the Council is liable to service the repayments and discharge the mortgage if the PLSLSC is unable to do so.

In a very unlikely scenario (current assessment of the management), if Council decide to exercise step in rights, the mortgagee will consent to transfer of the subject land and the adjoining land to Council for nil consideration subject to the terms of the agreement.

Notes to the Financial Report For the Year Ended 30 June 2024

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period. Council assesses the impact of these new standards.

In December 2022 the Australian Accounting Standards Board (AASB) issued AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities to modify AASB 13 Fair Value Measurement. AASB 2022-10 amends AASB 13 Fair Value Measurement for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. The AASB 13 modifications:

- are applicable only to not-for-profit public sector entities;
- are limited to fair value measurements of non-financial assets not held primarily for their ability to generate net cash inflows;
- are to be applied prospectively for annual periods beginning on or after 1 January 2024;
- would not necessarily change practice for some not-for-profit public sector entities; and
- do not indicate that entities changing practice in how they measure relevant assets made an error in applying the existing requirements of AASB 13.

Council will assess any impact of the modifications to AASB 13 ahead of the 2024-25 reporting period.

In December 2022 the Australian Accounting Standards Board (AASB) issued AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants. AASB 2022-6 amends AASB 101 Presentation of Financial Statements to improve the information an entity provides in its financial statements about long-term liabilities with covenants where the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The amendments in AASB 2022-6 are effective for annual periods beginning on or after 1 January 2024. Council will assess any impact of the modifications to AASB 101 ahead of the 2024-25 reporting period.

8.3 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables) and payables (excluding statutory payables). Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 2020*. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

Notes to the Financial Report **For the Year Ended 30 June 2024**

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

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

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(c).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any allowance for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 0.25 % and -1.00% in market interest rates (AUD) from year-end rates of 4.45%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

Notes to the Financial Report For the Year Ended 30 June 2024

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. (For plant and equipment carrying amount is considered to approximate fair value given short useful lives). At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 3 to 4 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset class	Revaluation frequency
Land	4 years
Buildings	3 years
Roads	3 years
Footpaths and cycleways	3 years
Drainage	4 years
Recreational, leisure and community facilities	N/A
Parks, open space and streetscapes	N/A
Other infrastructure	N/A

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

Impairment of assets

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

8.5 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

Notes to the Financial Report For the Year Ended 30 June 2024

Note 9 OTHER MATTERS

	Balance at beginning of reporting period \$'000	Increase / (decrease) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2024			
Property			
Land			
- Freehold land	30,019	-	30,019
- Crown land	20,237	-	20,237
- Land under roads	9,952	-	9,952
Buildings	9,967	-	9,967
	70,174	-	70,174
Infrastructure			
Roads	3,620	-	3,620
Footpaths and cycleways	2	-	2
Drainage	482	124	606
	4,104	124	4,228
Total asset revaluation reserves	74,279	124	74,402
2023			
Property			
Land			
- Freehold land	30,019	-	30,019
- Crown land	20,237	-	20,237
- Land under roads	9,952	-	9,952
Buildings	10,168	(201)	9,967
	70,375	(201)	70,174
Infrastructure			
Roads	5,485	(1,865)	3,620
Footpaths and cycleways	333	(331)	2
Drainage	482	-	482
	6,300	(2,196)	4,104
Total asset revaluation reserves	76,675	(2,397)	74,279

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

Notes to the Financial Report For the Year Ended 30 June 2024

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2024				
Asset replacement reserve	1,664	297	(37)	1,924
General reserve - Unallocated cash	1,124	259	-	1,383
Future calls on defined benefits superannuation	40	-	-	40
Funds carried forward to future years				
Proceeds from land sale	3,500	-	-	3,500
Incomplete works - Operating	332	83	(92)	323
Incomplete works - Capital	1,731	252	(180)	1,803
Total funds carried forward to future years	5,563	334	(271)	5,626
Waste management reserves				
Standard kerbside waste*	(82)	61	-	(21)
Public waste*	24	-	(74)	(50)
Total waste management reserves	(58)	61	(74)	(71)
Total Other reserves	8,332	953	(382)	8,902
2023				
Asset replacement reserve	1,379	283	-	1,664
General reserve - Unallocated cash	1,463	-	(339)	1,124
Future calls on defined benefits superannuation	40	-	-	40
Funds carried forward to future years				
Proceeds from land sale	-	3,500	-	3,500
Incomplete works - Operating	337	61	(66)	332
Incomplete works - Capital	1,502	676	(447)	1,731
Total funds carried forward to future years	1,839	4,237	(514)	5,563
Waste management reserves				
Standard kerbside waste*	(10)	-	(73)	(82)
Public waste	38	-	(14)	24
Total waste management reserves	28	-	(86)	(58)
Total Other reserves	4,749	4,520	(939)	8,332

Asset replacement reserve : Funds are held in this reserve to meet future asset renewal requirements for specific projects earmarked by Council.

General reserve - Unallocated cash : This reserve comprises of the cash surpluses achieved in previous financial years, which have not yet been allocated by Council to specific projects within the Annual Budget.

Future calls on defined benefits superannuation: As a hedge against future calls which may be made by Vision Super on the unfunded superannuation liability (defined benefits scheme).

Funds carried forward to future years: The bulk of funds held in these reserves each financial year is with respect to operating and capital projects to be carried forward for completion in future years.

Waste management reserves: Net surplus/(deficit) of waste services.

*The negative balance represents cost that Council needs to recover in future years. Council has decided to phase the recovery of some waste related expenses to manage the impact on service users. Council has temporarily funded these expenses.

Notes to the Financial Report For the Year Ended 30 June 2024

9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	2024	2023
	\$'000	\$'000
Surplus/(deficit) for the year	(601)	1,625
Non-cash adjustments:		
Depreciation	1,269	1,244
(Profit)/loss on disposal of property, infrastructure, plant and equipment	(99)	(109)
Assets written off	442	690
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(212)	155
(Increase)/decrease in inventories	(2)	-
(Increase)/decrease in prepayments	35	(131)
Increase/(decrease) in contract assets	208	(404)
(Increase)/decrease in regional library equity	(21)	-
Increase/(decrease) in trade and other payables	(35)	(33)
Increase/(decrease) in accrued expenses	(175)	12
Increase/(decrease) in accrued wages	43	47
Increase/(decrease) in trust funds and deposits	5	(31)
Increase/(decrease) in income received in advance	(69)	(10)
Increase/(decrease) in provisions	112	(14)
(Decrease)/increase in contract and other liabilities	582	(140)
Net cash provided by/(used in) operating activities	1,483	2,900

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2024, this was 11.0% as required under Superannuation Guarantee (SG) legislation (2023: 10.5%)).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the Borough of Queenscliffe in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. A triennial actuarial investigation for the Defined Benefit category as at 30 June 2023 was conducted and completed by 31 December 2023. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2023 was 104.1%. Council was notified of the 30 June 2023 VBI during August 2023. The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns 5.7% pa
Salary information 3.5% pa
Price inflation (CPI) 2.8% pa

Notes to the Financial Report For the Year Ended 30 June 2024

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2023 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

(a) Regular contributions

On the basis of the results of the 2023 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2024, this rate was 11.0% of members' salaries (10.5% in 2022/23). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2023 triennial valuation.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

(b) Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 98% from 26 July 2024 (previously 97%).

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2023 triennial actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. A full investigation was conducted as at 30 June 2023.

The Fund's actuarial investigation identified the following for the Defined Benefit category of which Council is a contributing employer:

	2023 (Interim) \$m	2022 (Interim) \$m
- A VBI Surplus	84.7	44.6
- A total service liability surplus	123.6	105.8
- A discounted accrued benefits surplus	141.9	111.9

Notes to the Financial Report For the Year Ended 30 June 2024

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2023.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2023.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2023.

The 2024 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2024 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2024.

The VBI of the Defined Benefit category was 105.4% as at 30 June 2024. The financial assumptions used to calculate the 30 June 2024 VBI were:

Net investment returns 5.6% pa
Salary information 3.5% pa
Price inflation (CPI) 2.7% pa

Council was notified of the 30 June 2024 VBI during August 2024.

Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2024 and it is expected that the actuarial investigation will recommend that no change will be necessary to the Defined Benefit category's funding arrangements from prior years.

The 2020 triennial investigation

The last triennial actuarial investigation conducted prior to 30 June 2023 was at 30 June 2020. This actuarial investigation was completed by 31 December 2020. The financial assumptions for the purposes of that investigation was:

	2020 Triennial investigation	2023 Triennial investigation
Net investment return	5.6% pa	5.7% pa
Salary inflation	2.5% pa for two years and 2.75% pa thereafter	3.50% pa
Price inflation	2.0% pa	2.8% pa

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2024 are detailed below:

Scheme	Type of Scheme	Rate	2024 \$'000	2023 \$'000
Vision super	Defined benefits	11.0% (2023:10.5%)	8	6
Vision super	Accumulation	11.0% (2023:10.5%)	239	234

Council has paid \$Nil unfunded liability payments to Vision Super during the 2023/24 year (2022/23 \$Nil).

There were \$Nil contributions outstanding and no loans issued from or to the above schemes as at 30 June 2024.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2025 is \$7,660.

**Notes to the Financial Report
For the Year Ended 30 June 2024**

Note 10 CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies in the 2023-24 year.

There are no pending accounting standards that are likely to have a material impact on council.