

Borough of Queenscliffe

Decision on application for a higher cap 2017-18

July 2017

An appropriate citation for this paper is:

Essential Services Commission 2017, *Borough of Queenscliffe: Decision on application for a higher cap 2017-18*, July.

Copyright notice

© Essential Services Commission 2017



This work, *Borough of Queenscliffe*, is licensed under a Creative Commons Attribution 4.0 licence [creativecommons.org/licenses/by/4.0]. You are free to re-use the work under that licence, on the condition that you credit the Essential Services Commission as author, indicate if changes were made and comply with the other licence terms.

The licence does not apply to any brand logo, images or photographs within the publication.

Contents

1. Our decision	1
2. Background	2
3. What did the council apply for and why?	4
4. How did we reach our decision?	5
Appendix A: Summary of communications with Queenscliffe	9
Appendix B: Summary of legislative matters	10
Appendix C: Local government performance reporting framework indicator definition	16

1. Our decision

This is the second year of the Fair Go Rates system and councils can apply for higher caps for up to four years.

The Borough of Queenscliffe (Queenscliffe) applied for a higher cap of 4.5 per cent for 2017-18 (inclusive of the Minister's rate cap of 2 per cent). Queenscliffe estimates this will generate \$150 000 of additional revenue (above the Minister's cap) in 2017-18.¹

The Essential Services Commission (the Commission) assessed Queenscliffe's application and does not approve its proposed higher cap of 4.5 per cent for 2017-18.

We are not satisfied that the higher cap for 2017-18 is appropriate because the application, as presented, does not provide sufficient evidence to demonstrate a long-term funding need.

¹ A higher cap represents a permanent increase in a council's rate base that will continue to apply in each subsequent year. A higher cap of 4.5 per cent in 2017-18 would result in estimated additional revenue (above the Minister's cap) of \$150,000 in 2017-18, \$153,000 in 2018-19, \$156,000 in 2019-20 and \$159,000 in 2020-21 (assuming Minister's cap of 2 per cent each year).

2. Background

Under the Fair Go Rates system, established under the *Local Government Act 1989* (the Act), councils must limit their average rate increase to a cap set by the Minister for Local Government. The Minister set a 2 per cent rate cap for the 2017-18 financial year.

Councils wishing to increase their average rate by more than the cap must get approval from the Essential Services Commission. From this year, councils can apply for up to four years of higher caps. We assess each council's application and we either approve, approve in part or do not approve the higher cap(s).

In assessing applications, the Commission must take into account the six legislative matters² and the statutory objectives³ of the Fair Go Rates system (box 1). We must also consider a council's compliance with previous years' caps.

Box 1 The Fair Go Rates system

The **legislative matters** are:

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

The **statutory objectives** are:

- to promote the long-term interests of ratepayers and the community in relation to sustainable outcomes in the delivery of services and critical infrastructure
- to ensure that a council has the financial capacity to perform its duties and functions and exercise its powers.

² *Local Government Act 1989* Section 185E(3).

³ *Local Government Act 1989* Section 185A.

Affordability

Affordability is an important consideration for a council when setting its rates. We expect that councils take this into account when they make their decisions about whether to apply for a higher cap.

We do not assess affordability in councils' higher cap applications. The legislation does not require us to do so, nor is it appropriate.⁴ Councils are best placed to determine their community's capacity to pay after taking into account all major factors that may affect their communities. The decision on the appropriate trade-off between service impacts and the level of rates rightly sits within the council's jurisdiction.

Our role, as defined in legislation, is limited to ensuring that the higher cap application process undertaken by councils is robust and transparent.

⁴ Affordability is not one of the matters listed in the legislation that councils must address in their applications — section 185E(3).

3. What did the council apply for and why?

Queenscliffe applied for a higher rate cap of 4.5 per cent for 2017-18 (inclusive of the Minister's rate cap of 2 per cent). Queenscliffe estimated this would result in additional revenue (above the Minister's cap) of \$150 000 in 2017-18.⁵

Queenscliffe applied for a higher cap for 2017-18 to ensure that it has the financial capacity to address the financial risks over the long-term and enable it to meet the aspirations and priorities identified by the community over the next four years.

Queenscliffe's application and its responses to our request for information (RFI) and additional questions are available on our website (www.esc.vic.gov.au). Appendix A shows the communications between the Commission and Queenscliffe during the assessment period. We thank council for providing information in response to our requests during the assessment period.

⁵ A higher cap represents a permanent increase in a council's rate base that will continue to apply in each subsequent year.

4. How did we reach our decision?

As required under the Fair Go Rates system, we examined each of the six legislative matters addressed in Queenscliffe's application. Our observations on the extent to which the application addresses each of the legislative matters is summarised in Appendix B. Further, the Act requires the Commission to have regard to a council's record of compliance with previous years' caps.⁶

Our assessment takes into account the statutory objectives and legislative matters that applications must address. This approach ensures that the assessment includes all relevant factors covered by the legislation that impact on whether the application demonstrates a long-term financial need that should be funded through a higher cap.⁷

To assist in our assessment we sought external advice from Deloitte Access Economics (Deloitte), KJA and MosaicLab, which is published on our website. The advice covers technical areas of financial capacity and community engagement.

Our assessment is set out below.

4.1. What is the underlying financial position?

Queenscliffe has a small rate base (forecast \$7 million in 2017-18) and is reliant on rates and grants, which comprise 54 per cent and 28 per cent, respectively, of total revenue forecast in 2017-18.⁸ Queenscliffe has a small population (3069) and low growth in rateable properties. Queenscliffe manages a small area (9 square kilometres) and a small road network (43 kilometres).

The application cites four key financial challenges:

- Limited resources and capacity to achieve economies of scale. This results in comparatively higher costs for some services.
- Declining financial performance due to reliance on rate revenue, reliance on debt, and declining recurrent and non-recurrent grant revenue.
- Risk of failure of ageing building infrastructure. Council has significant responsibility for maintaining ageing building infrastructure located on Crown land. Eight per cent of council's municipal area is Crown land managed by council and 87 per cent of council's building value relates to building infrastructure on Crown land.
- Meeting the aspirations and priorities identified by the community over the next four years.⁹

⁶ In 2016-17, Queenscliffe complied with the 2.5 per cent cap set by the Minister for Local Government.

⁷ Our earlier decision on Pyrenees Shire Council differs in terms of presentation; we followed the same approach in assessing all applications.

⁸ Rates include rates and charges.

⁹ Borough of Queenscliffe 2017, *Higher rate cap application 2017-18*, May, pp.6-12.

Adjusted underlying result

Council forecasts a small adjusted underlying deficit over the next four years (even with a higher cap) with the adjusted underlying result improving from 2019-20 (table 1).¹⁰ The forecast decline in adjusted underlying result from 2017-18 to 2018-19 reflects (in part) the forecast decline in user fee revenue during the redevelopment of council's tourist parks. Council forecasts foregone user fee revenue of \$23 000 in 2017-18, \$458 000 in 2018-19 and \$100 000 in 2019-20.¹¹ The forecast improvement in adjusted underlying result reflects (in part) the forecast increase in user fee revenue from the redevelopment of council's tourist parks.¹² The application did not provide sufficient information to more fully understand the long-term trend.

Table 1 Queenscliffe's forecast local government performance reporting framework indicators (with higher cap)^a

LGPRF indicator ^b	2015-16 actual	2016-17 forecast actual	2017-18 budget	2018-19 forecast	2019-20 forecast	2020-21 forecast
Adjusted underlying result (%)						
pre application	-1.9	-2.4				
with higher cap			-4.7	-7.2	-2.4	-1.2
without higher cap ^c			-5.9			

^a See Appendix C for definition. ^b Table only includes local government performance reporting framework indicators considered in making our decision. ^c We expect the trend without higher cap to be similar to the trend with higher cap over the next four years.

Data source: Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix D, May, p.41*

4.2. What has been done to manage the underlying financial position?

The application states that council considered borrowings, sale of assets and reducing priority expenditure as alternatives to a higher cap. However, council did not consider these alternatives to be appropriate.¹³

The application shows that council pursued opportunities for continuous improvement and efficiency (for example new financial system, 2 per cent EBA wage increases, operational savings) and opportunities for collaboration (for example shared staffing arrangement, shared service arrangement, joint tender) to manage its financial position.¹⁴ Further, as council noted, it will need to undertake service reviews in a planned and strategic way.

¹⁰ Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix D, May, p.41.*

¹¹ Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Response to RFI, June, p.6.*

¹² Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, May, p.8.*

¹³ *Ibid.*, pp.21-23.

¹⁴ *Ibid.*, pp.19-20.

4.3. How were community views taken into account?

The application shows that council has a community engagement policy and undertakes a level of ongoing engagement consistent with its policy, responsive to the community's needs, and targeted at different demographic and geographic groups.

The application details a two phase community engagement program that integrated its consultation activities for the council plan, implementation plan, budget and higher rate cap. The purpose of phase 1 was to inform priorities in the draft council plan. The purpose of phase 2 was to seek feedback on the draft council plan, draft implementation plan, draft budget and higher rate cap.¹⁵ The application also details the community engagement in relation to its coastal management plan and two of council's Crown land assets (lighthouse reserves).¹⁶

Council made reasonable efforts to undertake community engagement appropriate to its size and resource constraints.

However, we identified opportunities for improvement in council's community engagement, including:

- allowing sufficient time for the community to understand information about council's financial position and rationale for a higher cap application
- better discussing key trade-offs to ensure the community understands the impact of its priorities on future budgets and higher cap applications and
- better documenting how community engagement influenced council's decision making and how council intends to manage unmet expectations.

Queenscliffe's community engagement is discussed in more detail in our consultant reports.¹⁷

4.4. Are the plans, policies and processes in place sufficient to demonstrate a long-term funding need?

The application provides a range of strategic planning documents including council's draft council plan, draft budget, draft strategic resource plan, community engagement policy, asset management plan (buildings and infrastructure), asset management planning framework, building asset management and condition review (2014), coastal management plan and public toilet strategy.

The application states that council is currently reviewing its asset management plan (buildings and infrastructure) which was last formally reviewed in 2007.¹⁸ Council last reviewed its road assets in 2016 and is scheduled to review its building assets in 2017 (last reviewed in 2014).¹⁹ The application also states that council is progressively extending its long-term financial plan (currently five years).²⁰

¹⁵ Borough of Queenscliffe, 2017, *Higher rate cap application 2017-18*, May, pp.13-16.

¹⁶ *Ibid*, pp.16-18.

¹⁷ MosaicLab 2017, *Assessment of Application for Higher Rate Cap — Community Engagement Borough of Queenscliffe*, June and KJA 2017, *Assessment of Application for Higher Rate Cap — Community Engagement Borough of Queenscliffe*, June.

¹⁸ Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Response to RFI*, June, p. 8.

¹⁹ Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Response to RFI supplementary material*, June, p.1.

²⁰ Borough of Queenscliffe 2017, *Higher rate cap application 2017-18*, May, p.18.

While council is progressing its long-term planning, we consider that the application does not demonstrate that the reasons for seeking a higher cap for 2017-18 are supported by council's financial and strategic planning documents. The application does not explain how council's financial challenges have been quantified and incorporated in its long-term financial plan.

We consider that there is insufficient information to assist the Commission to form a view about council's long-term financial position and whether there is an underlying long-term need for the higher cap for 2017-18.²¹

Council will need to continue investing in long-term planning and integrate the outcomes of its community engagement, service reviews and asset management planning into its long-term financial plan. We consider this will assist council to assess whether there is a long-term funding need.

Deloitte notes:

*A rate increase beyond the cap at some stage in the next few years may well be justified but there is not sufficient evidence to confirm this now. Council should first focus on developing a robust long-term financial plan ... underpinned by strategies based on achieving and maintaining ongoing financial sustainability that adequately accommodates all necessary asset management needs and realises efficiency improvements wherever possible.*²²

4.5. What have we concluded?

To justify a permanent increase in the rate base, an application should demonstrate a long-term funding need that is consistent with the long-term interests of the council's ratepayers and community for sustainable outcomes in service delivery and critical infrastructure.

Taking into account all of the relevant factors above, we do not approve Queenscliffe's application for a higher cap for 2017-18. We are not satisfied that the application, as presented, provides sufficient evidence at this point in time to demonstrate a long-term funding need that would support a 4.5 per cent rate increase in 2017-18.

We consider that council has the financial capacity to manage in the short term without a higher cap for 2017-18. This view is supported by Deloitte.

*It is not clear that it is essential that Queenscliffe receive approval for the rate increase it has sought for 2017-18. It is likely that it could maintain service levels in the short-run with an increase of no more than the [Minister's 2 per cent] cap.*²³

²¹ In our Request for Information, we asked council if it could provide its 10 year long-term financial plan. In its response, council noted that it currently does not have the capacity to develop a 10 year long-term financial plan, however it is working towards a longer term financial plan and has expanded the previous four year financial plan to a five year financial plan. Council provided a copy of its five year financial plan.

²² Deloitte Access Economics 2017, *Assistance with review of 2017-18 rate cap applications — Borough of Queenscliffe*, June, p.6.

²³ *Ibid.*

Appendix A: Summary of communications with Queenscliffe

Queenscliffe submitted its application for a higher cap on 31 May 2017. In response to its application, the Commission sought additional information from Queenscliffe (table A1). Queenscliffe's application and its response to our requests for further information can be found on our website.

Table A1 Communications between Queenscliffe and the Commission

Date (2017)	Nature of communication
31 May	Queenscliffe submitted its higher cap application.
1 June	The Commission acknowledged receipt of Queenscliffe's higher cap application.
7 June	The Commission contacted Queenscliffe with a Request for Information.
14 June	Queenscliffe submitted supplementary community engagement material.
15 June	The Commission acknowledged receipt of the Queenscliffe's supplementary community engagement material.
16 June	Queenscliffe submitted its response to the Request for Information.
16 June	The Commission acknowledged receipt of Queenscliffe's response to the Request for Information.
20 June	Queenscliffe submitted supplementary information in response to the Request for Information.
23 June	The Commission requested further information on asset management service reviews.
23 June	Queenscliffe responded to the Commission's request for further information on asset management service reviews.

Appendix B: Summary of legislative matters

Table B1 summarises the Commission’s observations on how Queenscliffe’s application addresses each of the legislative matters.

Table B1 How the application addresses the legislative matters

Legislative matter	Summary
185E(3)(a) — proposed higher cap	<p>The Commission verified that the higher cap was appropriately calculated by council in its application.</p> <p>Queenscliffe applied for a higher cap of 4.5 per cent for 2017-18 (2.5 per cent above the Minister’s cap for 2017-18). The higher cap for 2017-18 would generate estimated additional revenue of \$150 000 in 2017-18, and approximately \$618 000 from 2017-18 to 2020-21.^a</p>
185E(3)(b) — reason(s) for which the council seeks the higher cap	<p>Queenscliffe applied for a higher cap to ensure that it has the financial capacity to address the financial risks over the long-term and to meet the aspirations and priorities identified by the community over the next four years.^b</p> <p>The application details four key reasons for a higher cap for 2017-18.</p> <ul style="list-style-type: none"> • Economies of scale. Council has limited resources and capacity to achieve economies of scale. This results in higher service costs for some services. • Financial performance. Council forecasts a small adjusted underlying deficit over the next four years, even with a higher cap for 2017-18. The adjusted underlying result improves from 2019-20 to 2020-21 due to the expected outcomes from the redevelopment of council’s tourist parks. However, council forecasts its financial position will continue to decline due to reliance on rate revenue, increased reliance on debt, and declining recurrent and non-recurrent grant revenue. • Risk of failure of ageing building infrastructure. Council has significant responsibility for maintaining ageing building infrastructure located on Crown land. Eight per cent of council’s municipal area consists of Crown land managed by council and 87 per cent of building value relates to building infrastructure on Crown land. Council has made a commitment to its community to restore, preserve and protect valuable Crown land assets for future generations.

Continued next page

Table B1 (continued)

Legislative matter	Summary
185E(3)(b) (continued)	<ul style="list-style-type: none"> Meeting the aspirations and priorities of the community. <p>Council considers that a 4.5 per cent higher cap will enable it to meet the aspirations and priorities identified by the community over the next four years.^c</p> <p>The application identifies the key areas likely to be funded with a higher cap for 2017-18. In 2017-18, the additional \$150 000 would go towards \$30 000 of one-off priority operating projects, \$60 000 of capital works and \$65 700 for ongoing programs and services to be delivered over the next four years.^d</p> <p>The application notes that council was not in a position to explain the specific service and infrastructure impacts (of the higher cap) to the community given the timeframes of the application process. However, council would consider submissions on the draft implementation plan 2017-18 and draft budget 2017-18 prior to determining the final service and infrastructure impacts.^e</p>
185E(3)(c) — how the views of ratepayers and the community have been taken into account in proposing the higher cap	<p>The application details a two phase community engagement program that integrated consultation activities for the council plan, implementation plan, budget and higher rate cap. The program was guided by council’s community engagement policy^f that is based on the IAP2 framework. Phase 1 (24 January – 23 February) focused on consultation around the council plan. Phase 2 (29 April – 23 June) sought community feedback on the draft council plan, draft implementation plan, draft budget and higher rate cap. The engagement program included resident ratepayers, non-resident ratepayers and non-ratepayer adjacent communities.</p> <p>Phase 1 of the engagement program included flyers, video, media campaign, social media campaign, survey, community summit and children’s summit. Councillors also held discussions with community members and community groups. Phase 1 generated 350 community surveys, 238 children’s feedback forms, 17 written submissions, 50 community summit participants and 60 children’s summit participants.^g Council identified 42 strategies for inclusion in the council plan 2017-2021 to support the community’s identified priorities.^h The application provides a summary of community feedback.ⁱ</p> <p>Phase 2 of the engagement program involved council’s targeted higher cap engagement including a community bulletin and feedback form, and two public information sessions.</p>

Continued next page

Table B1 (continued)

Legislative matter	Summary
185E(3)(c) (continued)	<p>The community bulletin and feedback form were distributed to every ratepayer. The community bulletin discussed council's financial capacity, what council has done to improve its financial capacity and efficiency, how a higher cap aligns with council's plans and strategies, and how a higher cap is good value for money.^j The feedback form asked ratepayers to consider <i>'the value to the Borough of a one-off higher rate cap of 4.5 per cent in 2017-18, please provide your comments about Council's decision'</i>.^k Council received 275 feedback form responses. 84 per cent of responses opposed the higher cap. The application says that 'the reasons for the higher cap are complex and difficult for the community to fully understand' and that the majority of respondents who opposed the higher cap showed a 'misunderstanding of the proposal'.^l The application provides a summary of community feedback.^m</p> <p>Queenscliffe held two public information sessions to present the draft council plan, draft implementation plan, draft budget and higher rate cap options. 20 participants attended the public information session held in Queenscliff and six participants attended the public information session held in Melbourne. The structure of the information sessions was a summary of council's previous performance, presentation of highlights in proposed plans/budgets, options for a higher cap, opportunity for public questions, and next steps. Questions and feedback at the public information sessions mainly focused on clarification of the higher cap proposal. The application provides a summary of the nature of the questions and answers.ⁿ</p> <p>The application also details the community engagement in relation to the coastal management plan, Point Lonsdale Lighthouse Reserve and Queenscliff Lighthouse Reserve.^o</p> <p>Advice from MosaicLab notes 'a gap has occurred in including an opportunity for community to weigh up possible trade-offs in service provision and asset investment/maintenance and how this would impact on the future budgets and the rate capping variation recommendation'.^p</p> <p>Advice from KJA notes 'Council's engagement program for the past 6 months has been extensive and well targeted at different demographics and certainly in keeping with its engagement policy' and 'council's engagement policy could be improved with a focus on evaluation. It could then be used to measure and to manage the outcomes of the rate capping and budget engagement processes'.^q</p>

Continued next page

Table B1 (continued)

Legislative matter	Summary
185E(3)(d) — how the higher cap is an efficient use of Council resources and represents value for money	<p>The application outlines the ways council achieves efficient use of resources and provides value for money.</p> <p>Council pursued opportunities for continuous improvement and efficiency. This included:</p> <ul style="list-style-type: none">• implementing a new corporate financial reporting system in 2016-17 with improved financial budgeting, forecasting and reporting capability• negotiating 2 per cent enterprise bargaining agreement wage increases for 2016-17 to 2018-19• identifying operational savings of \$108 000 in 2016-17• reviewing budgets for contingency expenditure to consolidate resources and avoid unnecessarily tying up funds.^f <p>Council pursued opportunities for collaboration with other councils. This included:</p> <ul style="list-style-type: none">• shared service arrangement with the City of Greater Geelong for maternal & child health services• shared staffing arrangement with Surf Coast Shire for municipal building surveying service delivery• collaboration with Surf Coast Shire and Colac Otway Shire to apply for funding for a feasibility assessment and business case development for shared services procurement.^g <p>Council is exploring further opportunities for collaboration with other councils. This includes:</p> <ul style="list-style-type: none">• collaboration with G21 councils to reduce the unit price of replacing existing light fittings with energy efficient led streetlights and reduce ongoing operating costs• collaboration with a G21 council to undertake a joint tender for green waste services.^g <p>The application says that council mainly delivers mandated and legislated services, and those it is obligated to provide under existing funding agreements. Council has not previously had the resources to undertake targeted service reviews. However it identified the need and allocated \$10 000 per year in the draft budget 2017-18 to undertake a review of a specific service or program each year.^h</p>

Continued next page

Table B1 (continued)

Legislative matter	Summary
<p>185E(3)(e) — whether consideration has been given to reprioritising proposed expenditures and alternative funding options and why those options are not adequate</p>	<p>The application outlines the options and trade-offs council considered and why those options are not adequate. This included:</p> <ul style="list-style-type: none"> • Borrowings. Council has maintained a debt management strategy over many years to continue to repay and minimise debt levels. Council has planned to borrow where the benefits of a capital works project can be attained for future generations across the wider community.^u Council does not have a specific debt strategy document, however, it consults on its financial strategies annually through public information sessions and a community-based governance & finance portfolio reference group.^v • Sale of assets. Council does not have surplus assets as most council-managed building assets are on Crown land. In the event that council identifies potential land sales, it intends to use the funds to retire debt, to invest in projects that will generate additional revenue streams or to attract matching funds from other levels of government. • Reducing priority project expenditure. Council considers that this would be short-sighted, contrary to achieving the council plan 2017-2021 strategic objectives and undermine the community consultation process. • Tourist park redevelopment. Council forecasts that the tourist parks will generate less revenue during the proposed redevelopment. However, the tourist parks will generate additional revenue following the redevelopment, which will lower the rate burden on ratepayers over the long-term.^w
<p>185E(3)(f) — that the assumptions and proposals in the application are consistent with the council's long-term strategy and financial management policies set out in the council's planning documents and annual budget</p>	<p>The application includes the following strategic planning documents:</p> <ul style="list-style-type: none"> • draft council plan 2017-2021^x • draft budget 2017-18^y • draft strategic resource plan 2017-2021^y • rating strategy^z • annual report 2015-16^{aa} • asset management plan (buildings & infrastructure) 2007^{bb} • asset management planning framework^{cc} • building asset management & condition review 2014^{dd} • coastal management plan 2006^{ee} • public toilet strategy 2015-2025.^{ff}

Continued next page

Table B1 (continued)

Legislative matter	Summary
185E(3)(f) (continued)	<p>The application notes that:</p> <ul style="list-style-type: none"> • council currently has a five-year long-term financial plan and is progressively extending the financial forecasts^{9g} • council is currently reviewing its asset management plan (buildings & infrastructure)^{hh} • council undertakes regular reviews of its building assets and road assets. The next review of building assets is scheduled for 2017ⁱⁱ • council undertakes asset management service reviews to understand the level of service the community expects and demands. This allows council to determine the appropriate level and standard of infrastructure required to deliver the service. Council provided examples of past and current asset management service reviews.ⁱⁱ

^a Borough of Queenscliffe 2017, *Higher rate cap application 2017-18*, May, p.4. ^b Borough of Queenscliffe 2017, *Higher rate cap application 2017-18*, May, p.3. ^c Borough of Queenscliffe 2017, *Higher rate cap application 2017-18*, May, pp.6-12. ^d Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Response to RFI*, June, pp.2-3. ^e Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Response to RFI*, June, p.3. ^f Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix M*, May, p.3. ^g Borough of Queenscliffe 2017, *Higher rate cap application 2017-18*, May, pp.13-15. ^h Borough of Queenscliffe 2017, *Higher rate cap application 2017-18*, May, pp.13-16. ⁱ Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix P*, May. ^j Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix N*, May. ^k Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix O*, May. ^l Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Supplementary material*, June, p.4. ^m Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Supplementary material*, June, pp.3-5. ⁿ Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Supplementary material*, June, pp.6-7. ^o Borough of Queenscliffe 2017, *Higher rate cap application 2017-18*, May, pp.16-18. ^p MosaicLab 2017, *Assessment of Application for Higher Rate Cap — Community Engagement Borough of Queenscliffe*, June, p. 14. ^q KJA 2017, *Assessment of Application for Higher Rate Cap — Community Engagement Borough of Queenscliffe*, June, pp.3-4. ^r Borough of Queenscliffe 2017, *Higher rate cap application 2017-18*, May, pp.19-20. ^s Borough of Queenscliffe 2017, *Higher rate cap application 2017-18*, May, pp.20. ^t Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Response to RFI*, June, p.7. ^u Borough of Queenscliffe 2017, *Higher rate cap application 2017-18*, May, pp.21-22. ^v Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Response to RFI*, June, p.9. ^w Borough of Queenscliffe 2017, *Higher rate cap application 2017-18*, May, pp.21-23. ^x Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix E*, May. ^y Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix D*, May. ^z Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix Y*, May. ^{aa} Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix B*, May. ^{bb} Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix G*, May. ^{cc} Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Response to RFI supplementary material*, June, pp.1-2. ^{dd} Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix K*, May. ^{ee} Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix Q*, May. ^{ff} Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Appendix L*, May. ^{gg} Borough of Queenscliffe 2017, *Higher rate cap application 2017-18*, May, p.18. ^{hh} Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Response to RFI*, June, p.8. ⁱⁱ Borough of Queenscliffe 2017, *Higher rate cap application 2017-18, Response to RFI supplementary material*, June, p.1.

Appendix C: Local government performance reporting framework indicator definition

- a) **Adjusted underlying result** is adjusted underlying surplus (deficit) as a percentage of adjusted underlying revenue. A surplus or increasing surplus suggests an improvement in the operating position.

Adjusted underlying revenue is total income less non recurrent capital grants used to fund capital expenditure, non-monetary asset contributions and other contributions to fund capital expenditure.

Adjusted underlying surplus is adjusted underlying revenue less total expenditure.