



## **Hobsons Bay City Council Annual Budget Report: 2019-20**

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## Mayor's Introduction

Hobsons Bay City Council is proud to present the 2019-20 Budget with a record \$59.77 million in capital works infrastructure and more than 100 important community services.

Our budget represents financial responsibility and strikes the balance between economic sustainability and value for money for our community. It ensures efficiency and premium service delivery as we continue to operate as a Council of excellence for our community.

It's our community that has shaped this budget through Council's 'Pitch your Idea' consultation process that invited residents, local groups and organisations to submit their budget ideas for consideration. A high number of submissions for projects across all wards were received and the majority of these have been included in the budget.

The budget is predicted to have an operational surplus of \$25.05 million. While this operational surplus reflects a healthy financial position, surpluses are expected to decline in future years as a result of rate capping and the decline of other income streams, while the costs associated with service delivery will increase.

The 2019-20 budget contains the highest spend Council has ever committed for capital works projects. The total Capital Works program is to be \$59.77 million. Highlights include:

- roads – (\$4.675 million) – including the road rehabilitation program (\$2.7 million) and the road resurfacing program (\$1 million)
- footpaths and cycle ways (\$3.537 million) – including the shared trails upgrade program (\$1.5 million) and footpath renewal program (\$500,000)
- open space (\$17.902 million) – including parks, open space and streetscapes (\$15.054 million), recreational, leisure and community facilities (\$2.143 million) and off street car parks (\$420,000)
- buildings (\$27.716 million) – including sporting and recreational facilities (\$19.052 million), civic and community facilities (\$5.93 million), family friendly sporting facility upgrades (\$1.24 million), building renewal program (\$535,000), greenhouse strategy (\$515,000) and the public toilet program (\$443,000)
- plant and equipment (\$3.18 million) – including scheduled replacement of Council's vehicle and plant fleets (\$1.05 million), information technology (\$1.16 million) and library resources (\$900,000)

More detail on Council's capital works program is available in section 4.5 (Capital works program).

While capital works represent a significant expenditure from Council's budget, Council also delivers a high number of core services that have a genuine benefit to the community. Some of these vital services include five libraries, local business development, meals on wheels, waste collections, disability services, cultural events, children and youth services, immunisation services and local business development, to list only a few.

In 2019-20, general rates will increase by 2.47 per cent, in line with the state government's rate capping policy, which has restricted Council rate increases. Furthermore, Council has committed to reducing its rate increase in 2019-20 by 0.03 per cent below the rate cap (2.50 per cent) to refund ratepayers for the immaterial non-compliance (an average of 75 cents per property) that occurred in the 2018-19 financial year.

The rate cap applies to the average rateable property, not individual rates notices. This means that some ratepayers will pay less than 2.47 per cent and others will pay more, but overall, general rates won't exceed the (reduced) rate cap.

Councils across Australia raise a very small proportion - approximately 3.5 per cent - of the total taxation collected by all levels of government. Unlike the way that taxes collected by state and federal governments are typically spent, the vast majority of rates collected by local government organisations are spent directly within the community, replenishing and bolstering the local economy.

In addition, Councils are entrusted with the maintenance of more than 30 per cent of all of Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the upkeep and replacement of these valuable community assets in order to ensure the quality of public infrastructure is maintained at the level the community expects and deserves.

This year's rates will also be based on new 2019 property valuations. The result of the valuations is that rate increases will vary considerably across individual properties and more broadly, across the differential rating categories. The revaluation process means that the rate burden across all rateable properties is redistributed but it does not generate additional revenue for Council beyond our capped increase of 2.47 per cent.

Waste service charges, which are exempt from the rate cap, have been increased by an average of 2.16 per cent to cover costs associated with providing the waste service.

In addition to focussing on efficiencies, best practice and value for money, Council continues its advocacy work towards state and federal governments to identify future funding opportunities that will assist Council in delivering an ongoing high standard of services and infrastructure for local residents, workforce and visitors.

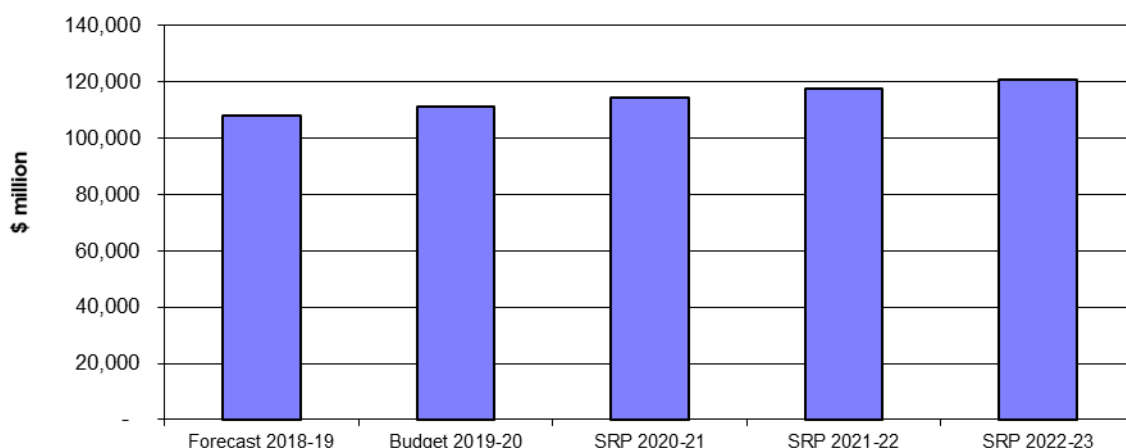


**Cr Jonathon Marsden**  
**Mayor**

## Financial snapshot

Council has prepared a Budget for the 2019-20 financial year, which seeks to balance the demand for services and infrastructure with the community's capacity to pay and *The Fair Go Rates System*. Key budget information is provided below about the rate increase, operating result, services, cash and investments, capital works, financial position, financial sustainability and strategic objectives of the Council.

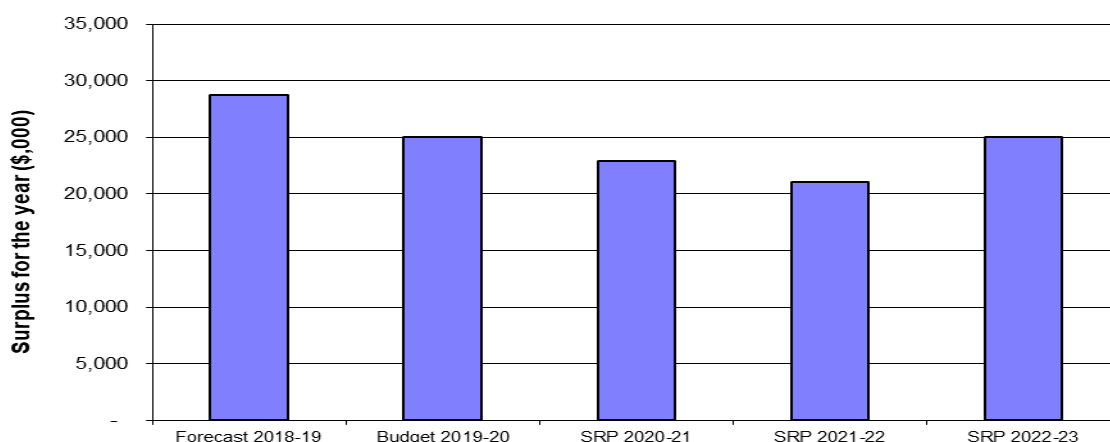
### Total rates and charges



The average general rate will be increased by 2.47 per cent for the 2019-20 year, in line with the 2.50 per cent rate cap set by the Minister for Local Government. (2018-19: 2.25 per cent) and Council's commitment to reduce its rate increase by 0.03 per cent to compensate for the previous year's immaterial non-compliance (an average of 75 cents per property). Waste service charges (which are not subject to the rate cap) have been increased by 2.16 per cent to cover the cost of providing the service. Council has also included \$400,000 expected to be generated from supplementary rates, resulting in total rates of \$111.161 million, an increase in total revenue from rates and waste service charges of 2.85 per cent.

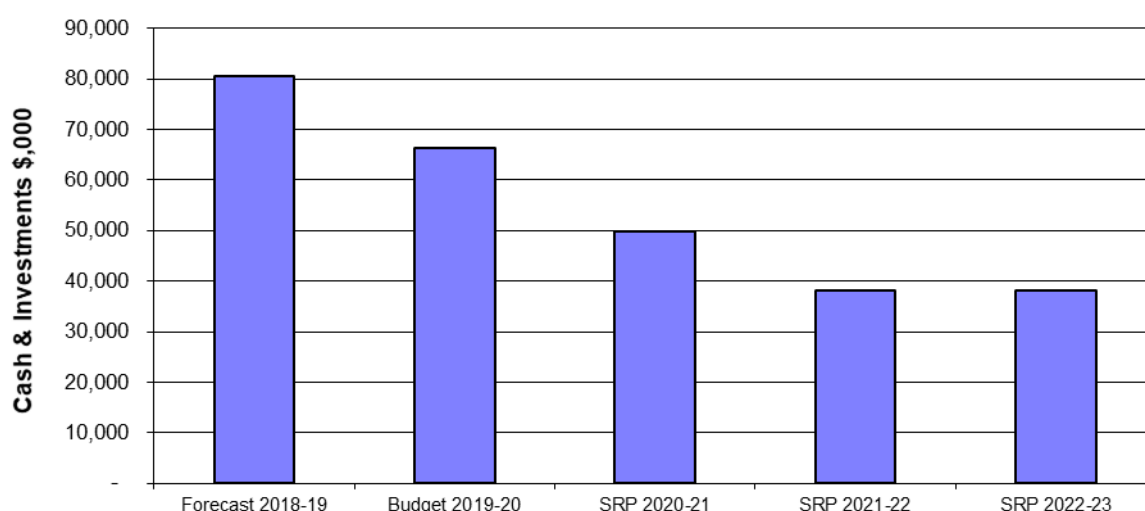
The increase will go toward generally maintaining service levels, meeting the cost of a number of external influences affecting the operating budget and towards capital works to address the asset renewal needs of the City.

### Operating result



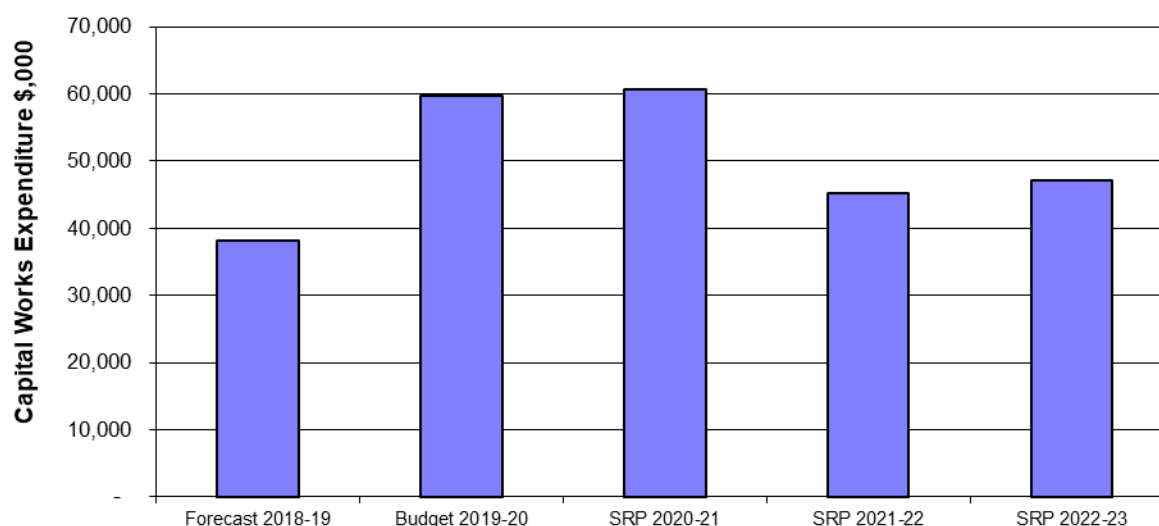
The expected operating result for the 2019-20 year is a surplus of \$25.05 million, a decrease of \$3.659 million compared to 2018-19. The decreased operating result is mainly due to an expected increase in materials and services.

## Cash and investments



Cash and investments are expected to decrease by \$14.186 million during the year to \$66.409 million as at 30 June 2020. The decrease in cash is consistent with the significant capital works investment during 2019-20, including the carryover of \$9.239 million. Cash is also predicted to decline in future years, due to the ongoing significant capital works investment which will be partially funded by the infrastructure, recreation and waste management reserves. Cash has also been set aside and is required to fund future commitments, in particular the loan repayment reserve. Cash and investments are forecast to be \$80.595 million as at 30 June 2019.

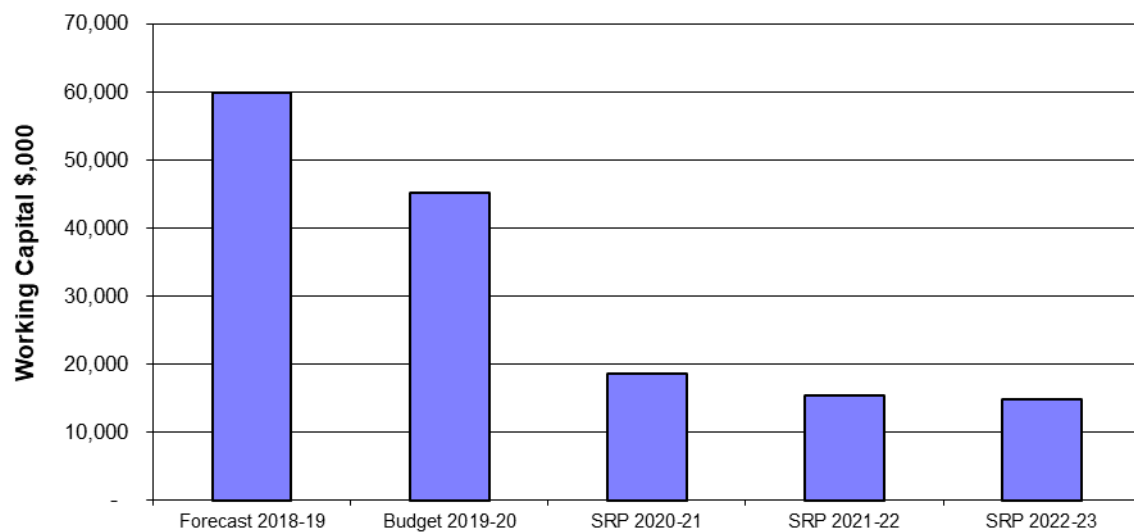
## Capital works



The capital works program for the 2019-20 year is expected to be \$59.77 million, of which \$9.239 million relates to projects which will be carried over from 2018-19. The carried over component is fully funded from the 2018-19 budget. Of the \$50.531 million of capital funding required, \$6.003 million will come from external grants, \$6.154 million from reserves and the balance from Council's unrestricted cash. The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. Capital works is forecast to be \$38.196 million for 2018-19.

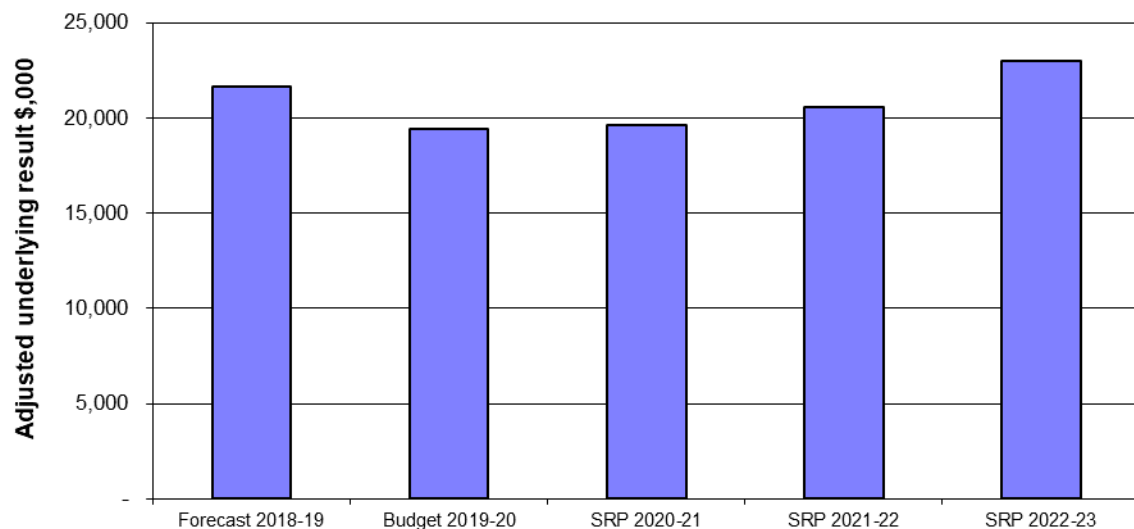
The asset renewal program of \$23.367 million in 2019-20 highlights the continued effort to reduce the asset renewal backlog.

## Financial position



The financial position is expected to improve with net assets (net worth) to increase by \$25.051 million to \$1,297.508 million although net current assets (working capital) is expected to decrease by \$14.773 million as at 30 June 2020. Net assets are forecast to be \$1,272.456 million as at 30 June 2019.

## Financial sustainability



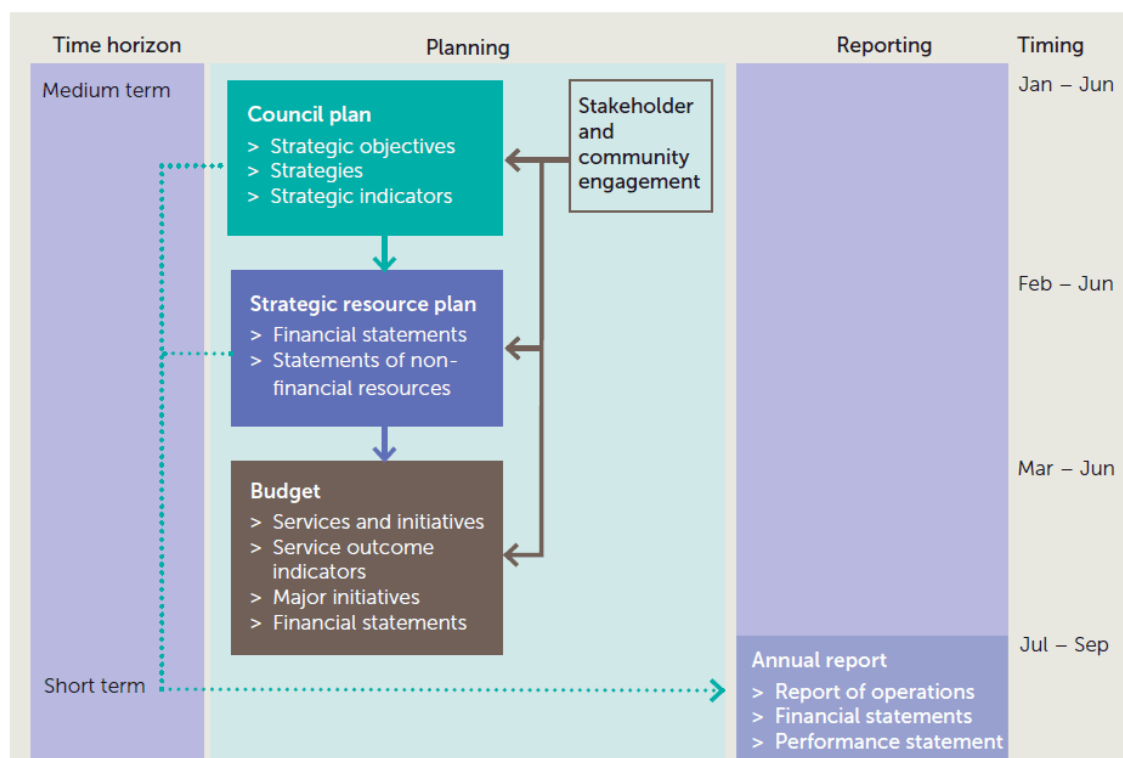
A high level Strategic Resource Plan for the years 2018-19 to 2022-23 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan. The adjusted underlying result, which is a measure of financial sustainability, is reasonably strong over the next four years.

## 1. Link to the Council Plan

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

### 1.1 Planning and accountability framework

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



Source: Department of Environment, Land, Water and Planning

In addition to the above, Council has a long term plan which articulates a community vision, mission and values. The Council Plan is prepared with reference to Council's long term Community Plan.

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes.

#### 1.1.2 Key planning considerations

Although councils have a legal obligation to provide some services - such as animal management, local roads, food safety and statutory planning - most council services are not legally mandated, including some services closely associated with councils, such as libraries, building permits and sporting facilities. Further, over time, the needs and expectations of communities can change. Therefore councils need to have robust processes for service planning and review to ensure all services continue to provide value for money and are in line with community expectations. In doing so, councils should engage with communities to determine how to prioritise resources and balance service provision against other responsibilities such as asset maintenance and capital works.



## 1.2 Our purpose

### **The Community's Vision - Hobsons Bay 2030**

*By 2030, embracing our heritage, environment and diversity, we – the community of Hobsons Bay – will be an inclusive, empowered, sustainable and visionary community led and supported by a progressive Council of excellence.*

### **The Council's Mission**

*We will listen, engage and work with our community to plan, deliver and advocate for Hobsons Bay to secure a happy, healthy, fair and sustainable future for all.*

### **Our values**

*Excellence at Hobsons Bay means that both Councillors and employees are:*

**RESPECTFUL:** *treating everyone fairly and respecting different views*

**COMMUNITY DRIVEN AND FOCUSED:** *delivering results which demonstrate that we understand community needs and put people first*

**TRUSTED AND RELIABLE:** *work hard to be responsive and meet expectations; delivering on what we promise and achieving in the best interest of the community*

**EFFICIENT AND RESPONSIBLE:** *engaged and taking pride in our work, wanting to continually review and improve in order to provide good value, cost effective services*

**BOLD AND INNOVATIVE:** *proactive, adaptable, open to change and taking calculated risks, not afraid to try new things and learn from mistakes*

**ACCOUNTABLE AND TRANSPARENT:** *making well-informed decisions based on best practice and evidence, which take into account what our community tells us*

**RECOGNISED:** *as working for an employer of choice, with leadership that recognises and values the contributions, skills and the expertise of its workforce and inspires people to develop and do their best*

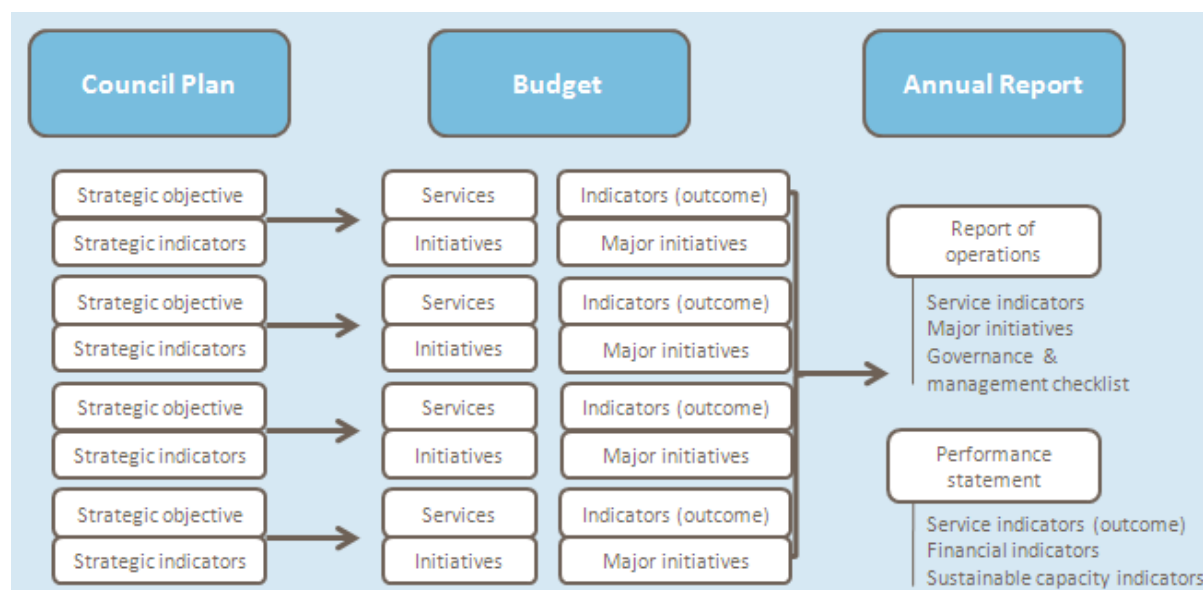
## 1.3 Strategic objectives

*Council delivers services and initiatives under 54 major service categories. Each contributes to the achievement of one of the four Strategic Objectives as set out in the draft Council Plan for the years 2017-21. The following table lists the four Strategic Objectives as described in the Council Plan.*

Strategic Objective	Description
1. <i>An Inclusive and Healthy Community</i>	Enhancing the health and quality of life of the community through the equitable provision of quality services and opportunities for greater wellbeing.
2. <i>A Great Place</i>	Ensure Hobsons Bay is a vibrant place to live, work and visit.
3. <i>A Well Designed, Maintained and Environmentally Sustainable Place</i>	Manage future growth and development to ensure it is well designed and accessible whilst protecting our natural and built environments.
4. <i>A Council of Excellence</i>	We will be a leading and skilled council that is responsible innovative and engaging to deliver excellence in all we do.

## 2. Services and initiatives and service performance outcome indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2019/20 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes several initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify major initiatives, initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below.



Source: Department of Environment, Land, Water and Planning

## 2.1 Strategic Objective 1: An Inclusive and Healthy Community

To achieve our goal of an Inclusive and Healthy Community, we will enhance the health and quality of life of the community through the equitable provision of quality services and opportunities for greater wellbeing.

We will work towards achieving this through the following objectives:

- provide access to high quality services that enhance community health and wellbeing
- deliver, support and facilitate projects and programs that encourage equity and diversity so everyone can reach their full potential
- all community members will have access to quality community, sport and recreation facilities, cultural experiences and open spaces to encourage a healthy and active lifestyle
- work in partnership with stakeholders to advocate to all levels of government for quality education, training, and lifelong learning opportunities for all community members
- understand the current and future needs of our community, and work to ensure those most vulnerable in our community are safe and have equitable and timely access to the support they need

The services, initiatives, major initiatives and service performance indicators for each business area are described below.

### Services

Service area	Description of services provided	2019/20 Budget \$'000
Active Community Support	Provision of social support and activity options for older residents and respite for carers through centre based activities, recreational and social events and outings.	2,565 (2,313) <b>252</b>
Community Service Delivery	Provision (directly and indirectly) of high quality in home support services and food services to frail older adults, younger people with disabilities and or their carers.	4,706 (3,945) <b>761</b>
HACC Intake and Assessment	Provision of broad living at home assessments for older residents and residents with a disability with a view to determining resident eligibility for service provision.	653 (614) <b>39</b>
Early Years	Provides access to affordable and high quality children's services for people who live and/or work in Hobsons Bay as well as providing support, mentoring, management and advocacy for local early years' service providers.	1,328 (617) <b>711</b>
Maternal and Child Health	Provides a universal primary health and immunisation service available to all Hobsons Bay families with children from birth to school age	2,924 (1,084) <b>1,840</b>
Youth Services	Sole generalist support service available for young people in Hobsons Bay providing a range of high quality support, information, referral, educational, social and recreational services for local young people aged 12 to 25 years.	1,429 (271) <b>1,158</b>
Libraries	Running of 5 library branches which facilitate and guide access to information, lifelong learning, reading and recreation; inspiring, empowering and enriching the community through industry leading programs, collections and service.	4,961 (827) <b>4,134</b>

Service area	Description of services provided	2019/20 Budget \$'000
Community Development	Generates key community projects and builds internal and external capacity to deliver inclusive and responsive services that meet the needs of diverse and disadvantaged communities.	2,179 (20) <b>2,159</b>
Community Centres	Provision of services through two Community Centres - Laverton Community Hub and Seabrook Community Centre	813 (505) <b>309</b>
Social Planning	Stays abreast of policy changes, investigates and expands Council's understanding of the current and future population needs, inequities within and between population groups, develops Council positions to inform high level strategic decisions and whole of government responses, and supports community and stakeholders to undertake collaborate action.	835 (112) <b>723</b>
Venues	Management of Council owned venues, coordination of functions and bookings, performing arts program, support to local theatre companies and heritage conservation management	856 (293) <b>562</b>
Arts and Culture	Provision of visual arts, public art, cultural development, heritage. Indigenous culture, cultural collections, festival and events, arts spaces, policy strategy and development	1,379 (24) <b>1,355</b>
Sport and Recreation	To manage and optimise the use of Council's sport, recreation and community facilities and increase participation in sport and recreation.	238 (89) <b>(149)</b>
Recreation Planning and Projects	Undertake the sport and recreation planning and plan, scope and support the construction of sport and recreation projects within the Capital Works Program.	26 0 26
Facilities Maintenance	Ensure all Council buildings and facilities are maintained, cleaned and secured in accordance with both legislative requirements and residential expectations including sports clubs, community centres, activity halls, public toilets, kindergartens, corporate buildings and the operations centre.	7,458 (372) <b>7,086</b>

### Major Initiatives

- 1) Finalise the development of the Hobsons Bay Aquatic Strategy and present to Council for endorsement

### Other Initiatives

- 2) New Library Management System (LMS) planning, implementation and integration with current library technologies\*
- 3) Co-design, plan and deliver a Creative Technology Hub at Seaworks\*

\*Continuing initiative from 2018/19

### Service Performance Outcome Indicators\*\*

Service	Indicator	2019/20 Budget
Maternal and Child Health	Participation	74.42%
Libraries	Participation	18.80%
Aquatic Facilities	Utilisation	0

\*\*refer to table in section 2.5 for information on the calculation of Service Performance Outcome Indicators.

## 2.2 Strategic Objective 2: A Great Place

To achieve our objective of A Great Place, we will ensure Hobsons Bay is a vibrant place to live, work and visit.

We will work towards achieving this through the following objectives:

- protect and promote public health and community safety
- celebrate and promote the diversity of our community
- support the growth of our local economy, and encourage business investment that creates and maintains local jobs
- deliver, support and promote arts, cultural, heritage, recreational and sporting events and programs that foster a sense of belonging and contribute to the liveability of the city
- work with the all levels of government and other stakeholders to improve our transport networks and to address gaps and capacity in public transport, our roads, foot paths and cycling routes

The services, initiatives, major initiatives and service performance indicators for each business area are described below.

### Services

Service area	Description of services provided	2019/20 Budget \$'000
<i>Emergency Management</i>	<i>Facilitate Council's emergency planning, preparedness, response and recovery In accordance with the Emergency Management Act 1986 and Emergency Management Act 2013 as detailed in the Emergency Management Manual of Victoria.</i>	196 0 <b>196</b>
<i>Parking and Local Laws</i>	<i>To ensure that parking regulations are enforced, implementation of local laws, provision of an animal control service for residents, assist in the protection of the community from the threat of wild fire and ensure that all school crossings are staffed by school crossing supervisors.</i>	3,945 (4,015) <b>(70)</b>
<i>Building Control</i>	<i>Issue building permits and carry out mandated responsibilities in accordance with the Building Act 1993 and the Building Regulations 2006.</i>	676 (423) <b>254</b>
<i>Environmental (Public) Health</i>	<i>To ensure the public health of the community by undertaking the responsibilities outlined in the Public Health and Wellbeing Act 1987, Food Act 1984, Tobacco Act 1987 and Environment Protection Act 1970.</i>	989 (654) <b>335</b>
<i>Economic Development</i>	<i>Provision of business development, investment attraction and facilitation, training workshops and programs, support to the business community, industry partnerships, tourism and sister cities</i>	937 (29) <b>908</b>
<i>Events</i>	<i>Provides opportunities for community celebration, encourage visitation and to support and promote economic and tourism development through a diverse and dispersed calendar of events and festivals.</i>	707 (64) <b>643</b>
<i>Visitor Information Centre</i>	<i>Operation of the Visitor Information Centre including management of volunteers, promotion of local activities and events, industry partnerships and support to local traders and familiarisation tours of Hobsons Bay)</i>	219 0 <b>219</b>

## Major Initiatives

- 1) *Develop and deliver a pop-up business innovation hub to support start-up businesses and encourage entrepreneurship*
- 2) *Project manage the delivery of LATM (Local Area Traffic Management) assessment in high priority areas\**

## Other Initiatives

- 3) *Develop a Cultural Collections Management Plan and Acquisition policy*
- 4) *Develop a city wide music strategy including venue options for live music*
- 5) *Research, scope and develop a new Public Art Strategy 2020 - 2024*
- 6) *Undertake research to assist long term thinking around cultural facilities or gallery in a local and regional context*

\*Continuing initiative from 2018/19

## Service Performance Outcome Indicators\*\*

Service	Indicator	2019/20 Budget
Animal Management	Health and safety	0.00
Food safety	Health and safety	92.47%

\*\*refer to table in section 2.5 for information on the calculation of Service Performance Outcome Indicators.

## 2.3 Strategic Objective 3: A Well Designed, Maintained and Environmentally Sustainable Place

To achieve our objective of A Well Designed, Maintained and Environmentally Sustainable Place we will manage future growth and development to ensure it is well-designed and accessible whilst protecting our natural and built environments.

We will work towards achieving this through the following objectives:

- work with all levels of government, key stakeholders and the community to ensure urban development is appropriate and considers neighbourhood character and heritage
- deliver and maintain well-designed, accessible and environmentally sustainable community assets
- protect and enhance our coastal environment, biodiversity and natural areas in partnership with major stakeholders and the community
- maintain a clean city and encourage the community, business and industry to reduce, reuse and recycle
- work with the community, businesses and government to actively and innovatively address climate change and promote sustainable living

The services, initiatives, major initiatives and service performance indicators for each business area are described below.

### Services

Service area	Description of services provided	2019/20 Budget \$'000
<i>Environmental Management</i>	<i>Deliver municipal waste and recycling services to the Hobsons Bay community and develop and deliver waste and litter policy, strategy and programs.</i>	9,630 (129) <b>9,501</b>
<i>Strategic Planning Projects and Policy</i>	<i>Considers planning scheme amendments, works through planning projects and develops policy that directs future land use outcomes within the municipality.</i>	1,652 (73) <b>1,579</b>
<i>Sustainability</i>	<i>Develop policies and strategies (and support their implementation) that mitigate the effects of climate change by reducing greenhouse gas emissions whilst identifying adaptation initiatives for energy, waste and water management. Provide internal and external leadership through the provision of technical expertise and ongoing consultation to embed sustainability</i>	891 0 <b>891</b>
<i>Statutory Planning</i>	<i>Assessment, provision of advice and enforcement in relation to planning approvals under the Hobsons Bay Planning Scheme, the Planning and Environment Act 1987 and the Subdivision Act 1988</i>	4,005 (2,240) <b>1,765</b>
<i>Planning, Building and Health Continuous Improvement and Administrative Support</i>	<i>Oversee the efficient and effective operation of the Planning, Building and Health services department and management of the Statutory Planning administration support team</i>	496 0 <b>496</b>



Service area	Description of services provided	2019/20 Budget \$'000
City Amenity	Responsible for the ongoing presentation of public and open space areas of the municipality including ensuring litter and waste in the public areas is appropriately captured and disposed of and public facilities such as public toilets, beaches, streets and footpaths are also kept clean and tidy.	3,942 (104) <b>3,838</b>
Trees and Conservation Maintenance and Management	Responsible for the maintenance and establishment of vegetation in the conservation and urban environment and for encouraging and protecting indigenous and native Fauna life within our conservation sites. Also responsible for increasing Canopy cover within the municipality to improve Amenity Value for the area of Hobsons Bay.	2,451 (20) <b>2,431</b>
Works and Operations	Provision of infrastructure maintenance services including fleet maintenance (including passenger and heavy vehicles, plant and equipment across the organisation) city maintenance (ensure street and park furniture and signage is maintained to an appropriate standard) and home maintenance services to residents who qualify for this resource.	172 (3) <b>169</b>
Parks and Horticulture Maintenance	Responsible for the management and maintenance of open space assets including parks and gardens, sporting grounds, playgrounds and irrigation and park infrastructure (furniture and fencing) providing pleasant recreational and relaxation areas for local enjoyment.	7,630 (54) <b>7,576</b>
Road Maintenance	Ensure Councils obligations to provide safe access for pedestrians and road users are met. Additionally this service is responsible for the ongoing operation and maintenance of the drainage network throughout the municipality.	5,713 (1,130) <b>4,584</b>
Open Space and City Design	Lead the development of key Strategies for Open Space, prepare master plans, develop design guidelines and technical standards for the public realm, design and deliver open space capital works and support and enable the directorate to proactively engage with the community regarding the development and delivery of a range of projects and services.	2,008 0 <b>2,008</b>
Civic and Open Space Projects	Project manage and deliver the approved Annual Capital Works Program to the community on behalf of Council on time and budget.	1,229 0 <b>1,229</b>
Civil Projects	To deliver both capital and operational infrastructure services to the community on including the delivery of capital works, responding to customer enquiries, undertaking statutory planning responsibilities associated with Council's subdivisions and technical civil infrastructure with new builds.	2,701 (92) <b>2,609</b>
Traffic and Amenity	Plan, design, and maintain a safe, efficient and sustainable road and transport network which best meets the current and future mobility and access needs of all road users on all modes of transport.	422 0 <b>422</b>
Capital Programming	Project manage and deliver the approved Annual Capital Program to the community on behalf of Council on time and budget.	666 0 <b>666</b>



Service area	Description of services provided	2019/20 Budget \$'000
		843
		0
Strategic Asset Management	To develop Council's overall and long term (10 years) capital works program; plan and develop long term asset renewal programs for infrastructure assets and facilities; review develop and implement asset management improvement frameworks and the custodian of the road management plan	<b>843</b>
Asset Systems and Information Services	To develop and maintain asset systems and registers, including asset accounting, valuations, capitalisation and associated reporting and develop and maintain the GIS.	375 0 <b>375</b>
Strategic Infrastructure Planning	Lead and support the identification and development of infrastructure strategic planning to address priority gaps ensuring consistency with the Council Plan Objectives and compliance requirements.	0 0 <b>0</b>
Strategic Infrastructure Partnerships	Engage with key agencies to promote the interests of the Hobsons Bay community consistent with as it relates to major infrastructure or development and engage with multiple teams and specialists to shape advocacy positions, develop and analyse strategic information to inform outcomes.	0 0 <b>0</b>
Property Management	To effectively administer Council's property portfolio and achieve Council's objectives of a sustainable and financially viable portfolio.	713 (2,299) <b>(1,586)</b>
Strategic Projects	Planning and delivery of the major capital program and Council advocacy on state government infrastructure projects including West Gate Tunnel Project and the Level Crossing Removal projects.	1,021 (450) <b>571</b>

### Major Initiatives

- 1) Implement phase 1 of the household food waste recovery service to households that have a green waste bin

### Other Initiatives

- 2) Deliver assigned projects in the approved Annual Capital Works Program\*
- 3) Develop a proposal for a large scale renewable energy project that builds links with local businesses and supports Council to achieve its target of zero net emission by 2030 from community emissions

\*Continuing initiative from 2018/19

### Service Performance Outcome Indicators\*\*

Service	Indicator	2019/20 Budget
Waste collection	Waste diversion	46.33%
Roads	Satisfaction	62.00
Statutory Planning	Decision making	70.69%

\*\*refer to table in section 2.5 for information on the calculation of Service Performance Outcome Indicators.

## 2.4 Strategic Objective 4: A Council of Excellence

To achieve our objective of A Council of Excellence, we will be a leading and skilled council that is responsible, innovative and engaging to deliver excellence in all we do.

We will work towards achieving this through the following objectives:

- collaborate with all levels of government, service providers, not for profit organisations and the private sector to address the concerns of our community
- be a more efficient and effective organisation by having a strong focus on continuous improvement, innovation, strategic planning and responsible financial management
- provide excellent customer service whilst ensuring all our communications are clear and easy to understand
- actively seek the community's views by providing a range of opportunities for the community to contribute to Council's decision making
- support and develop an engaged, skilled and professional workforce who are committed to maintaining a high performing and sustainable organisation

The services, initiatives, major initiatives and service performance indicators for each business area are described below.

### Services

Service area	Description of services provided	2019/20 Budget \$'000
Customer Focus	<i>The Customer Focus team represent Council in the provision of efficient, effective, responsive customer service via a range of 'customer preferred' channels including in person, telephone, e-mail, webchat and Snap Send Solve.</i>	1,572
		0
		<b>1,572</b>
Communications and Engagement	<i>Responsible for all Communications, Community relations and Community Engagement advice, policy, protocol and delivery.</i>	1,649
		0
		<b>1,649</b>
Finance	<i>Ensure that the Council meets its financial obligations and legislative requirements, maintenance of the organisations financial controls, including processes, databases or systems within the department and provision of internal financial support services to other departments within the Council.</i>	2,591
		(316)
		<b>2,275</b>
Governance	<i>Responsibility for the provision of a range of governance functions and administrative support to Council and Management, including Council meetings, insurance, legal and statutory responsibilities</i>	697
		(1)
		<b>696</b>
OHS and Risk Management	<i>Lead, coordinate and facilitate the development and review of Council's Risk Management, Business Continuity Program and Occupational Health</i>	249
		0
		<b>249</b>
Information and Communications Technology (ICT)	<i>To provide a cost-effective, secure, and robust ICT platform that support Council's business needs, and to provide sound advice and support for ICT projects across the organisation.</i>	3,225
		0
		<b>3,225</b>

Service area	Description of services provided	2019/20 Budget \$'000
Knowledge and Records Management	To provide efficient information and record management services (including the administration of the 'Vault' and corporate mail services), oversee the application of information privacy principles, and the management of privacy related issues.	735 0 <b>735</b>
Human Resources	The operational delivery of the full range of human resources, industrial relations, WorkCover and injury management services to management and staff.	1,545 0 <b>1,545</b>
Learning and Development	Development and implementation of organisational learning and development programs that are sustainable, relevant and building on the learning organisation concept.	394 0 <b>394</b>
Corporate Planning and Performance	Management of Council's corporate planning function including Council Planning, reporting and compliance; business/service planning and review; performance and continuous improvement.	170 0 <b>170</b>
Councillor Support and CEO's Office	Provide administration support and advice to the Mayor and Councillors, Chief Executive Officer, and the Corporate Management Team, to enhance the effectiveness of the organisation as a whole.	2,619 0 <b>2,619</b>
Continuous improvement and innovation	Lead Council's organisational wide continuous improvement program which aims to ensure that Council delivers excellence in everything it does.	189 0 <b>189</b>

### Major Initiatives

- 1) Coordinate the implementation of an Infrastructure Design Manual through the review of Council's project management system and infrastructure design standards\*
- 2) Coordinate the implementation of the Altona Civic Centre, Customer Service, and Community meeting space, a deliverable of one of the priorities in the Hobsons Bay 2030 Community Vision - being a Council of Excellence. The project represents Council's enhancement, investment and cultural shift in the way it delivers services to the growing Hobsons Bay community.

### Other Initiatives

- 3) Implement Youth Digital Engagement Strategy to develop digital initiatives and increase engagement, participation and consultation with young people and the community
- 4) Coordinate the development and implementation of the Council's Project Management Office framework and tools
- 5) Establish a program for the implementation of specific provisions of the New Local Government Act.\*
- 6) Develop an organisational Gender Equity Framework.\*

\*Continuing initiative from 2018/19

### Service Performance Outcome Indicators\*\*

Service	Indicator	2019/20 Budget
Governance	Satisfaction	64.00

\*\*refer to table in section 2.5 for information on the calculation of Service Performance Outcome Indicators.

## 2.5 Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Governance	Satisfaction	Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community
Statutory planning	Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100
Roads	Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads.
Libraries	Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100
Waste collection	Waste diversion	Kerbside collection waste diverted from landfill (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100
Aquatic Facilities	Utilisation	Utilisation of aquatic facilities (Number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population
Animal Management	Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
Food safety	Health and safety	Critical and major non-compliance outcome notifications (Percentage of critical and major non-compliance outcome notifications that are followed up by Council)	[Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about food premises] x100
Maternal and Child Health	Participation	Participation in the MCH service (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100
		Participation in MCH service by Aboriginal children (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100

## 2.6 Reconciliation with budgeted operating result

Strategic Objectives	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
An Inclusive and Healthy Community	21,263	32,351	11,088
A Great Place	2,485	7,670	5,185
A Well Designed, Maintained and Environmentally Sustainable Place	39,969	46,562	6,593
A Council of Excellence	15,318	15,634	316
<b>Total</b>	<b>79,034</b>	<b>102,216</b>	<b>23,182</b>
<b><i>Expenses added in:</i></b>			
Depreciation	19,571		
Finance costs	628		
Other	581		
<b><i>Deficit before funding sources</i></b>	<b>99,815</b>		
<b><i>Funding sources added in:</i></b>			
Rates & charges revenue	102,106		
Waste charge revenue	9,055		
Other	7,701		
Capital grants and contributions	6,003		
<b><i>Total funding sources</i></b>	<b>124,865</b>		
<b><i>Surplus/(deficit) for the year</i></b>	<b>25,050</b>		

### 3. Financial statements

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the year 2019-20 has been supplemented with projections to 2022-23 extracted from the Strategic Resource Plan.

This section includes the following financial statements prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

Comprehensive Income Statement  
Balance Sheet  
Statement of Changes in Equity  
Statement of Cash Flows  
Statement of Capital Works  
Statement of Human Resources

#### Pending Accounting Standards

The 2019-20 budget has been prepared based on the accounting standards applicable at the date of preparation. This means that pending accounting standards that will be in effect from the 2019-20 financial year have not been considered in the development of the budget.

Standards that are likely to impact on the 2019-20 financial statements, not considered in the preparation of the budget include:

- AASB 16 Leases
- AASB 15 Revenue from Contracts with Customers
- AASB 1058 Income of Not for Profit Entities

While it is not possible to determine the precise impact of these standards at this time, the broad impact on Council is estimated to be as follows:

- AASB 16 Leases – introduces a single lessee accounting model whereby the Council will be required to recognise a right of use asset and associated liability for leases longer than 12 months, except those considered to be of low value
- AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not for Profit Entities – changes the way that Councils recognise income and also address matters such as grant funding, contribution of assets and volunteer services. A key change is replacement for some transactions of the criteria of control as a determinant of the timing of income recognition, with the criteria of satisfying performance obligations in an enforceable agreement. These new standards have the potential to impact the timing of how the Council recognises income

## Comprehensive Income Statement

For the four years ending 30 June 2023

		Forecast Actual	Budget	Strategic Resource Plan Projections		
	NOTES	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000
<b>Income</b>						
Rates and charges	4.1.1	107,991	111,161	114,328	117,574	120,902
Statutory fees and fines	4.1.2	5,031	4,900	5,047	5,199	5,354
User fees	4..1.3	5,814	4,649	4,788	4,932	5,080
Grants – operating	4.1.4	12,828	12,805	13,125	13,453	13,789
Grants - capital	4.1.4	7,574	6,003	3,715	915	2,415
Contributions - monetary	4.1.5	4,698	4,136	3,570	3,570	5,770
Contributions – non-monetary	4.1.5	-	-	-	-	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		52	61	50	50	50
Fair value adjustments for investment property		-	-	-	-	-
Share of net profits/(losses) of associates and joint ventures		-	-	-	-	-
Other income	4.1.6	4,170	4,333	4,321	4,278	4,336
<b>Total income</b>		<b>148,159</b>	<b>148,047</b>	<b>148,944</b>	<b>149,971</b>	<b>157,697</b>
<b>Expenses</b>						
Employee costs	4.1.7	56,844	54,175	56,063	57,797	59,820
Materials and services	4.1.8	41,943	46,968	47,565	48,458	49,842
Depreciation and amortisation	4.1.9	18,381	19,571	20,060	20,562	21,076
Bad and doubtful debts		174	154	154	154	154
Borrowing costs		626	628	627	357	199
Other expenses	4.1.10	1,481	1,501	1,539	1,577	1,617
<b>Total expenses</b>		<b>119,450</b>	<b>122,997</b>	<b>126,008</b>	<b>128,905</b>	<b>132,708</b>
<b>Surplus/(deficit) for the year</b>		<b>28,709</b>	<b>25,050</b>	<b>22,937</b>	<b>21,066</b>	<b>24,989</b>
<b>Other comprehensive income</b>						
Items that will not be reclassified to surplus or deficit in future periods		-	-	-	-	-
Net asset revaluation increment /(decrement)		-	-	-	-	-
Share of other comprehensive income of associates and joint ventures		-	-	-	-	-
Items that may be reclassified to surplus or deficit in future periods		-	-	-	-	-
<b>Total comprehensive result</b>		<b>28,709</b>	<b>25,050</b>	<b>22,937</b>	<b>21,066</b>	<b>24,989</b>

## Balance Sheet

For the four years ending 30 June 2023

		Forecast Actual 2018/19	Budget 2019/20	Strategic Resource Plan Projections		
	NOTES	\$'000	\$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents		12,595	4,409	7,736	5,028	5,051
Trade and other receivables		8,125	8,424	8,724	9,034	9,356
Other financial assets		68,000	62,000	42,000	33,000	33,000
Inventories		27	27	27	27	27
Non-current assets classified as held for sale		-	-	-	-	-
Other assets		1,378	1,378	1,378	1,378	1,378
<b>Total current assets</b>	<b>4.2.1</b>	<b>90,125</b>	<b>76,239</b>	<b>59,865</b>	<b>48,468</b>	<b>48,812</b>
<b>Non-current assets</b>						
Cash and cash equivalents		-	-	-	-	-
Trade and other receivables		170	127	127	85	42
Other financial assets		230	230	230	230	230
Property, infrastructure, plant & equipment		1,213,821	1,253,717	1,293,971	1,318,250	1,343,940
Investment property		13,404	13,404	13,404	13,404	13,404
<b>Total non-current assets</b>	<b>4.2.1</b>	<b>1,227,625</b>	<b>1,267,479</b>	<b>1,307,733</b>	<b>1,331,969</b>	<b>1,357,616</b>
<b>Total assets</b>		<b>1,317,750</b>	<b>1,343,717</b>	<b>1,367,598</b>	<b>1,380,437</b>	<b>1,406,428</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables		10,847	11,118	11,396	11,681	11,973
Trust funds and deposits		6,356	6,515	6,678	6,845	7,016
Provisions		13,054	13,511	13,984	14,474	14,980
Interest-bearing liabilities	4.2.3	-	-	9,200	-	-
<b>Total current liabilities</b>	<b>4.2.2</b>	<b>30,257</b>	<b>31,144</b>	<b>41,258</b>	<b>32,999</b>	<b>33,969</b>
<b>Non-current liabilities</b>						
Provisions		836	866	896	927	960
Interest-bearing liabilities	4.2.3	14,200	14,200	5,000	5,000	5,000
<b>Total non-current liabilities</b>	<b>4.2.2</b>	<b>15,036</b>	<b>15,066</b>	<b>5,896</b>	<b>5,927</b>	<b>5,960</b>
<b>Total liabilities</b>		<b>45,293</b>	<b>46,210</b>	<b>47,154</b>	<b>38,926</b>	<b>39,928</b>
<b>Net assets</b>		<b>1,272,456</b>	<b>1,297,508</b>	<b>1,320,444</b>	<b>1,341,510</b>	<b>1,366,499</b>
<b>Equity</b>						
Accumulated surplus		489,134	529,233	569,691	603,373	629,266
Reserves		783,322	768,274	750,753	738,137	737,233
<b>Total equity</b>		<b>1,272,456</b>	<b>1,297,508</b>	<b>1,320,444</b>	<b>1,341,510</b>	<b>1,366,499</b>



## Statement of Changes in Equity

For the four years ending 30 June 2023

	NOTES	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2019 Forecast Actual</b>					
Balance at beginning of the financial year		1,243,747	469,579	724,291	49,877
Surplus/(deficit) for the year		28,709	28,709	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		33,187	12,016	-	21,170
Transfers from other reserves		(33,187)	(21,170)	-	(12,016)
<b>Balance at end of the financial year</b>		<b>1,272,457</b>	<b>489,134</b>	<b>724,291</b>	<b>59,032</b>
<b>2020 Budget</b>					
Balance at beginning of the financial year		1,272,457	489,134	724,291	59,032
Surplus/(deficit) for the year		25,050	25,050	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves	4.3.1	29,246	22,148	-	7,099
Transfers from other reserves	4.3.1	(29,246)	(7,099)	-	(22,148)
<b>Balance at end of the financial year</b>	<b>4.3.2</b>	<b>1,297,507</b>	<b>529,233</b>	<b>724,291</b>	<b>43,983</b>
<b>2021</b>					
Balance at beginning of the financial year		1,297,507	529,233	724,291	43,983
Surplus/(deficit) for the year		22,937	22,937	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		30,659	24,090	-	6,569
Transfers from other reserves		(30,659)	(6,569)	-	(24,090)
<b>Balance at end of the financial year</b>		<b>1,320,444</b>	<b>569,691</b>	<b>724,291</b>	<b>26,462</b>
<b>2022</b>					
Balance at beginning of the financial year		1,320,444	569,691	724,291	26,462
Surplus/(deficit) for the year		21,066	21,066	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		25,828	19,222	-	6,606
Transfers from other reserves		(25,828)	(6,606)	-	(19,222)
<b>Balance at end of the financial year</b>		<b>1,341,509</b>	<b>603,373</b>	<b>724,291</b>	<b>13,845</b>
<b>2023</b>					
Balance at beginning of the financial year		1,341,509	603,373	724,291	13,845
Surplus/(deficit) for the year		24,989	24,989	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		19,928	10,416	-	9,512
Transfers from other reserves		(19,928)	(9,512)	-	(10,416)
<b>Balance at end of the financial year</b>		<b>1,366,499</b>	<b>629,267</b>	<b>724,291</b>	<b>12,941</b>

## Statement of Cash Flows

For the four years ending 30 June 2023

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual		Projections		
		2018/19	2019/20	2020/21	2021/22	2022/23
		\$'000	\$'000	\$'000	\$'000	\$'000
		Inflows	Inflows	Inflows	Inflows	Inflows
		(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)
<b>Cash flows from operating activities</b>						
Rates and charges		107,991	111,161	114,328	117,574	120,902
Statutory fees and fines		5,031	4,900	5,047	5,199	5,354
User fees		6,432	4,392	4,489	4,664	4,800
Grants – operating		12,828	12,805	13,125	13,453	13,789
Grants - capital		8,040	6,003	3,715	915	2,415
Contributions - monetary		4,232	4,136	3,570	3,570	5,770
Interest received		1,817	1,427	1,328	1,195	1,161
Trust funds and deposits taken		-	-	-	-	-
Other receipts		2,350	2,906	2,993	3,083	3,175
Net GST refund / payment		-	-	-	-	-
Employee costs		(56,375)	(53,688)	(55,560)	(57,277)	(59,281)
Materials and services		(43,005)	(48,039)	(48,663)	(49,583)	(50,996)
Trust funds and deposits repaid		-	-	-	-	-
Other payments		-	-	-	-	-
<b>Net cash provided by/(used in) operating activities</b>	<b>4.4.1</b>	<b>49,342</b>	<b>46,001</b>	<b>44,372</b>	<b>42,793</b>	<b>47,090</b>
<b>Cash flows from investing activities</b>						
Payments for property, infrastructure, plant and equipment		(38,196)	(59,770)	(60,618)	(45,144)	(47,069)
Proceeds from sale of property, infrastructure, plant and equipment		361	211	200	200	200
Payments for investments		(1,000)	6,000	20,000	9,000	-
<b>Net cash provided by/ (used in) investing activities</b>	<b>4.4.2</b>	<b>(38,835)</b>	<b>(53,559)</b>	<b>(40,418)</b>	<b>(35,944)</b>	<b>(46,869)</b>
<b>Cash flows from financing activities</b>						
Finance costs		(626)	(628)	(627)	(357)	(199)
Proceeds from borrowings		-	-	-	-	-
Repayment of borrowings		-	-	-	(9,200)	-
<b>Net cash provided by/(used in) financing activities</b>	<b>4.4.3</b>	<b>(626)</b>	<b>(628)</b>	<b>(627)</b>	<b>(9,557)</b>	<b>(199)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>9,880</b>	<b>(8,186)</b>	<b>3,327</b>	<b>(2,708)</b>	<b>22</b>
Cash and cash equivalents at the beginning of the financial year		2,715	12,595	4,409	7,736	5,028
<b>Cash and cash equivalents at the end of the financial year</b>		<b>12,595</b>	<b>4,409</b>	<b>7,736</b>	<b>5,028</b>	<b>5,051</b>

## Statement of Capital Works

For the four years ending 30 June 2023

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000
<b>Property</b>						
Land		643	-	-	-	-
Land improvements		389	-	-	-	-
<b>Total land</b>		<b>1,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings		9,796	27,716	28,030	14,555	16,810
Heritage buildings		941	-	-	-	-
Building improvements		-	-	-	-	-
Leasehold improvements		-	-	-	-	-
<b>Total buildings</b>		<b>10,738</b>	<b>27,716</b>	<b>28,030</b>	<b>14,555</b>	<b>16,810</b>
<b>Total property</b>		<b>11,770</b>	<b>27,716</b>	<b>28,030</b>	<b>14,555</b>	<b>16,810</b>
<b>Plant and equipment</b>						
Heritage plant and equipment		-	-	-	-	-
Plant, machinery and equipment		1,340	1,050	1,075	1,100	1,125
Fixtures, fittings and furniture		1,153	70	100	100	100
Computers and telecommunications		673	1,160	823	571	632
Library books		936	900	930	953	977
<b>Total plant and equipment</b>		<b>4,102</b>	<b>3,180</b>	<b>2,928</b>	<b>2,724</b>	<b>2,834</b>
<b>Infrastructure</b>						
Roads		7,854	4,675	5,580	5,670	5,740
Bridges		165	275	285	290	300
Footpaths and cycleways		3,361	3,537	3,700	3,450	4,250
Drainage		280	2,130	3,090	3,100	3,110
Recreational, leisure and community facilities		2,446	2,143	5,025	6,345	4,835
Parks, open space and streetscapes		6,223	15,054	9,570	6,090	5,295
Waste management		300	10	150	650	1,825
Off street car parks		783	420	1,000	1,000	1,000
Other infrastructure		912	630	1,260	1,270	1,070
<b>Total infrastructure</b>		<b>22,324</b>	<b>28,874</b>	<b>29,660</b>	<b>27,865</b>	<b>27,425</b>
<b>Total capital works expenditure</b>	<b>4.5.1</b>	<b>38,196</b>	<b>59,770</b>	<b>60,618</b>	<b>45,144</b>	<b>47,069</b>
<b>Expenditure types represented by:</b>						
New asset expenditure		8,110	12,150	7,965	11,160	16,955
Asset renewal expenditure		25,197	23,367	31,357	26,218	25,161
Asset upgrade expenditure		4,890	24,253	21,296	7,767	4,954
<b>Total capital works expenditure</b>	<b>4.5.1</b>	<b>38,196</b>	<b>59,770</b>	<b>60,618</b>	<b>45,144</b>	<b>47,069</b>
<b>Funding sources represented by:</b>						
Grants		7,574	6,003	3,715	915	2,415
Contributions		466	-	-	-	-
Council cash		30,156	53,767	56,903	44,229	44,654
Borrowings		-	-	-	-	-
<b>Total capital works expenditure</b>	<b>4.5.1</b>	<b>38,196</b>	<b>59,770</b>	<b>60,618</b>	<b>45,144</b>	<b>47,069</b>

## Statement of Human Resources

For the four years ending 30 June 2023

	Forecast Actual 2018/19 \$'000	Budget 2019/20 \$'000	Strategic Resource Plan Projections		
			2020/21 \$'000	2021/22 \$'000	2022/23 \$'000
<b>Staff expenditure</b>					
Employee costs - operating	56,844	54,175	56,063	57,797	59,820
Employee costs - capital	-	-	-	-	-
<b>Total staff expenditure</b>	<b>56,844</b>	<b>54,175</b>	<b>56,063</b>	<b>57,797</b>	<b>59,820</b>
	FTE	FTE	FTE	FTE	FTE
<b>Staff numbers</b>					
Employees	563.2	505.4	505.4	503.4	503.4
<b>Total staff numbers</b>	<b>563.2</b>	<b>505.4</b>	<b>505.4</b>	<b>503.4</b>	<b>503.4</b>

The above table reflects staffing levels from one financial year to another. The decrease in FTE in 2019-20 is mainly attributable to the sub-contracting of some community care services (58.5 FTE).

Other reductions relate to staff structural changes following the consolidation of two directorates (1.8 FTE), strategy and advocacy (2.0 FTE), family day (1.4 FTE) and school focused youth serviced fund position funded for 6 months (0.5FTE).

Increases in FTE relate to structural changes including the creation of strategic projects, strategic asset planner, open space planner and city service maintenance officers (4.7 FTE). These are in part offset by a reduction in agency staff.

The new FTE in the 2019/20 Budget year includes provision for an indigenous pathways role as part of Council's reconciliation action plan (1.0 FTE) and temporary local laws officers (1 FTE). Other increases (totalling 2.2 FTE) are for the visitor information centre, maternal and child health and business & industry development.

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

Department	Budget 2019/20 \$'000	Comprises			
		Permanent		Casual	Temporary
		Full time \$'000	Part Time \$'000	\$'000	\$'000
Chief Executive's Office	1,797	1,323	255	-	219
Corporate Services	10,669	7,885	1,405	1,034	345
Sustainable Communities	24,231	14,881	7,598	690	1,063
Infrastructure & City Services	17,478	14,804	729	466	1,479
Total permanent staff expenditure	48,880	38,894	9,986	2,189	3,106
Casuals, temporary and other expenditure	5,295				
Capitalised Labour costs					
<b>Total expenditure</b>	<b>54,175</b>				

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

Department	Budget 2019/20 FTE	Comprises			
		Permanent		Casual	Temporary
		Full time	Part Time		
Chief Executive's Office	13.5	8.9	2.6	-	2.0
Corporate Services	101.8	71.9	14.7	11.6	3.6
Sustainable Communities	224.1	131.1	76.4	5.2	11.5
Infrastructure & City Services	166.1	144.4	7.1	2.5	12.0
Total permanent staff	457.1	356.3	100.8	19.3	29.1
Casuals, temporary and other expenditure	48.3				
Capitalised Labour costs					
<b>Total staff</b>	<b>505.4</b>				

## 4. Notes to the financial statements

This section presents detailed information on material components of the financial statements. *Council needs to assess which components are material, considering the dollar amounts and nature of these components.*

### 4.1 Comprehensive Income Statement

#### 4.1.1 Rates and charges

Rates and charges are required by the Act and the Regulations to be disclosed in Council's annual budget.

In developing the Strategic Resource Plan, rates and charges were identified as an important source of revenue. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The Fair Go Rates System (FGRS) sets out the maximum amount councils may increase rates in a year. For 2019-20 the FGRS cap has been set at 2.50 per cent. The cap applies to both general rates and municipal charges (which Hobsons Bay does not have) and is calculated on the basis of council's average rate.

The Essential Services Commission determined that Hobsons Bay were immaterially non-compliant with the rate cap in 2018-19. Council resolved to reduce its rate increase in 2019-20 by 0.03 per cent below the rate cap to refund ratepayers for the immaterial non-compliance (an average of 75 cents per property). The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the community.

To achieve Council's objectives whilst maintaining service levels and a strong capital expenditure program, the average general rate will increase by 2.47 per cent in line with the rate cap and Council's commitment to reduce its rate increase by 0.03 per cent below the rate cap. There has also been an average increase of 2.16 per cent in the amounts to be levied for waste services. These are exempt from the cap as income calculations are based on the cost to provide the service.

Whilst the average general rate increase is 2.47 per cent as mentioned above, the average rate and charge is expected to increase by 2.44 per cent, a result of the slightly lower increase required in waste service charges to cover the full cost of providing this service.

Rate income will increase by 2.85 per cent, due to supplementary growth, raising total rates and charges for 2019-20 to \$111.161 million.

4.1.1(a) The reconciliation of the total rates and charges to the Comprehensive Income Statement is as follows:

	Forecast Actual 2018/19 \$'000	Budget 2019/20 \$'000	Change	
			\$'000	%
General rates*	98,229	101,240	3,011	3.07%
Municipal charge*	-	-	-	-
Waste management charge	8,821	9,055	234	2.65%
Service rates and charges	-	-	-	-
Special rates and charges	-	-	-	-
Supplementary rates and rate adjustments	400	400	-	0.00%
Interest on rates and charges	450	450	-	0.00%
Revenue in lieu of rates	513	344	(169)	(32.94%)
Council rebates	(328)	(328)	-	0.00%
<b>Total rates and charges</b>	<b>108,085</b>	<b>111,161</b>	<b>3,076</b>	<b>2.85%</b>

\* These items are subject to the rate cap established under the FGRS.

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

Type or class of land	2018/19 cents/\$CIV	2019/20 cents/\$CIV*	Change
General rate for rateable residential properties	0.2060	0.2128	3.29%
General rate for rateable residential vacant land properties	0.3090	0.3405	10.18%
General rate for rateable commercial properties	0.5150	0.5107	(0.84%)
General rate for rateable industrial properties	0.7355	0.7597	3.29%
General rate for rateable petro-chemical properties	0.8240	0.8512	3.29%
Rate concession for rateable cultural & recreational properties	0.0927	0.0958	3.29%

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

Type or class of land	2018/19 \$'000	2019/20 \$'000	Change \$'000	%
Residential	66,189,859	67,045,139	855,280	1.29%
Residential vacant land	679,186	649,653	(29,533)	(4.35%)
Commercial	7,579,223	7,865,616	286,393	3.78%
Industrial	20,890,353	22,927,185	2,036,833	9.75%
Petro-chemical	2,595,604	2,672,264	76,660	2.95%
Cultural and recreational	76,242	79,982	3,739	4.90%
<b>Total amount to be raised by general rates</b>	<b>98,010,467</b>	<b>101,239,839</b>	<b>3,229,372</b>	<b>3.29%</b>

4.1.1(d) The number of assessments in relation to each type or class of land, and the total number of assessments, compared with the previous financial year.

Type or class of land	2018/19 Number	2019/20 Number	Change \$'000	%
Residential	38,371	38,862	491	1.28%
Residential vacant land	269	247	(22)	(8.18%)
Commercial	1,391	1,420	29	2.08%
Industrial	1,681	1,708	27	1.61%
Petro-chemical	18	18	0	0.00%
Cultural and recreational	40	40	0	0.00%
<b>Total number of assessments</b>	<b>41,770</b>	<b>42,295</b>	<b>525</b>	<b>1.26%</b>

4.1.1(e) The basis of valuation to be used is the Capital Improved Value (CIV).

4.1.1(f) The estimated total value of each type or class of land, and the estimated total value of land, compared with the previous financial year

Type or class of land	2018/19 \$'000	2019/20 \$'000	Change \$'000	%
Residential	32,130,333	31,507,998	(622,335)	(1.94%)
Residential vacant land	219,768	190,816	(28,952)	(13.17%)
Commercial	1,471,778	1,540,193	68,415	4.65%
Industrial	2,840,179	3,017,789	177,610	6.25%
Petro-chemical	314,994	313,959	(1,035)	(0.33%)
Cultural and recreational	82,284	83,528	1,244	1.51%
<b>Total value of land</b>	<b>37,059,336</b>	<b>36,654,282</b>	<b>(405,054)</b>	<b>(1.09%)</b>

4.1.1(g) The municipal charge under Section 159 of the Act compared with the previous financial year

Type of Charge	Per Rateable Property 2018/19	Per Rateable Property 2019/20	Change	
	\$	\$	\$	%
Municipal		<b>Not applicable</b>		

4.1.1(h) The estimated total amount to be raised by municipal charges compared with the previous financial year

Type of Charge	2018/19	2019/20	Change	
	\$	\$	\$	%
Municipal		<b>Not applicable</b>		

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

Type of Charge	Per Rateable Property 2018/19	Per Rateable Property 2019/20	Change	
	\$	\$	\$	%
Rubbish & recycling, incl. 240L greenwaste (group A)	229.05	234.00	4.95	2.16%
Rubbish & recycling, incl. 120L greenwaste (group B)	226.85	231.75	4.90	2.16%
Rubbish recycling, private greenwaste (group C)	218.00	222.70	4.70	2.16%
Rubbish & recycling (group D)	218.00	222.70	4.70	2.16%
Additional Garbage (group E)	172.50	176.25	3.75	2.17%
Additional Recycle (group F)	90.00	92.00	2.00	2.22%
Additional Green (group G)	90.00	92.00	2.00	2.22%
Additional Private (group H)	75.00	75.00	0.00	0.00%

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

Type of Charge	2018/19	2019/20	Change	
	\$	\$	\$	%
Rubbish & recycling, incl. 240L greenwaste (group A)	3,606,392	3,718,026	111,634	3.10%
Rubbish & recycling, incl. 120L greenwaste (group B)	1,173,041	1,226,885	53,843	4.59%
Rubbish recycling, private greenwaste (group C)	1,077,574	1,077,423	(151)	(0.01%)
Rubbish & recycling (group D)	2,792,580	2,860,359	67,779	2.43%
Additional Garbage (group E)	104,190	129,368	25,178	24.16%
Additional Recycle (group F)	23,940	30,728	6,788	28.35%
Additional Green (group G)	10,800	12,052	1,252	11.59%
Additional Private (group H)	150	150	0	0.00%
<b>Total</b>	<b>8,788,668</b>	<b>9,054,989</b>	<b>266,322</b>	<b>3.03%</b>



4.1.1(k) The estimated total amount to be raised by all rates and charges compared with the previous financial year

	2018/19 \$'000	2019/20 \$'000	Change \$'000	%
General rates	98,010	101,240	3,229	3.29%
Service charge – rubbish & refuse	8,789	9,055	266	3.03%
<b>Sub-total</b>	<b>106,799</b>	<b>110,295</b>	<b>3,496</b>	<b>3.27%</b>
Payment in lieu of rates	333	344	11	3.30%
Supplementary Rates	400	400	-	0.00%
Council rebates	(344)	(328)	16	(4.65%)
Interest on rate and charges	450	450	-	0.00%
<b>Total rates and charges</b>	<b>107,638</b>	<b>111,161</b>	<b>3,523</b>	<b>3.27%</b>

4.1.1(l) Fair Go Rates System Compliance

Hobsons Bay City Council is fully compliant with the State Government's Fair Go Rates System.

	2018/19	2019/20
Total Rates	\$97,934,225	\$101,159,857
Number of rateable properties	41,730	42,255
Base Average Rate	\$2,346.85	\$2,394.03
Maximum Rate Increase (set by the State Government)	2.25%	2.47%
Capped Average Rate	\$2,346.43	\$2,394.03
Maximum General Rates and Municipal Charges Revenue	\$98,010,467	\$101,165,524
Budgeted General Rates and Municipal Charges Revenue	\$98,010,467	\$101,159,857
Budgeted Supplementary Rates	400,000	\$400,000
Budgeted Total Rates and Municipal Charges Revenue	\$98,410,467	\$101,559,857

\* The Maximum Rate Increase of 2.50 per cent (set by the State Government) has been reduced to 2.47 per cent in line with Council's commitment to reduce its rate increase to 0.03 per cent below the rate cap to refund ratepayers for the immaterial non-compliance (an average of 75 cents per property) in 2018-19.

\* The figures above do not include cultural and recreational properties or service charges as these items are excluded from the rate cap.

4.1.1(m) Any significant changes that may affect the estimated amounts to be raised by rates and charges

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

- the making of supplementary valuations (2018-19: est.\$400,000 and 2017-18: \$400,000)
- the variation of returned levels of value (e.g. valuation appeals)
- changes of use of land such that rateable land becomes non-rateable land and vice versa
- changes of use of land such that residential land becomes business land and vice versa

#### 4.1.1(n) Differential rates

##### **Rates to be levied**

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

- a general rate of 0.2128 (0.2128 cents in the dollar of CIV) for all rateable residential properties
- a general rate of 0.3405 (0.3405 cents in the dollar of CIV) for all rateable vacant residential properties
- a general rate of 0.5107 (0.5107 cents in the dollar of CIV) for all rateable commercial properties
- a general rate of 0.7597 (0.7597 cents in the dollar of CIV) for all rateable industrial properties
- a general rate of 0.8512 (0.8512 cents in the dollar of CIV) for all rateable petro chemical properties
- a rate (concession) of 0.0958 (0.0958 cents in the dollar of CIV) for all rateable cultural and recreational properties

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

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

##### **Commercial land**

Commercial land is any land:

- which is used primarily for the sale of goods or services
- which is used primarily for other commercial purposes; or
- on which no building is erected but which, by reason of its locality and zoning under the relevant Planning Scheme, would - if developed - be or be likely to be used primarily for:
  - the sale of goods or services; or
  - other commercial purposes

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

- construction and maintenance of infrastructure assets
- development and provision of health, environmental, conservation and community services
- provision of strategic and economic management and general support services; and
- promotion of cultural, heritage and tourism aspects of Council's municipal district

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

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the differential rate is the level, which Council considers is necessary to achieve the objectives specified above.

The geographic location of the land within this differential rate is wherever located within the municipal district.

The use of the land within this differential rate, is any use permitted under the relevant planning scheme.

The planning scheme zoning, is the zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

The types of buildings on the land are, all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2019-20 financial year.

## **Industrial Land**

Industrial land is any land:

- which is not petrochemical land, but is used primarily for industrial purposes; or
- which no building is erected but which, by reason of its locality and zoning under the relevant Planning Scheme, would - if developed - be or be likely to be used primarily for industrial purposes

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

- construction and maintenance of infrastructure assets
- development and provision of health, environmental, conservation and community services
- provision of strategic and economic management and general support services; and
- promotion of cultural, heritage and tourism aspects of Council's municipal district

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

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the differential rate is the level, which Council considers is necessary to achieve the objectives specified above.

The geographic location of the land within this differential rate is wherever located within the municipal district.

The use of the land within this differential rate, is any use permitted under the relevant planning scheme.

The planning scheme zoning, is the zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

The types of buildings on the land are, all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2019-20 financial year.

## **Petro Chemical Land**

Petro Chemical land is any land which is used primarily for the:

- manufacture
- production; or
- conveyance of:
  - petroleum or any like substance; or
  - petrochemicals or any like substances

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

- construction and maintenance of infrastructure assets
- development and provision of health, environmental, conservation and community services
- provision of strategic and economic management and general support services; and
- promotion of cultural, heritage and tourism aspects of Council's municipal district

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

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the differential rate is the level, which Council considers is necessary to achieve the objectives specified above.

The geographic location of the land within this differential rate is wherever located within the municipal district.

The use of the land within this differential rate is any use permitted under the relevant planning scheme.

The planning scheme zoning, is the zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

The types of buildings on the land are, all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2019-20 financial year.

### **Vacant Residential Land**

Vacant Residential land is any land:

- on which no dwelling is erected but which, by reason or its locality and zoning under the relevant Planning Scheme, would – if developed – be or be likely to be used primarily for residential purposes
- which is not
  - commercial land
  - industrial land; or
  - petrochemical land

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

- construction and maintenance of infrastructure assets
- development and provision of health, environmental, conservation and community services
- provision of strategic and economic management and general support services; and
- promotion of cultural, heritage and tourism aspects of Council's municipal district

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

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the differential rate is the level, which Council considers is necessary to achieve the objectives specified above.

The geographic location of the land within this differential rate is wherever located within the municipal district.

The use of the land within this differential rate is any use permitted under the relevant planning scheme.

The planning scheme zoning is the zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

The types of buildings on the land are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2019-20 financial year.

## **Other Land (including Residential Land)**

Other land (including residential land) is any land:

- which is used primarily for residential purposes;
- which is not
  - vacant residential land
  - commercial land
  - industrial land; or
  - petrochemical land

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

- construction and maintenance of infrastructure assets
- development and provision of health, environmental, conservation and community services
- provision of strategic and economic management and general support services; and
- promotion of cultural, heritage and tourism aspects of Council's municipal district

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

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the differential rate is the level, which Council considers is necessary to achieve the objectives specified above.

The geographic location of the land within this differential rate is wherever located within the municipal district.

The use of the land within this differential rate is any use permitted under the relevant planning scheme.

The planning scheme zoning is the zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

The types of buildings on the land are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2019-20 financial year.

## **Rate Concession for Rateable Cultural and Recreational Properties**

The Cultural and Recreational Lands Act of 1963 provides for a Council to grant a rating concession to any "recreational lands" which meet the test of being rateable land under the *Local Government Act 1989*.

The definition of recreational lands under the *Cultural and Recreational Lands Act 1963*, Section 2 means lands, which are:

*Vested in or occupied by anybody corporate or unincorporated body which exist for the purpose of providing or promoting cultural or sporting recreational or similar facilities or objectives and which applies its profits in promoting its objects and prohibits the payment of any dividend or amount to its members: and*  
*used for outdoor sporting recreational or cultural purposes or similar outdoor activities; or*  
*Lands which are used primarily as agricultural showgrounds.*

Section 169 of the *Local Government Act 1989*, provides an opportunity for Council to grant a concession for properties described by definition as a sporting club under the *Cultural and Recreational Lands Act 1963*. For the rating year 2018-19 Council provides a concession to 40 properties coded with a description of "sporting club" in Council's rate records. The residential rate is applied to these properties and then a 55 per cent discount on rates is apportioned to each property. It is considered that these clubs provide a benefit to the general community and their activities assist in the proper development of the municipal district.

### 4.1.2 Statutory fees and fines

	Forecast Actual 2018/19 \$'000	Budget 2019/20 \$'000	Change \$'000 %	
Infringements and costs	2,176	1,976	(200)	(9.2%)
Court recoveries	12	12	-	1.6%
Town planning fees	2,096	2,091	(4)	(0.2%)
Animal control	630	660	30	4.8%
Land information certificates	77	82	5	6.0%
Library fines	40	38	(3)	(6.3%)
Road Management fees	-	41	41	100.0%
<b>Total statutory fees and fines</b>	<b>5,031</b>	<b>4,900</b>	<b>(131)</b>	<b>(2.6%)</b>

Statutory fees and fines relate mainly to fees and fines levied in accordance with legislation and include animal registrations, *Public Health and Wellbeing Act 2008* registrations and parking fines. Increases in statutory fees are made in accordance with legislative requirements.

Statutory fees and fines are projected to decrease by \$131,000 compared to 2018-19. The main decrease is expected in infringements and costs - parking fines (\$200,000).

Road management fees are expected to increase by \$41,000 as are animal registrations by \$30,000.

A detailed listing of fees and charges is attached as an appendix.

### 4.1.3 User fees

	Forecast Actual 2018/19 \$'000	Budget 2019/20 \$'000	Change \$'000 %	
Aged and health services	2,146	1,084	(1,061)	(49.5%)
Parking	867	902	35	4.0%
Child care/children's programs	376	345	(31)	(8.3%)
Recreation	364	132	(232)	(63.7%)
Other fees and charges	726	781	55	7.6%
Registration and other permits	475	325	(150)	(31.5%)
Building services	396	411	15	3.7%
Roads and drains	312	376	64	20.6%
Property revaluation fees	12	15	3	25.0%
Library	140	149	9	6.7%
Waste management services	-	128	128	100.0%
<b>Total user fees</b>	<b>5,814</b>	<b>4,649</b>	<b>(1,165)</b>	<b>(20.0%)</b>

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include, use of leisure, entertainment and other community facilities and the provision of human services such as family day care and home help services.

User charges are projected to decrease by \$1.165 million over 2019-20. The main factor contributing to the decline are structural changes occurring within the disability and aged sector, reducing community care service fees (\$1.061 million). Other factors contributing to the decrease are the removal of boat ramp permits as directed by the State Government (\$356,000) and family day care (\$34,000).

Increases include secondary hard waste collection services (\$128,000) and parking fees (\$35,000).

A detailed listing of fees and charges is attached as an appendix.

#### 4.1.4 Grants

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall, the level of operating grants is projected to decrease of \$23,000 (less than 1 per cent) compared to 2018-19.

There is a decline in recurrent aged care when compared to the 2018-19 forecast (\$227,000). Youth services within family, youth and children services is budgeted to decrease as the school focused services are budgeted for six month in 2019-20 (94,000) as is the community safety funded preventing violence funded in 2018-19 (\$72,000).

Recurrent recreation funding has been budgeted to increase to offset the reduction in relation to boat ramp permits and general boating facilities operations (\$317,000) and financial assistant grants (\$139,000).

Non recurrent state funding for infrastructure comprises funding for the Western distributor project (\$200,000) and level crossing removal project (\$200,000), consistent with the prior year.

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall the level of capital grants has decreased by \$1.57 million compared to 2018-19.

The budget for 2019-20 includes non-recurrent capital grant funding (\$10.624 million), which is reduced due to income received earlier than expected (\$4.621 million).

A list of operating and capital grants by type and source, classified into recurrent and non-recurrent, is included on the next page.

	Forecast Actual 2018/19 \$'000	Budget 2019/20 \$'000	Change \$'000 %	
Grants were received in respect of the following:				
Summary of grants				
Commonwealth funded grants	9,341	8,783	(559)	(6%)
State funded grants	11,061	10,026	(1,035)	(9%)
Total grants received	20,402	18,809	(1,593)	(8%)
(a) Operating Grants				
Recurrent - Commonwealth Government				
Aged care	4,915	4,791	(124)	(3%)
Family, youth and children services	281	272	(9)	(3%)
Financial assistance grants	2,702	2,841	139	5%
Recurrent - State Government				
Aged care	1,316	1,212	(103)	(8%)
Beach cleaning	104	104	-	0%
Community Safety	72	-	(72)	(100%)
School crossing supervisors	284	300	16	6%
Libraries	627	629	2	0%
Family, youth and children services	576	509	(68)	(12%)
Recreation	67	367	301	451%
Maternal and child health	725	743	18	3%
Food services	7	13	6	87%
Public health	97	98	2	2%
Other	33	-	(33)	(100%)
Total recurrent operating grants	11,805	11,879	74	1%
Non-recurrent - Commonwealth Government				
Aged care	498	498	-	0%
Non-recurrent - State Government				
Aged care	26	26	-	0%
Infrastructure	400	400	-	0%
Other	98	1	(97)	99%
Total non-recurrent operating grants	1,023	925	(97)	(10%)
Total operating grants	12,828	12,805	(23)	0%
(b) Capital Grants				
Recurrent - Commonwealth Government				
Roads to recovery	945	380	(565)	(60%)
Recurrent - State Government				
	-	-	-	0%
Total recurrent capital grants	945	380	(565)	(60%)
Non-recurrent - Commonwealth Government				
Non-recurrent - State Government				
Infrastructure	6,564	5,574	(990)	(15%)
Recreation	65	50	(15)	(23%)
Total non-recurrent capital grants	6,629	5,624	(1,005)	(15%)
Total capital grants	7,574	6,003	(1,570)	(21%)
Total Grants	20,402	18,809	(1,593)	(8%)



#### 4.1.5 Contributions

	Forecast Actual 2018/19 \$'000	Budget 2019/20 \$'000	Change	
			\$'000	%
Monetary	4,698	4,135	(562)	(12.0%)
Non-Monetary	-	-	-	0%
<b>Total contributions</b>	<b>4,698</b>	<b>4,136</b>	<b>(562)</b>	<b>(12.0%)</b>

Contributions relate to monies paid by developers in regard to public resort and recreation, drainage and car parking, in accordance with planning permits issued for property development. Other contributions are made by corporations and organisations for specific capital programs.

Contributions have been budgeted to decrease by \$562,000 (12 per cent) mainly due to a reduction in open space contributions (\$500,000), a one off developer contribution in the prior year for the Hobson Bay caravan park (\$92,000) and no capital contributions being budgeted for (\$466,000 in 2018-19).

Contributions have been increased for more recent developer contribution plans mainly due to the former Caltex site (\$266,000) and Port Phillip Woollen Mill (\$230,000).

#### 4.1.6 Other income

	Forecast Actual 2018/19 \$'000	Budget 2019/20 \$'000	Change	
			\$'000	%
Interest	1,817	1,427	(390)	(21.5%)
Investment property rental	1,811	2,299	488	26.9%
Other rent	538	607	69	12.8%
Other	4	0	(4)	(100.0%)
<b>Total other income</b>	<b>4,170</b>	<b>4,333</b>	<b>163</b>	<b>3.9%</b>

Other income relates mainly to property and other facilities rentals and interest on investments.

The increase of other income by \$163,000 over 2018-19 mainly relates to the increase in projected rentals (\$557,000) offset with a decrease in interest on investments - where a conservative approach has been taken (\$390,000).

#### 4.1.7 Employee costs

	Forecast Actual 2018/19 \$'000	Budget 2019/20 \$'000	Change	
			\$'000	%
Wages and salaries	50,123	48,653	1,470	2.9%
WorkCover	353	421	(68)	(19.2%)
Superannuation	4,555	4,396	159	3.5%
Casual staff	1,632	705	927	56.8%
Redundancy	181	0	181	100.0%
<b>Total employee costs</b>	<b>56,844</b>	<b>54,175</b>	<b>2,670</b>	<b>4.7%</b>

Employee costs include all labour related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements, employer superannuation, rostered days off, etc. Employee costs are projected to decrease by \$2.67 million under 2018-19.

The main saving relates to the outsourcing of community care (\$4.673 million). Other decreases in employee cost include:

- structural changes following the consolidation of two directorates (\$289,000)
- family day care (\$175,000)

The main increases in employee costs include:

- an increase as a result of enterprise agreement, which will be re-negotiated after it expires on 30 June 2019. This accounts for an estimated increase of \$1.059 million
- structural changes including the creation of the strategic projects department, a strategic asset planner, open space planner and city service maintenance officers (\$561,000)
- new position included in the 2019-20 budget in relation to an indigenous pathways role, as part of Council's reconciliation action plan (\$81,000)

#### 4.1.8 Materials and services

	Forecast Actual 2018/19 \$'000	Budget 2019/20 \$'000	Change \$'000 %	
Building maintenance	4,725	4,769	(44)	(0.9%)
General maintenance	5,806	5,350	456	7.9%
Utilities	3,152	3,176	(24)	(0.8%)
Consultants	2,700	3,038	(337)	(12.5%)
Information technology	1,916	1,930	(14)	(0.7%)
Insurance	837	1,092	(255)	(30.4%)
Environmental and waste management	7,957	9,021	(1,065)	(13.4%)
Community care	1,935	5,094	(3,159)	(163.2%)
Road maintenance	4,486	5,245	(759)	(16.9%)
Arts, culture and community	3,115	3,164	(48)	(1.6%)
Parking and local laws	1,203	1,254	(51)	(4.2%)
Other	4,111	3,835	276	6.7%
<b>Total materials and services</b>	<b>41,943</b>	<b>46,968</b>	<b>(5,025)</b>	<b>(12.0%)</b>

Materials and services include the purchases of consumables and payments to contractors for the provision of services and utility costs. Overall, materials and services are expected to increase by \$5.025 million (12.0 per cent) compared to 2018-19.

The main projected increase relates to the new sub-contracting arrangement for community care services – where the additional contract cost is offset by savings in other areas (\$2,827 million).

Other projected cost increases relate to increasing intervention levels associated with the Road Management Plan (\$870,000), the introduction of the food waste recycling program to be funded from the waste reserve (\$666,000), insurances (\$255,000), level crossing removal project consultants (\$200,000), scoping and implementation of a new project managements system (\$150,000) and planning scheme amendment legal fees (\$145,000).

The main decreases relate to projects transferred from the capital works program, which do not add to the Council's asset base (\$500,000) and VCAT appeals consultants (\$140,000).

#### 4.1.9 Depreciation and amortisation

	Forecast Actual 2018/19 \$'000	Budget 2019/20 \$'000	Change \$'000      %	
Property	3,051	3,262	(211)	(6.9%)
Plant & equipment	2,182	2,495	(313)	(14.3%)
Infrastructure	13,148	13,815	(667)	(5.1%)
<b>Total depreciation and amortisation</b>	<b>18,381</b>	<b>19,571</b>	<b>(1,191)</b>	<b>(6.5%)</b>

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment, including infrastructure assets such as roads and drains. The budgeted increase (\$1.191 million) is due to anticipated asset purchases through the capital works program, mainly during 2018-19. The increase does not take into account revaluations that may occur towards the end of the 2018-19 financial year.

#### 4.1.10 Other expenses

	Forecast Actual 2018/19 \$'000	Budget 2019/20 \$'000	Change \$'000      %	
Auditors remuneration – VAGO	65	65	0	0%
Auditors remuneration - Internal	110	110	0	0%
Councillors' allowances	255	256	(1)	(0.5%)
Operating lease rentals	1,051	1,070	(18)	(1.8%)
<b>Total other expenses</b>	<b>1,481</b>	<b>1,501</b>	<b>(20)</b>	<b>(1.3%)</b>

Other expenses relate to a range of unclassified items including leases, rentals, audit fees and councillors' allowances. Other expenses are projected to increase by \$20,000 compared to 2018-19 (1.3 per cent).

## 4.2 Balance Sheet

### 4.2.1 Assets

Assets are expected to increase by \$25.967 million during 2019-20. This is mainly due to an anticipated increase in Council owned property plant and equipment. These assets represents the largest component of Council's worth and include the value of all the land, buildings, roads, vehicles, equipment, etc. which has been built up by Council over many years. The increase is largely attributable to the net result of the capital works program (\$59.77 million) offset against asset depreciation throughout the year (\$19.571 million).

Cash and investments are budgeted to decrease by \$14.186 million during 2019-20. The decrease in cash is consistent with the significant capital works investment, which is partially funded by the recreation, infrastructure and carryover reserves.

The value of all other assets is predicted to remain reasonably consistent throughout 2019-20.

### 4.2.2 Liabilities

Liabilities are expected to increase by \$916,000 during 2019-20.

Employee leave provisions include accrued long service leave, annual leave and rostered days off owing to employees. Employee entitlements are only expected to increase marginally (\$486,000) due to active management of leave entitlements, despite factoring in an increase for enterprise agreement outcomes.

Trade and other payables are those to whom Council owes money as at 30 June and are budgeted to increase slightly over the previous year (\$271,000).

There is not expected to be any changes to interest-bearing loans and borrowings as no additional borrowings or principal repayments are projected in 2019-20.

### 4.2.3 Borrowings

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

	2018/19	2019/20
	\$	\$
Amount borrowed as at 30 June of the prior year	14,200,000	14,200,000
Amount projected to be borrowed	-	-
Amount projected to be redeemed	-	-
<b>Amount of borrowings as at 30 June</b>	<b>14,200,000</b>	<b>14,200,000</b>

## **4.3 Statement of changes in Equity**

### **4.3.1 Reserves**

Reserve balances are expected to decrease by \$15.049 million, with \$22.148 million transferred out of and \$7.099 million transferred into the reserves during 2019-20.

Transfers out of the reserve include the allocation of reserve fund in the budget for capital works (and capital grants received in advance) carried over from 2018-19 (\$13.86 million), recreation projects (\$5.3 million), Victorian Grants Commission grants (received in advance) carried over from 2018-19 (\$1.403 million), infrastructure projects (\$844,000) and waste management project (\$740,000).

Transfers into the reserve include funds for future use from developer contributions (\$4.136 million), funds set aside for future loan repayments (\$1.525 million) and Victorian Grants Commission grants received in advance for 2020-21 (\$1.438 million).

### **4.3.2 Equity**

Total equity is expected to increase by \$25.05 million during 2019-20, which reflects the operating surplus for the financial year.

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

- asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations
- other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council to be separately disclosed
- accumulated surplus which is the value of all net assets less reserves that have accumulated over time

## 4.4 Statement of Cash Flows

### 4.4.1 Net cash flows provided by/ (used in) operating activities

Operating activities refers to the cash generated or used in the normal service delivery functions of Council. Cash remaining after paying for the provision of services to the community may be available for investment in capital works, or repayment of debt.

Cash flows available from operating activities in 2019-20 is expected to decrease by \$3.341 million from the previous year. The decrease is mainly a result of budgeted:

- increase in payments for materials – generally external contracts (\$5.034 million)
- decrease in income to be received – outside of rates (\$4.162 million)
- increase in rates to be received (\$3.169 million)
- decrease in payments to employees (\$2.686 million)

Net cash flows from operating activities does not equal the surplus for the year as the expected revenues and expenses of the Council include non-cash items, which have been excluded from the Cash Flow Statement. The budgeted operating result is reconciled to budgeted cash flows available from operating activities as set out in the following table:

	<b>Forecast Actual 2018-19 \$'000</b>	<b>Budget 2019-20 \$'000</b>	<b>Variance \$'000</b>
<b>Surplus (deficit) for the year</b>	28,709	25,050	(3,659)
Depreciation	18,381	19,571	1,190
Loss (gain) on disposal of property, infrastructure, plant and equipment	(52)	(61)	(9)
Net movement in current assets and liabilities	2,304	1,441	(863)
<b>Cash flows available from operating activities</b>	<b>49,342</b>	<b>46,001</b>	<b>(3,341)</b>

### 4.4.2 Net cash flows provided by/ (used in) investing activities

Investing activities refers to cash generated or used in the enhancement or creation of infrastructure and other assets. These activities also include the acquisition and sale of other assets such as vehicles, property and equipment.

The increase in payments for investing activities generally represents the planned significant increase in capital works expenditure (\$21.574 million) offset against payments for investments (\$7 million).

### 4.4.3 Net cash flows provided by/ (used in) financing activities

Financing activities refers to cash generated or used in the financing of Council functions and include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities also include repayment of the principal component of loan repayments for the year.

No loan borrowings or principal repayments are projected in 2019-20 and finance charges are projected to be \$628,000. This is (generally) consistent with 2018-19 as finance costs relate to fixed interest on existing \$14.2 million loans.

## 4.5 Capital works program

This section presents a listing of the capital works projects that will be undertaken for the 2018/19 year, classified by expenditure type and funding source. Works are also disclosed as current budget or carried forward from prior year.

### 4.5.1 Summary

	Forecast Actual 2018/19 \$'000	Budget 2019/20 \$'000	Change \$'000	%
Property	11,770	27,716	15,946	135.47%
Plant and equipment	4,102	3,180	(922)	(22.48%)
Infrastructure	22,324	28,874	6,550	29.34%
<b>Total</b>	<b>38,196</b>	<b>59,770</b>	<b>21,574</b>	<b>56.48%</b>

#### Property (\$27.716 million)

Property includes land, land improvements, buildings including heritage buildings, community facilities, municipal offices, sports facilities and pavilions.

For the 2019-20 year, \$27.716 million will be expended on building and building improvement projects. The more significant projects include the Altona Sports Centre extension (\$7 million), Altona Civic Centre, Customer Service and Community meeting space (\$5.3 million), Bayside College Paisley sports campus redevelopment (\$3 million), J.T. Gray reserve pavilion (\$2.965 million), Digman reserve (\$2.4 million), Bayside College Williamstown campus sports redevelopment (\$2 million), Dennis reserve (\$1.4 million) and Fearon reserve (\$1.1 million).

#### Plant and equipment (\$3.18 million)

Plant and equipment includes plant, machinery and equipment, computers and telecommunications, furniture, fixtures, fittings and library books.

For the 2019-20 year, \$3.18 million will be expended on plant and equipment. The more significant projects include cyclical replacement of the plant and vehicle fleet (\$1.05 million), library materials (\$900,000), upgrade and replacement of information technology (\$650,000) and the library IT equipment and management system upgrade (\$310,000).

#### Infrastructure (\$28.874 million)

Infrastructure includes roads, bridges, footpaths and cycleways, drainage, recreation, leisure and community facilities, parks, open space and streetscapes, off street car parks and other infrastructure.

For the 2019-20 year, \$4.675 million will be expended on road projects. The more significant projects include Merton Street rehabilitation (\$1.45 million), road rehabilitation program (\$1.25 million), road resurfacing program (\$1 million) and pedestrian crossings on Douglas Parade and Pier Street (\$355,000).

Footpaths and cycleways expenditure of \$3.537 million includes Skeleton Creek shared trails upgrade (\$1.5 million), footpath renewal program (\$500,000), Champion Road Newport – pedestrian way/ bike path (\$400,000) and Stages 4 & 5 of the Kororoit Creek trail design (\$320,000).

Drainage expenditure of \$2.13 million includes the drainage renewal program (\$1 million), new drainage and upgrades (\$650,000) and the pit upgrade program (\$80,000).

Parks, open space and streetscapes expenditure of \$15.054 million includes open space enhancement and access for Donald McLean reserve (\$3.8 million) and W.L.J. Crofts reserve (\$3.7 million), Epsom Street project (\$1.1 million), foreshore renewal at P.A. Burns reserve (\$800,000), open space enhancement at – Brooklyn (\$800,000), city image and place making program (\$800,000), community park upgrades at DenDulk, Norah McIntyre, Homestead, and A.H. Ford reserves (\$660,000).

Recreational, leisure and community facilities expenditure of \$2.143 million includes Bayside Paisley College (\$600,000), H.D. Graham reserve sport facility (\$500,000), sports ground floodlighting (\$480,000) and K.C. White reserve – back netting (\$225,000).

#### **Carried forward works – included above (\$9.239 million)**

At the end of each financial year there are projects which are either incomplete or yet to commence due to various factors including planning issues, weather delays and extended consultation periods. For the 2018-19 year it is forecast that \$9.239 million of capital works will be incomplete and carried forward into the 2019-20 year. The carryover figure included in the budget is based on the mid-year forecasts and the final carryover figure will be determined after the year end accounts are finalised. The more significant projects carried forward include the J.T. Gray reserve pavilion (\$2.64 million), Altona Civic Centre, Customer Service and Community meeting space (\$1.3 million) and the Bayside Paisley College sports ground renewal (\$768,000).



	Project Cost \$'000	Asset expenditure types			Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
Property	27,716	7,508	6,859	13,349	3,158	-	24,558	-
Plant and equipment	3,180	0	3,103	77	15	-	3,165	-
Infrastructure	28,874	4,642	13,405	10,827	2,830	-	26,044	-
<b>Total</b>	<b>59,770</b>	<b>12,150</b>	<b>23,367</b>	<b>24,253</b>	<b>6,003</b>	<b>-</b>	<b>53,767</b>	<b>-</b>

**New assets (\$12.15 million), asset renewals (\$23.367 million) and asset upgrades (\$24.253 million)**

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

The major projects included in expenditure on new assets, including carried forward works, are the J.T. Gray reserve pavilion (\$2.965 million), Bayside College - Paisley Campus (\$1.44 million), Digman reserve pavilion (\$1.2 million), Epsom Street Laverton project (\$1.1 million), Dennis reserve (\$700,000) and the H.D. Graham reserve sports facilities (\$500,000).

Significant renewal projects include Altona Civic Centre, Customer Service and Community meeting space (\$4.1 million), road rehabilitation – Merton Street (\$1.45 million), road rehabilitation program (\$1.25 million), open space enhancement and access for Donald McLean reserve (\$1.14 million) and W.L.J. Crofts reserve (\$ 1.1 million), vehicle and plant replacement program (\$1.025 million), road resurfacing program (\$1 million), drainage renewal program (\$1 million) and the building renewal program (\$535,000).

The major projects in the asset upgrade program include the Altona Sports Centre extension (\$7 million), open space enhancement and access for Donald McLean reserve (\$2.28 million) and W.L.J. Crofts reserve (\$2.22 million), Bayside College –Williamstown campus – sports redevelopment (\$1.4 million), Bayside Paisley College sports ground renewal (\$1.32 million), Altona Civic Centre, Customer Service and Community meeting space (\$1.2 million), Skeleton Creek shared trail upgrade (\$1.05 million) and Digman reserve pavilion (\$960,000).

#### 4.5.2 Current Budget

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of Funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
PROPERTY								
Buildings								
Operation Centre design, development and feasibility	150	-	45	105	-	-	150	-
Aquatic Facility strategy implementation - (Hobsons Bay West and Bayfit)	100	100	-	-	-	-	100	-
Building renewal program	535	-	535	-	-	-	535	-
Repurpose of Café Spaces - Laverton Community Hub and Williamstown Library	60	-	18	42	-	-	60	-
Fearon Reserve (Harsley Pavilion) - Family Friendly and storage upgrades	700	-	210	490	290	-	410	-
Paisley Park Soccer Complex - Family Friendly upgrades	500	-	150	350	200	-	300	-
H.C. Kim Reserve Pavilion- - Renewal, Family Friendly and storage upgrades	20	-	6	14	-	-	20	-
Altona Tennis Club - Building Renewal	60	-	60	-	-	-	60	-
Bryan Martyn Oval- Renewal, Family Friendly and Building Renewal	20	-	6	14	-	-	20	-
Greenhouse Strategy Program	470	470	-	-	-	-	470	-
Public Toilet Program	250	-	75	175	-	-	250	-
Altona Yacht Club - Building renewal and upgrade	300	-	90	210	-	-	300	-
Altona Sports Centre Extension	7,000	-	-	7,000	2,700	-	4,300	-
Altona Civic Centre, Customer Service and Community meeting space	4,000	-	2,800	1,200	-	-	4,000	-

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of Funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
Dennis Reserve - Master Plan Implementation	1,400	700	280	420	-	-	1,400	-
Digman Reserve - Master Plan Implementation	2,400	1,200	240	960	250	-	2,150	-
J.T. Gray Reserve New Pavilion	325	260	65	-	325	-	-	-
Bayside College Williamstown Campus Sports Redevelopment	2,000	400	200	1,400	1,150	-	850	-
Bayside College Paisley Campus Sports Redevelopment	2,400	1,440	240	720	1,100	-	1,300	-
Altona North Bowling Club Revamp/Capital Upgrade	60	-	18	42	-	-	60	-
Altona Life Saving Club Tower Upgrade	20	-	6	14	-	-	20	-
<b>TOTAL PROPERTY</b>	<b>22,770</b>	<b>4,570</b>	<b>5,044</b>	<b>13,156</b>	<b>6,015</b>	<b>-</b>	<b>16,755</b>	<b>-</b>
<b>PLANT AND EQUIPMENT</b>								
<b>Plant, Machinery and Equipment</b>								
Vehicle & plant replacement program	1,050	-	1,050	-	-	-	1,050	-
<b>Fixtures, Fittings and Furniture</b>								
Library furniture/fitout & minor works	70	-	70	-	-	-	70	-
<b>Computers and Telecommunications</b>								
ICT strategy and infrastructure	650	-	650	-	-	-	650	-
Library IT equipment upgrade	200	-	200	-	-	-	200	-
Library management system upgrade	110	-	33	77	-	-	110	-
<b>Library books</b>								
Library collections	900	-	900	-	15	-	885	-
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>2,980</b>	<b>-</b>	<b>2,903</b>	<b>77</b>	<b>15</b>	<b>-</b>	<b>2,965</b>	<b>-</b>

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of Funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
INFRASTRUCTURE								
Roads								
Road Rehabilitation Program	1,250	-	1,250	-	380	-	870	-
Road Rehabilitation Merton Street	1,450	-	1,450	-	-	-	1,450	-
Road Resurfacing Program	1,000	-	1,000	-	-	-	1,000	-
Safe Travel to Schools Program	60	-	18	42	-	-	60	-
Local Transport and Movement Plan (LATMs) - West Package	50	-	15	35	-	-	50	-
Vulnerable Road User Road Safety Program	150	-	45	105	75	-	75	-
Mason Street Traffic Safety Review Works	150	-	45	105	75	-	75	-
Merton Street Traffic Safety Review Works	30	-	9	21	-	-	30	-
Pedestrian crossing on Douglas Parade between Wilkins St. and Yarra St.	200	200	-	-	-	-	200	-
Pedestrian crossings in Pier Street, Altona	155	155	-	-	-	-	155	-
Traffic management cnr. of Maidstone St. & Esplanade	150	150	-	-	-	-	150	-
Bridges								
Bridge renewal program	275	-	275	-	-	-	275	-
Footpaths and Cycleways								
Footpath New Program – Crellin Avenue, Gordon Street, Strezlecki Grove, Altona Meadows	200	200	-	-	-	-	200	-

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of Funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
Footpath Renewal Program (Road reserves and parks)	500	-	500	-	-	-	500	
Shared Trails Design and Investigation	60	-	18	42	-	-	60	
Skeleton Creek Shared Trails Upgrade	1,500	-	450	1,050	-	-	1,500	
Champion Road Newport - Pedestrian Way/Bike Path - Creating an 'interconnected' Hobsons Bay	400	400	-	-	-	-	400	
Esplanade / Apex Park interface	130	-	39	91	-	-	130	-
Shared path bike maintenance stations - Three sites	75	75	-	-	-	-	75	-
<b>Drainage</b>								
Drainage Renewal Program	1,000	-	1,000	-	-	-	1,000	-
Drainage New and Upgrade Program	650		195	455			650	
Pit Upgrade Program (industrial and main roads)	80	-	24	56	-	-	80	-
<b>Recreational, Leisure &amp; Community Facilities</b>								
Sports Ground Floodlighting Program	480	-	480	-	-	-	480	-
H.D. Graham Reserve Sport Facility Development	500	500	-	-	-	-	500	-
Coastal Management Plan - Development	80	80	-	-	-	-	80	-
Cricket Practice Nets Renewal Program	20	-	20	-	-	-	20	-
Newport Baseball Club – Replacement of Back Netting (K.C. White Reserve)	225	-	225	-	-	-	225	-
Wetland Centre feasibility study	50	50	-	-	-	-	50	-
Williamstown Baseball Club – Batting Cage (Greenwich Reserve) – Design	20	20	-	-	-	-	20	-

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of Funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
<b>Parks, Open Space and Streetscapes</b>								
Foreshore Renewal Program	100	-	100	-	-	-	100	-
Foreshore Renewal P.A. Burns Reserve	800	-	240	560	-	-	800	-
Open Space Enhancement and Access - Donald McLean Reserve	3,800	380	1,140	2,280	2,175	-	1,625	-
Open Space Enhancement and Access – W.L.J. Crofts Reserve Master plan	3,700	370	1,110	2,220	1,450	-	2,250	-
Open Space Enhancement and Access Project - Brooklyn	800	400	40	360	390	-	410	-
Biodiversity Strategy Implementation works	150	-	45	105	20	-	130	-
Biodiversity Altona Coastal Park Boardwalk	30	30	-	-	30	-	-	-
Biodiversity Rifle Range Wetlands Restoration	40	-	12	28	-	-	40	-
Truganina Explosives Reserve masterplan objectives	90	90	-	-	-	-	90	-
Epsom Street Project (Laverton)	800	800	-	-	-	-	800	-
Fencing Renewal Program	50	-	50	-	-	-	50	-
Irrigation new, upgrades and renewals	200	-	60	140	-	-	200	-
Open Space Assets Renewal	200	-	200	-	-	-	200	-
Community Parks upgrade - G. Den Dulk, Norah McIntyre, Homestead Run, G.J. Hosken & A.H. Ford Reserve	660	-	198	462	-	-	660	-
Playground Renewal - G. Den Dulk, Homestead, Norah McIntyre and A.H. Ford Reserve	450	-	450	-	-	-	450	-
Better Places - City Image and place making Program	800	200	200	400	-	-	800	-

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of Funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
Williamstown Botanic Gardens Master Plan Implementation	250	-	75	175	-	-	250	-
G.J. Hosken Reserve Development	70	-	21	49	-	-	70	-
Kids playground R. Frazer Reserve	40	-	12	28	-	-	40	-
Homestead Run Reserve - Neighbourhood status park	150	-	45	105	-	-	150	-
New safety fence - Doug Grant Reserve	140	140	-	-	-	-	140	-
Fence renewal – A.W. Langshaws reserve	40	-	40	-	-	-	40	-
Altona Community Gardens	10	10	-	-	-	-	10	-
<b>Off Street Car Parks</b>								
Car park renewal program	320	-	320	-	-	-	320	-
<b>Waste management</b>								
Waste management	10	10	-	-	-	-	10	-
<b>Other Infrastructure</b>								
Library Signage	30	-	30		-	-	30	-
Street Lighting Investigation and Improvement	50	-	15	35	-	-	50	-
Cultural Assets Renewal	65	-	65		-	-	65	-
Heritage interpretation signage (including Cultural Street signage Fearon, Brooklyn Migrant Story, Old Laverton School, Williamstown Racecourse and Tide Gauge House)	45	-	45	-	-	-	45	-
<b>TOTAL INFRASTRUCTURE</b>	<b>24,780</b>	<b>4,260</b>	<b>11,571</b>	<b>8,949</b>	<b>4,595</b>	<b>-</b>	<b>20,185</b>	<b>-</b>
<b>TOTAL CAPITAL WORKS</b>	<b>50,530</b>	<b>8,830</b>	<b>19,518</b>	<b>22,182</b>	<b>10,625</b>	<b>-</b>	<b>39,905</b>	<b>-</b>

#### 4.5.3 Works carried forward from the 2018/19 year

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of Funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
PROPERTY								
Buildings								
J.T. Gray reserve	2,640	2,640	-	-	-	-	2,640	-
Altona Civic Centre, Customer Service and Community meeting space	1,300	-	1,300	-	-	-	1,300	-
Fearon reserve Lacrosse building	430	-	430	-	-	-	430	-
Altona Sports Centre extension	297	297	-	-	-	-	297	-
Public toilet upgrade – Williamstown Activity Centre	193	-	-	193	-	-	193	-
Greenhouse strategy - Fleet management	45	-	45	-	-	-	45	-
Williamstown Life Saving Club feasibility and design	40	-	40	-	-	-	40	-
TOTAL PROPERTY	4,945	2,937	1,815	193	-	-	4,945	-
INFRASTRUCTURE								
Roads								
Douglas Parade & Stevedore Street streetscape	200	-	-	200	-	-	200	-
Paine Street laneway	170	-	-	170	-	-	170	-
Hudsons Road Spotswood	100	-	100	-	-	-	100	-
Drainage								
Investigation and design	300	-	300	-	-	-	300	-
Millers Road outfall works	100	-	100	-	-	-	100	-



Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of Funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
<b>Recreational, Leisure and Community Facilities</b>								
Bayside College - Paisley campus sports ground renewal	768	-	-	768	-	-	768	-
<b>Parks, open space and streetscapes</b>								
Bent Street vehicle maintenance ramp	600	-	600	-	-	-	600	-
Armstrong Reserve stage 1	430	-	-	430	-	-	430	-
Millers Road – Pedestrian ramp	404	-	404	-	-	-	404	-
Williamstown Botanic gardens masterplan implementation	100	-	-	100	-	-	100	-
Altona Meadows Dog Park	100	-	-	100	-	-	100	-
Craig Street Reserve	50	-	-	50	-	-	50	-
<b>Off Street Car Parks</b>								
Laverton Park car park lighting	60	-	-	60	-	-	60	-
Sargood Street car park opposite Altona RSL	40	-	40	-	-	-	40	-
<b>Footpaths and cycleways</b>								
Stevedore Street from The Strand to Melbourne Road	160	-	160	-	-	-	160	-
James Street from Ferguson Street to Stevedore Street	70	-	70	-	-	-	70	-
Rennie Street from Stevedore Street to John Street	60	-	60	-	-	-	60	-
Champion Road – Pedestrian Way/Bike path	42	42	-	-	-	-	42	-

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of Funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
Shared trails Kororoit Creek Stage 4 & 5	340	340	-	-	-	-	340	-
<b>TOTAL INFRASTRUCTURE</b>	<b>4,094</b>	<b>382</b>	<b>1,834</b>	<b>1,878</b>	<b>-</b>	<b>-</b>	<b>4,094</b>	<b>-</b>
<b>PLANT AND EQUIPMENT</b>								
<b>Computers &amp; Telecommunications</b>								
ICT Strategy and infrastructure	200	-	200	-	-	-	200	-
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>200</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>-</b>
<b>GRANTS CARRIED FORWARD FROM 2018/19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,621)</b>	<b>-</b>	<b>4,621</b>	<b>-</b>
<b>TOTAL WORKS CARRIED FORWARD FROM 2018/19</b>	<b>9,239</b>	<b>3,319</b>	<b>3,849</b>	<b>2,071</b>	<b>(4,621)</b>	<b>-</b>	<b>13,860</b>	<b>-</b>

## 5. Financial performance indicators

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

Indicator	Measure	Notes	Actual 2017/18	Forecast 2018/19	Budget 2019/20	Strategic Resource Plan Projections			Trend +/o/-
Operating position									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	12.78%	15.32%	13.64%	13.46%	13.74%	14.75%	o
Liquidity									
Working Capital	Current assets / current liabilities	2	271.8%	297.9%	244.8%	145.1%	146.9%	143.7%	-
Unrestricted cash	Unrestricted cash / current liabilities	3	(68.71%)	(62.81%)	(39.57%)	(3.56%)	(11.03%)	(7.30%)	+
Obligations									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	4	13.8%	13.1%	12.8%	12.4%	4.3%	4.1%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		0.6%	0.6%	0.6%	0.5%	8.1%	0.2%	o
Indebtedness	Non-current liabilities / own source revenue		12.2%	12.2%	12.0%	4.6%	4.5%	4.4%	+
Asset renewal	Asset renewal expenses / Asset depreciation	5	72.6%	137.1%	119.4%	156.3%	127.5%	119.4%	o
Stability									
Rates concentration	Rate revenue / adjusted underlying revenue	6	73.10%	76.55%	78.05%	78.52%	78.68%	77.67%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.37%	0.29%	0.30%	0.31%	0.32%	0.33%	o

Indicator	Measure	Notes	Actual	Forecast	Budget	Strategic Resource Plan Projections			Trend +/-
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
Efficiency									
Expenditure level	Total expenses/ no. of property assessments		\$3,013.56	\$2,824.21	\$2,908.07	\$2,979.26	\$3,047.75	\$3,137.67	-
Revenue level	Residential rate revenue / no. of residential property assessments		\$1,802.80	\$1,930.60	\$1,952.47	\$2,001.28	\$2,051.31	\$2,102.60	-

**Key to Forecast Trend:**

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

## Notes to indicators

### 1. Adjusted underlying result

An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Improvement in financial performance expected over the period, although continued losses means reliance on Council's cash reserves or increased debt to maintain services.

### 2. Working Capital

The proportion of current liabilities represented by current assets. Working capital is forecast to remain quite high in the early years of the strategic resource plan due as cash reserves increase to repay principal on loans in 2021-22. The trend in later years outside of the strategic resource plan is that this ratio will be reduced but within acceptable levels.

### 3. Unrestricted Cash

The negative percentage is calculated in accordance with the definition of unrestricted cash within Section 3 of the Regulations and therefore excludes other financial investments. When financial investments are included positive percentages are calculated.

### 4. Debt compared to rates

Trend indicates Council's reducing reliance on debt against its annual rate revenue through redemption of long term debt.

### 5. Asset renewal

This percentage indicates the extent of Council's renewal of assets against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets.

### 6. Rates concentration

Reflects extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates Council will continue to become more reliant on rate revenue compared to all other revenue sources.

## **6. Fees and charges**

Fees and charges of a statutory and non-statutory nature which will be charged in respect to various goods and services provided during the year are attached as an appendix to the Budget 2019-20.