



Hobsons Bay
CITY COUNCIL

HOBSONS BAY CITY COUNCIL Annual Budget – 2013/2014

June 2013

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Mayor's Introduction

It gives me great pleasure to present this budget to the community of Hobsons Bay. Rates will be increased by 5 per cent in 2013/2014, allowing us to maintain existing service levels and renew the city's infrastructure. The Council again this year encouraged early input into the budget process by inviting the community to provide submissions instigated in October last year. I welcome early submissions again in October this year.

This year's rate notice will see the inclusion of a Fire Service levy which will be collected on the State Governments behalf to fund fire brigade costs across the whole state. At the time of adopting the budget this amount has not yet been finalised but will be offset by residents saving a similar amount which was previously included in their house building insurance premiums.

The rate increase has been kept in line with the level foreshadowed in Council's Strategic Resource Plan, despite a number of significant budget impacts including increases in the levy payable to the Victorian Government upon disposal of waste into landfill. Funding of the defined benefits superannuation call has also impacted on Council's financial position. The rate increase is also required to fund a number of initiatives and ongoing provision of the Council services including:

- Council rate rebates increase to further assist pensioners
- Laverton hub operations;
- New Williamstown library operations;
- Newport substation ongoing funding;
- Lead West membership;
- Increased laneway maintenance;
- Capital works expenditure of \$21.966 million;

Total operating expenditure will be \$109.053 million with total capital works of \$21.966 million. Capital expenditure has been increased by \$121,000 in relation to projects carried over and funded from the 2012/2013 year. Capital grants and contributions are budgeted to be \$954,000. The balance of funding required for the program comes from operations, reserves, cash and investments. Highlights of the \$21.966 million Capital Works program include:

- Ø Roadworks \$3.822 million
- Ø Buildings \$1.824 million
- Ø Traffic and Parking \$730,000
- Ø Drainage and Footpaths \$821,000
- Ø Parks Recreation and Culture \$2.653 million
- Ø Newport Gardens Early Years Centre \$3.379 million
- Ø Newport Library / Youth Centre / Senior Citizens Centre \$970,000;
- Ø Williamstown Town Hall refurbishment \$900,000;
- Ø Water security implementation plan \$710,000;
- Ø Foreshore infrastructure \$700,000;
- Ø Urban design and city image \$658,000;
- Ø Trails / bike plan implementation \$660,000;
- Ø Greenhouse action plan \$600,000;
- Ø Newport athletics multipurpose room \$600,000 and
- Ø Laverton Park future directions plan \$100,000.

This budget was developed through a rigorous process of consultation and review. It is financially responsible and sustainable.

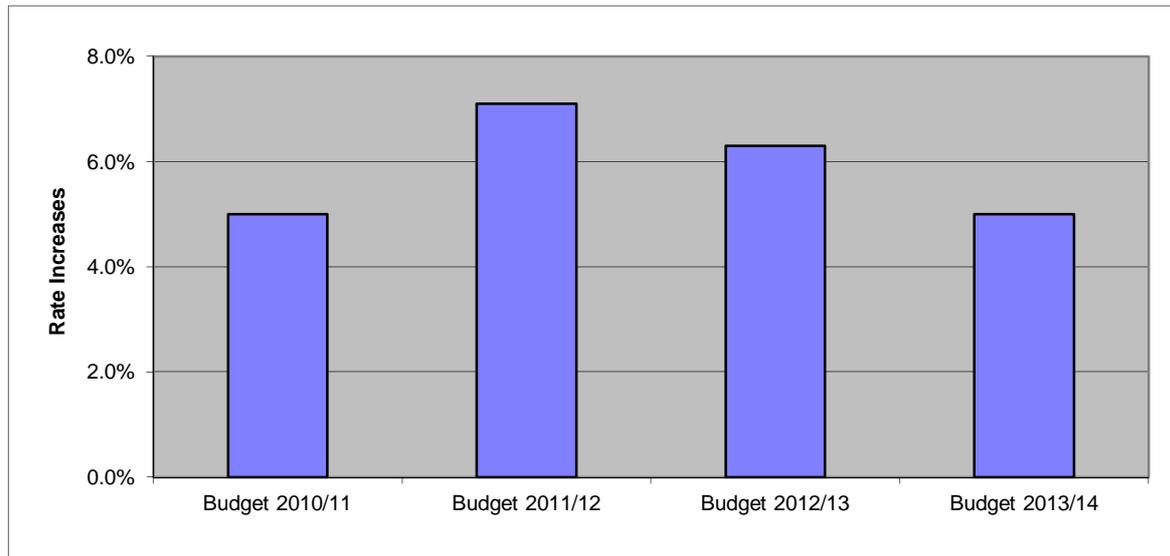


Cr Angela Altair
Mayor

Executive Summary

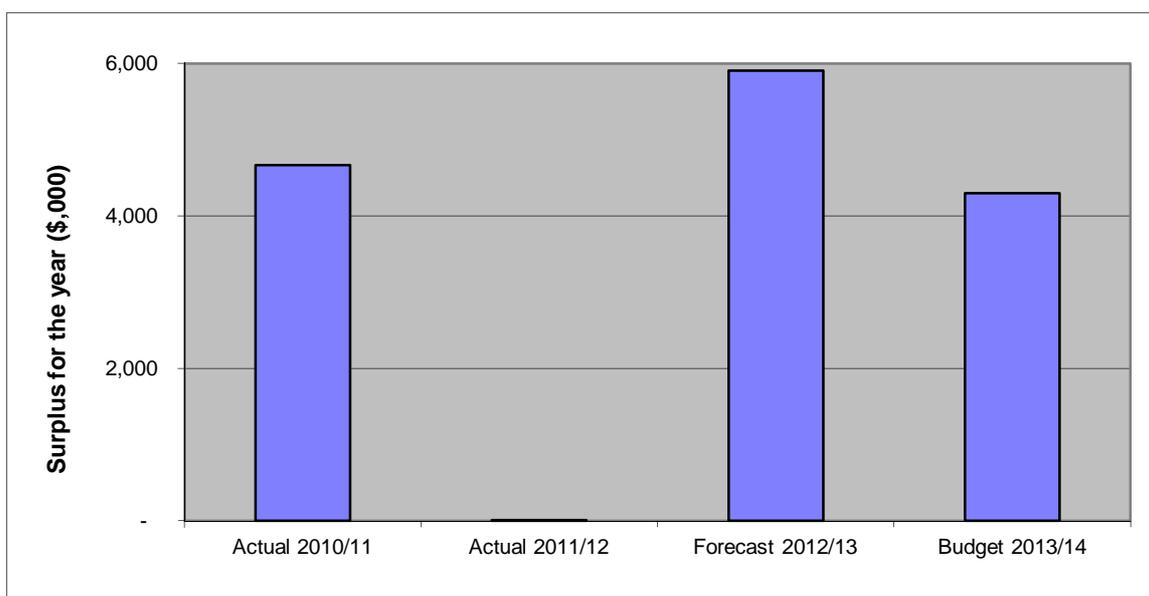
Council has prepared a Budget for the 2013/2014 financial year that seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided in relation to the rate increase, operating result, service levels, cash and investments, capital works, financial position, financial sustainability and key strategic activities of the Council.

1. Rates



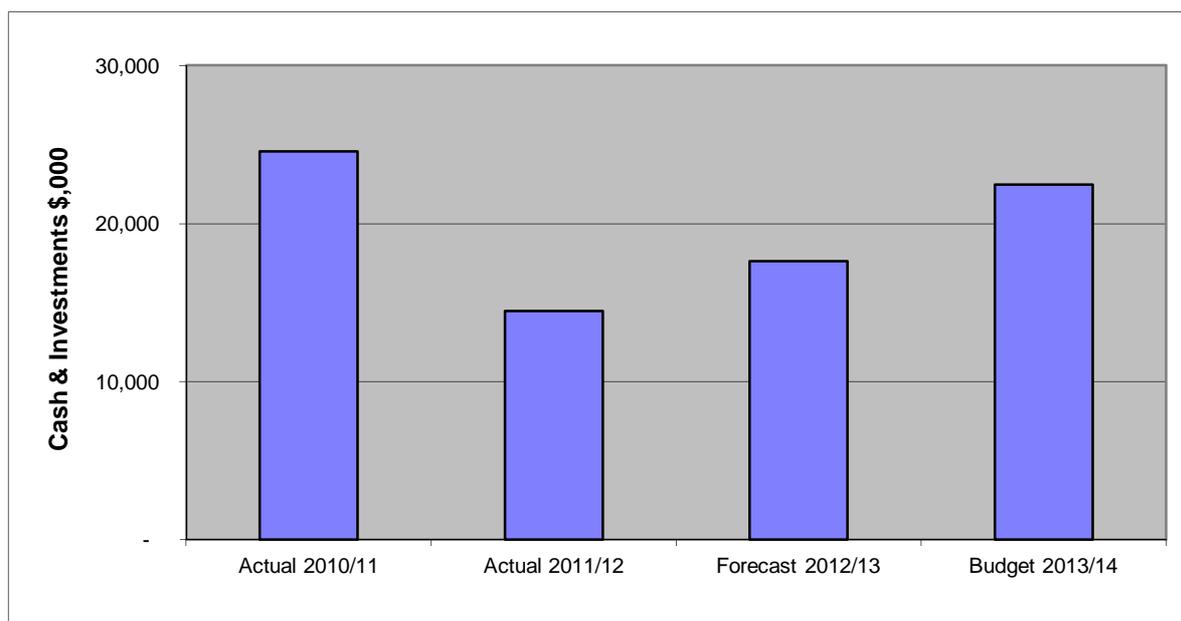
It is proposed that each rate in the dollar be increased by 5 per cent for the 2013/2014 year. It is expected that total rates of \$85.717 million will be raised, including \$300,000 generated from supplementary rates. The rate increase will go towards maintaining service levels and meeting costs associated with external influences affecting the operating budget. The rate increase will also fund capital works to address the asset renewal needs of the City.

2. Operating result



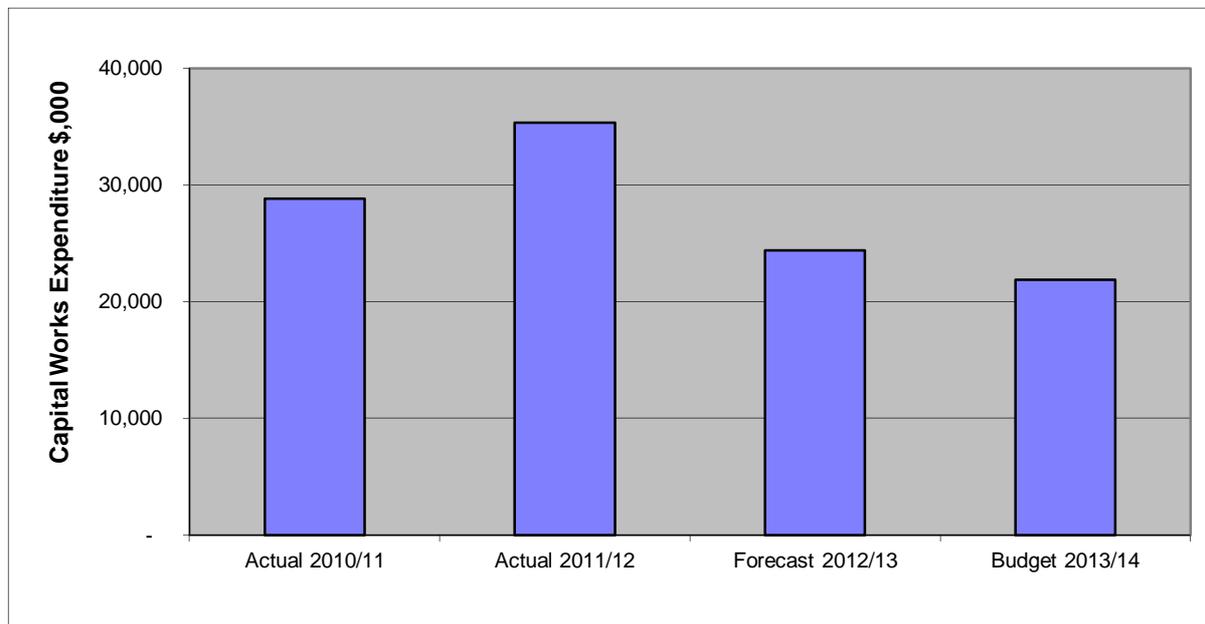
Surpluses are required to fund Council's capital works program and the expected operating result for the 2013/2014 year is a surplus of \$4.214 million, a decrease of \$1.694 million from the 2012/2013 forecast.

3. Cash and investments



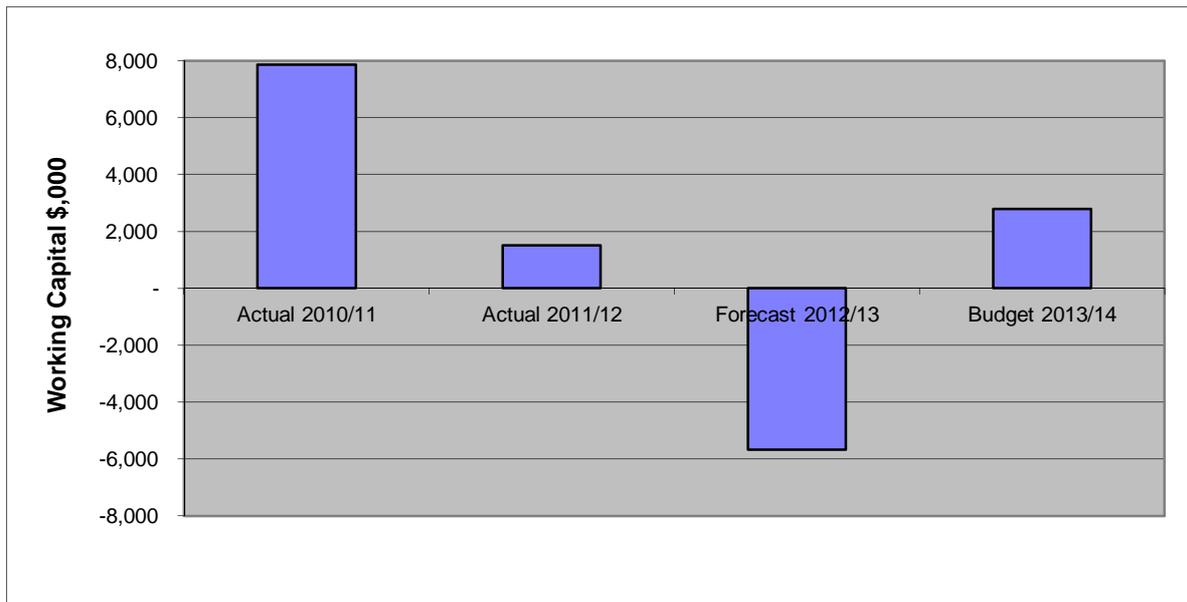
Cash and investments are expected to increase by \$4.72 million during the year to \$22.352 million as at 30 June 2014. This increase is largely due to the receipt of a loan (\$9.247 million) to fund the recent defined benefit superannuation shortfalls. Increased cash is required to ensure that the Council remains financially viable in the short and medium term.

4. Capital works



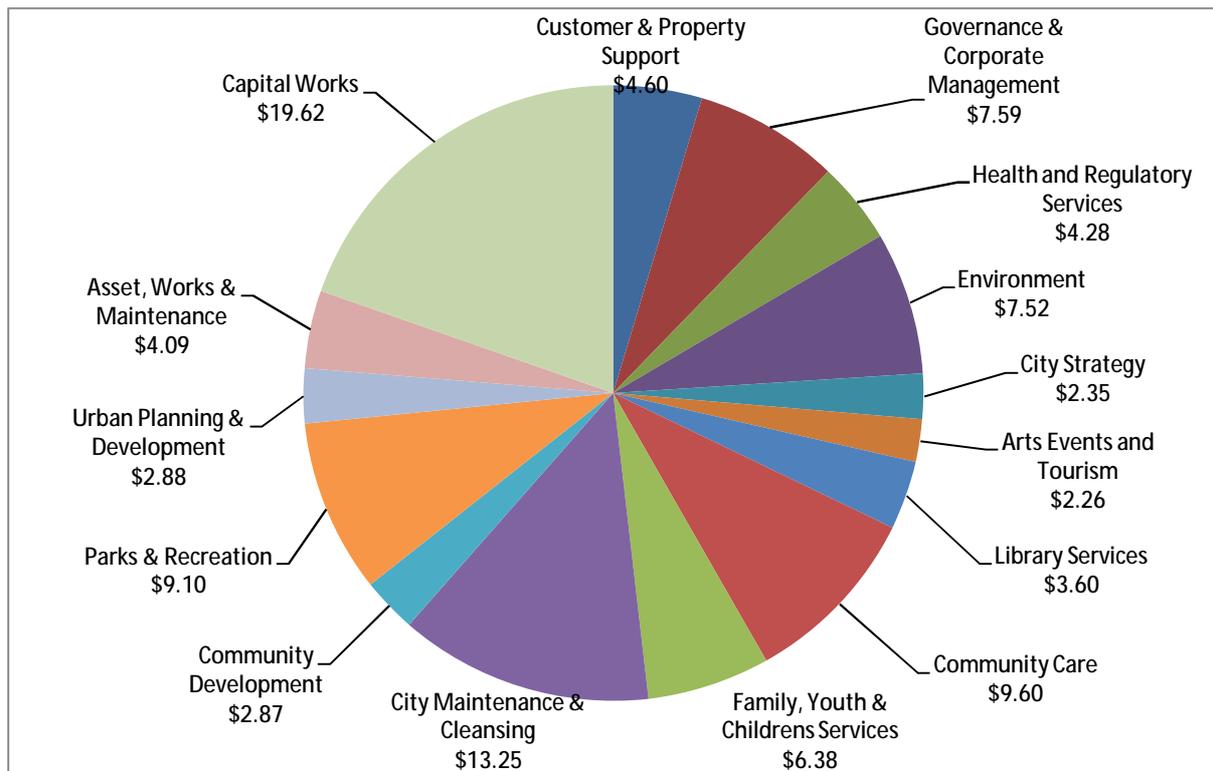
The capital works program for the 2013/2014 year is expected to be \$21.966 million. Capital expenditure has been increased by \$121,000 in relation to projects carried over and funded from 2012/2013. In total, \$21.966 million capital funding is required, \$954,000 is from external grants and contributions, and the balance is from operations, reserves, cash and investments. 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 are forecast to be \$24.385 million for the 2012/2013 year.

5. Financial position



The financial position of the Council is expected to improve with net assets (net worth) to increase by \$4.214 million to \$829.782 million. Net current assets (working capital) are expected to increase by \$8.363 million to \$2.694 million as at 30 June 2014.

6. Council expenditure allocations



The above chart provides an indication of how Council allocates its expenditure across the main services that it delivers. It shows how much is allocated to each service area for every \$100 that Council spends.

This budget has been developed through a rigorous process of consultation and review and management endorses it as financially responsible. More detailed budget information is available throughout this document.

Budget Processes

This section lists the budget processes to be undertaken in order to adopt the Budget in accordance with the Local Government Act 1989 (the Act) and Local Government (Finance and Reporting) Regulations 2004 (the Regulations).

Under the Act, Council is required to prepare and adopt an annual budget for each financial year. The budget is required to include certain information about the rates and charges that Council intends to levy as well as a range of other information required by the Regulations which support the Act.

The 2013/2014 budget, which is included in this report, is for the year 1 July 2013 to 30 June 2014 and is prepared in accordance with the Act and Regulations. The budget includes standard statements being a budgeted Income Statement, Balance Sheet, Cash Flows and Capital Works. These statements have been prepared for the year ended 30 June 2014 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Accounting Standards. The budget also includes detailed information about the rates and charges to be levied, the capital works program to be undertaken and other financial information, which Council requires in order to make an informed decision about the adoption of the budget.

In advance of preparing the budget, Officers firstly review and update Council's long term financial projections. The preparation of the budget, within this longer term context, begins with Officers preparing the operating and capital components of the annual budget during February and March. A draft consolidated budget is then prepared and various iterations are considered by Council at informal briefings during April.

A 'proposed' budget is prepared in accordance with the Act and submitted to Council in May for approval 'in principle'. Council is then required to give 'public notice' that it intends to 'adopt' the budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its web site. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council.

To assist interested persons to understand the budget and make a submission if they wish, Council officers undertake a community engagement process including public information sessions, focus groups and other techniques. The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. The budget is required to be adopted and a copy submitted to the Minister by 31 August each year. The key dates for the budget process are summarised below:

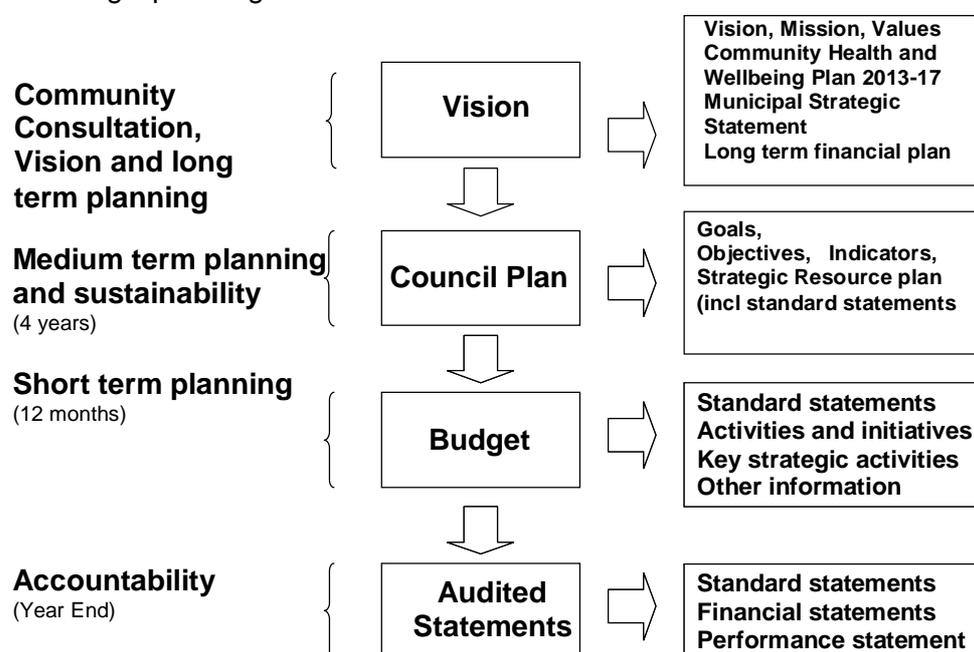
	Budget process	Month
1.	Pre budget submissions incorporating community engagement	Nov/Dec
2.	Officers update Council's long term financial projections	Dec/Jan
3.	Officers prepare operating and capital budgets	Feb/Mar
4.	Council considers draft budgets at informal briefings	Mar/Apr
5.	Proposed budget submitted to Council for approval	30 April
6.	Public notice advising intention to adopt budget	7 May
7.	Budget available for public inspection & comment	7 May
8.	Community engagement process undertaken	May/June
9.	Submissions period closes (28 Days)	5 June
10.	Council meeting to hear submissions	11 June
11.	Budget presented to Council for adoption	25 June
12.	Copy of adopted budget submitted to the Minister	July

1 Linkage to the Council Plan

This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning framework. This framework guides the Council in identifying the community’s vision, needs and aspirations for Hobsons Bay (Community Health and Wellbeing Plan 2013-17), medium term planning to implement the vision (Council Plan), short term planning (Annual Budget) and then holding itself accountable (Audited Statements).

1.1 Strategic planning framework

The Strategic Resource Plan, included in the Council Plan, summarises the financial and non-financial impacts of the goals and objectives and determines the sustainability of these goals and objectives. The Annual Budget is then framed within the Strategic Resource Plan, taking into account the activities and initiatives included in the Annual Budget which contribute to achieving the goals specified in the Council Plan. The diagram below depicts the strategic planning framework of Council.



The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Council Plan, including the Strategic Resource Plan, is required to be completed by 30 June following a general election and is reviewed each year to ensure that there is sufficient time for officers to develop their Activities and Initiatives and Key Strategic Activities in draft form prior to the commencement of the Annual Budget process.

1.2 Our purpose

Our vision

Valuing the wellbeing of our people and our place, now and into the future. A safe, clean, accessible and connected municipality, which values diversity, protects its heritage and environment, fosters a strong sense of community and provides opportunities to achieve the best possible health and wellbeing. A place that people are proud to call home.

Our mission

Working with our community to plan, deliver and advocate for the services and infrastructure that will achieve a healthy, connected and sustainable future in Hobsons Bay.

Our values

Councillors are supported in their community leadership and governance role by Council officers who work to achieve the strategy set by the Councillors in the Council Plan. Having Councillors and Council officers practise the following organisational values enhance the quality of this partnership:

- Honesty
- Trust
- Integrity
- Collaboration
- Respect
- Accountability

Principles for how we will work

- Uphold human rights and social justice
- Provide equitable access to services, infrastructure and economic opportunities
- Enhance the environmental sustainability of the city
- Provide accountable, transparent, well-informed governance for the benefit of the community
- Work in partnership with service providers and other levels of government to advocate for, and meet, community needs
- Be an organisation that is innovative, proactive, financially sound and strives to improve
- Inform, listen to and engage with communities.

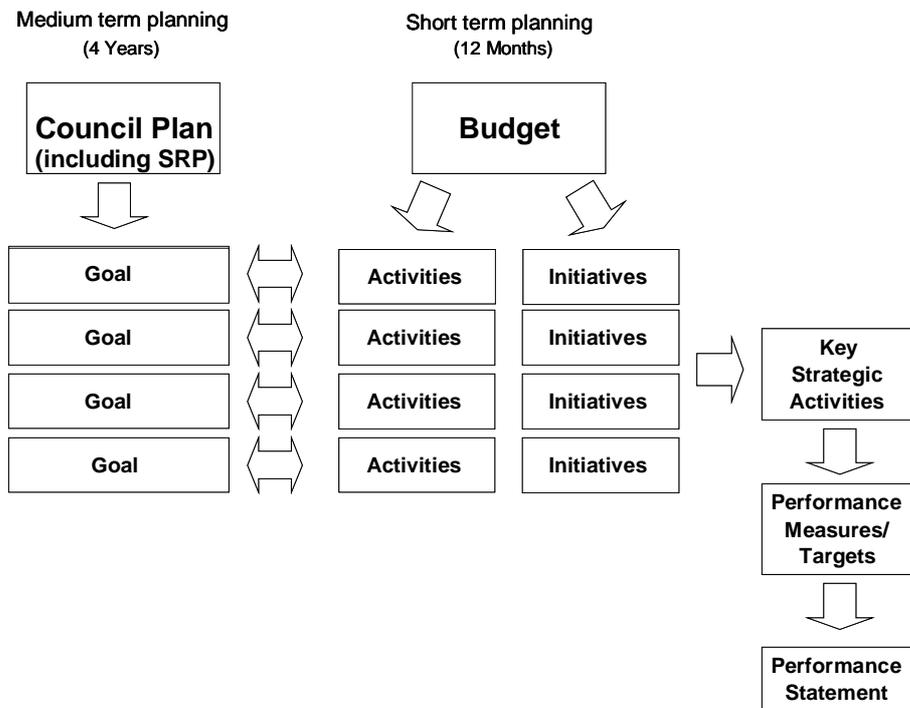
1.3 Goals

The following table lists the Goals described in the Council Plan 2013-17.

Goal	
1. An Inclusive, Resilient and Healthy Community	Engaging with local communities and stakeholders to plan for, and provide access to, the services, cultural and recreational experiences and economic opportunities that enhance health and wellbeing.
2. A Well Planned, Vibrant and Sustainable Place	Fostering safe, attractive and connected neighbourhoods that provide social and economic opportunities for all and are resilient to climate change; while caring for our precious heritage, coast and natural resources for future generations.
3. Quality Community Infrastructure and Public Open Spaces and Places	Delivering a high standard of well-maintained community infrastructure including roads, Council owned buildings, pedestrian and cycle ways, and public open spaces that are accessible and meet the needs of local communities.
4. An Innovative, Proactive and Leading Organisation	Providing strong civic leadership, advocacy and good governance to promote the wellbeing of people who live, work in and visit Hobsons Bay: ensuring that the Council is an effective, financially strong and capable organisation.

2 Activities, initiatives and key strategic activities

This section provides a description of the activities and initiatives to be funded in the Budget for the 2013/14 year and how these will contribute to achieving the goals specified in the Council Plan as set out in Section 1. It also includes a number of key strategic activities and performance targets and measures in relation to these. The Strategic Resource Plan (SRP) is part of and prepared in conjunction with the Council Plan. The relationship between these components of the Budget and the Council Plan is shown below.



Hobsons Bay City Council – Annual Budget 2013/2014

Goal 1: An Inclusive, Resilient and Healthy Community

Engaging with local communities and stakeholders to plan for, and provide access to, the services, cultural and recreational experiences and economic opportunities that enhance health and wellbeing.

The Council will:

1. Provide a range of accessible, high quality services and social supports
2. Foster community wellbeing, capacity and sense of belonging
3. Protect and promote public health and community safety
4. Provide a range of opportunities that support people to engage in healthy and active lifestyles, the arts, recreation and sport
5. Foster cultural expression and lifelong learning
6. Work in partnership with key stakeholders to attract and advocate for the services needed in Hobsons Bay.

The Council will do the following to deliver on this goal:

Activities

- Fund and encourage cultural contribution through festivals and events.
- Create opportunities for local residents and visitors to experience the cultural and artistic realm of the city.
- Provide road safety education to residents of all ages.
- Provide municipal emergency management and recovery services.
- Perform social research, planning, policy and program development for community health and wellbeing and social equity.
- Deliver services to the frail, aged and people with disabilities, including care and assessment management, direct care, home maintenance, distribution of delivered meals, planned activity groups and seniors support.
- Enhance the capacity of individuals, volunteer-based community groups and service providers to function successfully through advocacy, community facilities, community grants and place-based initiatives.
- Deliver centre-based maternal and child health services, parenting skills education, outreach services for vulnerable families, child care, early years projects and services and youth services including counselling.
- Monitor public health standards and ensure a safe and healthy environment through programs including immunisation, food safety monitoring, health promotion, infectious disease monitoring and tobacco education and enforcement.
- Provide library services including information, loans, online resources, internet access, meeting room and bus hire, training, home library services, study spaces and events.
- Deliver sport and recreation services, including planning, developing and administering facilities, supporting sport and recreation clubs and managing events.

Initiatives

- 1) Establish a strategic partnership model with key stakeholders to monitor the implementation of the Community Health and Wellbeing Plan
- 2) Review the Gaming Policy Statement in support of responsible gambling behaviours in the municipality.
- 3) Review the Volunteer Strategy and existing volunteer activities to identify the range and extent of volunteering.
- 4) Deliver accessible local programs providing improved restorative social support and connection for ageing residents within a range of Council facilities and venues across the municipality.
- 5) Facilitate an extended range of early years services within the municipality.
- 6) Finalise the Sport and Recreation Strategy.
- 7) Establish a virtual library branch and information portal to create an informed and connected community with a strong sense of identity and capacity to learn and thrive in an online environment.
- 8) Develop a Hobsons Bay Events and Festivals Strategy.
- 9) Apply for a "Headspace" mental health facility for young people in the inner west in partnership with external stakeholders.
- 10) Prepare a Gender Equity Policy Statement Discussion Paper to explore how the Council, as the closest level of government to the community, can play a role in positively influencing the determinants of gender inequity that result in violence against women.
- 11) Prepare the Youth and Children's Plan 2014-2018 to articulate the Council's role in service and infrastructure provision, planning, advocacy and community development for the early years 0-8 years, children aged 8-12 years and young people aged 12-25 years and their families.
- 12) Implement the annual actions of the Arts and Culture Plan 2011-2015, including overseeing the operation of Woods Street Arts Space as part of urban renewal in Lohse and Woods Streets, Laverton and supporting The Substation as a contemporary arts destination with local and regional significance.
- 13) Implement the Multicultural Policy.
- 14) Implement the Road Safety Strategy.
- 15) Implement the Club Development Program, building sustainable sporting clubs.

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Key Strategic Activity	Performance Measure	Target
Establish a strategic partnership model with key stakeholders to monitor the implementation of the Community Health and Wellbeing Plan	Time: Partnership group formed	30 June 2014
	Quantity: Number of stakeholders involved in partnership	≥ 8
	Quality: Partnership agreement established	Agreement executed
Review the Gaming Policy Statement in support of responsible gambling behaviours in the municipality	Time: Gambling Policy Statement adopted by the Council	31 May 2014
	Quality: Level of consultation with the community and stakeholders	Consultation plan implemented
Complete an assessment of the current Volunteer Strategy and identify the range and extent of volunteering	Time: Report on recommended future directions adopted by the Council	31 Aug 2013
	Quantity: Number of volunteering models researched	≥ 2
Deliver accessible local programs providing improved restorative social support and connection for ageing residents within a range of Council facilities and venues across the municipality	Time: Deliver pilot programs at local venues within specified timeframes	31 Dec 2013
	Time: Establish groups according to clients' needs and interests within specified timeframes	30 June 2014
	Quantity: Number of pilot programs	≥ 3
	Quantity: Number of venues with regular weekly programs	≥ 2
	Quality: Percentage of clients with a person-centred, goal-driven care plan in place	100% (for programs established from 1 July 2013)
Facilitate an extended range of early years services within the municipality	Time: Additional services established within specified timeframes	30 June 2014
	Quantity: Number of additional childcare places created within Hobsons Bay	≥ 50
	Quantity: Number of additional early years programs provided within Hobsons Bay	≥ 1
	Quality: Audit of Council-operated facilities against the National Early Years Standards	Standards met

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Key Strategic Activity	Performance Measure	Target
Establish a virtual library branch and information portal to create an informed and connected community with a strong sense of identity and capacity to learn and thrive in an online environment	<p>Time: Service established within specified timeframes</p> <p>Quantity: Hours of direct online services and information services provided by the virtual librarian</p>	<p>30 June 2014</p> <p>≥ 20 hours per week</p>
Develop a Hobsons Bay Events and Festivals Strategy	<p>Time: Strategy adopted by the Council</p>	<p>28 Feb 2014</p>
Apply for a "Headspace" mental health facility for young people in the inner west in partnership with external stakeholders	<p>Time: Submission of documentation by deadline</p> <p>Quantity: External stakeholders engaged in the application process</p> <p>Quality: Application addresses criteria specified by the Commonwealth government</p>	<p>By deadline nominated by Commonwealth government</p> <p>≥ 5</p> <p>All criteria addressed</p>

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Goal 2: A Well Planned, Vibrant and Sustainable Place

Fostering safe, attractive and connected neighbourhoods that provide social and economic opportunities for all and are resilient to climate change; while caring for our precious heritage, coast and natural resources for future generations.

The Council will:

1. Contribute to creating an accessible well connected city
2. Enhance neighbourhood character, while respecting local heritage and open space
3. Contribute to initiatives that encourage economic opportunities through local employment, business, industry and tourism
4. Plan for a well designed urban environment and public spaces that enhance safety for all community members and contribute to the life of the city
5. Work towards reducing the Council's ecological footprint and ensure our community has the capacity to adapt to the effects of climate change
6. Work towards ensuring opportunities for residents to enhance their health and wellbeing are delivered upon through strategic integrated planning, social research, community consultation and evaluation.

The Council will do the following to deliver on this goal:

Activities

- Manage infrastructure in support of arts, events and tourism.
- Promote and support economic development through business and tourism support services and industry partnerships.
- Operate the Hobsons Bay Visitor Information Centre.
- Provide traffic and transport engineering services including parking, bicycle facilities, bus stops and shelters, school and pedestrian crossings, traffic signals and traffic management plans.
- Deliver town planning and building services including assessing development and building permit applications and land use proposals, protecting heritage and enforcing regulations.
- Plan for land use and development.
- Plan and develop policy for environmental sustainability and climate change,
- Manage waste and litter.
- Undertake projects concerning sustainable environment behavioural change and capacity building.
- Conduct social research and neighbourhood profiling.
- Carry out urban design and public space initiatives.

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Initiatives

- 1) Prepare a draft Stage 2 Municipal Strategic Statement rewrite for the purpose of public exhibition.
- 2) Prepare a discussion paper on a Biodiversity Strategy.
- 3) Complete Stage 2 of the street light replacement program to replace 80-watt mercury vapour street lights with 32-watt compact fluorescent lights.
- 4) Complete the Integrated Water Management Strategy.
- 5) Implement Phase Two of the Discover Your Own Backyard campaign.
- 6) Prepare a Universal Design Policy Statement and Guidelines setting out the intention to make Hobsons Bay more accessible for all residents, particularly those with disabilities, through the implementation of universal design.
- 7) Prepare and adopt a guideline for planning around Major Hazard Facilities.
- 8) Implement design interventions for improved safety in Hobsons Bay in accordance with the budget.
- 9) Implement the Vibrant Villages Program.
- 10) Implement the Gateway Entrances Program.
- 11) Implement the Water Security Plan to irrigate selected sites with collected stormwater.
- 12) Prepare Altona Meadows Neighbourhood Profile, bringing together local information, characteristics and statistics about the city's neighbourhoods to assist planning and advocacy for this area.

Key Strategic Activity	Performance Measure	Target
Complete a draft Stage 2 Municipal Strategic Statement rewrite for the purpose of public exhibition	Time: Draft approved by the Council for public exhibition	30 June 2014
Prepare a discussion paper on a Biodiversity Strategy	Time: Discussion paper adopted by the Council	30 June 2014
Complete Stage 2 of the street light replacement program to replace 80-watt mercury vapour street lights with 32-watt compact fluorescent lights	Cost: Project completed within the allocated budget	Within budget
	Time: Installation completed within specified timeframes	30 June 2014
	Quantity: Number of energy efficient lights installed	≥ 1,510
	Quality: Level of energy expenditure	Reduction in energy expenditure
Implement Phase Two of the Discover Your Own Backyard campaign	Cost: Project implemented within allocated budget	Within budget
	Time: Project implemented within specified timeframe	30 June 2014
	Quality: Range of precincts featured in the campaign	≥ 4

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Goal 3: Quality Community Infrastructure and Public Open Spaces and Places

Delivering a high standard of well-maintained community infrastructure including roads, Council owned buildings, pedestrian and cycle ways, and public open spaces that are accessible and meet the needs of local communities.

The Council will:

1. Protect and enhance our coastal environment, public open space network and natural areas
2. Build and maintain a clean, safe and beautiful city
3. Invest in and maintain Council-owned buildings to ensure they respond to community needs
4. Provide and maintain roads, drainage and footpath networks that meet the needs of the community.
5. Increase the use of integrated transport across the municipality.

The Council will do the following to deliver on this goal:

Activities

- Deliver conservation and environment services, including coordinating conservation activities such as tree planting and educational activities for local schools and community groups.
- Plan, design and develop open space.
- Develop and implement reserve master plans.
- Maintain and improve the foreshore and its associated assets and facilities.
- Conduct horticultural maintenance.
- Establish and maintain street and park trees and manage parks projects.
- Keep the municipality clean through activities including street sweeping, graffiti removal, litter management and cleansing beaches and public facilities.
- Regulate building sites.
- Operate the Council depot.
- Plan, develop and maintain sportsgrounds, playgrounds and trails.
- Conduct community engagement and planning to inform the future provision of community facilities and capital works programs.
- Deliver quality renewed and new physical assets for community use.
- Oversee construction of major new community facilities, building extensions and renovations.
- Manage community facilities and community centres.
- Maintain roads, drains, footpaths and kerb and channel.

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Initiatives

- 1) Provide and improve facilities to serve the changing needs of a developing community, including:
 - Complete the Newport Gardens Early Years Centre.
 - Complete refurbishment and heritage preservation works at Williamstown Town Hall.
 - Plan and tender for the rehabilitation of Madigan Reserve with a view to creating open space for community use.
 - Complete pavilion extension works at the Newport Athletics Centre.
- 2) Participate in the MAV STEP Asset Management Improvement Program.
- 3) Develop the Hobsons Bay Open Space Strategy.
- 4) Prepare a discussion paper on an Integrated Transport Strategy.
- 5) Develop the Hobsons Bay Public Art Strategy.
- 6) Implement foreshore protection and maintenance projects in accordance with the budget.
- 7) Implement Master Plans for open space and natural areas in accordance with the budget.
- 8) Implement the Street Tree Asset Management Plan.
- 9) Develop, implement and evaluate a cigarette butt litter program.
- 10) Develop a sustainable event policy/guideline.
- 11) Complete road safety works in accordance with the budget.
- 12) Implement the Bicycle Plan.
- 13) Implement the Western Region Metropolitan Regional Trails Strategy.

Key Strategic Activity	Performance Measure	Target
Complete the Newport Gardens Early Years Centre	Cost: Project completed within the allocated budget.	Within budget
	Time: Works completed within specified timeframes.	31 Dec 2013
	Quality: Lease agreement in place with a not-for-profit centre management provider	Lease agreement executed
Participate in the MAV STEP Asset Management Improvement Program	Time: Milestones met within established program dates	Dates met
	Time: Develop and implement asset management training program for Councillors and staff	30 June 2014
	Time: Review the Asset Management Policy and Strategy and present to the Council	30 Sep 2013
	Quality: Municipal Association of Victoria STEP program competency score for Asset Management	Increase score
Complete refurbishment and heritage preservation works at Williamstown	Time: Completion of works within specified timeframes	31 Dec 2013
	Cost: Project completed within the allocated budget	Within budget

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Key Strategic Activity	Performance Measure	Target
Town Hall	Quality: Works meet the requirements in the town planning permit concerning heritage, structure, environmental sustainability and disability access	Certificate of final inspection issued
Develop the Hobsons Bay Open Space Strategy	Cost: Strategy completed within the allocated budget	Within budget
	Time: Report adopted by the Council	30 June 2014
	Quality: Level of consultation with the community and stakeholders	Consultation plan implemented
Prepare a discussion paper on an Integrated Transport Strategy	Time: Discussion Paper completed and presented to the Council	30 June 2014
Develop the Hobsons Bay Public Art Strategy	Time: Strategy adopted by the Council	30 Nov 2013

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Goal 4: An Innovative, Proactive and Leading Organisation

Providing strong civic leadership, advocacy and good governance to promote the wellbeing of people who live, work in and visit Hobsons Bay, ensuring that the Council is an effective, financially strong and capable organisation.

The Council will:

1. Undertake responsible and sustainable decision making and management
2. Understand community needs, advocate and partner with others for the benefit of the municipality, especially in relation to children and young people
3. Communicate and engage effectively with the community and provide excellent customer service
4. Foster a highly skilled, effective and committed workforce.

The Council will do the following to deliver on this goal:

Activities

- Ensure consistent delivery of a responsive, friendly, helpful, high quality customer service.
- Deliver governance services including coordinating Council meetings, holding citizenship ceremonies and processing Freedom of Information requests.
- Manage Council communications including the Council website, social media and publications.
- Measure, monitor and report to the community on the Council's performance.
- Manage corporate records.
- Provide financial services including accounting, payroll, procurement and collection of rates and charges.
- Manage information technology platforms and projects to support business needs.
- Manage risk and occupational health and safety.
- Deliver human resources services, including recruitment and selection, WorkCover claim management, learning and development and staff wellbeing programs.

Initiatives

- 1) Develop an Advocacy Strategy to guide the Council in advocating on issues of importance to the community.
- 2) Implement Phase 1 of a best practice Information and Communications Technology disaster recovery solution to better protect the Council from major disruptions to business continuity.
- 3) Implement an organisational reporting database to report on implementation of the Council Plan 2013-17.
- 4) Develop a program of continuous improvement and organisational excellence.
- 5) Prepare a discussion paper regarding an evaluation model for the Community Health and Wellbeing Plan and Council Plan.
- 6) Join LeadWest, a regional organisation for Melbourne's west that fosters and undertakes actions to support sustainable growth and development and build on the existing social, economic and environmental capacity of the region.
- 7) Adopt the Council Meetings Local Law.

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- 8) Pilot the Local Government Performance Reporting Framework draft indicator set, as developed by Local Government Victoria.
- 9) Implement the revised community engagement policy.
- 10) Revise and implement the Business Continuity Plan.

Key Strategic Activity	Performance Measure	Target
Develop an Advocacy Strategy to guide the Council in advocating on issues of importance to the community.	Time: Strategy adopted by the Council	31 Dec 2013
	Quality: The strategy addresses the key priorities identified in the findings from the community consultation on the Community Health and Wellbeing Plan and Council Plan 2013-2017	Key priorities addressed
Implement Phase 1 of an Information and Communications Technology disaster recovery solution to better protect the Council from major disruptions to business continuity.	Time: Complete a Technical Disaster Recovery Solution Specification, data centre virtualisation and agility innovations.	30 June 2014
Implement an organisational reporting database to report on implementation of the Council Plan 2013-17	Time: Report presented to the Council	30 Nov 2013
	Quality: Customised template created to report on implementation of the Council Plan 2013-17	Template approved by Corporate Management Team
	Quantity: Number of reports presented to the Council in the new format	≥ 2

2.7 Performance statement

The Key Strategic Activities (KSA) detailed in the preceding pages, are summarised again in Appendix D. The KSAs, their performance measures, targets and results are audited at the end of the year and are included in the Performance Statement as required by section 132 of the Act. The Annual Report for 2013/14 will include the audited Performance Statement which is presented to the Minister for Local Government and the local community.

3 Budget Influences

3.1 Municipal Snapshot

The City

Hobsons Bay covers 66 square kilometres at the northern end of Port Phillip Bay and is between seven and 20 kilometres to the south west of central Melbourne.

Hobsons Bay has over 20 kilometres of bay frontage, distinct residential areas, a large expanse of environmentally significant open space and a range of major industrial complexes which contribute to the local and state economy.

The city has a rich natural environment of beaches and foreshore areas, significant wetlands (one area is listed under the Ramsar Convention, an international treaty for the conservation and sustainable use of wetlands of international importance, in recognition of its high value habitat for waterbirds), five creek systems, remnant native grasslands and other important flora and fauna habitat areas. This diversity and breadth of habitats is rare in an area so close to Melbourne.

The local economy includes chemical and petroleum industries, light industrial, manufacturing, transport and goods distribution companies, together with service industries.

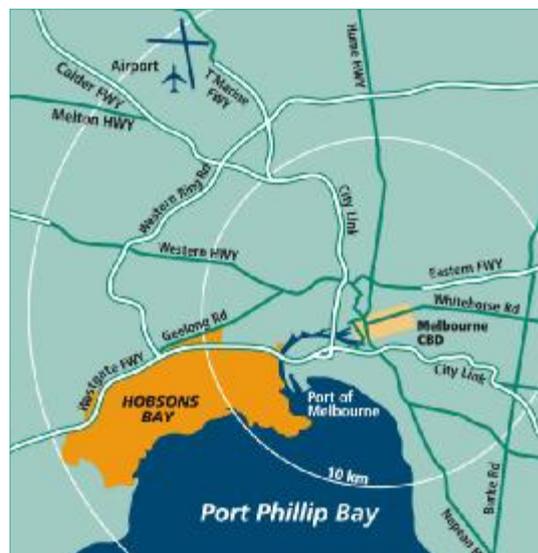
Hobsons Bay has good access to regional transport facilities such as the West Gate Freeway, the Western Ring Road and the National Rail Line as well as linkages to the ports and Melbourne and Avalon airports.

Heritage

Prior to European settlement, the Yalukit-willam clan occupied the area now known as Hobsons Bay. A number of sites of significance to the Indigenous community are located throughout the municipality, particularly along the coastal trail.

Williamstown, in the south-eastern part of the municipality, is the oldest continuous settlement on Port Phillip Bay. It was established in 1837 and has a range of heritage buildings from its history as a thriving seaport. In the decades following settlement, a number of communities developed around particular industries such as the port in Williamstown and the railway workshops in Newport and Spotswood.

Most residential development in the central and western parts of Hobsons Bay occurred in the second half of the 20th century. It was driven by significant industrial expansion throughout the city, especially after the Second World War. The building of the West Gate Bridge in the 1970s improved access to central Melbourne and beyond, resulting in better access and further growth.



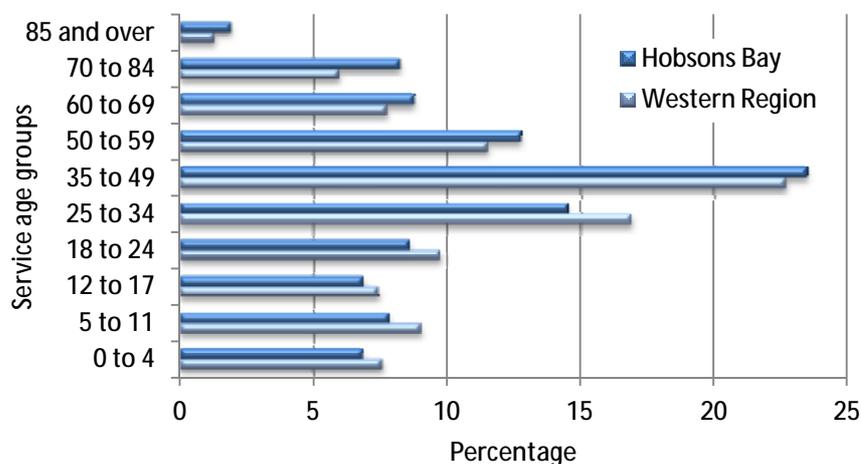
Bay Demographic Snapshot

Population

The current population of Hobsons Bay is approximately 87,350. The size of the population has been relatively stable over the past decade but has recently begun to increase. Population growth between the 2001 and 2006 Censuses was 0.7 per cent and since then it has increased to 2.9 per cent. (Source: Australian Bureau of Statistics Census of Population and Housing; Estimated Resident Population - 2011).

Age and Family Structure

The age profile of Hobsons Bay is relatively older than the western metropolitan region as a whole. Hobsons Bay has a lower proportion of children, young people and younger adults (0-34 years) and a higher proportion of residents aged 60 years and over. (Source: Australian Bureau of Statistics, Census of Population and Housing).



Forecasts for Hobsons Bay estimate a population of around 92,400 by 2018, increasing to 96,000 by 2023. Along with population growth, changes within the age structure of the municipality are anticipated. In areas such as Altona Meadows and Seabrook, the composition of households has started to transition from younger families to maturing families. As this trend continues, the number of families without dependants and lone person households will increase in these areas. In contrast, Altona North and Spotswood - South Kingsville which have had a higher proportion of older residents, are beginning to regenerate. In addition, population growth is expected in these areas due to residential development replacing redundant industrial sites and infill development.

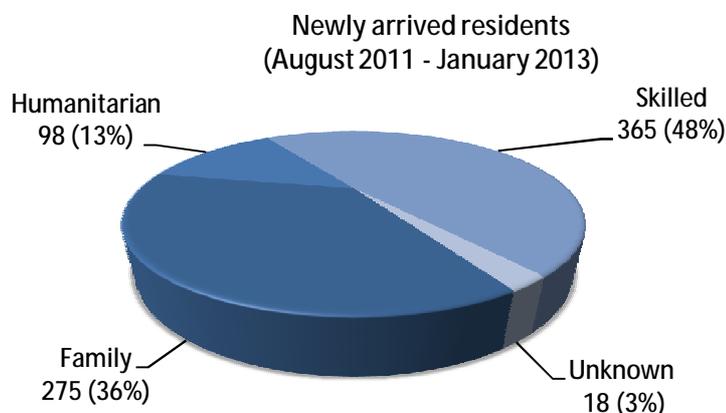
Indigenous Population

In 2011, Hobsons Bay had 389 Aboriginal or Torres Strait Islander residents, 77 more than at the 2006 Census. Thirty per cent of our Indigenous population is under 20 years of age, significantly above the non-Indigenous figure of 24 per cent. (Source: Australian Bureau of Statistics, Census of Population and Housing).

Cultural Diversity

Approximately 31 per cent of residents in Hobsons Bay were born overseas, lower than the figure of 35 per cent for the Western Region. Just over 23 per cent of residents has a non-English speaking background, again lower than the Western Region figure of almost 30 per cent (Source: Australian Bureau of Statistics, 2011 Census of Population and Housing).

Since the 2011 Census, a total of 756 new arrivals came to live in Hobsons Bay between August 2011 and January 2013. The main countries of birth were India (150), China (103), Burma (53), the UK (49), the Philippines (41), Lebanon (32) and Thailand (29).



Those who arrived for humanitarian reasons primarily came from Burma and Thailand while skilled migrants were predominantly from India, followed by China, the UK and the Philippines. Family stream arrivals mainly came from China and India, Lebanon. (Source: Department of Immigration and Citizenship, Settlement reports).

Housing and Families

In 2006, Hobsons Bay had just under 33,950 private dwellings and the total is now estimated to be 35,350 (2011), an increase of 4.1 per cent. In the five years to 2018, housing numbers are forecast to reach approximately 38,260, an 8.2 per cent increase.

The average household size in Hobsons Bay has been decreasing. In 2001 it was 2.61 people per household, falling to 2.53 by 2006. At the 2011 Census, the household size was also 2.53 people, marking a stabilizing of the average household size. A declining household size is often related to the ageing of the population with more couple and lone person households. However over the next decade, this trend is expected to moderate as areas to the north east of the municipality are developed and regenerate, attracting families with children to the municipality.

Education and Work

The educational qualifications of Hobsons Bay residents are generally rising. In the past, the qualifications of Hobsons Bay residents have been relatively low compared to metropolitan Melbourne. However, this gap has now reduced. Looking back to 1996, there were 62 per cent of residents who had no qualifications; this figure decreased to 49 per cent in 2006 and to 45 per cent in 2011. In the last five years, residents with a degree increased from 16 per cent to 21 per cent, while those with diplomas and vocational qualifications increased only slightly.

The types of occupations of Hobsons Bay's residents are generally comparable with their western region counterparts. The largest group of residents work in professional occupations (23 per cent), followed by clerical and administrative (16 per cent) and technical and trades (14 per cent).

The main industries employing local residents are manufacturing, retail and health care and social assistance. However between 2006 and 2011, the number working in manufacturing decreased by 640 while those in construction increased by 600. In terms of local employment, there are 31,484 jobs in Hobsons Bay and 30 per cent are filled by residents of the municipality, (Source: Australian Bureau of Statistics, Census of Population and Housing).

3.2 External influences

In preparing the 2013/2014 budget, a number of external influences have been taken into consideration, because they are likely to impact significantly on the services delivered by Council in the budget period. These include:

- Consumer Price Index (CPI) increases on goods and services of 2.2 per cent per annum (ABS release 23 January 2013 State-wide CPI is forecast to be 2.5 per cent for the 2013/2014 year (Victorian Budget Papers 2012/2013).
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to May 2012 was 3.6 per cent (ABS release 16 August 2012). The wages price index in Victoria is projected to be 3.25 per cent per annum in 2013/2014 increasing to 3.5 per cent in the subsequent two years (Victorian Budget Papers 2012/2013). Council must renegotiate a new Collective Agreement during the 2013/2014 year for commencement on 1 July 2014.
- The 'Engineering Construction' and 'Non-Residential Building' Indices prepared by the Construction Forecasting Council are forecast at 2.4 per cent and 3.8 per cent respectively for 2013/2014.
- After timing allocations are taken into account, Victorian Grants Commission funding is generally declining.
- Reduction of \$3.089 million of capital works funding.
- Increases of 10 per cent (or \$4.80 per tonne) in the levy payable to the State Government upon disposal of waste into landfill, resulting in additional waste tipping costs of \$130,000. The levy has increased from \$9 per tonne in 2008/2009 to \$53.20 per tonne in 2013/2014. An increase of 491 per cent.
- The carbon price introduced by the Federal Government on 1 July 2012 will have a significant direct impact on waste collection tipping costs, energy usage and street lighting charges.
- A new fire levy will apply to all private property owners – including persons and organisations who do not currently pay council rates, such as churches, charities, private schools, RSL's and Council properties – from 1 July 2013. Under new legislation, the *Fire Services Property Levy Act 2012*, introduced as a result of recommendations by the Victorian Bushfires Royal Commission (VBRC), the new Fire Services Property Levy (FSPL) will be collected by Council on behalf of the State government, to fund the operations of the MFB and CFA.
- The Council has a number of current and former employees who are members of the Local Authorities Superannuation Fund. Lump sum retirement benefits of these members are determined by a formula, therefore the benefit is determined in advance and employers bear all the risk. Unlike other government sponsored defined benefit superannuation funds, the scheme must be fully funded. It has been determined that the scheme has a shortfall of \$453 million, net of tax and that Hobsons Bay's share of \$7.752 million (including tax) is due and payable to Vision Super by 1 July 2013.

3.3 Internal influences

As well as external influences, there are also a number of internal influences which have had a significant impact on the preparation of the 2013/2014 Budget. Many of these matters have arisen from events occurring in the 2012/2013 year and their impacts are set out below:

- Employee salaries have been adjusted, based on an expected increase to the Council's Enterprise Bargaining Agreement (EBA), which is currently being negotiated to commence on 1 July 2014;
- Drawdown of a ten year loan of \$9.247 million has been included in the 2013/2014 budget. This is to fund payment to Vision Super for the defined benefit calls relating to 2010 and 2012.
- Increased laneway maintenance;
- Laverton hub operations;
- New Williamstown library operations;
- Newport substation ongoing funding; and
- Lead West membership.

3.4 Budget principles

This year's budget builds on the solid base developed last year and sets the future financial sustainability of the Council. The 2013/2014 budget's key messages to residents are:

- The budget was predicted on asset renewal including building roads, footpaths, recreational facilities and libraries;
- The current five year financial plan to deliver in excess of \$115 million in capital works funding through the renewal, upgrade and redevelopment of Community facilities;
- A financially sustainable and responsible budget, where operational spending has been contained;
- Further assistance provided for pensioners and low income earners through, increased pensioner rebates and the hardship policy; and
- Strengthened social sustainability through services such as Aged Care; Family Day Care; Library Services; delivered meals program and jobs for young people.

3.5 Long term strategies

The budget includes consideration of a number of long-term strategies to assist Council in considering the Budget in a proper financial management context. These include a Strategic Resource Plan (section 8), Rating Strategy (section 9), Borrowing Strategy (section 10) and Infrastructure Strategy (section 11).

4 Analysis of Operating Budget

This section of the annual budget report analyses the expected revenues and expenses of the Council for the 2013/2014 year.

4.1 Operating Revenue

Revenue Types	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Variance (Unfav) \$'000
Rates & charges	4.1.1	81,597	85,717	4,120
Operating grants and contributions	4.1.2	10,637	11,830	1,193
Capital grants and contributions	4.1.3	4,043	954	(3,089)
Interest	4.1.4	789	689	(100)
User charges	4.1.5	8,840	9,215	376
Statutory fees	4.1.6	4,665	4,362	(303)
Other revenue	4.1.7	500	500	0
Net profit on disposal of property, infrastructure, plant & equipment	4.1.8	20	0	(20)
Total operating revenue		111,090	113,267	2,176

4.1.1 Rates and Charges (\$4.120 million increase)

Rate and charges are expected to increase by \$4.120 million to \$85.717 million. This year's rates will again be based on the 2012 valuations. General rate income has been calculated by increasing the rate in the dollars for each differential category by 5 per cent, in line with Council's original rating strategy.

Rubbish and refuse charges have been increased by 2.76 per cent to 5.42 per cent. This equates to an 3.3 per cent increase in income received in relation to the charge and has been calculated to offset the cost increases associated with providing these services.

Supplementary rates remain in line with Council's Rating Strategy at \$300,000, an increase of \$30,000 compared to the 2012/2013 forecast whilst the Council's additional pensioner rebates have increased to \$25 and \$45 (2012/2013 - \$22 and \$42).

Section 9. "Rating Strategy" includes a more detailed analysis of the rates and charges to be levied for 2013/2014.

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4.1.2 Operating Grants and Contributions (\$1.193 million increase)

Operating grants and contributions include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers and contributions from other parties towards property development costs. Operating grants have increased by \$1.193 million compared to the 2012/2013 forecast.

Movements in grant funding are summarised below:

Grant Funding Types	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Variance (Unfav) \$'000
Aged and Community Care	6,128	6,152	24
Beach Cleaning	159	125	(34)
Children's Services	1,385	1,281	(104)
Library	505	512	7
Maternal and Child Health	694	709	15
School Crossing	179	179	0
Victorian Grants Commission - General	811	1,830	1,019
Victorian Grants Commission - Roads	289	654	365
Other	487	388	(99)
Total Operating Grants & Contributions	10,637	11,830	1,193

4.1.3 Capital Grants and Contributions (\$3.089 million decrease)

Capital grants and contributions 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 and contributions is expected to be \$954,000, a decrease of \$3.089 million compared to the 2012/2013 forecast.

A detailed list of this funding is included in Appendix C, of this report.

4.1.4 Interest Revenue (\$100,000 decrease)

Interest is forecast to decrease by \$100,000 compared to 2012/2013, mainly as a result of lower interest rates.

4.1.5 User Charges (\$376,000 increase)

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

The major increases are expected in relation to:

- Child care (\$238,000);
- Rental income (\$211,000) including the recently opened Laverton hub;
- Revenue collection (\$50,000) for fire service levy administration;
- Private chargeable works (\$50,000); and
- Wedding charges (\$29,000);

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The major decreases are expected in relation to:

- Property revaluation fees (\$189,000) that are received every 2 years;
- Planning panel hearing fees (\$63,000);
- My smart garden (\$29,000);
- Sponsorship income (\$54,000); and
- Law enforcement (\$27,000).

4.1.6 Statutory Fees (\$303,000 decrease)

Statutory fees relate to fees and fines levied in accordance with legislation and include animal registrations, Health Act registrations and parking fines. Changes to statutory fees are made in accordance with legislative requirements and income is forecast to decrease by \$303,000.

The most significant decreases are expected in relation to open space contributions (\$419,000) and election fines (\$60,000).

The major increases are expected in relation to library fines (\$27,000), food safety fines (\$25,000), and animal control fines (\$24,000) and developer contributions (\$30,000).

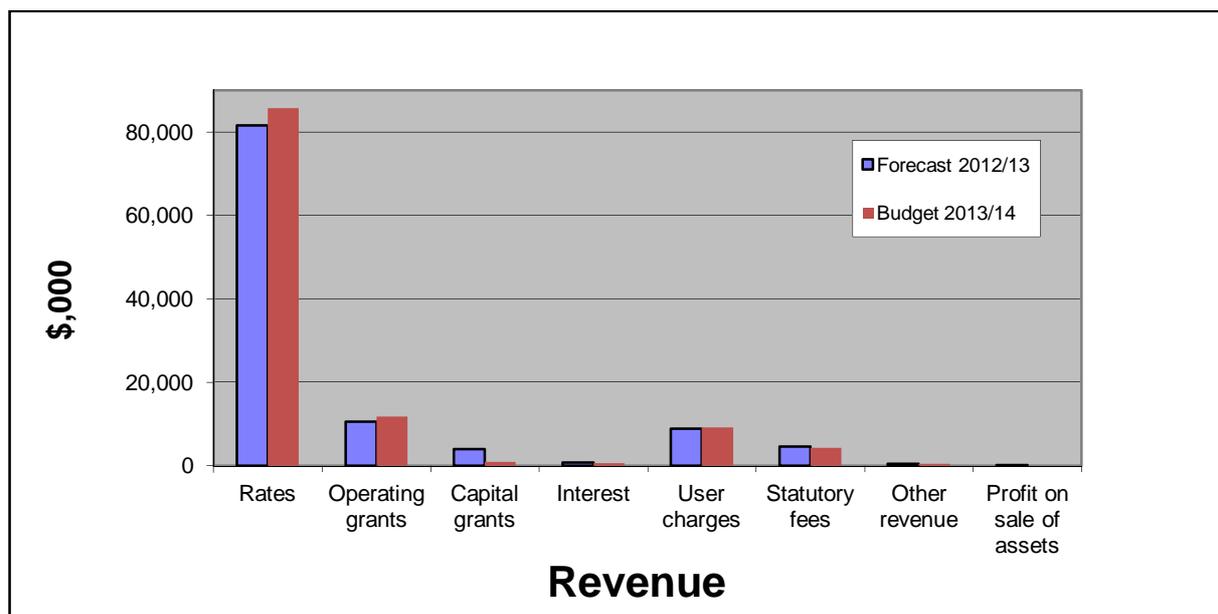
4.1.7 Other Revenue (\$0)

Other revenue essentially relates to income received from the sale of recycling materials from domestic collection services. Other revenue is expected to be unchanged compared to the 2012/2013 forecast.

4.1.8 Net profit on disposal of property, infrastructure, plant & equipment (\$20,000 decrease)

The Council is not expecting to make a profit on its asset sales in 2013/2014. Sales of land and plant have been included within the budget, with income received expected to equal the book value of the assets being sold.

The following graph highlights the different components of Council's operating revenue:



4.2 Operating Expenditure

Expenditure Types	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Variance (Unfav) \$'000
Employee Costs	4.2.1	47,578	49,356	(1,778)
Materials and consumables	4.2.2	20,124	17,990	2,134
External contracts	4.2.3	17,582	21,520	(3,938)
Utilities	4.2.4	2,415	2,610	(195)
Borrowing costs	4.2.5	155	553	(398)
Depreciation	4.2.6	17,091	16,788	303
Bad & Doubtful Debts		237	236	1
Total operating expenditure		105,182	109,053	(3,871)

4.2.1 Employee Costs (\$1.778 million increase)

The increases in employee costs by directorate are summarised below:

Directorate	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Variance (Unfav) \$'000
Business and Finance	5,000	5,123	(123)
Planning and Environment	6,299	6,437	(138)
Community Services	19,387	20,040	(653)
Assets and Works	12,097	12,731	(634)
Council & Corporate Management	492	496	(4)
Organisational Development	4,303	4,528	(225)
Total Employee Costs	47,578	49,356	(1,778)

Employee costs include all labour related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements and employer superannuation. These are forecast to increase by 3.7 per cent or \$1.778 million compared to the 2012/2013 forecast.

The major change in employee costs relates to the Council's Enterprise Bargaining Agreement (EBA) currently being negotiated and due to commence in 2013/2014. It is estimated that this will account for an additional \$1.903 million.

Non-EBA growth from increases in banding levels, adjustments to staffing numbers and changes to on-cost calculations are estimated at a net reduction of \$125,000. The most significant decreases are:

- Community Development management employee moved to the Laverton hub (\$101,000);
- Youth services 'At Risk' no longer funded (\$86,000);
- No sponsorship income for Western Melbourne Tourism board position (\$73,000);
- Laverton community renewal project is no longer funded (\$64,000);
- Redundancies not included in 2013/14 (\$59,000);
- Parental leave (\$54,000); and
- Health planning prior year over stated (\$52,000).

The most significant increases are:

- Cleansing business unit (\$156,000)
- Full year cost for the renovated Williamstown library (\$79,000);
- Child care services are now required to engage the services of kindergarten teachers (\$72,000);
- Full year costs for the Laverton community hub that opened in February 2013 (\$71,000);
- Community care management additional staff (\$70,000); and
- Child care service additional requirement based on usage and full year break coverage (\$62,000).

4.2.2 Materials & Consumables (\$2.134 million decrease)

Materials and consumables are forecast to decrease by \$2.134 million compared to the 2012/2013 forecast. The major decreases are expected in relation to:

- Waste collection tipping costs (\$2.866 million), now incorporated in the contract price); and
- The removal of the metropolitan fire brigade contribution in favor of a state wide fire service property levy (\$1.132 million).

The most significant increases are expected in relation to:

- A reduction in significant operational projects (\$1.199 million) being transferred from the capital works program. Whilst these projects are of a significant nature and therefore included in the capital works program, they do not add to the Council's asset base. From an overall financial perspective, this is a transfer of costs rather than an additional cost;
- The introduction of the fire service property levy on council controlled land (\$300,000);
- Subscriptions and membership (\$127,000), including Lead West membership;
- Communications newsletters and advertorials (\$93,000);
- Communications promotions (\$74,000);
- Community funding and subsidies (\$42,000), including the Newport substation, new festivals and toy library;
- Volunteer cost (\$38,000);
- Insurance (\$37,000); and
- Tourism industry support for Sea Works (\$25,000).

Included in Materials and Consumables is the Council's \$1.182 million contribution to Community organisations and Festival funding for:

- | | |
|--------------------------------------|-----------|
| • Community and neighbourhood houses | \$410,000 |
| • Traders and cultural groups | \$290,000 |
| • Community group subsidies | \$200,000 |
| • Community grants | \$157,000 |
| • Festivals | \$125,000 |

4.2.3 External Contracts (\$3.938 million increase)

External contract costs relate to the provision of Council services by external providers and are forecast to increase by \$3.938 million. The most significant increase relate to:

- Waste collection tipping costs (\$2.582 million), previously included in materials and consumables);
- Other contracts associated with waste collection and processing (\$533,00);
- Building maintenance (\$416,000);
- Street tree maintenance (\$125,000);
- Lane way maintenance (\$100,000);
- Community care management business system projects(\$80,000);

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- Town planning heritage advisor (\$77,000);
- Library courier and library home service combined contract (\$70,000);
- Burns road estate strategic planning (\$60,00);
- Parks conservation (\$55,000), for Laverton storm water wetland harvesting and Toll grasslands management; and
- Social support services (\$55,000).

The most significant decreases are expected in relation to election management costs (\$275,000) and community care management consultants (\$55,000).

4.2.4 Utilities (\$195,000 increase)

Utility costs relate to telecommunications and other utilities such as water, gas and electricity. Utility costs are forecast to increase by \$195,000 compared to the 2013/2014 forecast, mainly due to:

- Street lighting charges (\$119,000) due to increased operational, maintenance and repair and network charges;
- Electricity (63,000); and
- Water charges (\$31,000).

The main saving expected is in relation to telephone charges (\$18,000) due to VOIP.

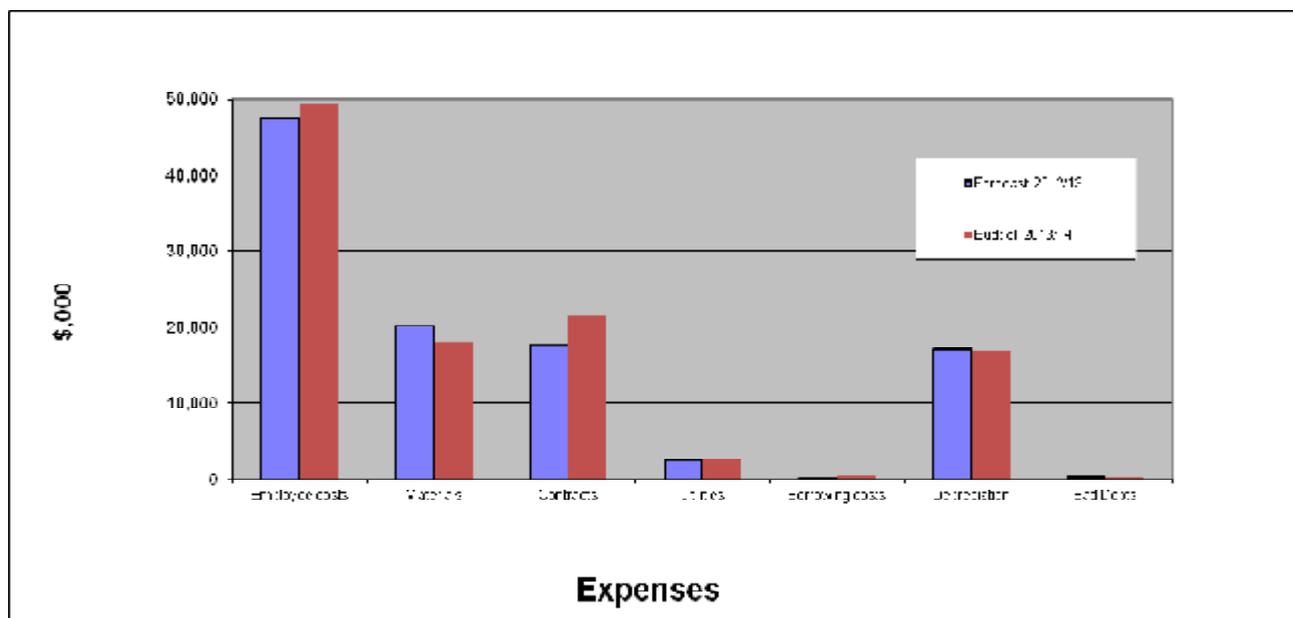
4.2.5 Borrowing Costs (\$398,000 increase)

Borrowing costs relate to fixed interest charged by financial institutions (including Vision Super) on funds borrowed, which is expected to increase by \$398,000 compared to 2012/2013. The increase is due to the Council's proposed new loans to repay the defined benefit superannuation liability over a ten year period.

4.2.6 Depreciation (\$303,000 decrease)

Depreciation relates to the use of the Council's property, plant and equipment, including infrastructure assets such as roads and drains. Depreciation costs are forecast to decrease by \$303,000 compared to 2012/2013 as assets reach the end of their depreciable lives.

The following graph highlights the different components of Council's operating expenditure:



5 Analysis of Budgeted Cash Position

This section of the report analyses the expected cash flows from the operating, investing and financing activities of Council for the 2013/2014 year (i.e. the budgeted cash flow position). Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

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

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

5.1 Budgeted Cash Flow Statement (Summary)

	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Variance (Unfav) \$'000
Cash Flows from Operating Activities	5.1.1	26,064	15,140	(10,924)
Cash Flows from Investing Activities	5.1.2	(22,260)	(16,815)	5,445
Cash Flows from Financing Activities	5.1.3	(639)	6,395	7,034
Net increase / decrease in cash and cash equivalents		3,165	4,720	1,555
Cash & Cash Equivalents at beginning of year		14,466	17,631	3,165
Cash & Cash Equivalents at end of year	5.1.4	17,631	22,352	4,720

5.1.1 Operating activities (\$10.924 million decrease)

The decrease in cash inflows from operating activities is due to expected increases to payments to employees (\$1.655 million), payment of the defined benefit superannuation call 2012 (\$7.752 million) and other payments (\$2.907 million) combined with an expected decrease in grants (\$1.896 million), interest received (\$100,000) and non-rates income (\$732,000). These are offset against an increase in rates collected (\$4.12 million).

The net cash flows from operating activities does not equal the operating result 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.

Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Variance (Unfav) \$'000
Surplus (deficit) for the year	5,908	4,214	(1,694)
Depreciation	17,091	16,788	(303)
Loss (gain) on sale of assets	(20)	0	20
Net movement in operational current assets and liabilities	3,084	(5,862)	(8,946)
Cash flows available from operating activities	26,064	15,140	(10,924)

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5.1.2 Investing activities (\$5.445 million increase)

A net increase in cash flows from investing activities represents the expected decrease in capital works expenditure – not including significant operational expenditure (\$3.618 million) disclosed in section 6 of this budget report and an expected increase in proceeds from the sale of property, plant and equipment (\$1.827 million).

5.1.3 Financing activities (\$7.034 million increase)

A net increase in cash flows from financing activities is a result of anticipated proceeds from loan borrowings (\$9.247 million) offset against increased loan repayments (\$2.213 million).

5.1.4 Cash and cash equivalents at end of the year (\$4.72 million increase)

Overall, total cash and investments is forecast to increase by \$4.72 million to \$22.352 million as at 30 June 2014. The remaining cash is required to fund the Council's future obligations and capital works programs.

5.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June, 2014 it will have cash and investments of \$22.452 million, which has been restricted as shown in the following table.

	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Variance (Unfav) \$'000
Total cash and investments		17,631	22,352	4,720
Restricted cash and investments				
- Statutory reserves	5.2.1	1,743	845	(898)
- Discretionary reserves	5.2.2	1,398	1,477	79
- Long service leave	5.2.3	7,855	8,366	511
Unrestricted cash and investments	5.2.4	6,635	11,664	5,029

5.2.1 Statutory reserves (\$845,000)

These funds must be applied for specified statutory purposes in accordance with various legislative and contractual requirements. While these funds earn interest revenues for Council, the funds are not available for other purposes. During the 2013/2014 year \$864,000 is budgeted to be transferred to and \$1.762 million from Statutory Reserves.

5.2.2 Discretionary reserves (\$1.477 million)

These funds are available for whatever purpose Council decides is their best use. In this case Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes. During the 2013/2014 year \$200,000 is budgeted to be transferred to and \$121,000 from Discretionary Reserves. The decisions about future use of these funds has been reflected in Council's Strategic Resource Plan and any changes in future use of the funds will be made in the context of the future funding requirements set out in the plan.

5.2.3 Long service leave (\$8.366 million)

These funds are separately identified as restricted to ensure there are sufficient funds to meet Council's obligations as set out in the Local Government (Long Service Leave) Regulations 2002.

5.2.4 Unrestricted cash and investments (\$11.664 million)

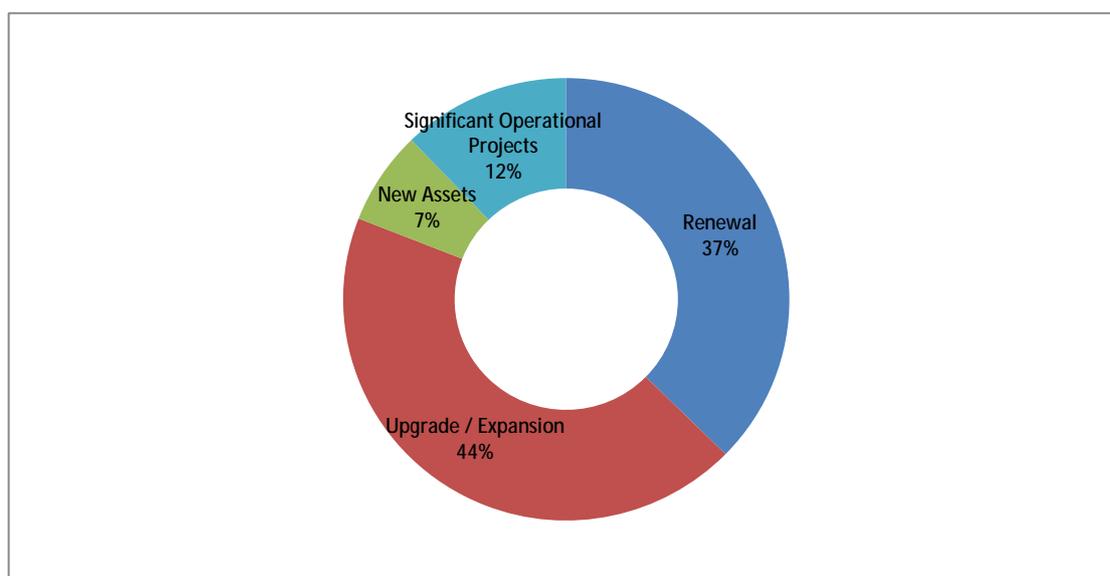
These funds are generally free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the following year such as grants, contributions or carried forward capital works. Council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

6 Analysis of Capital Budget

This report analyses the planned capital expenditure budget for 2013/2014 and the sources of funding for the capital budget.

6.1 Capital works

Capital Works Areas	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Variance (Unfav) \$'000
Works represented by				
Land		-	-	-
Land Improvements	6.1.1	6,791	4,352	2,439
Buildings	6.1.2	10,357	7,853	2,504
Roads	6.1.3	4,053	4,613	(560)
Drainage	6.1.4	226	270	(44)
Plant & Equipment		600	1,260	(660)
Furniture & Fittings		28	0	28
Information Technology		283	280	3
Cultural Heritage		-	0	-
Other		-	-	-
Library Resources		558	650	(92)
Significant Operational Projects	6.1.5	1,489	2,688	(1,199)
Total Capital Works		24,385	21,966	2,419
Capital works represented by:				
Renewal	6.1.6	5,481	8,208	(2,727)
Upgrade / Expansion	6.1.6	16,260	9,576	6,684
New Assets	6.1.6	1,155	1,494	(340)
Significant Operational Projects		1,489	2,688	(1,199)
Total Capital Works		24,385	21,966	2,419
Includes Carryover / (Brought fwd) Works	6.2.7	519	121	398



A detailed listing of individual projects comprising the capital works program is outlined at Appendix C.

6.1.1 Land Improvements (\$4.352 million)

For the 2013/2014 year, \$4.352 million will be expended on land improvement projects. The major projects include the water security plan implementation (\$710,000), J.K. Grant reserve car parking (\$490,000), Laverton creek trail (\$400,000), sports field upgrades in accord with the asset management plan (\$289,000) and Altona sports precinct master plan implementation (\$250,000).

6.1.2 Buildings (\$7.853 million)

For the 2013/2014 year \$7.853 million will be expended on building projects. The major projects include the Newport Gardens Early Years Centre (\$3.379 million), Newport Library, Youth Centre and Senior Citizens centre (\$970,000), Williamstown Town Hall refurbishment (\$900,000), Newport Athletics track multi-purpose room (\$600,000), general building renewals and upgrades (\$1.08 million) and the upgrade and renewal of public toilets (\$500,000).

6.1.3 Roads (\$4.613 million)

For the 2013/2014 year, \$4.613 million will be expended on road projects. The major projects include road resurfacing (\$1.348 million), Percy Street (\$650,000), Merton Street (\$388,000), Nelson Place (\$338,000), Douglas Parade (\$275,000) and Ferguson Street (\$190,000).

6.1.4 Drainage (\$270,000)

For the 2013/2014 year, \$270,000 will be expended on drainage works including the installation of litter traps (\$70,000), Speight Street (\$50,000) and drainage pit replacements in Brooklyn (\$40,000).

6.1.5 Significant Projects (\$2.688 million)

For the 2013/2014 year, \$2.688 million will be expended on significant projects. Items such as foreshore infrastructure (\$329,000), street light replacement program (\$300,000), environmental initiatives (\$300,000) and information technology strategy (\$280,000), are of a significant nature and included in the capital works program, despite the fact that they will not add to the Council's asset base.

6.1.6 Capital Works representation

A distinction is made between expenditure on new assets, expenditure on asset renewal and expansion/upgrade. Expenditure on asset renewal is expenditure on an existing asset, which improves the service potential or the life of the asset. Expenditure on new assets does not have any element of expansion/upgrade of existing assets but will result in an additional burden for future operation, maintenance and capital renewal.

6.1.7 Net Carried forward works from 2012/2013 year (\$121,000)

Capital expenditure in 2013/2014 has been increased by \$121,000 in relation to projects brought forward into the 2013/2014 year that are funded out of the 2012/2013 budget.

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6.2 Funding sources

Sources of Funding	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Variance (Unfav) \$'000
External				
Grants and contributions	6.2.1	4,043	954	(3,089)
Proceeds on sale of assets	6.2.2	220	2,047	1,827
Sub total		4,263	3,001	(1,262)
Internal				
Reserve cash and investments	6.2.3	1,028	1,883	855
Operations	6.2.4	19,094	17,082	(2,012)
Sub total		20,122	18,965	(1,157)
Total funding sources		24,385	21,966	(2,419)

6.2.1 Grants and contributions (\$954,000)

Capital grants and contributions include all monies expected to be received from Federal and State governments and community sources for the purpose of funding the capital works program. \$954,000 is expected to be received in 2013/2014 for roads to recovery (\$341,000), boat ramps (\$313,000), miscellaneous (\$200,000) and McCormack Park (\$100,000).

6.2.2 Proceeds from sale of assets (\$2.047 million)

\$2.047 million is expected from the sale of land and plant.

6.2.3 Reserve cash and investments (\$1.883 million)

The Council has cash reserves, which are currently used to fund the annual capital works program. The reserves include monies set aside for specific purposes, such as Recreation Land Reserve and non-specific reserves such as the Plant Replacement Reserve.

6.2.4 Operations (\$17.082 million)

During the year Council generates cash from its operating activities (predominately from rate revenue), which are used as a funding source for the capital works program. It is forecast that \$17.082 million will be generated from operations to fund the capital works program. Refer to section 5. 'Budgeted Cash Position' for more information on funds from operations.

7 Analysis of Budgeted Financial Position

This section of the budget report analyses the movements in assets, liabilities and equity between 2012/2013 and 2013/2014.

7.1 Budgeted Balance Sheet (Summary)

	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Variance (Unfav) \$'000
Current				
Assets	7.1.1	26,796	29,236	2,440
Liabilities	7.1.2	(32,465)	(26,542)	5,923
Net current assets		(5,669)	2,694	8,363
Non Current				
Assets	7.1.3	833,942	836,167	2,225
Liabilities	7.1.4	(2,705)	(9,079)	(6,374)
Net non current assets		831,237	827,088	(4,149)
Net assets		825,568	829,782	4,214
Equity	7.1.5			
Accumulated surplus		335,398	340,431	5,033
Reserves		490,170	489,351	(819)
Total equity		825,568	829,782	4,214

7.1.1 Current Assets (\$2.44 million increase)

The increase in current assets of \$2.44 million is the result of increases in cash and cash equivalents (\$4.72 million) and trade and other receivables (\$194,000) offset against a reduction in assets held for resale (\$2.474 million).

7.1.2 Current Liabilities (\$5.923 million decrease)

The decrease in current liabilities (obligations Council must pay within the next year) of \$5.923 million is due to a decrease in trade and other payables (\$7.244 million) mainly in relation to the defined benefit superannuation shortfall. Interest bearing borrowings (\$643,000) have increased due to the repayment of an additional loan to fund the superannuation payment whilst employee provisions have also increased (\$678,000).

7.1.3 Non Current Assets (\$2.225 million increase)

The increase in non-current assets is generally due to the capitalisation (\$19.278 million), depreciation (\$16.788 million) and disposal (\$200,000) of non-current assets. Trade and other receivables are also expected to decrease (\$456,000).

7.1.4 Non Current Liabilities (\$6.374 million increase)

The increase in non-current liabilities (obligations the Council must pay beyond the next year) is due to increased interest bearing borrowings (\$6.305 million) as a result of an additional loan to fund the defined benefit superannuation shortfall. Employee provisions have also increased (\$69,000).

7.1.5 Equity (\$4.214 million increase)

The net increase in equity (or net assets) of \$4.214 million is a result of above.

8 Strategic Resource Plan

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

8.1 Plan Development

The Act requires a Strategic Resource Plan (SRP) to be prepared covering both financial and non-financial resources, and including key financial indicators for at least the next four financial years to support the Council Plan.

The Council has prepared a long-term financial plan for the four years 2012/2013 to 2016/2017 as part of the Council's ongoing financial planning framework. The long-term plan takes the strategic objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next four years.

The key objective, which underpins the development of the Plan, is financial sustainability in the medium to long term, whilst achieving the Council's strategic objectives as specified in the Council Plan. The key financial objectives of the long-term financial plan are:

- Maintain existing service levels;
- Achieve surplus operating results;
- Maintain a net capital expenditure program of at least \$20 million per annum; and
- Incremental increases to the Council's cash reserves.
- Increase the Council's current ratio to over 100 per cent with incremental increases thereafter.

In preparing the SRP, the Council has also been mindful of the need to comply with the following principles of sound financial management as contained in the Act:

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

The plan is updated annually, in conjunction with the budget to achieve the key financial objectives of Council.

8.2 Financial Resources

The following table summarises the key financial results for the next four years, as set out in the Plan for years 2013/2013 to 2016/2017. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast	Strategic Resource Plan			
	Actual 2012/13 \$'000	Budget 2013/14 \$'000	2014/15 \$'000	Projections 2015/16 2016/17 \$'000	
Operating result	5,908	4,214	6,093	7,234	7,882
Cash and investments	17,631	22,352	25,200	28,439	31,306
Cash flow from operations	26,064	15,140	25,228	26,464	27,256
Cash increase/(decrease)	3,165	4,720	2,849	3,239	2,867
Capital works expenditure	24,385	21,966	23,208	24,484	25,484
Borrowings outstanding	2,155	9,102	7,944	7,149	6,308
Depreciation	17,091	16,788	17,381	17,492	17,631
Working capital	(5,669)	2,694	4,823	6,727	8,520
Net worth	825,568	829,782	835,875	843,109	850,991

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The key outcomes of the Plan are:

- **Financial sustainability (section 5)** – Cash and investments are forecast to increase over the four-year period from \$17.631 million to \$31.306 million;
- **Rating strategy (section 9)** – Average rates raised are forecast to increase by 5.0% in each future year of the plan;
- **Borrowing strategy (section 10)** – Borrowings are forecast to increase to \$9.102 million in 2013/2014 and then reduce to \$6.308 million over the four-year period; and
- **Infrastructure strategy (section 11)** - Capital expenditure over the four-year period will total \$95.142 million at an average of \$23.786 million.

8.3 Key Financial Indicators

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

Indicator	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2012/13	2013/14	2014/15	2015/16	2016/17
	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Debt Servicing Ratio (To identify the capacity of Council to service its outstanding debt)					
<u>Debt Servicing Costs</u>	<u>155</u>	<u>553</u>	<u>487</u>	<u>425</u>	<u>380</u>
Total Revenue	111,090	113,267	118,978	124,541	130,219
	0.1%	0.5%	0.4%	0.3%	0.3%
(b) Debt Commitment Ratio (To identify Council's debt reduction strategy)					
<u>Debt Servicing + Redemption Costs</u>	<u>639</u>	<u>10,604</u>	<u>1,646</u>	<u>1,220</u>	<u>1,220</u>
Rate Revenue	81,597	85,717	90,276	95,065	100,095
	0.8%	12.4%	1.8%	1.3%	1.2%
(c) Revenue Ratio (To identify Council's dependence on non-rate income)					
<u>Rate Revenue</u>	<u>81,597</u>	<u>85,717</u>	<u>90,276</u>	<u>95,065</u>	<u>100,095</u>
Total Revenue	111,090	113,267	118,978	124,541	130,219
	73.5%	75.7%	75.9%	76.3%	76.9%
(d) Debt Exposure Ratio (To identify Council's exposure to debt)					
<u>Total Indebtedness</u>	<u>27,315</u>	<u>27,256</u>	<u>26,829</u>	<u>26,796</u>	<u>26,751</u>
Total Realisable Assets	404,736	413,053	421,629	430,108	438,614
	6.7%	6.6%	6.4%	6.2%	6.1%
(e) Working Capital Ratio (To assess Council's ability to meet current commitments)					
<u>Current Asset</u>	<u>26,796</u>	<u>29,236</u>	<u>32,131</u>	<u>35,263</u>	<u>38,341</u>
Current Liabilities	32,465	26,542	27,308	28,536	29,821
	82.5%	110.1%	117.7%	123.6%	128.6%

8.4 Non-financial resources

In addition to the financial resources to be consumed over the planning period, Council will also consume non-financial resources, in particular human resources. The following table summarises the non-financial resources for the next four years.

Indicator	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2012/13	2013/14	2014/15	2015/16	2016/17
	\$'000	\$'000	\$'000	\$'000	\$'000
Employee costs	47,578	49,356	52,071	54,935	57,956
Employee numbers	812	815	815	815	815

9 Rating strategy

9.1 Strategy development

In developing the Strategic Resource Plan (referred to in Section 8), rates and charges were identified as an increasingly important source of revenue, accounting for over 70 per cent of the total revenue received by Council in the 2012/2013 budget. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases. This has changed significantly with the bi-annual general revaluations, substantial increases in property valuations and the subsequent rates increases for some properties. The following table shows the average rate increases over the last five years.

Year	Average Rate Increase
2008/2009	5.0%
2009/2010	5.0%
2010/2011	5.0%
2011/2012	7.1%
2012/2013	6.3%
Average increase over 5yrs	5.7%

9.2 Current year rate increase

The 2013/2014 operating position will be significantly impacted by wages growth, reductions in government funding and a number of significant increases in costs associated with:

- Increased laneway maintenance;
- Laverton hub operations;
- New Williamstown library operations;
- Newport substation ongoing funding; and
- Lead West membership.

It will therefore be necessary to achieve future revenue growth whilst containing costs in order to achieve surplus operating results set out in the Strategic Resource Plan. In order to achieve these objectives, whilst maintaining service levels and a robust capital expenditure program, rates will increase by \$4.12 million in 2013/2014 raising total rates of \$85.717 million, including \$300,000 generated from supplementary rates.

A breakdown of rates and charges, including Council rebates, garbage charges and supplementary rates and is detailed below:

Rates to be levied	Budget 201/314 \$'000
General rates	77,821
Council Rebates	(189)
Rubbish, refuse & green-waste	7,784
Sub-total	85,417
Supplementary rates	300
Total	85,717

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The following table sets out future proposed rate increases plus the total rates and charges to be raised, based on the forecast financial position of Council as at 30 June 2013.

Year	Average Rate Increase %	Total Rates & Charges Raised \$'000
2012/2013	6.3%	81,597
2013/2014	5.0%	85,717
2014/2015	5.0%	90,276
2015/2016	5.0%	95,065
2016/2017	5.0%	100,095

9.3 Rating structure

Council has established a rating structure, comprised of two key elements. These are:

- Property values, which reflects capacity to pay; and
- User pays component to reflect usage of waste services provided by Council.

Striking a proper balance between these elements provides equity in the distribution of the rate burden across rateable properties throughout the municipality.

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for residential or business purposes. This distinction is based on the concept that business should pay a fair and equitable contributions to rates, taking into account the benefits those businesses derive from the local community.

Having reviewed the various valuation bases for determining the property value component of rates, the Council made a decision in 1999/2000 to apply a Capital Improved Value (CIV) model, on the grounds that it provides the most equitable distribution of rates across the municipality. There are currently no plans to change this model however the Council does review its rating structure regularly.

The existing rating structure comprises five differential rates (residential, vacant residential land, commercial, industrial and petro-chemical) plus a rate concession for recreational land. These rates are structured in accordance with the requirements of section 161 "Differential Rates" of the Act. Under the Cultural and Recreational Lands Act 1963, provision is made for a Council to grant a rating concession to any "recreational lands" which meet the test of being "rateable land" under the Act. The differential rates for 2013/2014 are Vacant Residential 1.5, Commercial 2.6 Industrial 3.5 and Petro-Chemical 4 times higher than the residential rate. A rate concession for cultural and recreational land is set at 35 per cent of the residential rate. Council reviews these rating relatives regularly and also has a garbage charge, as allowed under the Act.

The following table summarises the rates to be made for the 2013/2014 year. A more detailed analysis of the rates to be raised is contained in Appendix B "Statutory Disclosures".

Rate type	2012/2013	2013/2014
Residential rates – \$ of CIV	0.002428	0.002549
Vacant Residential – \$ of CIV	0.003642	0.003824
Commercial rates – \$ of CIV	0.006313	0.006629
Industrial rates – \$ of CIV	0.008498	0.008923
Petro Chemical - \$ of CIV	0.009712	0.010198
Cultural & Recreational Concession - \$ of CIV	0.000850	0.000893
Garbage/Recycling charge - \$ per property	\$189.96 - \$202.26	\$200.25 - \$213.21

10 Borrowing strategy

In developing the Strategic Resource Plan (see Section 8), internal and external funding, rather than borrowings, were identified as important sources to fund the capital works program.

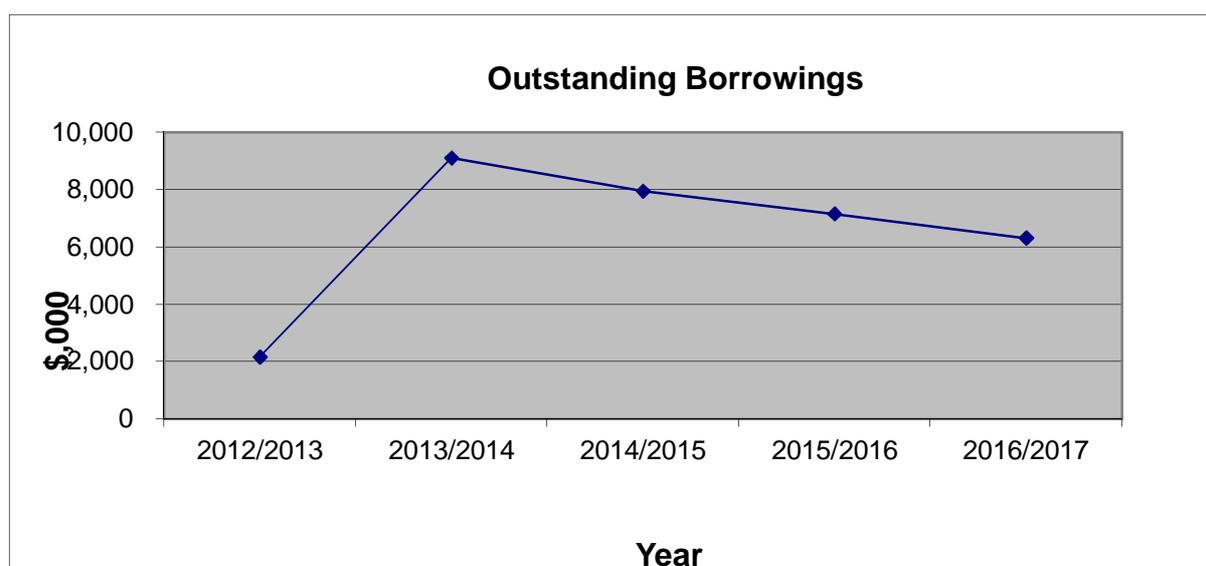
The Council's most recent borrowings were in 2010/2011 and 2004/2005 to fund the superannuation guarantee shortfalls. The Council has determined that it will borrow \$9.247 million in 2013/2014 to fund the superannuation guarantee shortfall in 2012 and to repay Vision Super the balance of the shortfall that occurred in 2010.

Otherwise the Council has focused on a debt reduction strategy, which had generally resulted in a reduction in debt servicing costs. Cash and investment reserves are being used as an alternate funding source to maintain robust capital works programs. This resulted in a general decline in cash between 2009/2010 to 2011/2012.

As mentioned above, the Council has decided to take out new borrowings in the 2013/2014 year, and after making loan repayments (including paying Vision Super the balance of the 2010 call) estimated at \$2.299 million, will increase total borrowings to \$9.102 million as at 30 June 2014. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2013.

Year	New Borrowings \$'000	Loan Principal Paid \$'000	Loan Interest Paid \$'000	Balance 30 June \$'000
2012/2013	0	484	155	2,155
2013/2014	9,247	2,299	553	9,102
2014/2015	0	1,159	487	7,944
2015/2016	0	795	425	7,149
2016/2017	0	840	380	6,308

The following graph highlights the result of Council debt reduction strategy over the life of the Strategic Resource Plan.



11 Infrastructure strategy

The Council has developed an Infrastructure Strategy which sets out the capital expenditure requirements of the Council for the next 5 years by class of asset and project and is a key input to the long term financial plan. It predicts infrastructure consumption and considers renewal and infrastructure needs to meet future community service expectations. The Strategy has been developed through a rigorous process of consultation and evaluation.

The key aspects of the process are as follows:

- Long term capital planning process which integrates with the Council Plan, long-term financial plan and Annual Budget processes;
- Identification of capital projects through the preparation of asset management plans;
- Prioritisation of capital projects within classes on the basis of evaluation criteria;
- Methodology for allocating annual funding to classes of capital projects; and
- Business Case template for capital project submissions.

A key objective of the Infrastructure Strategy is to maintain or renew Council's existing assets at desired condition levels. If sufficient funds are not allocated to asset renewal then Council's investment in those assets will reduce, along with the capacity to deliver services to the community.

At present, Council is similar to most municipalities in that it is presently unable to fully fund asset renewal requirements identified in the Infrastructure Strategy. While the Infrastructure Strategy is endeavoring to provide a sufficient level of annual funding to meet ongoing asset renewal needs, the required asset renewal is not being addressed creating an asset renewal gap and increasing the level of backlog. Backlog is the renewal works that Council has not been able to fund over the past years and is equivalent to the accumulated asset renewal gap.

The following influences have a significant impact on the 2013/2014 Infrastructure Strategy:

- Newport Gardens Early Years Centre \$3.379 million
- Newport Library / Youth Centre / Senior Citizens Centre \$970,000;
- Williamstown Town Hall refurbishment \$900,000;
- Water security implementation plan \$710,000;
- Foreshore infrastructure \$700,000;
- Urban design and city image \$658,000;
- Trails / bike plan implementation \$660,000;
- Greenhouse action plan \$600,000;
- Newport athletics multipurpose room \$600,000 and
- Laverton Park future directions plan \$100,000.

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

Year	Grants & Contributions	Borrowings	Investment Reserves	Operations & Rate Revenue	Capital Program
	\$'000	\$'000	\$'000	\$'000	\$'000
2012/2013	4,043	0	1,028	19,314	24,385
2013/2014	954	0	1,883	19,129	21,966
2014/2015	541	0	1,050	21,617	23,208
2015/2016	541	0	550	23,393	24,484
2016/2017	0	0	550	24,934	25,484

In addition to using cash generated from its annual operations and external contributions such as government grants, the Council has cash and investment reserves that are also used to fund a variety of capital projects. These reserves are either “statutory” or “discretionary” cash reserves. Statutory reserves relate to cash and investments held by Council that must be expended on a specific purpose as directed by legislation or other funding body and include contributions to car parking, drainage and recreation. Discretionary cash reserves relate to those cash and investment balances that have been set aside by Council and can be used at the Council’s discretion, even though they may be earmarked for a specific purpose. Appendix A includes a summary of the investment reserves for the year ended 30 June 2014.

Overview to Appendices

The following appendices include voluntary and statutory disclosures of information, which provides support for the analysis contained in sections 1 to 11 of this report.

This information has not been included in the main body of the budget report in the interests of clarity and conciseness. Council has decided that whilst the budget report needs to focus on the important elements of the budget and provide appropriate analysis, the detail upon which the annual budget is based should be provided in the interests of open and transparent local government. The contents of the appendices are summarised below:

Appendix	Nature of information
A	<u>Budget Standard Statements:</u> * Budgeted Standard Income Statement * Budgeted Standard Balance Sheet * Budgeted Standard Cash Flow Statement * Budgeted Standard Capital Works Statement <u>Budgeted Statement of Investment Reserves</u>
B	Statutory Disclosures
C	Capital Works Program
D	Key Strategic Activities
E	Sporting Pavilions Upgrades
F	Sports Grounds, Reserves and Parks Upgrades
G	Asphalt works programmed
H	Fees & Charges

The **Budgeted Standard Statements** section sets out the budget statements for 2013/2014 in detail. This information is the basis of the disclosures and analysis on the annual budget in this report.

This section also includes Council's forecast income, balance sheet, cash flow and capital works statements for the five years 2012/2013 to 2016/2017. It also includes details of non-financial resources for the same period. Council's strategic resource plan is prepared on a rolling basis whereby the plan always has a four-year outlook period.

The **Statutory Disclosures** section sets out additional disclosures required pursuant to the Act and the Regulations in respect to the Council's annual budget.

The **Capital Works Program** section outlines the 2013/2014 capital works program in detail, highlighting each separate program.

The **Key Strategic Activities** section outlines the Key Strategic Activities, to be undertaken during the 2013/2014 year and performance targets and measures in relation to these.

The **Fees and Charges** section outlines Council fees and charge for the 2013/2014 financial year in detail.