

# **Hobsons Bay City Council Annual Budget Report 2014-15**

This Budget Report has been prepared with reference to The Institute of Chartered Accountants "Victorian City Council Model Budget 2014/2015" a best practice guide for reporting local government budgets in Victoria.



**The Institute of  
Chartered Accountants  
in Australia**

<b>Contents</b>	<b>Page</b>
Mayor's introduction	2
Chief Executive Officer's summary	3
Budget processes	8
<b>Overview</b>	
1. Linkage to the Council Plan	9
2. Services, initiatives and service performance indicators	11
3. Budget influences	23
<b>Budget analysis</b>	
4. Analysis of operating budget	28
5. Analysis of budgeted cash position	35
6. Analysis of capital budget	38
7. Analysis of budgeted financial position	43
<b>Long term strategies</b>	
8. Strategic resource plan and financial performance indicators	46
9. Rating information	50
10. Other strategies	53
<b>Appendices</b>	
A Budgeted statements	58
B Rates and charges	65
C Capital works program	72
D Fees and charges schedule	81

## Mayor's introduction

It gives me great pleasure to present this Budget to the community of Hobsons Bay City Council.

We will increase average rates and charges by 5 percent in the 2014-15 financial year. This level allows us to maintain existing service levels, fund a number of new initiatives and allocate additional funds to renew the City's infrastructure.

The rate increase has been kept in line with the level foreshadowed in Council's Strategic Resource Plan adopted in the previous year, despite a number of significant budget impacts including higher than expected wage increases, reduction in Victorian Grants Commission funding and increases in the levy payable to the Victorian Government upon disposal of waste into landfill.

The proposed budget includes a number of new initiatives, including:

- Development of an Integrated Transport Strategy;
- Development of an Economic Development Strategy;
- Establish and deliver the Baby Makes 3 program;
- Develop the Learning Communities Strategic Plan;
- Develop the Open Space Strategy;
- Develop a new Customer Service Strategy;
- Roll out the on-line Community Engagement Tool; and
- Implement the National Asset Management Framework.

The total Capital Works program will be \$30.534 million, of which \$1.572 million relates to projects carried over from the 2013-14 year.

Highlights of the capital works program include:

- Energy Efficiency Projects (\$600,000);
- Recreation and Culture Projects (\$580,000);
- Cycleways/Shared Paths (\$1.01 million);
- Vibrant Villages Program (\$300,000);
- Gateways Program (\$300,000);
- Madigan Reserve (\$800,000);
- Newport Seniors Youth and Library (\$3.8 million);
- Pier Street (Stage 3) (\$500,000);
- Newport Park Athletic Pavilion (\$320,000);
- Other pavilion upgrades (\$500,000); and
- Laneways rehabilitation (\$150,000).

The capital works program also includes core works of:

- Roads (\$5.55 million);
- Drainage (\$813,000);
- Car Parks (\$944,000);
- Buildings (\$4.1 million);
- Footpaths (\$321,000);
- Replacement/Renewal Programs (\$4.38 million); and
- Traffic and Parking (\$741,000).

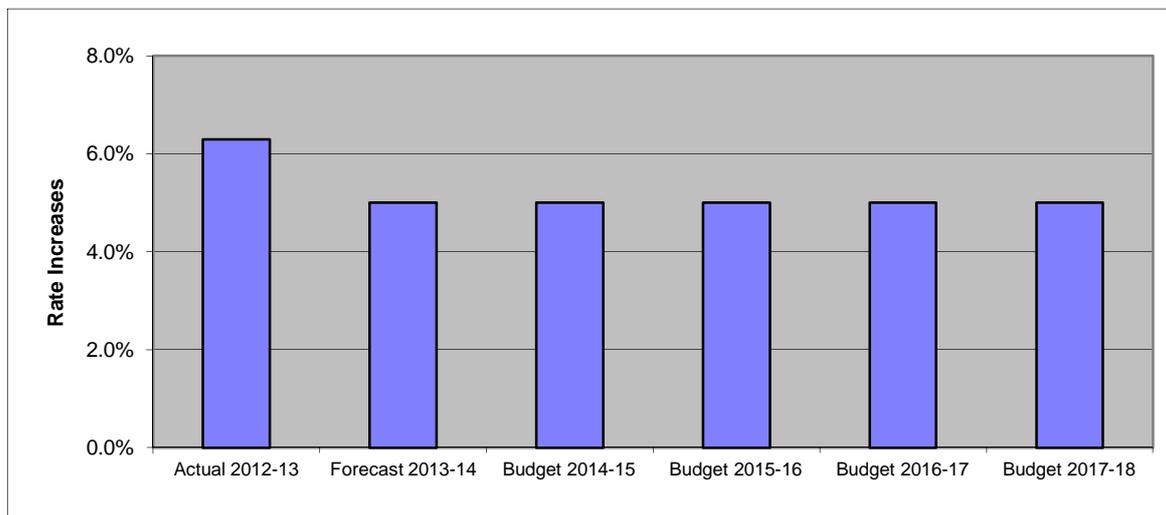
This budget was developed through a rigorous process of consultation and review and Council endorses it as financially responsible.

**Cr Sandra Wilson**  
**Mayor**

## Chief Executive Officer's summary

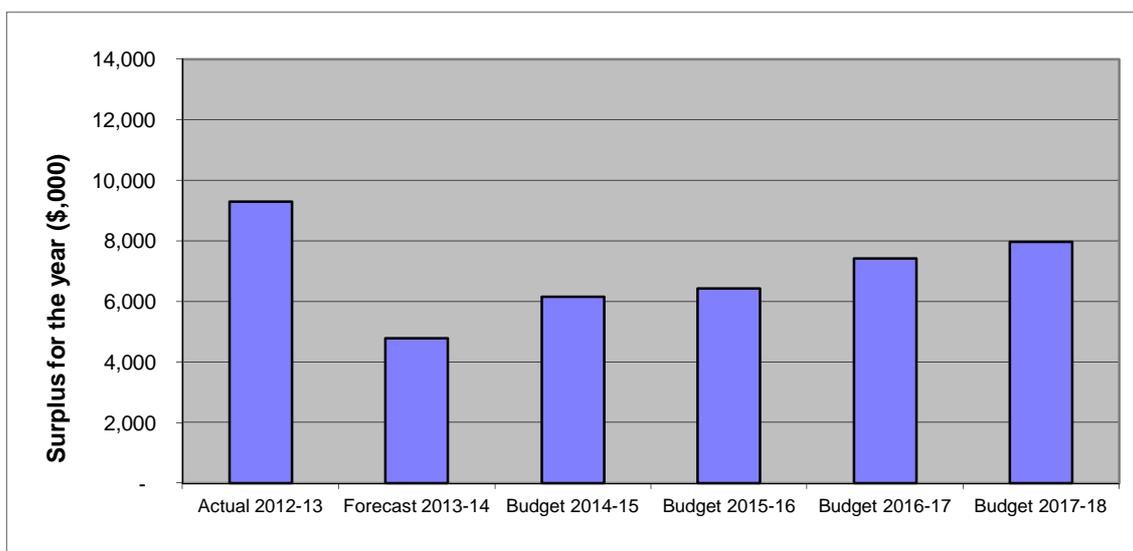
The Council has prepared a Budget for the 2014-15 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, services, cash and investments, capital works, financial position, financial sustainability and strategic objectives of the Council.

### 1. Rates



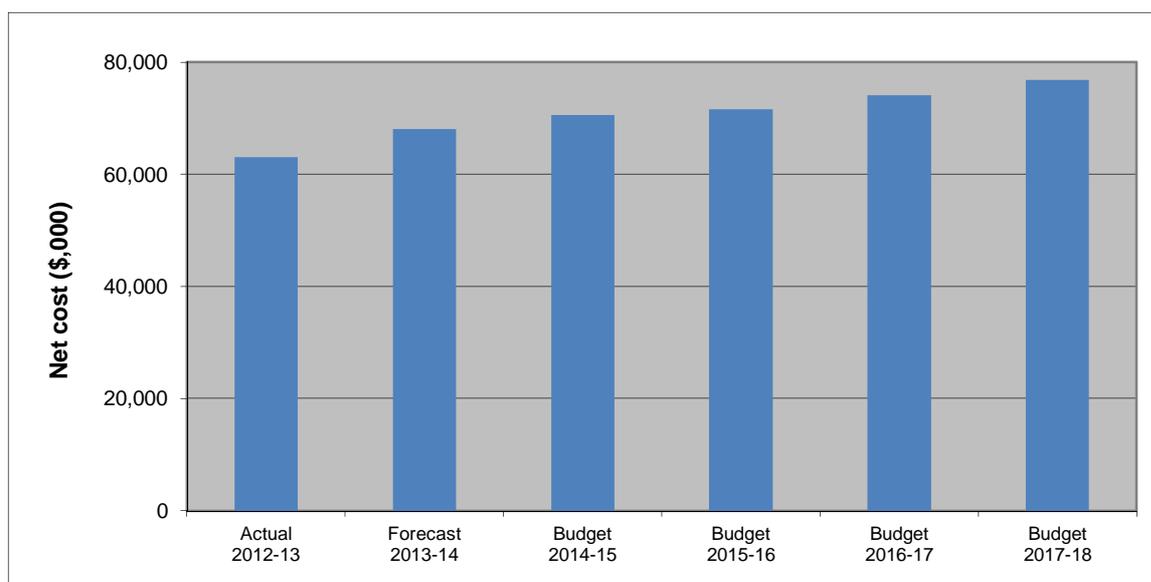
It is proposed to increase average rates by 5 per cent for the 2014-15 year, raising total rates of \$90.82 million, including \$300,000 generated from supplementary rates. The 5 per cent increase will go towards maintaining service levels and meeting the cost of a number of external influences affecting the operating budget. The increase will also go towards capital works to address the asset renewal needs of the City. This rate increase is in line with the level foreshadowed in Council's Strategic Resource Plan. The average rate increase for the 2013-14 year was also 5 per cent.

### 2. Operating result



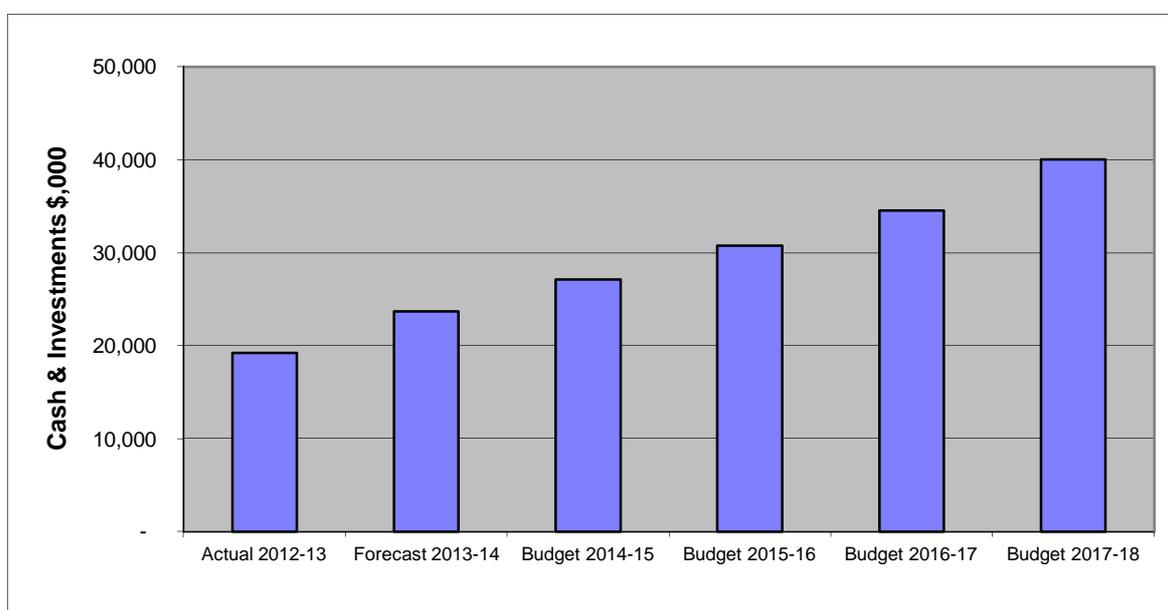
The expected operating result for the 2014-15 year is a surplus of \$6.158 million, which is an increase of \$1.376 million over 2013-14. The improved operating result is due mainly to the expected receipt of a full years funding from the Victorian Grants Commission.

### 3. Services



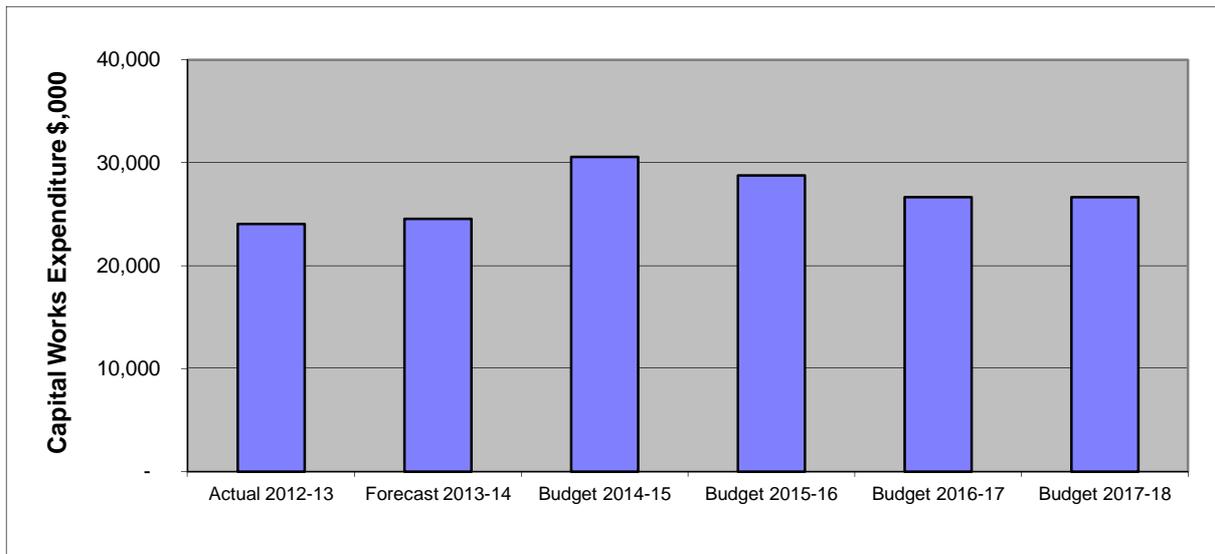
The net cost of services delivered to the community for the 2014-15 year is expected to be \$70.58 million, which is an increase when compared to the \$68.053 million in 2013-14. A key influencing factor in the development of the 2014-15 budget has been the continued alignment with the Community Health and Wellbeing Plan and the Council Plan. A significant community consultation process has also recently been conducted, which indicates a relatively high level of satisfaction with most services provided by Council. There are some areas of concern where there is a clear message that ratepayers want improved service levels. For the 2014-15 year, service levels have been maintained and a number of initiatives proposed.

### 4. Cash and investments



Cash and investments are expected to increase by \$3.522 million during the year to \$27.18 million as at 30 June 2015. The increase is mainly due to amounts included in the waste management sinking fund and the loan repayment reserve. The increase in cash and investments is in line with Council's Strategic Resource Plan. Cash and investments are forecast to be \$23.658 million as at 30 June 2014.

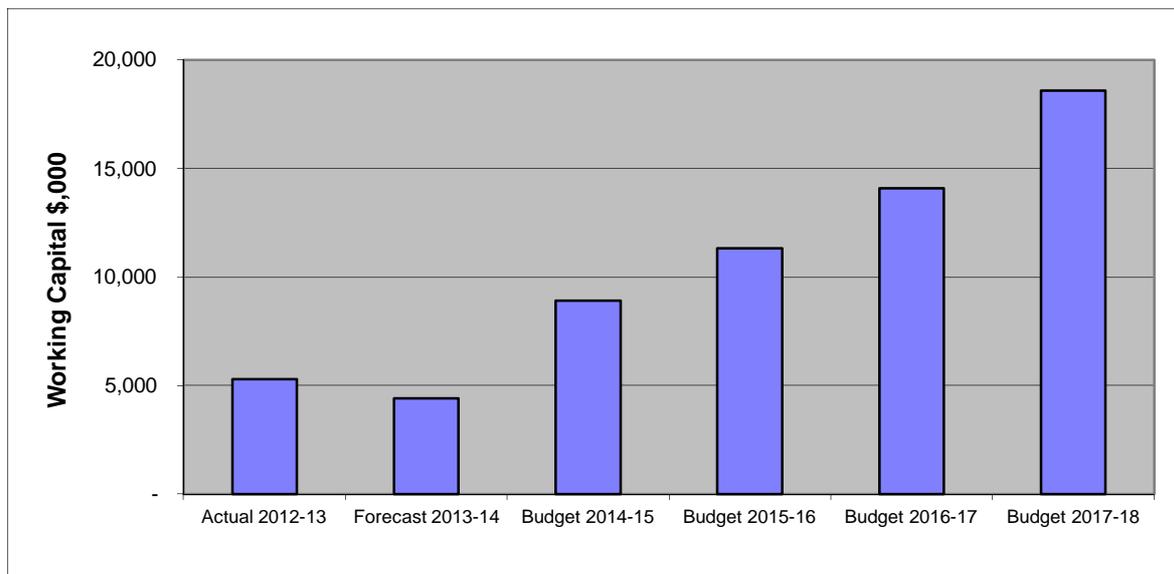
## 5. Capital works



The capital works program for the 2014-15 year is expected to be \$30.534 million of which \$1.572 million relates to projects which will be carried forward and fully funded from the 2013-14 year. Of the \$28.962 million of capital funding required, \$599,000 will come from external grants, \$7.34 million from loan borrowings with the balance being funded from the operational surplus and cash reserves. 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. This year's program includes a number of major building projects including the construction of the Newport Seniors Youth and Library centre. Capital works is forecast to be \$24.553 million for 2013-14.

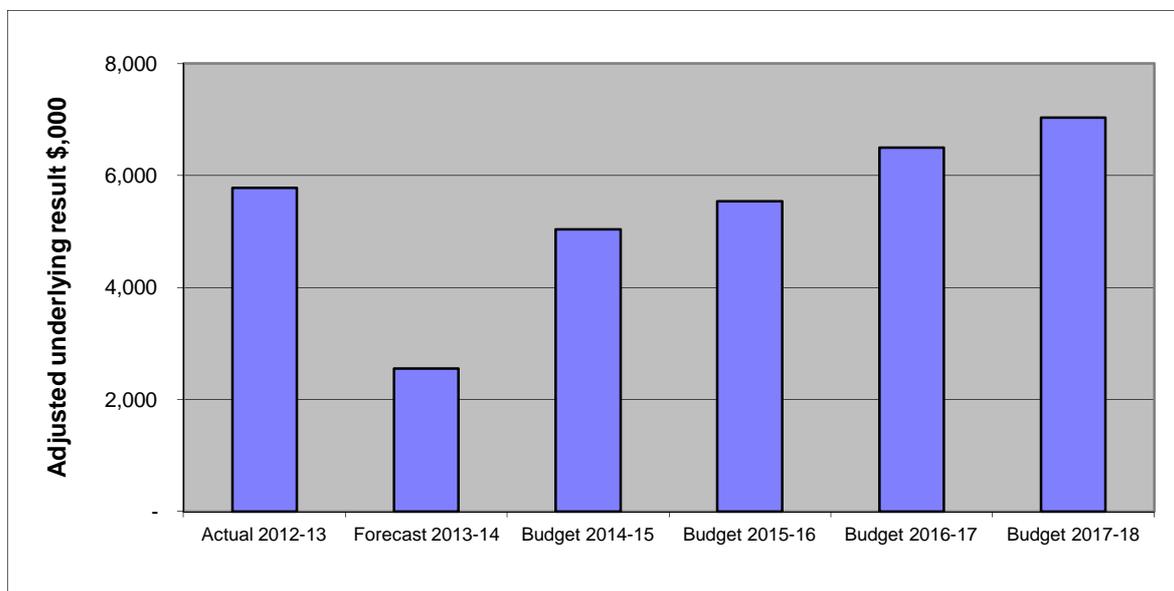
The asset renewal program has been increased in the 2014-15 year which will lead to a significant reduction in the asset renewal backlog. Over the rest of the four year period, asset renewal expenditure is expected to be maintained at significant levels, as funds continue to be directed toward renewing existing infrastructure.

## 6. Financial position



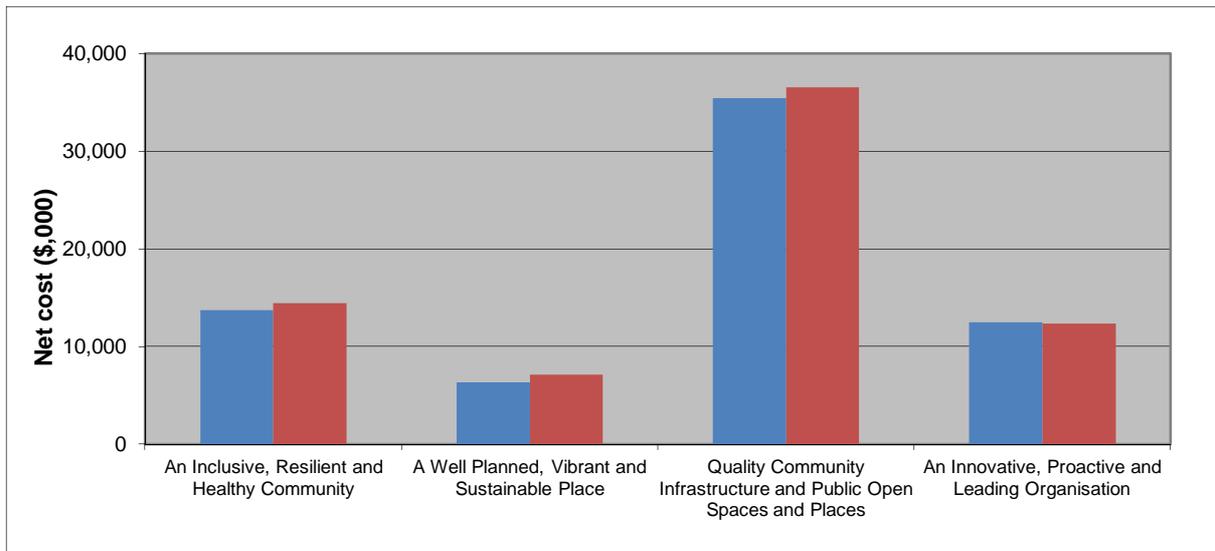
The financial position is expected to improve with net assets to increase by \$6.158 million to \$847.989 million at 30 June 2015. Total equity is forecast to be \$841.831 million as at 30 June 2014. Net current assets (working capital) will increase by \$4.55 million to \$8.964 million as at 30 June 2015. This is mainly due to the increase in cash resulting from the amounts included in the waste management sinking fund and the loan repayment reserve.

## 7. Financial sustainability



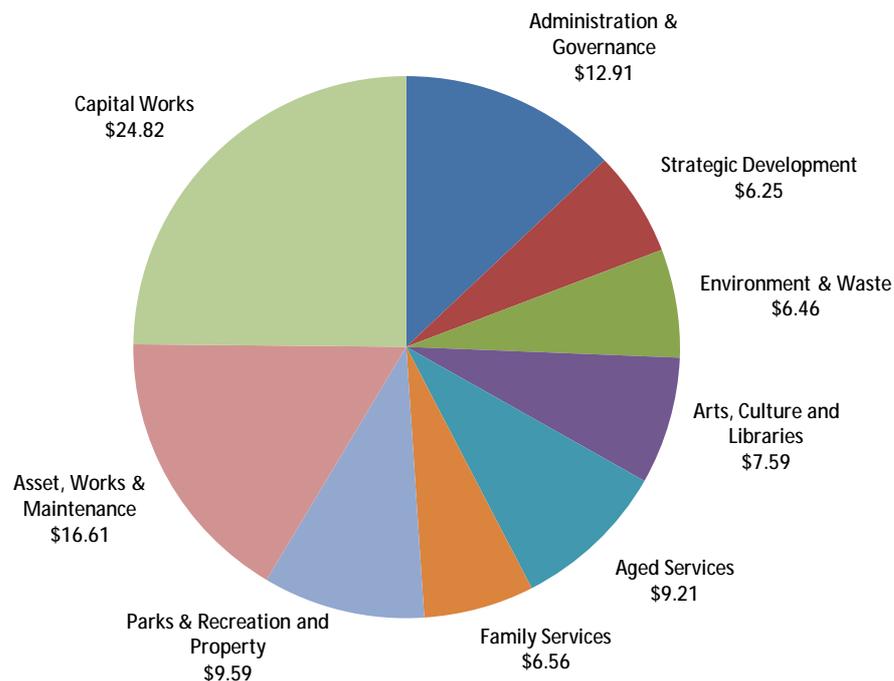
A high level Strategic Resource Plan for the years 2014-15 to 2017-18 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan. The adjusted underlying result, which is a measure of financial sustainability, shows an increasing surplus over the four year period.

## 8. Strategic objectives



The Annual Budget includes a range of services and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan. The above graph shows the level of funding allocated in the budget to achieve the strategic objectives as set out in the Council Plan for the 2014-15 and 2013-14 years.

## 9. 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.

**Chris Eddy**  
Chief Executive Officer

## 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 (Planning and Reporting) Regulations 2014* (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 2014-15 budget, which is included in this report, is for the year 1 July 2014 to 30 June 2015 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a budgeted Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ended 30 June 2015 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information 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 the Council's long term financial projections. Financial projections for at least four years are ultimately included in the Council's Strategic Resource Plan, which is the key medium-term financial plan produced by the Council on a rolling basis. The preparation of the budget, within this broader context, begins with Officers preparing the operating and capital components of the annual budget during January and February. A draft consolidated budget is then prepared and various iterations are considered by the Council at informal briefings during February to April. A 'proposed' budget is prepared in accordance with the Act and submitted to Council in April 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 internet 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 by 31 August and a copy submitted to the Minister within 28 days after adoption. The key dates for the budget process are summarised below:

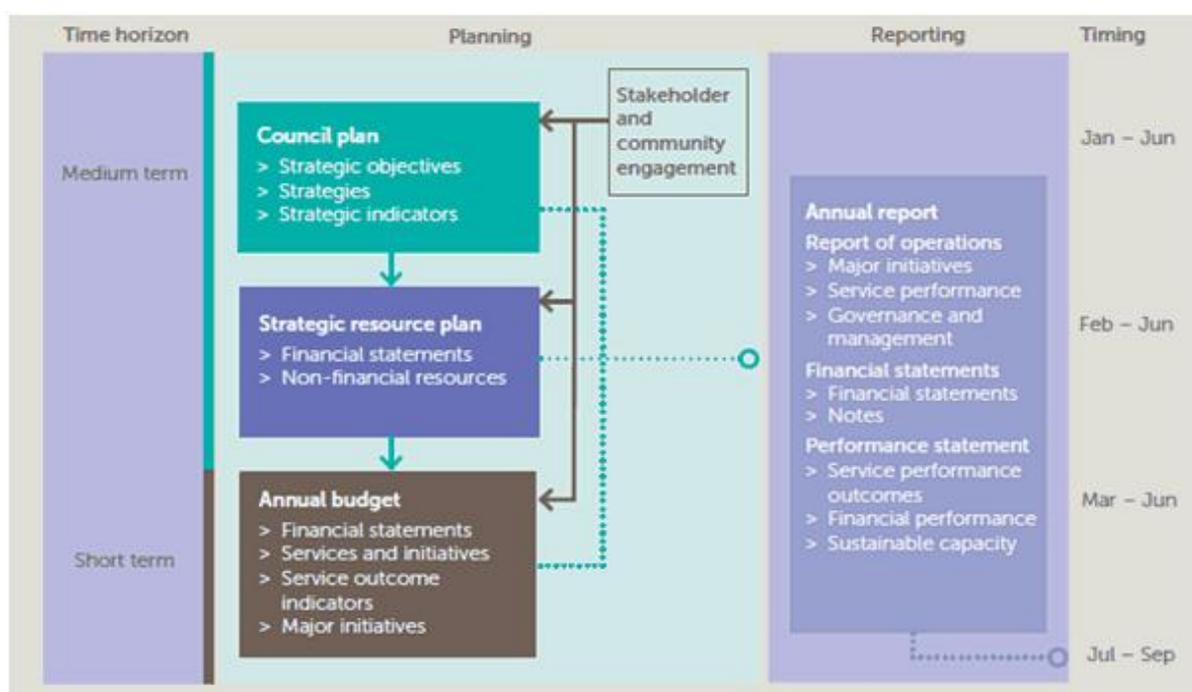
Budget process	Timing
1. Officers update Council's long term financial projections	Dec/Jan
2. Officers prepare operating and capital budgets	Jan/Feb
3. Councillors consider draft budgets at informal briefings	Mar/Apr
4. Proposed budget submitted to Council for approval	April
5. Public notice advising intention to adopt budget	May
6. Budget available for public inspection and comment	May
7. Public submission process undertaken	May/June
8. Submissions period closes (28 days)	June
9. Submissions considered by Council/Committee	June
10. Budget and submissions presented to Council for adoption	June
11. Copy of adopted budget submitted to the Minister	July
12. Revised budget where a material change has arisen	Sep-June

## 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 community needs and aspirations over the long term (its vision within the Community Health and Wellbeing Plan), medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Audited Statements).

### 1.1 Planning and accountability framework

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



Source: Department of Transport, Planning and Local Infrastructure

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

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. 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 in advance of the commencement of the Annual Budget process.

### 1.2 Our purpose

#### The Community's Vision for Hobsons Bay

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.

## The Council's 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.

Principles we will uphold in carrying out our mission:

- 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; and
- Inform, listen to and engage with communities.

## Our values

Hobsons Bay City Council has a clear strength in the bond and affinity between its Councillors, the community and staff. Staff supports the community leadership and governance role of Councillors, and work together to achieve the commitments of the Council Plan. Having all Hobsons Bay City Council staff practise the following organisational values enhance the quality of this partnership. Our values that underpin our work:

- Honesty;
- Trust;
- Integrity;
- Collaboration;
- Respect; and
- Accountability.

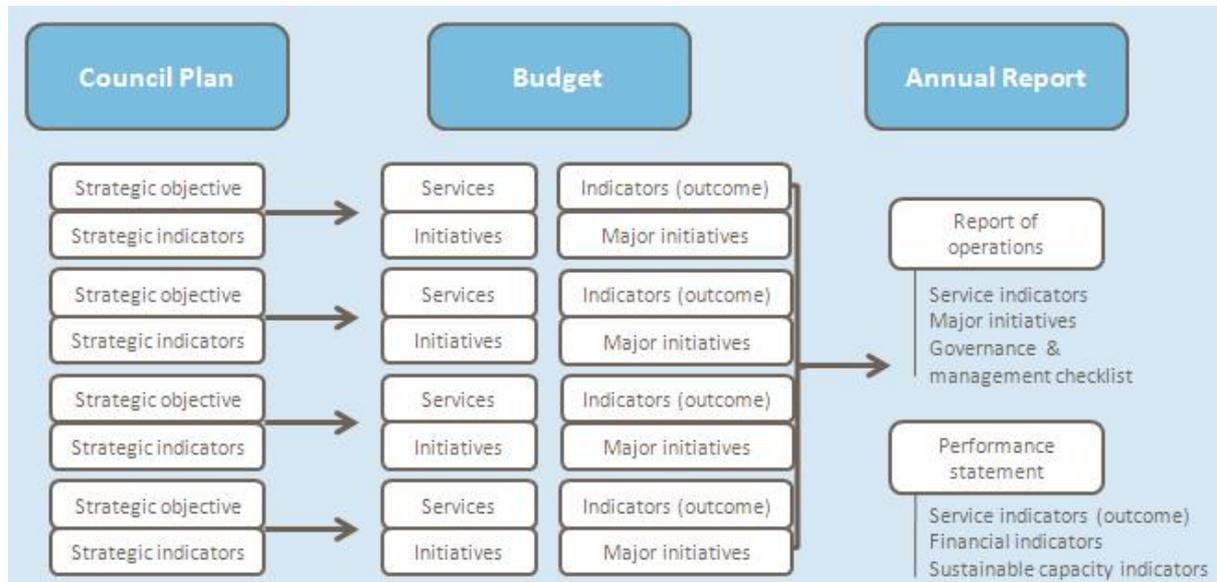
## 1.3 Strategic objectives

The Council delivers a range of services and initiatives that have been allocated under 23 major service categories. Each contributes to the achievement of one of the four Strategic Objectives as set out in the Council Plan for the years 2013-2017. The following table lists the four Strategic Objectives as described in the Council Plan.

Strategic Objective	Description
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. Services, initiatives and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2014-15 year and how these will contribute to achieving the strategic objectives specified in the Council Plan as set out in Section 1. It also includes a number of initiatives, major initiatives and service performance outcome indicators. 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, along with the link to reporting in the Annual Report, is shown below.



Source: Department of Transport, Planning and Local Infrastructure

Services for which there are prescribed performance indicators to be reported on in accordance with the Regulations are shown in **bold** and underlined in the below sections.

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

To achieve our goal of an Inclusive, Resilient and Healthy Community, we will continue to engage 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.

We will work towards achieving this through the following objectives:

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

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

### Services

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Community Care	<p>Community Care Management, Active Community Support, Care and Assessment Management, Planned Activity Groups (PAGs), Client Assessment, Food Services - Hobsons Bay, Service Delivery Management, Home and Community Care (HACC), Community Aged Care Packages (CACPS - General and Housing Link), National Respite for Carers Program (NRCP – Aged), Private Business, Senior Citizens, Community Transport</p> <p>This service provides a range of <b>home and community care</b> services for older people and people with a disability including domestic assistance, personal care, respite care, home maintenance, delivered meals, planned activity groups and senior citizen centres.</p>	<p>10,943 <u>(7,472)</u> <b>3,470</b></p>
Family, Youth and Children's Services	<p>Family, Youth and Children Management, Youth Services, Children's Services, Family Day Care, Early Years, MCH, Immunisation</p> <p>This service provides family oriented support services including <b>maternal and child health</b>, long day care, family day care, occasional care, pre-school field officer program, playgroups, youth services (including counselling and support), and immunisation.</p>	<p>8,075 <u>(4,223)</u> <b>3,853</b></p>
Learning Communities	<p>Library Management, Libraries (all five branches), Library - Digital, Learning Communities Administration, Community Development Projects, Community Centres</p> <p>This service provides public <b>library</b> services at five locations, and a virtual branch via the library website. It also coordinates two community centres, and supports and generates key community development projects to achieve a healthy and vibrant community.</p>	<p>6,430 <u>(1,209)</u> <b>5,221</b></p>

Arts, Events, Tourism, and Cultural Development	Arts, Events and Tourism Management, Events, Cultural Development  This service provides a varied ongoing program of arts, cultural events, and community events, engaging with our community to promote participation in the arts.	1,400 <u>(80)</u> <b>1,320</b>
Environmental Health and Building Control	Environmental Health, Building Control  The Environmental Health service protects the community's health and wellbeing by coordinating <b>food safety</b> surveillance, single incidence and disease outbreak investigations, tobacco control, heat health, influenza pandemic and public health emergency management. The service also works to rectify any public health concerns relating to unreasonable noise emissions, housing standards and pest control.  This service provides statutory building services to the community including processing of building permits, emergency management responsibilities, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.	1,541 <u>(740)</u> <b>800</b>
Local Laws	Regulatory Services, Animal Control, School Crossing  This service provides staff at school crossings throughout the municipality to ensure that all pedestrians, but mainly school aged children, are able to cross the road safely. It maintains and improves the health and safety of people, animals and the environment by providing <b>animal management</b> services. It also provides education, regulation and enforcement of the Community Local Law and relevant State legislation.	3,683 <u>(4,579)</u> <b>(896)</b>
Emergency Management and Resident Response	Emergency Management, Resident Response  This service manages the emergency management functions of the Council and ensures Council buildings and facilities are suitably equipped for use as emergency co-ordination and relief recovery centres.	691 <u>0</u> <b>691</b>

### Initiatives

- 1) The Council will develop a discussion paper that defines the role of Council in services for 8 to 11 year olds. Recommendations from this paper will then be used to support the delivery of services.
- 2) In line with the Gender Equity Policy Statement, the Council will establish and deliver the Baby Makes 3 program across all wards in Hobsons Bay
- 3) The Council will review and develop Best Practice Emergency Management Plan as assessed by Vic SES audit process
- 4) In line with the Waste and Litter Management Plan the Council will develop a food waste recovery issues paper which will identify opportunities to reduce waste in landfill and support food security.

- 5) Progress the development of Urban Arts Collective as an arts based social enterprise for young people.

### Major Initiatives

- 6) In line with the recommendations from the Electronic Gaming Machines (EGM) Discussion Paper 2014, the Council will review and renew the Hobsons Bay EGM Policy Statement 2008 based on the legislative changes and consultation with community and stakeholders.

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Home and Community Care	Participation	Participation in HACC service (Percentage of the municipal target population that receive a HACC service)	[Number of people that received a HACC service / Municipal target population for HACC services] x100
		Participation in HACC service by CALD people (Percentage of the municipal target population in relation to CALD people that receive a HACC service)	[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100
Maternal and Child Health	Participation	Participation in MCH key ages and stages visits (Percentage of children attending the MCH key ages and stages visits)	[Number of actual MCH visits / Number of expected MCH visits] x100
		Participation in MCH key ages and stages visits by Aboriginal children (Percentage of Aboriginal children attending the MCH key ages and stages visits)	[Number of actual MCH visits for Aboriginal children / Number of expected MCH visits for Aboriginal children] x100
Libraries	Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100
Animal Management	Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
Food safety	Health and safety	Critical and major non-compliance notifications (Percentage of critical and major non-compliance notifications that are followed up by Council)	[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100

## 2.2 Strategic Objective 2: A Well Planned, Vibrant and Sustainable Place

To achieve our objective of A Well Planned, Vibrant and Sustainable Place, we will foster 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.

We will work towards achieving this through the following objectives:

- Contribute to creating an accessible, well connected city
- Enhance neighbourhood character, while respecting local heritage and open space
- Contribute to initiatives that encourage economic opportunities through local employment, business, industry and tourism
- 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
- Reduce the Council's ecological footprint and ensure our community has the capacity to adapt to the effects of climate change
- Ensure opportunities for residents to enhance their health and wellbeing are delivered upon through strategic integrated planning, social research, community consultation and evaluation

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

### Services

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Strategic Planning (Social, Land Use, Waste, Environment)	Strategy and Advocacy Administration, Environmental Sustainability, Strategic Planning, Social Planning and Development, Waste and Environmental Management	4,418 (147) <b>4,270</b>
	This service provides strategic land use planning, developing policies and strategies that respond to community needs now and into the future. This service also has the responsibility to ensure that social issues are brought to the forefront of the Council's decision making process in order to create equity and inclusion in Hobsons Bay. This service also develops waste and environmental policy, coordinates and implements environmental projects to facilitate reduced negative environmental impacts. Reducing waste, water consumption and greenhouse gas emissions within Council operations and the community are a key priority.	
Economic Development and Tourism	Economic Development and Tourism	849 (2) <b>847</b>
	The <b>economic development</b> service assists the organisation to facilitate an environment that is conducive to a sustainable and growing local business sector.	
Statutory Planning	Planning Services, UP&D Admin	2,793 (776) <b>2,017</b>
	This <b>statutory planning</b> service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing the Council at the	

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
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Victorian Civil and Administrative Tribunal, where necessary.

### Initiatives

- 7) In line with the Disability Access and Inclusion Strategy 2013-2017 and the Council's aim in achieving a full accessible and inclusive municipality, the Council will undertake three DDA Audits in line with compliance requirements and develop a program of future works.
- 8) The Council will develop a Tourism Strategy to promote Hobsons Bay and the western region and a destination of choice.
- 9) The Council will develop an Economic Development Strategy to ensure the Council is supporting development for our community now and in the future.
- 10) The Council will auspice the development of the Western Metropolitan Regional Trails Plan, working with partners across the western region to develop a plan for the state and federal government.
- 11) In line with the Integrated Water Management Strategy, the Council will develop an Irrigation Management Action Plan.
- 12) With the current Multicultural Policy 2012-2015 nearing conclusion, the Council will develop a background paper to support the development of a new Multicultural Policy 2016-2020.

### Major Initiatives

- 13) In line with the state government legislation, the Council will develop the draft New Residential Zones including drafting the following background documents: Housing Strategy, Activity Centre Strategy, and Neighbourhood Character Study.

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Economic Development	Economic activity	Change in number of businesses (Percentage change in the number of businesses with an ABN in the municipality)	[Number of businesses with an ABN in the municipality at the end of the financial year <i>less</i> the number of businesses at the start of the financial year / Number of businesses with an ABN in the municipality at the start of the financial year] x100
Statutory Planning	Decision making	Council planning decisions upheld at VCAT (percentage of planning application decisions subject to review by VCAT and that were upheld in favour of the Council)	[Number of VACT decisions that upheld the Council's decision in relation to a planning application / Number of decisions in relation to planning applications subject to review by VCAT] x 100

## 2.3 Strategic Objective 3: Quality Community Infrastructure and Public Open Spaces and Places

To achieve our objective of Quality Community Infrastructure and Public Open Spaces and Places, we will continue to deliver 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.

We will work towards achieving this through the following objectives:

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

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

### Services

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Waste collection	Waste collection  This service provides <b>waste collection</b> including kerbside rubbish collections of garbage, recycling, hard waste and green waste from all households and some commercial properties in Council.	6,496 (500) <b>5,996</b>
Facilities Management	Facilities Management & Bookings  This service manages venues and facilities to support opportunities for local residents and visitors to participate in and experience the cultural realm of the city.	661 (232) <b>428</b>
Cleansing, Utilities, Roads, Drains, and Building Maintenance	Community Maintenance and Cleansing Business Unit Support, Cleansing Business Unit, Utilities Services, Roads and Drains, Building Maintenance  This service provides for the ongoing maintenance of the Council's <b>roads</b> , drains, footpaths, and buildings. It also provides street cleaning, leaf collection, weed removal, drainage pit cleaning and street litter bins throughout Council.	14,709 (1,269) <b>13,441</b>
Parks	Parks Administration, Parks & Gardens, Trees, Sporting Grounds, Parks Conservation, Parks – Additional Works,  This service plans and manages the delivery of horticultural maintenance and development for our parks, gardens, sporting grounds and conservation areas.	8,830 (77) <b>8,753</b>

Recreation & Community Facilities	Property Services, Open & Urban Space, Community Facilities, Recreation Administration, Boat Ramps, Recreation Facilities	2,965 <u>(2,081)</u> <b>884</b>
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This service plans, provides and manages recreational facilities and foreshore land, prepares policies and strategies relating to the planning, design, coordination and delivery of public open space as well as oversees the occupancy of community buildings and whether they are meeting present and future community needs.

This service also includes a leisure centre. This centre is not managed by the Council. It provides the community with a range of recreational facilities including swimming **pool facilities** a fully equipped gymnasium, cafe and crèche.

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Capital Works & Assets	Capital Works & Assets Administration, Asset Management, Building & Parks Project Management, Design & Project Management, Traffic Engineering,	7,094 <u>(15)</u> <b>7,079</b>
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This service facilitates the smooth flow of traffic and parking throughout the municipality through the provision of line marking, signage, traffic signals, crossings, bicycle facilities and road safety education. This service also undertakes design, tendering, contract management and supervision of various major civil and building works within the Council's capital works program as well as managing the corporate asset management system and Geographical Information System (GIS).

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### Initiatives

- 14) To protect and support the management of the foreshore, the Council will establish a five year foreshore revetment and access program.
- 15) To ensure the Williamstown Botanic Gardens are maintained and meet the needs of the community, the Council will update the gardens Master Plan.
- 16) To ensure the Truganina Park is maintained and meet the needs of the community, the Council will develop a Management Plan.
- 17) In line with the Integrated Water Management Plan the Council will undertake a feasibility study into one water harvesting project.
- 18) To ensure the Council is maintaining and delivering quality open space that meets the needs of the community, the Council will develop an Open Space Strategy.
- 19) To ensure the Councils assets are maintaining and meeting the needs of the community, the Council will update the Asset Management Policy and Strategy.
- 20) To ensure Council managed roads are maintained, the Council will implement the expanded Road Resurfacing Program

### Major Initiatives

- 21) To support young people, support social inclusion, education and lifelong learning opportunities the Council will develop the Newport Youth, library and seniors facility.

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Waste collection	Waste diversion	Kerbside collection waste diverted from landfill (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100
Roads	Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads.
Pool Facilities	Utilisation	Utilisation of pool facilities (The number of visits to pool facilities per head of municipal population)	Number of visits to pool facilities / Municipal population

## 2.4 Strategic Objective 4: An Innovative, Proactive and Leading Organisation

To achieve our objective of An Innovative, Proactive and Leading Organisation, we will continue to provide 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.

We will work towards achieving this through the following objectives:

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

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

### Services

Business areas	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Strategic Directorate Support	Corporate Services Support, Planning and Environment Directorate, Divisional Support (Community Services), Divisional Support (Infrastructure and City Services), Corporate Management	2,114 <u>0</u> <b>2,114</b>
	This service consists of the Executive Management Team's support which cannot be easily attributed to the direct service provision areas.	
Organisation Development	Human Resources, Health & Wellbeing, Corporate Training	1,478 <u>0</u> <b>1,478</b>
	This service provides support and advice to all levels of management and on all employment, training and Workcover matters. The department operates as an internal consulting service for the organisation. The service develops and implements strategies, policies and procedures through the provision of human resources and industrial relations services.	
Strategic Communications and Community Relations	Communications	848 <u>0</u> <b>848</b>
	This service provides communication support and advice to the Council including media relations, strategic communications planning, online communications management, speech writing, event coordination, graphic design services, brand management and management of the new online engagement tool.	
Governance (Governance, Corporate Management, Risk Management)	Governance, Corporate Management, Risk	1,024 <u>(31)</u> <b>993</b>
	This area of <b>governance</b> is responsible for ensuring the Council meets its statutory obligations under the	

Business areas	Description of services provided	Expenditure (Revenue) Net Cost \$'000
	<p>Local Government Act 1989 and other relevant legislation, including managing the Council meeting processes, Citizenship ceremonies, Freedom of Information requests delegations and Junior Council program.</p> <p>This service is also responsible for occupational health and safety, business continuity and risk management, leading an organisational commitment to industry best practice in risk management.</p>	
Customer Service & Councillor Support	Executive Management, Customer Service, Casual Pool / Backfill, Mobile Customer Service, Corporate Centre – Meeting Rooms	2,188 <u>0</u> <b>2,188</b>
	<p>This service provides a range of customer service and councillor support services and acts as the main customer interface with the community. Services include a customer service mobile program, meeting room management, administration of the customer complaints system (CHARM), administrative support across the organisation and executive support to the Mayor and Councillors.</p>	
Finance	Finance, Rates & Valuations, Payroll, Procurement	2,490 <u>(456)</u> <b>2,034</b>
	<p>This service predominantly provides financial based services to both internal and external customers including the management of the Council's finances, payment of salaries and wages to Council employees, procurement and contracting of services, raising and collection of rates and charges, and valuation of properties throughout the municipality.</p>	
Information Services	KARM, Information Services & Support	2,751 <u>0</u> <b>2,751</b>
	<p>This service provides, supports and maintains reliable and cost effective communications and computing systems, facilities and infrastructure to the Council staff enabling them to deliver services in a smart, productive and efficient way. This service also provides efficient knowledge and records management services and the management of privacy related issues.</p>	

### Initiatives

- 22) The Council will review the Special Planning Committee (SPC) to strengthen the quality and efficiency of the committee.
- 23) To ensure the Council is managing properties effectively a review of the Council's Commercial Properties will be undertaken.
- 24) To ensure the Council is effectively communicating and delivering services to the Community, the Council will develop a Customer Service Strategy.
- 25) The Council will complete the rehabilitation of Jack Madigan Reserve and open it to the public.
- 26) In line with the Play Space Strategy 2013-2023, the Council will develop a 5 year Capital Works and Operational Plan.

27) To strengthen the Council's recruitment process an E-Recruit Program will be developed and implemented.

### Major Initiatives

28) To support further engagement with the community the Council will develop and implement an on-line engagement toolkit which will be utilised to engage with community on a number of Council projects.

## 2.5 Performance Statement

The service performance indicators detailed in the preceding pages will be reported on within the Performance Statement which is prepared at the end of the year as required by section 132 of the Act and included in the 2014/15 Annual Report. The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in section 8) and sustainable capacity, which are not included in this budget report. The full set of prescribed performance indicators are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed in the preceding pages will be reported in the Annual Report in the form of a statement of progress in the report of operations.

## 2.6 Reconciliation with budgeted operating result

	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
Inclusive Resilient and Healthy Community	14,459	32,762	18,303
A Well Planned, Vibrant and Sustainable Place	7,135	8,060	925
Quality Community Infrastructure and Public Open Spaces and Places	36,580	40,755	4,174
An Innovative, Proactive and Leading Organisation	12,406	12,893	487
<b>Total services and initiatives</b>	<b>70,580</b>	<b>94,469</b>	<b>23,889</b>
Other non-attributable	14,681		
<b>Deficit before funding sources</b>	<b>85,261</b>		
<b>Funding sources</b>			
Rates and charges	90,820		
Capital grants	599		
<b>Total funding sources</b>	<b>91,419</b>		
<b>Surplus for the year</b>	<b>6,158</b>		

### 3. Budget influences

This section sets out the key budget influences arising from the internal and external environment within which the Council operates.

#### 3.1 Snapshot of Hobsons Bay City Council

Hobsons Bay is situated approximately seven to 20 kilometres south west of the Melbourne Central Business District (CBD), covering an area of 66 square kilometres.

Hobsons Bay is unique to the Western Metropolitan Region. It has over 20 kilometres of beaches and foreshore areas; it is home to significant coastal wetlands, five creek systems, remnant native grasslands, and important flora and fauna habitats, making up 24 per cent of the municipality's land area. It contains the historic seaport of Williamstown, one of the oldest settlements in Victoria, a range of historic buildings as well as recently developed residential areas.

Our community has told us that it loves Hobsons Bay for its proximity to the CBD, the beach, its parks and green spaces, its vibrant atmosphere and sense of community, its character housing and above all its people, which makes the area almost the ideal place to live for many.

#### Population

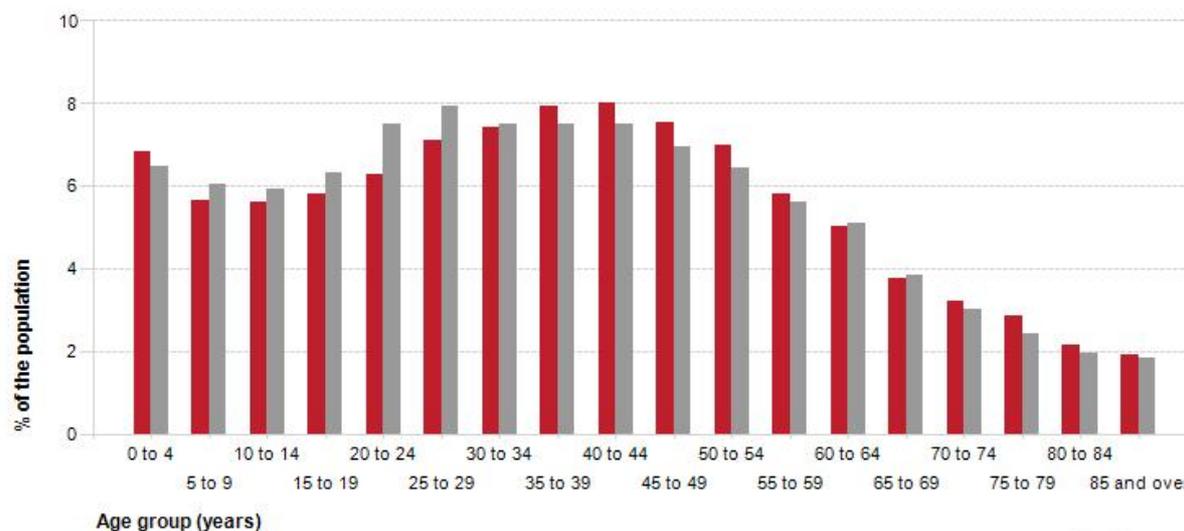
There is an estimated population of 88,165 people (ABS, 2013) which is forecast to increase by 15 per cent by 2031. Within the population 17 per cent of residents identify with having a disability.

In 2011 Hobsons Bay had a greater proportion of population within ages 0 to 4 and 35 to 59 years compared than Greater Melbourne. In contrast, Hobsons Bay had a lower percentage of population within the age groups of 20 to 29 years when compared to Greater Melbourne.

#### Age structure - five year age groups, 2011

Total persons

■ Hobsons Bay City ■ Greater Melbourne



Source: Australian Bureau of Statistics, Census of Population and Housing, 2011 (Usual residence data)  
Compiled and presented in profile.id by .id, the population experts.



The forecast changes for the next ten years is an increase in the ageing population (55 years and over) as well as an increase in the early years and young adults (0-26 years)

## **Cultural diversity**

Hobsons Bay is a diverse community with over 100 different languages spoken at home across all its residents. In 2011 approximately 31 per cent of the population was born overseas, and 23 per cent were from a non-English speaking background. Of those born overseas the majority were from United Kingdom followed by India, Italy and New Zealand. Between 2006 and 2011 there has been an increase in the number of people from India, China and Myanmar (id, 2014).

## **Housing**

When looking at households within Hobsons Bay, 32 per cent of total households were couple families with children (lower than Greater Melbourne at 34 per cent) and 11 per cent were one parent families (higher than Greater Melbourne at 10.5 per cent).

There were also a higher proportion of lone person households, 24 per cent compared to 22 per cent in Greater Melbourne. During 2006 to 2011 there was an increase in the following households:

- Couples without children (+439 households)
- Group household (+239 households)
- Lone person (+176 households)
- Couples with children (+136 households) (id, 2014).

In addition there is an urgent need for more affordable housing within the municipality with the supply of affordable rental housing in Hobsons Bay becoming increasingly limited. In June 2013, there were only 43 rental properties (6.8 per cent of total rentals) that were affordable for low income households. This compares to the 208 rental properties that were affordable a decade ago.

At the 2011 Census, just over 22 per cent of low income renters in Hobsons Bay (2,324 households) were in housing stress, paying more than 30 per cent of their income in rent. Single parent families are also at high risk with 439 single parent families in Hobsons Bay experiencing housing stress. As a result of the lack of affordable private rentals, more low income residents are turning to public housing, owned and managed by the State Government. While the Department of Human Services provides around 1200 properties in Hobsons Bay, the waiting lists are long, with an average waiting time of four years.

## **Education and occupation**

In 2011 data indicates that within Hobsons Bay only 44 per cent of the population aged 15 and over held formal qualifications (Bachelor or higher degree, Advanced Diploma or Diploma, or Vocational qualifications), compared to 47.3 per cent for Greater Melbourne. In addition there was a higher proportion of people with no formal qualifications in Hobsons Bay (44.8 per cent) compared to Greater Melbourne (42.4 per cent).

Between 2006 and 2011 the largest changes in the qualifications of residents in Hobsons Bay:

- Bachelor or Higher degrees (+3,882 persons)
- No qualifications (-1,573 persons)
- Advanced Diploma or Diplomas (+1,238 persons)
- Vocational qualifications (+612 persons)

In 2011 the top three occupations for the residents of Hobsons Bay were Professionals (23 per cent), Clerical and Administrative Workers (16%), and Technicians and Trades Workers (13.5per cent). In comparison to Greater Melbourne, Hobsons Bay had a higher percentage of residents employed as Machinery Operators and Drivers (7.4 per cent compared to 5.9 per cent).

Between 2006 and 2011 the largest changes in the occupations of residents in Hobsons Bay were:

- Professionals (+1,616 persons)
- Managers (+598 persons)
- Community and Personal Service Workers (+476 persons)
- Machinery Operators And Drivers (-186 persons)

### Budget implications

Hobsons Bay faces many challenges and with increasing local government cost pressures from areas such as cost shifting, superannuation shortfall, changes in service levels, declining government grants, state levies, state and federal regulations, and reporting obligations. Creating sustainable change will require partnerships and local, regional and state collaborations (MAV, 2013). In addition future planning needs to align with changing communities, increasing ageing population, and changing local employment opportunities.

Through the development of the Community Health and Wellbeing Plan and Council Plan 2013-2017, and consultations with community and stakeholders, a number of key priorities have been identified which are recognised as having particular strategic importance for the future of Hobsons Bay. These include:

1. Affordable housing;
2. Integrated transport;
3. Health services;
4. Mental health services for young people;
5. Employment and economic development;
6. Provision of education and teaching facilities;
7. Managing urban consolidation;
8. Climate change and environmental sustainability;
9. Major Hazard Facility planning;
10. Landfill, waste and resource recovery;
11. Integrated water management;
12. A third pass assessment of Port Phillip Bay; and
13. Sustainable design provisions in planning schemes.

These issues are further explored within the Hobsons Bay Advocacy Strategy.

[http://www.hobsonsbay.vic.gov.au/Council/Policies\\_strategies\\_plans/Social\\_Policies\\_and\\_Plans/Advocacy\\_strategy](http://www.hobsonsbay.vic.gov.au/Council/Policies_strategies_plans/Social_Policies_and_Plans/Advocacy_strategy)

### 3.2 External influences

- Consumer Price Index (CPI) increases on goods and services of 2.7 per cent through the year to December quarter 2013 (ABS release 22 January 2014 State-wide CPI is forecast to be 2.5 per cent for the 2014-15 year (Victorian Budget Papers 2013-14).
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to May 2013 was 4.5 per cent (ABS release 15 August 2013). The wages price index in Victoria is projected to be 3.50 per cent per annum in 2014-15 and the subsequent two years (Victorian Budget Papers 2013-14).
- Minimal capital works funding is factored into the 2014-15 budget or the future years of the strategic resource plan.
- Operational grants are decreasing when the full year's impact in relation to the Victorian Grants Commission funding is taken into account.
- Increases of 10 per cent (or \$5.30 per tonne) in the levy payable to the State Government upon disposal of waste into landfill, resulting in additional waste disposal costs of approximately \$102,000. The levy has increased from \$9 per tonne in 2008-09 to \$58.50 per tonne in 2014-15 (a 550 per cent increase in six years).
- The Abbott Government introduced the *Clean Energy Legislation (Carbon Tax Repeal) Bill 2013* and related bills to the House of Representatives on the 13th of November 2013, with the intention to abolish the carbon price from 1 July 2014.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the *Fire Services Property Levy Act 2012*.

### 3.3 Internal influences

As well as external influences, there are also a number of internal influences which are expected to have a significant impact on the preparation of the 2014-15 Budget. These matters and their financial impact are set out below:

- Capital works of \$1.572 million will be carried over and fully funded from the 2013-14 financial year.
- A focus on asset renewal within the capital works program has led to an increase in capital works expenditure (including carryover from 2013-14) to a total of \$30.534 million.
- The focus on asset renewal in 2014-15 and beyond has led to the Council to reconsider its debt reduction strategy and the issue of loan borrowings. The Council has decided to borrow \$7.34 million in 2014-15 to fund capital works with a focus on asset renewal. These funds are expected to be drawn down from the MAV Local Government Funding Vehicle and are currently included in the SRP as interest only repayments. Transfers to a loan repayment reserve are being used to ensure that funding will be available to repay principal when required.
- A full year of Victorian Grants Commission funding has been included in the 2014-15 budget, compared to half a year forecast in 2013-14. This includes amounts for the general allocation (\$1.83 million) and the local roads component (\$677,000) in 2014-15.
- The following new initiatives have been included in the 2014-15 budget:
  - Ø An economic development unit has been created. This includes the employment of a new coordinator (funded from existing resources) and an additional support position. An economic strategy will be developed as a first priority.
  - Ø The development of the Spotswood Structure Plan will provide long term direction on land use and economic development for the future of Spotswood and will inform planning permits, planning scheme amendments, capital works and community services.
  - Ø A Youth Specific Counsellor has been included as the Council has identified the mental health needs of young people in Hobsons Bay as one of the top five priorities areas through the Community Health and Wellbeing Council Plan and the Council Plan. The Council is aware of the need for additional youth specific counselling to meet local demand and promote positive lifetime outcomes for young people.
  - Ø A licence has been included for a dedicated online engagement tool and community engagement resource providing two-way engagement with the community on programs, projects and initiatives. The new tool will support community consultation on the new residential zones project, helping reduce the cost of mailing. It will have applications across all Council projects from master planning sports reserves to new capital works and the budget process. Features will include capacity for multi-media and images, establishment of community panels for consultations, reader-generated frequently asked questions and opportunity for online discussion and dialogue on those matters subject to consultation.
  - Ø The inclusion of an Information Systems Analyst - Business Support Officer to address resource gaps in relation to lack of personnel resource in Corporate Applications and IT Business Support. This resource gap is regularly causing "bottle necks" to timely project delivery and is affecting the productivity of many business units.

### **3.4 Budget principles**

In response to these influences, guidelines were prepared and distributed to all Council officers with budget responsibilities. The guidelines set out the key budget principles upon which the officers were to prepare their budgets. The principles included:

- Existing fees and charges to be increased in line with CPI or market levels, where possible;
- Grants to be based on confirmed funding levels;
- New revenue sources to be identified where possible;
- Service levels to be maintained at 2013-14 levels with the aim to use less resources with an emphasis on innovation and efficiency;
- Salaries and wages to be increased in line with the Council's enterprise bargaining agreement;
- Contract labour to be minimised;
- New initiatives or employee proposals to be justified through a business case;
- Real savings in expenditure and increases in revenue identified in 2013-14 to be preserved; and
- Operating revenues and expenses arising from completed 2013-14 capital projects to be included.

### **3.5 Long term strategies**

The budget includes consideration of a number of long term strategies and contextual information to assist Council to prepare the Budget in a proper financial management context. These include a Strategic Resource Plan for 2014-15 to 2017-18 (section 8.), Rating Information (section 9.) and Other Long Term Strategies (section 10.) including borrowings, infrastructure and service delivery.