**Victorian City Council Budget Report – 2013/2014**

This Budget Report has been prepared with reference to The Institute of Chartered Accountants “Victorian City Council Model Budget 2013/2014” a best practice guide for reporting local government budgets in Victoria.

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**Mayor’s introduction**

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

We will increase rates by 3.9 percent in the 2013/14 financial year. This level allows us to maintain existing service levels, fund a number of new initiatives and continue to 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. Funding of the defined benefits superannuation call has also impacted on Council's financial position.

The proposed budget includes a number of new initiatives:

* Expansion of the community grants program ($0.44 million)
* Implementation of the aged partnerships program ($0.99 million)
* Expansion of arboriculture services ($0.15 million)
* Introduction of Council provided street cleansing service ($1.4 million)
* Introduction of multicultural library and leisure services
* Expansion of youth services ($0.06 million)
* Opening of the Homestead Centre for Decorative Arts ($0.28 million)
* Resourcing of the employment strategy ($0.18 million)
* Introduction of a range of alternative payment options
* Opening of a new customer service centre at Victorian Community Centre ($0.11 million).

The total Capital Works program will be $30.72 million, of which $7.13 million relates to projects carried over from the 2012/13 year. Of the $30.72 million in Capital funding required, $8.87 million will come from Council operations, $7.96 million from external grants and asset sales, and the balance of $13.89 million from reserves and cash and investments.

Highlights of the Capital Works program include:

* Roads ($7.13 million) – including reconstructions, roads to recovery projects, resheeting, footpaths and the Integrated Transport Plan
* Drains ($1.65 million) – including road drainage replacement works, stage 1 of the Victoria Park Lake redevelopment and implementation of the Stormwater Management Plan
* Open space ($3.29 million) – including playground equipment, irrigation systems, street trees and completion of Victoria Park
* Buildings ($8.34 million) – including pavilion upgrades, construction of the Victorian Community Facility, construction of a Velodrome and State Bowls Centre and completion of the Block Arcade redevelopment
* Plant and equipment ($4.83 million) – including information technology, library materials and scheduled replacement of Council’s fleet.

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

**Cr Jo Johnson   
Mayor**

**Chief Executive Officer’s summary**

Council has prepared a Budget for the 2013/14 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, service levels, cash and investments, capital works, financial position, financial sustainability and key strategic activities of the Council.

**1. Rates**

A = Actual F = Forecast B = Budget SRP = Strategic Resource Plan estimates

It is proposed that general rates increase by 3.9% for the 2013/14 year, raising total rates of $43.46 million, including $0.43 million generated from supplementary rates. Of the 3.9% increase, 3.0% will go toward maintaining service levels and meeting the cost of a number of external influences affecting the operating budget including a $0.40 million reduction in the Victorian Grants Commission allocation. The remaining 0.9% increase will go toward 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 adopted in the previous year. (The rate increase for the 2012/13 year was 5.0%).

**2. Operating result**

The expected operating result for the 2013/14 year is a surplus of $1.05 million, which is an increase of $2.97 million over 2012/13. The improved operating result is due mainly to external funding for capital works which is forecast to increase by $3.37 million to $6.28 million. The underlying result, which excludes items such as capital grants and non-cash contributions is a deficit of $5.23 million, which is an increase of $0.41 million over 2012/13 – refer to section 7 of this summary for further information. (The forecast operating result for the 2012/13 year is a deficit of $1.92 million).

**3. Services**

The net cost of services delivered to the community for the 2013/14 year is expected to be $42.00 million which is an increase of $2.60 million over 2012/13. A key influencing factor in the development of the 2013/14 budget has been the recently released results of the community satisfaction survey conducted by Council. The survey results show that while there is 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 2013/14 year, service levels have been maintained and a number of new activities and initiatives proposed. (The forecast net cost for the 2012/13 year is $39.40 million).

**4. Cash and investments**

Cash and investments are expected to decrease by $11.27 million during the year to $12.21 million as at 30 June 2014. This is due mainly to the carried forward component of the 2012/13 capital works program and a number of major building projects. The reduction in cash and investments is in line with Council's strategic resource plan. (Cash and investments are forecast to be $23.48 million as at 30 June 2013).

**5. Capital works**

The capital works program for the 2013/14 year is expected to be $30.72 million of which $7.13 million relates to projects which will be carried forward from the 2011/12 year. The carried forward component is fully funded from the 2012/13 budget. Of the $30.72 million of capital funding required, $8.87 million will come from Council operations, $7.96 million from external grants and contributions and the balance (including the carried forward component) of $13.89 million from 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. This year's program includes a number of major building projects including the construction of a velodrome and lawn bowls centre. (Capital works is forecast to be $22.62 million for the 2012/13 year).

The graph below sets out the required and actual asset renewal over the life of the current Strategic Resource Plan and the renewal backlog.

The asset renewal program has been increased to $17.50 million in the 2013/14 year which will lead to a reduction in the backlog to $2.04 million. However over the rest of the four year period, it is expected to increase as funds are directed toward new asset projects with the backlog expected to climb to $6.61 million at the end of the 2016/17 year.

**6. Financial position**

The financial position is expected to improve with net assets (net worth) to increase by $1.05 million to $514.83 million although net current assets (working capital) will reduce by $12.61 million to $5.03 million as at 30 June 2014. This is mainly due to the use of cash reserves to fund the capital works program. (Total equity is forecast to be $513.79 million as at 30 June 2013).

**7. Financial sustainability**

A high level Strategic Resource Plan for the years 2013/14 to 2016/17 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. While the Plan projects that Council's operating result will almost reach break-even by the 2016/17 year, the underlying result which is a measure of financial sustainability shows a decreasing deficit over the four year period. This difference is due to substantial capital revenue being received during this period to fund a number of major capital works projects.

**8. Strategic objectives**

The Annual Budget includes a range of activities 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 2013/14 year.

**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 Cross**

# 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 (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 2013/14 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** | **Timing** |
| 1. Officers update Council's long term financial projections | Dec/Jan |
| 2. Officers prepare operating and capital budgets | Jan/Mar |
| 3. Councillors consider draft budgets at informal briefings | Mar/Apr |
| 4. Proposed budget submitted to Council for approval | May |
| 5. Public notice advising intention to adopt budget | May |
| 6. Budget available for public inspection and comment | May |
| 7. Public submission process undertaken | May/Jun |
| 8. Submissions period closes (28 days) | Jun |
| 9. Submissions considered by Council/Committee | Jun |
| 10. Budget and submissions presented to Council for adoption | Jun |
| 11. Copy of adopted budget submitted to the Minister | Aug |
| 12. Revised budget where a material change has arisen | Sep-Jun |

**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 (Vision 2030), medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Audited Statements).

**1.1 Strategic planning framework2**

The Strategic Resource Plan, included in the Council Plan, summarises the financial and non-financial impacts of the objectives and strategies and determines the sustainability of these objectives and strategies. 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 strategic objectives 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 by February 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 in March. It also allows time for targets to be established during the Strategic Resource Planning process to guide the preparation of the Annual Budget.

**1.2 Our purpose**

**Our vision 'one community – proudly diverse'**

Victorian City Council seeks to create an environmentally sustainable and liveable city, where people can shop, work and socialise locally; a city where a car and high income are not necessary for a rich and rewarding quality of life; and a city that will continue to provide a range of opportunities and choices for a diverse and prosperous community.

**Our mission**

Victorian City Council will engage in partnership with the Victorian community to lead and develop:

* a city with sustainable growth
* a city that cares for and respects all of its citizens
* a city that welcomes people from across the globe
* a city that celebrates its social, cultural and ethnic heritage
* a city that promotes wellbeing.

As an innovative and accountable organisation, Victorian City Council will promote vibrant democracy and provide high-quality services.

**Our values**

Victorian 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 Victorian City Council staff practise the following organisational values enhance the quality of this partnership:

* **Service** - Our citizens, community and service users are the focus of all our actions
* **Accountability** - We are responsible for our actions, which are open to review
* **Innovation** - We encourage and seek new ideas in finding solutions
* **Teamwork** - We share our skills, knowledge and experience as part of a team and work together towards achieving Council’s goals
* **Recognition** - We promote the achievements and efforts of others
* **Safety** - We look after our environment and the welfare of others
* **Integrity** - We are open and honest and work to the best of our ability
* **Respect** - We acknowledge the opinions of others and their rights and differences.

**1.3 Strategic objectives**

Council delivers activities and initiatives under 34 major service categories. Each contributes to the achievement of one of the six Strategic Objectives as set out in the Council Plan for the years 2013-17. The following table lists the six Strategic Objectives as described in the Council Plan.

|  |  |
| --- | --- |
| **Strategic Objective** | **Description** |
| 1. Advocacy and leadership | Maintain an understanding of issues of local importance and provide leadership in tackling them. Where appropriate, advocate on behalf of our community and ensure that our community is represented in debates which affect us. |
| 1. Community and economic development | Work to improve the quality of life for the local community. Ensure that social and cultural services are tailored to meet specific local needs and work to stimulate the city’s economic activity. |
| 1. Community participation | Communicate clearly with the community and consult in a meaningful and appropriate way. Increasingly encourage residents and other stakeholders to participate in Council decision making. |
| 1. Resource management | Take seriously its responsibility as the custodian of community resources. Commit to achieving maximum benefit for the community from all our resources while taking care of our natural environment. |
| 1. Quality service | Deliver high quality value for money services in areas that are important to the community and involve the community in determining and evaluating their performance on an ongoing basis. |
| 1. Urban development and environment | Work to improve the quality of our natural and urban environment, and stimulate development activity within a framework that protects and enhances the natural environment, heritage assets and residential amenity. |

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**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 strategic objectives 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.

**Budget**

**Activities**

**Initiatives**

**Key**

**Strategic**

**Activities**

**Council Plan**

**Strategic Objective**

**Strategic Objective**

**Strategic Objective**

**Strategic Objective**

**Performance**

**Measures/**

**Targets**

**Performance**

**Statement**

Medium term planning

(4 Years)

Short term planning

(12 Months)

**Activities**

**Activities**

**Activities**

**Initiatives**

**Initiatives**

**Initiatives**

**Budget**

**Activities**

**Initiatives**

**Key**

**Strategic**

**Activities**

**Council Plan**

**(including SRP)**

**Strategic Objective**

**Strategic Objective**

**Strategic Objective**

**Strategic Objective**

**Performance**

**Measures/**

**Targets**

**Performance**

**Statement**

Medium term planning

(4 Years)

Medium term planning

(4 Years)

Short term planning

(12 Months)

Short term planning

(12 Months)

**Activities**

**Activities**

**Activities**

**Initiatives**

**Initiatives**

**Initiatives**

**2.1 Strategic Objective 1: Advocacy and leadership**

To achieve our objective of Advocacy and Leadership, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The activities and initiatives for each service category and key strategic activities is described below.

**Activities**

|  |  |  |
| --- | --- | --- |
| **Activity** | **Description** | Expenditure   (Revenue)  **Net Cost $'000** |
| Councillors, Chief Executive and Executive Team | This area includes the Mayor, Councillors, Chief Executive Officer and Executive Management Team and associated support which cannot be easily attributed to the direct service provision areas. | 2,006  (0)  **2,006** |
| Social policy1)-3) | This service has the responsibility to frame and respond to the challenges of social inclusion that present to Council. It is the responsibility of this service to ensure that issues that arise and situations and trends that develop of a social policy nature are responded to appropriately by Council. | 1,546  (250)  **1,296** |

**Initiatives**

1. The recommendations from the Poverty Inquiry will be implemented with a responsible gambling charter to be developed with gambling agencies in Council to ensure the promotion of responsible gambling among Council residents. Also, further dialogue will occur with the State Government to address adverse impacts of gambling in the municipality ($Nil net cost).
2. Council’s Friendship City Relationship with East Timor will be realised through the commencement of several projects to assist the rebuilding of community and basic infrastructure in East Timor ($Nil net cost).
3. Additional funding to the Community Grants program which is the first additional funding for some years for this significant community program ($0.44 million net cost).

**Key strategic activities**

|  |  |  |
| --- | --- | --- |
| **Strategic Activity** | **Performance Measure** | **Performance Target** |
| Implement outcomes of the Poverty Inquiry recommendations through development of a responsible gambling charter for the City. | Time: Adopt the responsible gaming charter within the required timeframe.  Quantity: Number of registered gambling agencies who are signatories to the charter.  Quality: Reduction in spending at gaming venues in the City. | 31 Dec 2013  ≥ 75%  >10% |

**2.2 Strategic Objective 2: Community and economic development**

To achieve our objective of Community and Economic Development, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The activities and initiatives for each service category and key strategic activities is described below.

**Activities**

| **Activity** | **Description** | Expenditure  (Revenue)  **Net Cost $'000** |
| --- | --- | --- |
| Aged and Disability Services4) | This service provides a range of services for the aged and disabled including home delivered meals, personal care, transport, dementia care, home maintenance, housing support and senior citizen clubs. | 10,041  (6,174)  **3,867** |
| Family Services5),6) | This service provides family oriented support services including pre-schools, a toy library, maternal and child health, pre-school dental, counselling and support, youth services, immunisation, family day care, holiday programs and health and safety. | 5,632  (2,476)  **3,156** |
| Library Services7) | This service provides public library services at three locations and provides a customer focused service that caters for the cultural, educational and recreational needs of residents and provides a focal point for the community where they can meet, relax and enjoy the facilities and services offered. | 3,083  (759)  **2,324** |
| Victorian Park | This service provides public open space, an 18 hole public golf course, pristine environmental areas, a visitor’s centre and café and an accredited Tourist Information Centre. Victorian Park is also home to a Settlement, a community tourist attraction providing a host of activities including an Urban Farm, Heritage Village and the Wildlife Reserve. | 1,758  (1,026)  **732** |
| Leisure Outsourcing | This service includes a 9 hole public golf course which offers a range of golfing programs and events including tournaments. It provides a range of recreational facilities including indoor and outdoor swimming pools, a fully equipped Gymnasium, aqua aerobics, aerobics, pump, circuit, yoga and gymnastics classes, public tennis courts and childcare facilities. It also provides 4 indoor and 3 outdoor multipurpose courts and provides an extensive range of recreational programs and opportunities accessible to individuals of all ages, sexes and abilities. | 212  (394)  **(182)** |
| Arts and Entertainment Centre | This service provides theatre services including technical staging advice and performance operations, facilities for presentations including events for children, families and older people and exhibitions of works by local artists, function and catering services including seminars, meetings, conferences and expos and a kiosk. This service is also responsible for management of the public facilities at the Council Town Hall and the delivery of the annual Festival. | 791  (347)  **444** |
| Victorian Leisure Centre | This service combines a wide range of programs and services, which provide the opportunity for the community to participate in a variety of cultural, health, education, and leisure activities, which contribute to the general well being of the community. | 1,363  (979)  **384** |
| Arts and Cultural Planning | This service provides a varied ongoing program of arts and cultural events and activities, plans and develops arts and cultural facilities and infrastructure and develops policies and strategies to facilitate art practice. | 404  (55)  **349** |
| Leisure Services | This service is responsible for the management and use of sporting grounds and pavilions and community centres with meeting, function and activity space. The service provides advice to Council on local leisure needs and assists community groups with funding applications, event management and promotion and issues relating to license agreements with Council. | 712  (256)  **456** |
| Victorian Homestead8) | This service provides the community with a flexible recreational and cultural space at Victorian Homestead. The service includes exhibition spaces which host a year round exhibition program that includes both historic and contemporary art and craft. | 298  (50)  **248** |
| Economic Development9) | This service assists the organisation to facilitate an environment that is conducive to a sustainable and growing local business sector and provides opportunities for local residents to improve their skill levels and access employment. | 785  (106)  **679** |

**Initiatives**

1. Council is the lead agency on aged partnerships project and although grants were received in 2012/13, the majority of programs will be implemented during the next financial year ($0.90 million net cost).
2. Increase in service provision from Youth Resource Centre at Victorian Civic Centre. Support for youth consortium work, and for a young mother’s group run jointly with maternal and child health nurse and youth worker. Council’s music centre to offer employment opportunities to eight young people in music related disciplines ($0.06 million net cost).
3. Increase in hours of pre-school field officer who currently is funded for 28 hours per week, but provides service to over 100 families and 30 pre-schools in Council ($0.02 million net cost).
4. New programs will be developed to reflect the cultural diversity of Council including a community languages program through the Library Services, a volunteers’ support network for leisure organisation volunteers and opportunities for new residents to participate in culturally relevant activities ($Nil net cost).
5. The Victorian Homestead-Centre for Decorative Arts on Mt Victorian Estate will open during the year to host major and decorative art exhibits ($0.28 million net cost).
6. Resourcing of the Employment Strategy will see the engagement of a part time employment co-coordinator to ensure that Council gains its fair share of employment programs and is able to respond to employment and training issues in the municipality. Resources also include provision for Council’s participation in the State Government’s Community Jobs Program and implementing recommendations arising from the Employment Strategy ($0.18 million net cost).

**Key strategic activities**

|  |  |  |
| --- | --- | --- |
| **Strategic Activity** | **Performance Measure** | **Performance Target** |
| Implement the community languages program to improve the way Council meets the cultural diversity needs of the community | Time: Implement the community languages program through the Library Services within the required timeframe.  Cost: Deliver the community languages program within the value of the government grant.  Quantity: Number of community members participating in the community languages program within six months.  Quality: Level of satisfaction of participants in the languages program. | 31 Oct 2013  $25,000  ≥ 35  >75% |

**2.3 Strategic Objective 3: Community participation**

To achieve our objective of Community Participation, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The activities and initiatives for each service category and key strategic activities is described below.

**Activities**

|  |  |  |
| --- | --- | --- |
| **Activity** | **Description** | Expenditure  (Revenue)  **Net Cost $'000** |
| Communications10) | This service is responsible for the management and provision of advice on external communication, in consultation with relevant stakeholders, on behalf of Council. | 537  (0)  **537** |

**Initiatives**

1. A major step forward in the improvement of Council’s Multilingual Communication Service to meet the needs of a non-English speaking background community including a major redevelopment of Council’s multilingual website and other communication services ($0.05 million net cost).

**Key strategic activities**

| **Strategic Activity** | **Performance Measure** | **Performance Target** |
| --- | --- | --- |
| Redevelop Council's multilingual website and other communication services in order to meet the needs of the non-English speaking community | Time: Website implemented and 'live'.  Quantity: Increase in the number of multilingual website hits compared with 2012/13 levels.  Quality: Percentage of website users indicating the site provides a helpful service through a site exit survey. | 31 Mar 2014  ≥ 50%  >75% |
| Develop a community engagement framework to increase community participation in decision making | Quantity: Number of participants in community forums.  Time: Framework developed within planned timeframe.  Quality: Percentage of community satisfaction with Council's decision making processes. | >2000  30 Nov 2013  >75% |

**2.4 Strategic Objective 4: Resource management**

To achieve our objective of Resource Management, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The activities and initiatives for each service category and key strategic activities is described below.

**Activities**

| **Activity** | **Description** | Expenditure  (Revenue)  **Net Cost $'000** |
| --- | --- | --- |
| Financial Services11) | This service predominantly provides financial based services to both internal and external customers including the management of 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. | 2,003  (345)  **1,658** |
| Information Services12) | This service provides, supports and maintains reliable and cost effective communications and computing systems, facilities and infrastructure to Council staff enabling them to deliver services in a smart, productive and efficient way. | 1,729  (0)  **1,729** |
| Organisation Development | This service provides Council with strategic and operational organisation development support. The service develops and implements strategies, policies and procedures through the provision of human resources and industrial relations services. The service also assists managers to determine and progress toward future structures, capability and cultures in their service units. | 806  (0)  **806** |
| Fleet Services | This service purchases and maintains Council vehicles, plant and equipment to meet functionality and safety needs and to maximise the performance and minimise operational cost of the fleet. In addition, the service provides baby capsule hire to residents. | 2,350  (3,621)  **(1,271)** |
| Infrastructure Planning | This service conducts capital works planning for Council’s main civil infrastructure assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These include roads, laneways, car parks, foot/bike paths, drains and bridges. | 268  (0)  **268** |
| Facilities Maintenance | This service prepares long term maintenance management programs for Council’s property assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These include municipal buildings, pavilions and other community buildings. | 2,233  (280)  **1,953** |
| Engineering Design and Management | This service undertakes design, tendering, contract management and supervision of various works within Council’s capital works program. The service also approves and supervises private development activities such as subdivisions and infrastructure associated with unit developments. | 513  (0)  **513** |

**Initiatives**

1. Alternative payment options will be phased in during the year which will allow the following accounts to be paid at Australia Post via internet, phone and over-the-counter using cash, cheque, credit card and debit card – rates, homecare, family day care, meals, home maintenance, holiday program, animal registrations, parking fines and sundry debtors ($Nil net cost).
2. Significant advances will be made in the further development of the Geographic Information System (GIS). Additionally, public access to the GIS will become operational during this calendar year, as will the commissioning of the Community (Internet) Portal and community email facilities. These initiatives will place Council firmly at the forefront of local governments in Victoria and Australia for electronic public access to service information and facilities ($Nil net cost).

**Key strategic activities**

|  |  |  |
| --- | --- | --- |
| **Strategic Activity** | **Performance Measure** | **Performance Target** |
| Complete the capital works program to ensure assets are provided and maintained at an appropriate level | Quantity: The proportion of budgeted Capital Works projects completed at the conclusion of the financial year.  Cost: The proportion of capital works projects completed within the allocated budget.  Quality: The number of attendances at the new Victorian City Council Velodrome / State Bowls Centre. | 90%  90%  >5,000 |
| Develop and implement a new workforce plan in order to attract and retain quality staff | Quantity: Proportion of total permanent staff continuing employment with Council each year.  Quality: Proportion of staff who are overall satisfied or very satisfied with working at the city.  Time: Approval of the new workforce plan within the required timeframe. | ≥ 85%  ≥ 85%  31 Dec 2013 |

**2.5 Strategic Objective 5: Quality service**

To achieve our objective of Quality Service, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The activities and initiatives for each service category and key strategic activities is described below.

**Activities**

| **Activity** | **Description** | Expenditure  (Revenue)  **Net Cost $'000** |
| --- | --- | --- |
| Customer and Civic Services13) | This service provides a range of governance, statutory and corporate support services and acts as the main customer interface with the community. Services include the coordination of council and committee meetings, records and information management and office support services at the Civic Centre. Two municipal halls are available for hire and the customer support service is delivered from four located customer service centres. | 2,369  (0)  **2,369** |
| Performance Support14) | This service provides organisational policy, systems and support in the areas of continuous improvement, corporate planning, performance measurement and reporting. | 351  (0)  **351** |

**Initiatives**

1. Customer service facilities will be provided at the new Victorian Community Centre following its completion ($0.11 million net cost).
2. Fifteen of Council services will be going through a review under Council’s Continuous Improvement Program, which will include consultation with stakeholders and the development of service standards and commitments for these services ($Nil net cost).

**Key strategic activities**

|  |  |  |
| --- | --- | --- |
| **Strategic Activity** | **Performance Measure** | **Performance Target** |
| Implement the Continuous Improvement program in order to ensure Council is delivering effective and efficient services to the community | Quantity: The number of Council services that have completed the scheduled continuous improvement service reviews.  Time: Development of agreed service standards for each service that has been reviewed. | 15  30 June 2014 |
| Implement the Customer Service Excellence Program to enhance frontline service delivery to community members | Time: Service Excellence program completed within the required timeframes.  Quality: Average time taken (in seconds) to answer telephone call enquiries.  Quality: Proportion of telephone calls with enquiries resolved at first point of contact. | 31 Mar 2014  ≤ 20  >70% |

**2.6 Strategic Objective 6: Urban development and environment**

To achieve our objective of Urban Development and Environment, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The activities and initiatives for each service category and key strategic activities is described below.

**Activities**

| **Activity** | **Description** | Expenditure  (Revenue)  **Net Cost $'000** |
| --- | --- | --- |
| Open Space Planning | This service prepares policies and strategies relating to open space and urban design issues and prepares and implements an annual capital works program. The service also provides landscape and urban design advice and is actively involved in setting service standards for parks maintenance activities. | 554  (0)  **554** |
| Urban Development15),16) | This service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing Council at the Victorian Civil and Administrative Tribunal where necessary. It monitors the Council’s Planning Scheme as well as preparing major policy documents shaping the future of the City. It also prepares and processes amendments to the Council Planning Scheme and carries out research on demographic, urban development, economic and social issues affecting Council. | 2,358  (697)  **1,661** |
| Parks and Gardens17) | This service is divided into four main operational units. Arboriculture provides tree pruning, planting, removal, planning and street tree strategies. Bushland provides the management of conservation and parkland areas, creeks and other areas of environmental significance. Parks Management provides management and implementation of open space strategies and maintenance programs. Infrastructure Maintenance provides management of all parks and gardens and infrastructure maintenance. | 3,964  (0)  **3,964** |
| Traffic and Transportation Services | This service provides strategic planning, policy development and day to day management of traffic and transport related issues in Council. The unit also implements a Green Travel Plan for Council staff, the TravelSMART “Better Ways to Work” program, Local Area Traffic Management schemes and assists with implementation of the Road Safety Strategy. | 511  (0)  **511** |
| Property Management | This service facilitates the smooth flow of traffic and parking throughout the municipality through the provision of safe, orderly and equitable parking enforcement and education. In addition the service is responsible for the maintenance, management and strategic planning for Council’s building, land and property leases and licenses. | 985  (0)  **985** |
| Environmental Services18) | This service provides kerbside rubbish collections of garbage, hard waste and green waste from all households and some commercial properties in Council. It also provides street cleaning, leaf collection, weed removal, drainage pit cleaning and street litter bins throughout Council. | 6,596  (212)  **6,384** |
| Roads and Resource Recovery19) | This service provides public tipping to the Council and wider community and conducts ongoing maintenance of the Council’s 600km of roads, 2000km of drains and 1.6 million square metres of footpath. | 3,406  (1,380)  **2,026** |
| Environmental Planning20) | This service develops environmental policy, coordinates and implements environmental projects and works with other services to improve Council’s environmental performance. Reducing greenhouse gas emissions within Council operations and the community are a key priority through Council’s ongoing involvement in the Cities for Climate Protection Plus program. | 396  (36)  **360** |
| Amenity21) | 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 in Council by providing services including a cat trapping program, a dog and cat collection service, a lost and found notification service, a pound service, a registration and administration service, an afterhours service and an emergency service. It also provides education, regulation and enforcement of the General Local Law and relevant State legislation. | 1,425  (652)  **773** |
| Building Services22) | This service provides statutory building services to the Council community including processing of building permits, emergency management responsibilities, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works. | 624  (340)  **284** |
| Environmental Health | This service protects the community’s health and well-being by coordinating food safety support programs, Tobacco Act activities and smoke free dining and gaming venue issues. The service also works to rectify any public health concerns relating to unreasonable noise emissions, housing standards and pest controls. | 746  (314)  **432** |

**Initiatives**

1. Two additional staff for Statutory Planning will enable Council to respond in a timelier manner to planning permit applications and also to an anticipated increased workload resulting from the newly adopted Victorian Government ResCode ($0.90 million net cost).
2. The major three year review of Council’s Municipal Strategic Statement will commence in July 2013 with a completion date of December 2014. This will be the main focus of work being undertaken by the Strategic Planning Unit next year ($Nil net cost).
3. Arboriculture maintenance in Council equates to in excess of 80% of customer enquiries related to Council parks. As a result, an additional two employees will be recruited to continue with the delivery of this service. The contract allocation for Arboriculture Maintenance has also been increased to allow for additional line clearance within the municipality, in fill planting, stump removal and other tree maintenance costs ($0.15 million net cost).
4. In November 2012, Council resolved to deliver an in-house provided Street Cleansing service. This year’s allocation includes the recent employment of an additional 14 staff, plant maintenance, materials and tipping fees, to deliver this new in house service ($1.40 million net cost).
5. As a result of delivering a Council provided street cleansing service, the increased labour allocation in the Roads and Recovery program includes an allowance for new full time Drainage Inspector ($0.04 million net cost).
6. An extra position is included to implement the storm water management program and coordinate the implementation of the Victorian Park Lake water quality and weir works, including further funding work and community liaison. The position will be a two year role in line with the lake timescale. An additional $0.05 million is also included in this year’s budget for the environmental monitoring of the old landfill gas and leachate ($0.08 million net cost).
7. The number of Local Laws enquiries has increased, as has the number of abandoned vehicles, the number of permits and corresponding fines. The sharing of an administration officer with the School Crossing Unit has slightly reduced the expenditure in this area, which combined with the extra predicted income, enables one extra Local Law officer to be employed with no net budget implications (Nil net cost).
8. In recent years the Building Supervisor’s role has increased in scope and volume. This includes mandatory tasks related to site dispensation and consents, smoke detector and swimming pool fencing. Additionally complaints and enforcement requests for work carried out by private building supervisors and general complaints related to urban consolidation have increased. This budget sees the development of two new positions, an additional building supervisor and a building enforcement officer to address these issues ($0.03 million net cost).

**Key strategic activities**

|  |  |  |
| --- | --- | --- |
| **Strategic Activity** | **Performance Measure** | **Performance Target** |
| Implement an on-line application process and reduce the time taken to process planning applications | Quality: Proportion of planning applications processed within 60 days.  Quantity: Number of planning applications received on-line  Cost: Difference between the actual cost of the on-line system and budget | ≥ 90%  >500  <$0 |
| Implement a targeted education program for residents to reduce the amount of waste diverted to landfill | Quality: Increase in the proportion of waste diverted away from landfill from 2012/13 levels.  Quantity: Total attendance at the education programs undertaken | ≥ 2%  >1000 |
| Implement an energy efficiency program to reduce Council’s carbon footprint | Quality: Reduction in CO² equivalent emissions from the council’s operations from 2012/13 levels.  Cost: Reduction in Council's energy costs from 2012/13 levels. | 5%  3% |

**2.7 Performance statement**

The Key Strategic Activities (KSA) detailed in the preceding pages, are summarised again in Appendix D. The KSA's, 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.

**2.8 Reconciliation with budgeted operating result**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Net Cost** |  |  |
|  | **(Revenue)** | **Expenditure** | **Revenue** |
|  | **$’000** | **$’000** | **$’000** |
| Advocacy and leadership | 3,302 | 3,552 | 250 |
| Community and economic development | 12,455 | 25,079 | 12,624 |
| Community participation | 537 | 537 | 0 |
| Resource management | 5,656 | 9,902 | 4,246 |
| Quality service | 2,720 | 2,720 | 0 |
| Urban development and environment | 17,934 | 21,565 | 3,631 |
| **Total activities and initiatives** | **42,604** | **63,355** | **20,751** |
| Other non-attributable | 6,085 |  |  |
| **Deficit before funding sources** | **48,689** |  |  |
| **Funding sources** |  |  |  |
| Rates and charges | 43,457 |  |  |
| Capital grants | 6,277 |  |  |
| **Total funding sources** | **49,734** |  |  |
| **Surplus for the year** | **1,045** |  |  |

|  |
| --- |
|  |

**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 Victorian City Council2**

Victorian City Council is located on the northern edge of Melbourne. The city, covering an area of 51 square kilometres, comprises the former cities of East and West and the southern parts of the former North municipality.

The current City was created through two stages of amalgamation with the first stage between the former City of East and the former City of West in 1994. Victorian City was then adopted as the official name of the City. In the second stage, the southern part of the former City of North was subsequently added to this newly created municipality.

**Population**

In June 1994, the preliminary estimated resident population of the City was 108,861 people. In the 10 years from 1995 to 2005, the population dropped by about 4,000. It has however been fairly stable since 2005 at around 104,000. (Source: Australian Bureau of Statistics, Estimated Resident Population).

**Ageing population**

The population is ageing and the city has a greater proportion of older people than to the Melbourne average. The age profile is similar to metropolitan averages however there is a slightly lower proportion of 5 to 14 year olds and 45 to 64 year olds. In addition, the proportion of 25 to 44 year olds is higher and the proportion of people aged over 65 years is significantly higher. (Source: Australian Bureau of Statistics, Census of Population and Housing).

**Births**

Despite an ageing population, approximately 1,900 babies have been born each year since 2005. In the 2012/13 financial year 2,219 babies were born in the municipality. (Source: Maternal and Child Health database).

**Cultural diversity**

The City is a highly culturally and linguistically diverse municipality. Many different cultural groups live in Victorian City and more than 100 different languages are spoken at home by residents.

Just over one third of residents were born overseas. Of the total population, 61% were born in Australia. Of those residents born overseas, 88% were born in non-English-speaking countries and 12% were born in English-speaking countries. The main countries of birth of residents, apart from Australia, represent the traditional migrant groups from Europe, including Italy, Greece and the United Kingdom. (Source: Australian Bureau of Statistics, Census of Population and Housing).

**Housing**

The number of homes is increasing. In 2011, there were 52,584 dwellings, of which 52,505 were private homes and 79 were non-private dwellings such as nursing homes, hotels and hostels. While more housing stock is available, the population has remained fairly stable, due to decreasing household sizes. Trends show that the number of one-person households is increasing, as is the number of small households.

The proportion of separate houses has fallen over the past decade with the growth of flats, units or apartments, along with semidetached, row, terrace and townhouses. Residential property prices over the past few years have risen at a relatively fast rate in comparison to the Melbourne metropolitan area. The median house price increased from $212,500 in 2003 to $380,500 in 2011. (Source: Department of Sustainability and Environment, A Guide to Property Values, 2010).

**Education and occupation**

In the past decade, Melbourne’s northern region, which includes Victorian City, has experienced a steadily improving retention of students from Year 10 to Year 12, up from 86% in 2002 to 87.7% in 2011. (Source: Department of Education and Training, Summary Statistics Victorian Schools).

People in Victorian City are also becoming better educated. The proportion of residents who have non-school qualifications is increasing. Many more residents in 2011 had completed a non-school qualification than in 2000 (33% compared with 22%). (Source: Australian Bureau of Statistics, Census of Population and Housing).

The occupations of residents have also changed. The proportion of professionals, associate professionals and intermediate clerical, sales and service workers has increased, while a fall has occurred in the proportion of tradespeople and related workers, advanced clerical, sales and service workers and labourers and related workers.

**Budget implications**

As a result of the City’s demographic profile there are a number of budget implications in the short and long term as follows:

* Cultural and linguistic diversity means that Council needs to use a variety of media in languages other than English for mass communication with citizens, and use interpreting services for interpersonal communication with citizens. Council also draws on the abilities of its bilingual staff.
* The small area of Victorian City reduces transport costs when compared to rural Shires. Services can be centralised as most citizens are able to reach Council facilities without extensive travel.
* Over 25% of ratepayers are entitled to the pensioner rebate. As pensioners are often asset rich but income poor, the adoption of significant rate increases has a real impact on the disposable income of a significant proportion of our community. Council has hardship provisions in place but these can impact on cash balances when large volumes of ratepayers are involved. In addition, Council has long waiting lists for services to older people such as ‘Home Help’ and ‘Delivered Meals’ but not the income to service this demand.
* The city is substantially developed and while it is experiencing a small increase in property numbers, these mainly arise from higher density developments. The budget implications arise in Council having to cope with replacement of infrastructure such as drains which cannot cope with the higher density. These costs cannot be passed on to the developer and are paid for from rates. The rates received from new dwellings do not offset the significant infrastructure costs.

**3.2 External influences**

In preparing the 2013/14 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 annum (ABS release 23 January 2013 State-wide CPI is forecast to be 2.5% for the 2013/14 year (Victorian Budget Papers 2012/13).
* 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% (ABS release 16 August 2012). The wages price index in Victoria is projected to be 3.25% per annum in 2013/14 increasing to 3.50% in the subsequent two years (Victorian Budget Papers 2012/13). Council must renegotiate a new Collective Agreement during the 2013/14 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% and 3.8% respectively for 2013/14.
* Reduction of $0.40 million in Victorian Grants Commission funding.
* Receipt of significant capital works funding of $6.28 million for the construction of a Velodrome and State Bowls Centre at Victoria Park and the completion of Roads to Recovery projects
* Increases of 10% (or $4.84 per tonne) in the levy payable to the State Government upon disposal of waste into landfill, resulting in additional waste tipping costs of $0.18 million. The levy has increased from $9 per tonne in 2008/09 to $53.24 per tonne in 2013/14 (591% increase in 5 years) and has added $1.25 million to Council's costs.
* The carbon price introduced by the Federal Government on 1 July 2012 is forecast to increase by CPI (2.2%) from $23 per tonne to $23.50 per tonne. The price on carbon is estimated to add $1.30 million to waste disposal, energy and general cost inputs of Council in 2013/14.
* 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 and RSL’s – from 1 July 2013. A number of Council properties will also be subject to the fire levy. 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.
* A write down of flood/fire affected assets estimated at $1.00 million in 2012/13 and estimated repairs of $1.20 million over two years. Compensation of $0.40 million has been confirmed by Council’s insurers, with the balance to be funded by the Natural Disaster Assistance Fund (NDAF). An advance payment of $1.00 million from the NDAF was received in 2012/13. Council is also eligible to claim the first $0.03 million from the Victorian Grants Commission.

**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 2013/14 Budget. These matters have arisen from events occurring in the 2012/13 year resulting in variances between the forecast actual and budgeted results for that year and matters expected to arise in the 2013/14 year. These matters and their financial impact are set out below:

* Overrun of $0.48 million in the maintenance of trees due to the removal of severely diseased street trees.
* Reduction in the budgeted draw down from discretionary reserves of $0.30 million as a result of government funding being awarded for the Victoria Civic Centre redevelopment.
* Higher than expected wage increases of 5% per annum resulting in additional ongoing employee costs of $0.46 million per annum.
* Ongoing savings of $0.23 million as a result of meals production being contracted out at a rate more favourable than budget.
* Council’s decision during the year to bring the street cleansing service in-house. This has resulted in start up investment costs of $0.80 million for plant and equipment to be funded from investment reserves and ongoing operational costs of $1.40 million per annum.

**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.
* Grants to be based on confirmed funding levels.
* New revenue sources to be identified where possible.
* Service levels to be maintained at 2012/13 levels with the aim to use less resources with an emphasis on innovation and efficiency.
* Salaries and wages to be increased in line with Average Weekly Earnings.
* Contract labour to be minimised.
* Construction and material costs to increase in line with the Engineering Construction Index
* New initiatives or employee proposals to be justified through a business case.
* Real savings in expenditure and increases in revenue identified in 2012/13 to be preserved
* Operating revenues and expenses arising from completed 2012/13 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 2013/14 to 2016/17 (section 8.), Rating Information (section 9.) and Other Long Term Strategies (section 10.) including borrowings, infrastructure and service delivery.

**4. Analysis of operating budget**

This section analyses the operating budget including expected income and expenses of the Council for the 2013/14 year.

**4.1 Budgeted income statement**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Ref** | **Forecast**  **Actual**  **2012/13**  **$’000** | **Budget**  **2013/14**  **$’000** | **Variance**  **$’000** |
| Total income | 4.2 | 72,571 | 77,574 | 5,003 |
| Total expenses | 4.3 | (74,493) | (76,529) | (2,036) |
| **Surplus (deficit) for the year** |  | **(1,922)** | **1,045** | 2,967 |
| Grants – capital | 4.2.6 | (2,903) | (6,277) | (3,374) |
| Contributions - non-monetary assets |  | 0 | 0 | 0 |
| **Underlying surplus (deficit)** | 4.1.1 | **(4,825)** | **(5,232)** | (407) |

**4.1.1 Underlying deficit ($0.41 million increase)**

The underlying result is the net surplus or deficit for the year adjusted for capital grants, contributions of non-monetary assets and other once-off adjustments. It is a measure of financial sustainability and Council’s ability to achieve its service delivery objectives as it is not impacted by non-recurring or once-off items of income and expenses which can often mask the operating result. The underlying result for the 2013/14 year is a deficit of $5.23 million which is an increase of $0.41 million over the 2012/13 year. In calculating the underlying result, Council has excluded grants received for capital purposes as funding for the capital works program is once-off and usually non-recurrent. Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

**4.2 Income**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Income Types** | **Ref** | **Forecast**  **Actual**  **2012/13**  **$’000** | **Budget**  **2013/14**  **$’000** | **Variance**  **$’000** |
| Rates and charges | 4.2.1 | 41,195 | 43,457 | 2,262 |
| Statutory fees and fines | 4.2.2 | 2,445 | 2,690 | 245 |
| User fees | 4.2.3 | 7,198 | 7,680 | 482 |
| Contributions - cash | 4.2.4 | 661 | 51 | (610) |
| Grants - operating | 4.2.5 | 14,523 | 13,617 | (906) |
| Grants – capital | 4.2.6 | 2,903 | 6,277 | 3,374 |
| Net gain on sale of assets | 4.2.7 | 823 | 539 | (284) |
| Other income | 4.2.8 | 2,823 | 3,263 | 440 |
| **Total income** |  | **72,571** | **77,574** | 5,003 |



Source: Appendix A



**4.2.1 Rates and charges ($2.26 million increase)**

It is proposed that general rate income be increased by 3.9% or $2.26 million over 2012/13 to $43.46 million. Supplementary rates are forecast to increase by $0.23 million over 2012/13 to $0.43 million. Section 9. “Rating Information” includes a more detailed analysis of the rates and charges to be levied for 2013/14.

**4.2.2 Statutory fees and fines ($0.25 million increase)**

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

Statutory fees are forecast to increase by 10.0% or $0.25 million compared to 2012/13. Statutory Planning fees will increase by $0.17 million due to the planned release of two major property developments and increased activity in the building sector. Traffic Enforcement fees will also increase by $0.06 million due to the appointment of an additional enforcement officer.

A detailed listing of statutory fees is included in Appendix E.

**4.2.3 User fees ($0.48 million 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 separate rating schemes, use of leisure, entertainment and other community facilities and the provision of human services such as family day care and home help services. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases do not exceed CPI increases or market levels.

User charges are projected to increase by 6.7% or $0.48 million over 2012/13. The main area contributing to the increase is leisure services ($0.55 million) due to expected increased patronage of Council facilities. Council has also anticipated a reduction in fees from the Transfer Station ($0.15 million) resulting from its temporary closure in the budget year. In addition, Council plans to increase user charges for all areas by 2.5% in line with expected inflationary trends over the budget period to maintain parity between user charges and the costs of service delivery.

A detailed listing of fees and charges is included in Appendix E.

**4.2.4 Contributions - cash ($0.60 million decrease)**

Contributions relate to monies paid by developers in regard to public resort and recreation, drainage and car parking in accordance with planning permits issued for property development.

Contributions are projected to decrease by $0.60 million or 92.3% compared to 2012/13 due mainly to the completion of a number of major property developments within the municipality during the 2012/13 year.

**4.2.5 Grants - operating ($0.91 million decrease)**

Operating grants 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. Overall, the level of operating grants has decreased by 6.2% or $0.91 million compared to 2012/13. Specific operating grants have increased by 13.0% or $0.73 million overall since last year. Significant movements in grant funding are summarised below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Grant Funding Types** | **Forecast**  **Actual**  **2012/13**  **$’000** | **Budget**  **2013/14**  **$’000** | **Variance**  **$’000** |
| Family Day Care | 365 | 522 | 157 |
| General Home Care | 930 | 1,165 | 235 |
| Primary Care Partnerships | 80 | 240 | 160 |
| Aged Care | 125 | 265 | 140 |
| Victorian Grants Commission | 7,191 | 6,779 | (412) |
| Developer Contributions | 1,210 | 420 | (790) |

Increases in specific operating grant funding reflect expected increased demand for these services. The reduction in Victorian Grants Commission (VGC) funding, results from changes to the funding formula following a review of the basis of funding by the VGC. This decrease is contrary to the statewide increase of 3.4% or $11 million in the $324 million Commonwealth financial assistance grants paid to Victorian local governments – (Indicative allocation advice received from Victorian Grants Commission). The reduction in developer contributions is mainly due to the completion of the Northville Shopping Centre in the 2012/13 year. Operating grants are further classified in the Standard Statements in Appendix A according to whether they are received each year (recurrent) or received on a once-off or short term basis (non-recurrent).

**4.2.6 Grants - capital ($3.37 million increase)**

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall the level of capital grants has increased by 116.0% or $3.37 million compared to 2012/13 due mainly to specific funding for some large capital works projects. Section 6. “Analysis of Capital Budget” includes a more detailed analysis of the grants and contributions expected to be received during the 2013/14 year. Capital grants are further classified in the Standard Statements in Appendix A according to whether they are received each year (recurrent) or received on a once-off or short term basis (non-recurrent).

**4.2.7 Net gain on sale of assets ($0.29 million decrease)**

Proceeds from the sale of Council assets is forecast to be $2.50 million for 2013/14 and relate mainly to the planned cyclical replacement of part of the plant and vehicle fleet ($1.70 million) and sale of properties including surplus land and numerous rights-of-way throughout the municipality ($0.80 million). The written down value of assets sold is forecast to be $1.96 million.

**4.2.8 Other income ($0.44 million increase)**

Other income relates to a range of items such as private works, cost recoups and other miscellaneous income items. It also includes interest revenue on investments and rate arrears.

Other income is forecast to increase by 15.6% or $0.44 million compared to 2012/13. Interest on investments is forecast to decline by 10.0% or $0.10 million compared to 2012/13. This is mainly due to a forecast reduction in Council’s available cash reserves during 2013/14 to fund major infrastructure projects. Interest on unpaid rates is forecast to increase by $0.03 million compared to 2012/13 following an expected increase in the level of unpaid rates during 2013/14. The increase in other income items is due mainly to an increased share of the operating surpluses from Council's outsourced leisure centres ($0.20 million) and payments from the State Revenue Office for the purchase of valuation data ($0.25 million).

**4.3 Expenses**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Expense Types** | **Ref** | **Forecast**  **Actual**  **2012/13**  **$’000** | **Budget**  **2013/14**  **$’000** | **Variance**  **$’000** |
| Employee costs | 4.3.1 | 31,541 | 34,091 | 2,550 |
| Materials and services | 4.3.2 | 22,937 | 22,107 | (830) |
| Bad and doubtful debts | 4.3.3 | 314 | 340 | 26 |
| Depreciation and amortisation | 4.3.4 | 14,034 | 14,500 | 466 |
| Finance costs | 4.3.5 | 380 | 312 | (68) |
| Other expenses | 4.3.6 | 5,287 | 5,179 | (108) |
| **Total expenses** |  | **74,493** | **76,529** | 2,036 |



Source: Appendix A



**4.3.1 Employee costs ($2.55 million increase)**

Employee costs include all labour related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements, employer superannuation, rostered days off, etc.

Employee costs are forecast to increase by 8.1% or $2.55 million compared to 2012/13. This increase relates to three key factors:

* Renegotiation of Council’s Enterprise Bargaining Agreement (EBA) which is estimated to cost $1.30 million in 2013/14
* Increases in staff numbers resulting largely from Council’s decision to re-commence in-house street cleansing following the expiry of the externally provided street cleansing contract during the 2012/13 year. The cost of this change to service delivery in 2013/14 will be $0.77 million which will be offset by a saving in external contract costs
* Anticipated non EBA wages growth of 3.5% or $0.48 million due mainly to small increases in staff numbers in Family Day Care and General Home Care in response to increased community demand for these services. As indicated above, additional funding will be available to cover the extension of these services.

In summary, average staff numbers (based on monthly averages) during the budget period are as follows:

|  |  |  |
| --- | --- | --- |
| **Type of employment** | **Forecast**  **Actual**  **2012/13**  **EFT’s** | **Budget**  **2013/14**  **EFT’s** |
| Permanent | 472 | 485 |
| Casual | 315 | 324 |
| **Total** | **787** | **809** |

The most significant increases in employee costs by service unit are summarised below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Department** | **Service Unit** | **Forecast**  **Actual**  **2012/13**  **$’000** | **Budget**  **2013/14**  **$’000** | **Variance**  **$’000** |
| City Services | Street cleansing | 0 | 772 | (772) |
|  | Collection services | 1,089 | 1,503 | (414) |
|  | Parks and gardens | 2,168 | 2,280 | (112) |
| Strategy and Governance | Statutory planning | 690 | 866 | (176) |
| Community Services | Home support | 427 | 654 | (227) |
|  | Maternal and child health | 940 | 1,031 | (91) |
| Culture and Leisure | Urban design | 134 | 245 | (111) |

**4.3.2 Materials and services ($0.83 million decrease)**

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to decrease by 3.6% or $0.83 million compared to 2012/13.

Consumables is forecast to increase by $0.47 million or 13.8% compared to 2012/13and relates mainly to an increase in fuel costs to operate the Council’s plant and vehicle fleet as a result of significant increases in diesel and petrol prices.

External contracts are forecast to decrease by 9.0% or $1.40 million compared to 2012/13. The main areas contributing to this decrease are the cessation of the Street Cleansing contract ($1.60 million) and Environmental Health ($0.31 million) as a result of a change in the Health Food Act requirements. These have been offset by expected increases in contracts relating to Primary Care Partnerships ($0.24 million) due to an expansion of the service, Council elections ($0.21 million), Facilities Maintenance ($0.13 million) due to Council requests to increase maintenance levels and Family Day Care ($0.11 million) due to additional contract staff required to meet anticipated increases in demand for the service.

Utility costs relate to telecommunications, including usage of telephones and other utilities such as water, gas and electricity. Utility costs are forecast to increase by 2.1% or $0.08 million compared to 2012/13 resulting from expected additional street lighting costs following an unfavourable renegotiation of Council’s electricity contract with its supplier.

**4.3.3 Bad and doubtful debts ($0.03 million increase)**

Bad and doubtful debts is projected to increase by $0.03 million or 8.3% compared to 2012/13 due mainly to an increase in parking fines forwarded to Perin Court for collection and a consequent reduction in collection rates.

**4.3.4 Depreciation and amortisation ($0.47 million increase)**

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council’s property, plant and equipment including infrastructure assets such as roads and drains. The increase of $0.47 million for 2013/14 is due mainly to the completion of the 2013/14 capital works program and the full year effect of depreciation on the 2012/13 capital works program. Refer to section 6. ‘Analysis of Capital Budget’ for a more detailed analysis of Council’s capital works program for the 2013/14 year.

**4.3.5 Finance costs ($0.07 million decrease)**

Borrowing costs relate to interest charged by financial institutions on funds borrowed. The reduction in borrowing costs results from the planned reduction in borrowings due to repayment of principal in accordance with loan agreements.

**4.3.6 Other expenses ($0.11 million decrease)**

Other expenses relate to a range of unclassified items including contributions to community groups, advertising, insurances, motor vehicle registrations and other miscellaneous expenditure items. Other expenses are forecast to decrease by 2.0% or $0.11 million compared to 2012/13. This is mainly due to a reduction in Council’s contribution to the XYZ Children’s Services Association due to a change in government funding arrangements.

**5. Analysis of budgeted cash position**

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2013/14 year. 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 component of loan repayments for the year.

**5.1 Budgeted cash flow statement**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Ref** | **Forecast**  **Actual**  **2012/13**  **$’000** | **Budget**  **2013/14**  **$’000** | **Variance**  **$’000** |
| **Cash flows from operating activities** | 5.1.1 |  |  |  |
| *Receipts* |  |  |  |  |
| Rates and charges |  | 41,410 | 43,357 | 1,947 |
| User fees and fines |  | 10,044 | 10,370 | 326 |
| Grants - operating |  | 13,313 | 13,617 | 304 |
| Grants - capital |  | 2,903 | 6,277 | 3,374 |
| Interest |  | 2,044 | 1,820 | (224) |
| Other receipts |  | 3,172 | 1,494 | (1,678) |
|  |  | **72,886** | **76,935** | 4,049 |
| *Payments* |  |  |  |  |
| Employee costs |  | (31,185) | (33,841) | (2,656) |
| Other payments |  | (29,829) | (27,635) | 2,194 |
|  |  | **(61,014)** | **(61,476)** | (462) |
| **Net cash provided by operating activities** | | **11,872** | **15,459** | 3,587 |
|  |  |  |  |  |
| **Cash flows from investing activities** | 5.1.2 |  |  |  |
| Proceeds from sales of property, infrastructure, plant and equipment |  | 1,664 | 3,741 | 2,077 |
| Repayment of loans and advances |  | 10 | 199 | 189 |
| Deposits |  | 50 | 0 | (50) |
| Payments for property, infrastructure, plant and equipment |  | (21,007) | (29,195) | (8,188) |
| **Net cash used in investing activities** | | **(19,283)** | **(25,255)** | (5,972) |
|  |  |  |  |  |
| **Cash flows from financing activities** | 5.1.3 |  |  |  |
| Finance costs |  | (380) | (312) | 68 |
| Proceeds from borrowings |  | 0 | 0 | 0 |
| Repayment of borrowings |  | (1,161) | (1,161) | 0 |
| **Net cash used in financing activities** | | **(1,541)** | **(1,473)** | 68 |
| **Net decrease in cash and cash equivalents** | | **(8,952)** | **(11,269)** | (2,317) |
| Cash and cash equivalents at the beginning of the period | | 32,428 | 23,476 | (8,952) |
| **Cash and cash equivalents at end of the year** | 5.1.4 | **23,476** | **12,207** | (11,269) |

Source: Appendix A

**5.1.1 Operating activities ($3.59 million increase)**

The increase in cash inflows from operating activities is due mainly to a $3.37 million increase in capital grants to fund the capital works program and a $2.26 million increase in rates and charges, which is in line with the rate increase of 3.9%.

The net cash flows from operating activities does not equal the surplus (deficit) 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.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Forecast**  **Actual**  **2012/13**  **$’000** | **Budget**  **2013/14**  **$’000** | | **Variance**  **$’000** |
| **Surplus (deficit) for the year** |  | **(1,922)** | **1,045** | 2,967 | |
| Depreciation |  | 14,034 | 14,500 | 466 | |
| Loss (gain) on sale of assets |  | 417 | (1,778) | (2,195) | |
| Net movement in current assets and liabilities |  | (657) | 1,692 | 2,349 | |
| **Cash flows available from operating activities** | | **11,872** | **15,459** | 3,587 | |

**5.1.2 Investing activities ($5.97 million decrease)**

The large increase in payments for investing activities represents the planned large increase in capital works expenditure disclosed in section 10 of this budget report. Proceeds from sale of assets are forecast to increase by $2.2 million due to settlement of land sales achieved during 2012/13.

**5.1.3 Financing activities ($0.07 million decrease)**

For 2013/14 the total of principal repayments is $1.16 million and finance charges is $0.31 million.

**5.1.4 Cash and cash equivalents at end of the year ($11.27 million decrease)**

Overall, total cash and investments is forecast to decrease by $11.27 million to $12.21 million as at 30 June 2014, reflecting Council’s strategy of using excess cash and investments to enhance existing and create new infrastructure. This is consistent with Council’s Strategic Resource Plan (see Section 8), which forecasts a significant reduction in the capital works program from 2013/14 onwards to balance future cash budgets.

**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 2013 it will have cash and investments of $12.21 million, which has been restricted as shown in the following table.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Forecast** |  |  |
|  |  | **Actual** | **Budget** | **Variance** |
|  | **Ref** | **2013** | **2014** |  |
|  |  | **$’000** | **$’000** | **$’000** |
| **Total cash and investments** |  | **23,476** | **12,207** | (11,269) |
| Restricted cash and investments |  |  |  |  |
| - Statutory reserves | 5.2.1 | (936) | (894) | 42 |
| - Discretionary reserves | 5.2.2 | (12,213) | (3,908) | 8,305 |
| **Unrestricted cash and investments** | 5.2.3 | **10,327** | **7,405** | **(2,922)** |

**5.2.1 Statutory reserves ($0.89 million)**

These funds must be applied for specified statutory purposes in accordance with various legislative requirements. While these funds earn interest revenues for Council, the funds are not available for other purposes. During the 2013/14 year $0.42 million is budgeted to be transferred to and $0.46 million from Statutory Reserves.

**5.2.2 Discretionary reserves ($3.91 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 2013/14 year $1.58 million is budgeted to be transferred to and $9.89 million from Discretionary Reserves. Of the balance on hand at 30 June 2013 $3.75 million is to be expended on incomplete capital works to be carried forward to the 2013/14 year. 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 Unrestricted cash and investments ($3.77 million)**

These funds are 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. Of the balance on hand at 30 June 2013, $2.82 million is to be expended to complete capital works carried forward to the 2013/14 year. 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. A high level of unrestricted cash and investments is required as 60% of Council’s rate revenue is not received until February each year.

**6. Analysis of capital budget**

This section analyses the planned capital expenditurebudget for the 2013/14 year and the sources of funding for the capital budget.

**6.1 Capital works**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Capital Works Areas** | **Ref** | **Forecast**  **Actual**  **2012/13**  **$’000** | | **Budget**  **2013/14**  **$’000** | | **Variance**  **$’000** |
| **Works carried forward** |  |  |  | |  | |
| Roads | 6.1.1 | 832 | 786 | | (46) | |
| Drains | 6.1.1 | 550 | 235 | | (315) | |
| Open space | 6.1.1 | 223 | 95 | | (128) | |
| Buildings | 6.1.1 | 4,850 | 5,054 | | 204 | |
| Plant, equipment and other | 6.1.1 | 1,085 | 955 | | (130) | |
| Feasibility studies | 6.1.1 | 50 | 0 | | (50) | |
| **Total works carried forward** |  | **7,590** | **7,125** | | (465) | |
| **New works** |  |  |  | |  | |
| Roads | 6.1.2 | 4,622 | 5,387 | | 765 | |
| Drains | 6.1.3 | 1,213 | 1,650 | | 437 | |
| Open space | 6.1.4 | 1,947 | 3,288 | | 1,341 | |
| Buildings | 6.1.5 | 2,887 | 8,341 | | 5,454 | |
| Plant, equipment and other | 6.1.6 | 4,358 | 4,836 | | 478 | |
| Feasibility studies | 6.1.7 | 0 | 90 | | 90 | |
| **Total new works** |  | **15,027** | **23,592** | | 8,565 | |
| **Total capital works** |  | **22,617** | **30,717** | | 8,100 | |
|  |  |  |  | |  | |
| **Represented by:** |  |  |  | |  | |
| Asset renewal | 6.1.8 | 12,225 | 17,454 | | 5,229 | |
| New assets | 6.1.8 | 6,850 | 9,176 | | 2,326 | |
| Asset expansion/upgrade | 6.1.8 | 3,542 | 4,087 | | 545 | |
| **Total capital works** |  | **22,617** | **30,717** | | 8,100 | |

Source: appendix A. A more detailed listing of the capital works program is included in Appendix C.

**6.1.1 Carried forward works ($7.13 million)**

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2012/13 year it is forecast that $7.13 million of capital works will be incomplete and be carried forward into the 2013/14 year. The more significant projects include the Civic Precinct redevelopment ($0.75 million) and the Newlands Community Facility ($3.00 million).

**6.1.2 Roads ($5.39 million)**

Roads include local roads, car parks, footpaths, bike paths, bridges and culverts, declared main roads, traffic devices, street lighting and traffic signals.

For the 2013/14 year, $5.39 million will be expended on road projects. The more significant projects include local road reconstructions ($1.80 million), federally funded Roads to Recovery projects ($0.81 million), road resheeting ($0.80 million), road safety ($0.51 million), footpaths ($0.25 million) and Integrated Transport Plan ($0.22 million).

**6.1.3 Drains ($1.65 million)**

Drains include drains in road reserves, retarding basins and waterways.

For the 2013/14 year, $1.65 million will be expended on drainage projects. The more significant projects include road drainage replacement works ($0.87 million), Stage 1 of the Victoria Park Lake redevelopment ($0.50 million) and implementation of the Stormwater Management Plan ($0.22 million).

**6.1.4 Open space ($3.29 million)**

Open space includes parks, playing surfaces, streetscapes, playground equipment, irrigation systems, trees and public art.

For the 2013/14 year, $3.29 million will be expended on open space projects. The more significant projects include playground equipment upgrades ($0.17 million), irrigation system upgrades ($0.36 million), implementation of the Greenstreets Strategy ($0.39 million), completion of Victoria Park ($1.90 million), creek works ($0.20 million) and Arts in Public Places ($0.11 million).

**6.1.5 Buildings ($8.34 million)**

Buildings include community facilities, municipal offices, sports facilities and pavilions.

For the 2013/14 year, $8.34 million will be expended on building projects. The more significant projects include pavilion upgrades ($0.32 million), Victorian Community Facility ($1.20 million), redevelopment of the City Children’s Centre ($0.25 million), construction of a Velodrome and State Bowls Centre at Victoria Park ($4.00 million) and completion of the Block Arcade redevelopment ($0.97 million).

**6.1.6 Plant, equipment and other ($4.84 million)**

Plant, equipment and other includes information technology, motor vehicles and plant and library product purchases.

For the 2013/14 year, $4.84 million will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet ($3.02 million), upgrade and replacement of information technology ($1.32 million) and library material purchases ($0.50 million).

**6.1.7 Feasibility studies ($0.09 million)**

For the 2013/14 year, $0.09 million will be expended on a feasibility study. This is a new initiative of Council and relates to a concept plan for the development of the Victorian Library.

**6.1.8 Asset renewal ($17.45 million), new assets ($9.18 million), and expansion/upgrade**

**($4.09 million)**

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.

The major projects included in the above categories, which constitute expenditure on new assets, are the Victorian Community Facility ($1.20 million), construction of a Velodrome and State Bowls Centre at Victoria Park ($4.00 million) and information technology purchases ($1.11 million). The remaining capital expenditure represents renewals and expansion/upgrades of existing assets.

**6.2 Funding sources**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Sources of Funding** | **Ref** | **Forecast**  **Actual**  **2012/13**  **$’000** | | | **Budget**  **2013/14**  **$’000** | **Variance**  **$’000** | |
| **Works carried forward** |  | |  |  | | |  |
| ***Current year funding*** |  | |  |  | | |  |
| Grants – Capital | 6.2.1 | | 527 | 461 | | | (66) |
| Proceeds on sale of assets | 6.2.1 | | 105 | 95 | | | (10) |
|  |  | | **632** | **556** | | | (76) |
| ***Prior years funding*** |  | |  |  | | |  |
| Reserve cash and investments | 6.2.1 | | 5,851 | **3,752** | | | (2,099) |
| Unrestricted cash and investments | 6.2.1 | | 1,107 | **2,817** | | | 1,710 |
|  |  | | **6,958** | **6,569** | | | (389) |
| **Total works carried forward** | 6.2.1 | | **7,590** | **7,125** | | | (465) |
|  |  | |  |  | | |  |
| **New works** |  | |  |  | | |  |
| ***Current year funding*** |  | |  |  | | |  |
| Grants – Capital | 6.2.2 | | 2,376 | 5,816 | | | 3,440 |
| Proceeds on sale of assets | 6.2.3 | | 1,024 | 1,586 | | | 562 |
| Operations | 6.2.4 | | 8,589 | 8,870 | | | 281 |
|  |  | | **11,989** | **16,272** | | | 4,283 |
| ***Prior years funding*** |  | |  |  | | |  |
| Reserve cash and investments | 6.2.5 | | 1,826 | 6,596 | | | 4,770 |
| Unrestricted cash and investments | 6.2.6 | | 1,212 | 724 | | | (488) |
|  |  | | **3,038** | **7,320** | | | 4,282 |
| **Total new works** |  | | **15,027** | **23,592** | | | 8,565 |
| **Total funding sources** |  | | **22,617** | **30,717** | | | 8,100 |

Source: Appendix A

**6.2.1 Carried forward works ($7.13 million)**

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2012/13 year it is forecast that $7.13 million of capital works will be incomplete and be carried forward into the 2013/14 year. Significant funding includes grants for the Municipal Offices ($0.15 million) and reserve cash and investments for the Municipal Offices ($0.75 million) and Newland Centre ($3.00 million).

**6.2.2 Grants - Capital ($5.82 million)**

Capital grants and contributions include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Significant grants and contributions are budgeted to be received for the State Bowls Centre and Training Velodrome ($4.00 million), Roads to Recovery projects ($0.81 million), Victoria Park Lake ($0.43 million) and Compressed Natural Gas Conversion ($0.34 million).

**6.2.3 Proceeds from sale of assets ($1.59 million)**

Proceeds from sale of assets include motor vehicle sales in accordance with Council’s fleet renewal policy of $1.59 million.

**6.2.4 Operations ($8.87 million)**

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that $8.87 million will be generated from operations to fund the 2013/14 capital works program. This amount equates to the cash generated from operating activities of $15.49 million as set out in section 5. ’Budgeted Cash Position’ adjusted for capital grants of $6.28 million and borrowing costs of $0.31 million.

**6.2.5 Reserve cash and investments ($6.60 million)**

Council has significant cash reserves, which it is currently using to fund its annual capital works program. The reserves include monies set aside for specific purposes such as Golf Course Renewal and non-specific reserves such as the Building Replacement Reserve. For 2013/14 $6.60 million will be used to fund part of the new capital works program including the landfill ($1.90 million), Victoria Civic Centre ($3.60 million), Plant Replacement ($1.00 million), Victoria Arcade ($0.87 million) and the Victoria Civic Precinct ($0.10 million). A more detailed analysis is included in Appendix A ‘Statement of Investment Reserves’.

**6.2.6 Unrestricted cash and investments ($0.72 million)**

In addition to reserve investments, Council has uncommitted cash and investments which represent unrestricted cash and investments and funds preserved from the previous year mainly as a result of grants and contributions being received in advance. It is forecast that $0.72 million will be available from the 2012/13 year to fund new capital works in the 2013/14 year.

**7. Analysis of budgeted financial position**

This section analyses the movements in assets, liabilities and equity between 2012/13 and 2013/14. It also considers a number of key performance indicators.

**7.1 Budgeted balance sheet**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Ref** | **Forecast**  **Actual**  **2013**  **$’000** | **Budget**  **2014**  **$’000** | **Variance**  **$’000** |
| **Current assets** | 7.1.1 |  |  |  |
| Cash and cash equivalents |  | 23,476 | 12,207 | (11,269) |
| Trade and other receivables |  | 5,272 | 5,367 | 95 |
| Financial assets |  | 6 | 6 | 0 |
| Other assets |  | 1,440 | 200 | (1,240) |
| **Total current assets** |  | **30,194** | **17,780** | (12,414) |
|  |  |  |  |  |
| **Non-current assets** | 7.1.1 |  |  |  |
| Trade and other receivables |  | 206 | 12 | (194) |
| Property, infrastructure, plant and equipment |  | 501,795 | 514,527 | 12,732 |
| **Total non-current assets** |  | **502,001** | **514,539** | 12,538 |
| **Total assets** |  | **532,195** | **532,319** | 124 |
|  |  |  |  |  |
| **Current liabilities** | 7.1.2 |  |  |  |
| Trade and other payables |  | 5,880 | 5,880 | 0 |
| Interest-bearing loans and borrowings |  | 1,161 | 1,161 | 0 |
| Provisions |  | 5,510 | 5,714 | (204) |
| **Total current liabilities** |  | **12,551** | **12,755** | (204) |
|  |  |  |  |  |
| **Non-current liabilities** | 7.1.2 |  |  |  |
| Interest-bearing loans and borrowings |  | 4,887 | 3,726 | 1,161 |
| Provisions |  | 972 | 1,008 | (36) |
| **Total non-current liabilities** |  | **5,859** | **4,734** | 1,125 |
| **Total liabilities** |  | **18,410** | **17,489** | 921 |
| **Net assets** |  | **513,785** | **514,830** | 1,045 |
|  |  |  |  |  |
| **Equity** | 7.1.4 |  |  |  |
| Accumulated surplus |  | 398,518 | 407,910 | 9,392 |
| Asset revaluation reserve |  | 102,118 | 102,118 | 0 |
| Other reserves |  | 13,149 | 4,802 | (8,347) |
| **Total equity** |  | **513,785** | **514,830** | 1,045 |

Source: Appendix A

**7.1.1 Current Assets ($12.41 million decrease) and Non-Current Assets ($12.54 million increase)**

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to decrease by $10.10 million during the year mainly to fund the capital works program during the year.

Trade and other receivables are monies owed to Council by ratepayers and others. Short term debtors are not expected to change significantly in the budget. Long term debtors (non current) relating to loans to community organisations will reduce by $0.19 million in accordance with agreed repayment terms.

Other assets includes items such as prepayments for expenses that Council has paid in advance of service delivery, inventories or stocks held for sale or consumption in Council’s services and other revenues due to be received in the next 12 months. Accrued income is expected to reduce by $1.24 million as land sales which became unconditional at the end of the 2012/13 year are paid.

Property, infrastructure, plant and equipment is the largest component of Council’s worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc which has been built up by Council over many years. The increase in this balance is attributable to the net result of the capital works program ($29.08 million of new assets), depreciation of assets ($14.50 million) and the sale through sale of property, plant and equipment ($1.96 million).

**7.1.2 Current Liabilities ($0.20 million increase) and Non-Current Liabilities ($1.13 million decrease)**

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to remain consistent with 2012/13 levels.

Provisions include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are only expected to increase marginally due to more active management of entitlements despite factoring in an increase for Collective Agreement outcomes.

Interest-bearing loans and borrowings are borrowings of Council. Council is budgeting to repay loan principal of $1.16 million over the year.

**7.1.3 Working Capital ($12.6 million decrease)**

Working capital is the excess of current assets above current liabilities. This calculation recognises that although Council has current assets, some of those assets are already committed to the future settlement of liabilities in the following 12 months, and are therefore not available for discretionary spending.

Council has also committed further current assets to specific and restricted purposes, represented by reserves, which may not yet be represented as current liabilities at 30 June.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Forecast**  **Actual**  **2013**  **$’000** | **Budget**  **2014**  **$’000** | **Variance**  **$’000** |
| **Current assets** | 30,194 | 17,780 | (12,414) |
| **Current liabilities** | 12,551 | 12,755 | (204) |
| **Working capital** | 17,643 | 5,025 | (12,618) |
| Restricted cash and investment current assets |  |  |  |
| - Statutory reserves | (936) | (894) | 42 |
| - Discretionary reserves | (12,213) | (3,908) | 8,305 |
| **Unrestricted working capital\*** | **4,494** | **223** | (4,271) |

\* Unrestricted working capital may also be committed to completion of carry forward capital works. Refer to table 6.2 for funding of capital works carried forward out of prior years.

**7.1.4 Equity ($1.05 million increase)**

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

* Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations
* Other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council to be separately disclosed
* Accumulated surplus which is the value of all net assets less Reserves that have accumulated over time. The increase in accumulated surplus of $1.05 million results directly from the surplus for the year.

During the year an amount of $8.35 million (net) is budgeted to be transferred from other reserves to accumulated surplus. This reflects the usage of investment cash reserves to partly fund the capital works program. This is a transfer between equity balances only and does not impact on the total balance of equity.

**7.2 Key assumptions**

In preparing the Budgeted Balance Sheet for the year ending 30 June 2014 it was necessary to make a number of assumptions about assets, liabilities and equity balances. The key assumptions are as follows:

* A total of 98.5% of total rates and charges raised will be collected in the 2013/14 year (2012/13: 97.8% forecast actual)
* Trade creditors to be based on total capital and operating expenditure less written down value of assets sold, depreciation and employee costs. Payment cycle is 30 days
* Other debtors and creditors to remain consistent with 2012/13 levels
* An advance of $0.19 million to Victorian Bowls Club will be repaid in full
* Proceeds from the sale of property in 2012/13 of $1.24 million will be received in full in the 2013/14 year
* Employee entitlements to be increased by the Collective Agreement outcome offset by the impact of more active management of leave entitlements of staff
* Repayment of loan principal to be $1.16 million
* Total capital expenditure to be $21.95 million
* A total of $8.35 million to be transferred from reserves to accumulated surplus, representing the internal funding of the capital works program for the 2013/14 year.
* The council will repay its share of the unfunded superannuation liability over a period of five years**12**.

**8. Strategic resource plan and key financial indicators**

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 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.

Council has prepared a Strategic Resource Plan (SRP) for the four years 2013/14 to 2016/17 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework. The SRP 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 underlines the development of the SRP, is financial sustainability in the medium to long term, while still achieving Council’s strategic objectives as specified in the Council Plan. The key financial objectives, which underpin the SRP, are:

* Maintain existing service levels
* Achieve a breakeven operating result within five to six years
* Maintain a capital expenditure program of at least $16 million per annum
* Achieve a balanced budget on a cash basis.

In preparing the SRP, 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 Council decisions on future generations
* Provide full, accurate and timely disclosure of financial information.

The SRP is updated annually through a rigorous process of consultation with Council service providers followed by a detailed sensitivity analysis to achieve the key financial objectives.

**8.2 Financial resources**

The following table summarises the key financial results for the next four years as set out in the SRP for years 2013/14 to 2016/17. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Forecast Actual** | **Budget** | **Strategic Resource Plan  Projections** | | | **Trend** |
| **Indicator** | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **+/o/-** |
|  | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** |  |
| Surplus/(deficit) for the year | (1,922) | 1,045 | 5,398 | (1,754) | (1,570) | **-** |
| Underlying result | (4,825) | (5,232) | (4,009) | (3,448) | (2,937) | **+** |
| Cash and investments | 23,476 | 12,207 | 12,428 | 12,776 | 13,028 | **o** |
| Cash flow from operations | 11,872 | 15,459 | 20,492 | 14,052 | 14,687 | **-** |
| Capital works | 22,617 | 30,717 | 23,242 | 18,530 | 17,349 | **-** |

Key to Forecast Trend:

+ Forecasts improvement in Council's financial performance/financial position indicator

o Forecasts that Council's financial performance/financial position indicator will be steady

- Forecasts deterioration in Council's financial performance/financial position indicator

The following graph shows the general financial indicators over the four year period.

The key outcomes of the SRP are as follows:

* **Financial sustainability (section 5)** - Cash and investments is forecast to increase marginally over the four year period from $12.20 million to $13.03 million, which indicates a balanced budget on a cash basis in each year
* **Rating levels (section 9)** – Modest rate increases are forecast over the four years at an average of 3.9%, well below that expected of comparable councils
* **Service delivery strategy (section 10)** – Service levels have been maintained throughout the four year period. Despite this, operating surpluses are forecast in years 2013/14 and 2014/15 as a result of significant capital grant revenue being received to fund the annual capital works program. Years 2015/16 to 2016/17 forecast reducing operating deficits with a view to breaking even. However, excluding the effects of non-operating items such as capital contributions, the underlying result is a deficit reducing over the four year period. The underlying result is a measure of financial sustainability and is an important measure as once-off items can often mask the operating result
* **Borrowing strategy (section 10)** – Borrowings are forecast to reduce from $4.90 million to $3.28 million over the four year period. This includes new borrowings of $2.00 million in 2015/16
* **Infrastructure strategy (section 10)** - Capital expenditure over the four year period will total $89.84 million at an average of $22.46 million. Excluding the Lawn Bowls and Velodrome works, the average is $18.40 million.

**8.3 Key financial indicators**

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Indicator** | **Notes** | **Forecast Actual** | **Budget** | **Strategic Resource Plan Projections** | | | **Trend** |
| **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **+/o/-** |
| ***Financial performance*** |  |  |  |  |  |  |  |
| Underlying result/Underlying rev | 1 | (6.9%) | (7.3) | (5.4) | (4.5) | (3.7) | **+** |
| Expenses/Assessment |  | $1,862 | 1,904 | 1,936 | 1,979 | 2,031 | **+** |
| Rate revenue/Underlying revenue | 2 | 59.1% | 61.0 | 62.4 | 63.4 | 64.1 | **-** |
| Rate revenue/Assessment |  | $1,030 | 1,081 | 1,145 | 1,200 | 1,256 | **+** |
| Debt servicing/Total revenue |  | 0.5% | 0.5 | 0.4 | 0.3 | 0.5 | **o** |
| Debt servicing &redemption/Rate revenue |  | 3.7% | 3.4 | 3.0 | 3.5 | 3.2 | **-** |
| Grants/Total revenue |  | 20.9% | 19.5 | 17.1 | 16.0 | 17.2 | **-** |
| Fees and charges/Total revenue |  | 13.2% | 13.3 | 12.5 | 13.5 | 13.4 | **o** |
| ***Financial position*** |  |  |  |  |  |  |  |
| Indebtedness/Rate revenue | 3 | 42.3% | 40.2 | 35.8 | 36.5 | 32.3 | **+** |
| Indebtedness/ Realisable Assets |  | 13.0% | 13.1 | 13.0 | 13.0 | 13.0 | **-** |
| Underlying result/Total assets |  | (0.9%) | (0.9) | (0.7) | (0.6) | (0.6) | **+** |
| Net realisable assets/Assessment |  | $12,845 | 12,807 | 12,877 | 12,770 | 12,669 | **-** |
| Current assets/Current liabilities | 4 | 240.5% | 139.4 | 139.7 | 139.6 | 139.7 | **o** |
| Total liabilities/Assessment |  | $324 | 306 | 290 | 309 | 290 | **+** |
| ***Capital expenditure ($'000)*** |  |  |  |  |  |  |  |
| Capital works |  | $22,617 | 30,717 | 23,242 | 18,530 | 17,349 | **-** |
| - Asset renewal |  | $12,225 | 17,454 | 15,928 | 13,145 | 13,560 | **-** |
| - New assets |  | $6,850 | 9,176 | 5,767 | 3,296 | 2,791 | **-** |
| - Asset expansion/upgrade |  | $3,542 | 4,087 | 1,547 | 2,089 | 998 | **-** |
| Cash op act/Net capital outlays | 5 | 78.3% | 59.5 | 107.5 | 96.5 | 111.0 | **+** |
| Capital works/Rate revenue |  | 54.9% | 70.7 | 50.2 | 38.0 | 33.8 | **-** |
| Asset renewal/Total depreciation | 6 | 87.1% | 120.4 | 104.9 | 83.4 | 83.3 | **-** |

Key to Forecast Trend:

+ Forecasts improvement in Council's financial performance/financial position indicator

o Forecasts that Council's financial performance/financial position indicator will be steady

- Forecasts deterioration in Council's financial performance/financial position indicator

**Notes to indicators**

***1 Underlying result***- Improvement in financial performance expected over the period, although continued losses means reliance on Council's cash reserves or increased debt to maintain services.

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

***3 Indebtedness/Rate revenue*** - Trend indicates Council's reducing reliance on debt against its annual rate revenue through redemption of long term debt.

***4 Current Assets/Current Liabilities*** – Working capital is forecast to decrease significantly in 2013/14 year due to a run down in cash reserves to fund the capital program. The trend in latter years is to remain steady at an acceptable level.

***5 Cash Op Act/Net Capital outlays*** - Except for the 2013/14 year budget trend indicates Council expects to be able to service its capital works expenses from cash generated from operating activities, rather than relying on its existing cash reserves or further borrowings.

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

**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.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Forecast Actual** | **Budget** | **Strategic Resource Plan Projections** | | |
| **Indicator** | | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** |
| Employee costs ($'000) | | 35,367 | 34,091 | 36,655 | 37,711 | 38,892 |
| Employee numbers | | 831 | 809 | 855 | 879 | 904 |

**9. Rating information**

This section contains information on Council’s past and foreshadowed rating levels along with Council's rating structure and the impact of changes in property valuations.

**9.1 Rating context**

In developing the Strategic Resource Plan (referred to in Section 8.), rates and charges were identified as an important source of revenue, accounting for 57% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the Victorian community.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly recent changes in property valuations and subsequently rates for some properties in the municipality. To ensure that deliberations about future rate increases have been made on an informed basis, comparisons of historical rate increases were made between Council and other similar sized councils. The following table shows a comparison of the last five years and the average rates per capita for the 2012/13 year.

|  |  |  |
| --- | --- | --- |
|  | **Victorian** | **Average** |
| **Year** | **City** | **Large** |
|  | **Council** | **Council** |
| 2008/09 | 4.5% | 5.0% |
| 2009/10 | 4.0% | 4.8% |
| 2010/11 | 4.5% | 4.8% |
| 2011/12 | 4.5% | 5.2% |
| 2012/13 | 5.0% | 5.7% |
| **Average increase** | **4.5%** | **5.1%** |
| **Average per capita 2012/13** | **$516** | **$576** |

Source: Council’s strategic resource plan 2013/14 to 2015/16

The table indicates that over the past five years Council’s rate increases have been 0.6% lower than the average of other comparative councils and the average rate per capita was $60 lower than the average of comparative councils in 2012/13.

**9.2 Current year rate increase**

It is predicted that the 2013/14 operating position will be significantly impacted by wages growth and reductions in government funding. It will therefore be necessary to achieve future revenue growth while containing costs in order to achieve an almost breakeven operating position by 2016/17 as set out in the Strategic Resource Plan. The $9.00 million contribution from operations toward capital investment for the 2012/13 year is also much less than the desired level of $14.50 million and therefore, unless it can be increased, it will be difficult to maintain robust capital works programs in the future.

In order to achieve these objectives while maintaining service levels and a strong capital expenditure program, general rates will increase by a modest 3.9% in 2013/14 raising a total rate of $43.46 million, including $0.43 million generated from supplementary rates. The following table sets out future proposed rate increases and total rates to be raised, based on the forecast financial position of Council as at 30 June 2013.

|  |  |  |
| --- | --- | --- |
|  | **Rate** | **Total Rates** |
| **Year** | **Increase** | **Raised** |
|  | **%** | **$’000** |
| 2012/13 | 5.00 | 41,195 |
| 2013/14 | 3.90 | 43,457 |
| 2014/15 | 5.00 | 46,273 |
| 2015/16 | 3.50 | 48,725 |
| 2016/17 | 3.50 | 51,263 |

**9.3 Rating structure**

Council has established a rating structure which is comprised of three key elements. These are:

* Property values, which form the central basis of rating under the Local Government Act 1989
* A 'user pays' component to reflect usage of certain services provided by Council
* A fixed municipal charge per property to cover some of the administrative costs of the Council.

Striking a proper balance between these elements provides equity in the distribution of the rate burden across residents.

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 commercial purposes. This distinction is based on the concept that business should pay a fair and equitable contribution to rates, taking into account the benefits those commercial properties derive from the local community.

Having reviewed the various valuation bases for determining the property value component of rates, Council has determined to apply a Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality. There are currently no plans to change that basis, but Council does review its rating structure every four years.

The existing rating structure comprises two differential rates (residential and commercial), and 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 commercial rate is set at 175% of the residential rate and the rate concession for recreational land is set at 50% of the commercial rate. Council also levies a municipal charge, a kerbside collection charge and a recycling charge as allowed under the Act.

The following table summarises the rates to be determined for the 2013/14 year. A more detailed analysis of the rates to be raised is contained in Appendix B ‘Statutory Disclosures’.

|  |  |  |  |
| --- | --- | --- | --- |
| **Rate type** | **How applied** | **2012/13** | **2013/14** |
| Residential rates | Cents in $ of CIV | 0.246871 | 0.256499 |
| Commercial rates | Cents in $ of CIV | 0.432172 | 0.449027 |
| Recreational rates | Cents in $ of CIV | 0.216086 | 0.224513 |
| Municipal charge | $ per property | $105 | $110 |
| Kerbside collection charge | $ per property | $77 | $80 |
| Recycling charge | $ per property | $19 | $20 |

Council has adopted a formal *Rating Strategy* that contains expanded information on Council's rating structure and the reasons behind its choices in applying the rating mechanisms it has used.

**9.4 General revaluation of properties**

[Note: This section 9.4 contains additional information that can be disclosed in the budget year following a general revaluation of properties taking place. The next such year will be the 2014/15 budget.]

During the 2011/12 year, a revaluation of all properties within the municipality was carried out and first applied from 1 January 2012 for the 2012/13 year. The outcome of the general revaluation has been a significant change in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 37%. Of this increase, residential properties have increased by 43% and business properties by 5%.

The following table summarises the valuation changes between the 2010 and 2012 general revaluations for residential properties by suburb, together with the rating changes between the 2011/12 and 2012/13 years based on a 3.9% average rate increase and the valuation movements listed.

|  |  |  |
| --- | --- | --- |
| **Suburb** | **Valuation Change (Decrease)** | **Rating Change (Decrease)** |
| Alphonse | 30% | 3% |
| Bundorn | 39% | 16% |
| Fairley | 36% | 6% |
| Kingsville | 58% | 15% |
| Northville | 42% | 8% |
| Victory | 45% | 8% |
| Restville | 39% | 7% |
| Thornley | 57% | 14% |
| **Average residential** | **43%** | **13%** |
| **Average business** | **5%** | **(7)%** |

In deliberating over the setting of the differential rate structure for the 2012/13 year, Council has been mindful of the greater increase in residential property valuations compared to those in the business sector. If no changes were made to the rate differential, the change in property values would result in an overall increase of 13% in residential rates and a 7% reduction in business rates for the 2012/13 year.

In view of the outcomes of the general revaluation of all properties within the Council’s municipal district during the 2011/12 year, Council has chosen not to make any changes to the existing rate differential. Therefore, in aggregate total rates and charges will increase by 3.9% compared to 2011/12.

**10. Other strategies**

This section sets out summaries of the strategies that have been developed and incorporated into the Strategic Resource Plan including borrowings, infrastructure and service delivery.

**10.1 Borrowings**

In developing the Strategic Resource Plan (SRP) (see Section 8), borrowings was identified as an important funding source for capital works programs. In the past, Council has borrowed strongly to finance large infrastructure projects and since then has been in a phase of debt reduction. This has resulted in a reduction in debt servicing costs, but has meant that cash and investment reserves have been used as an alternate funding source to maintain robust capital works programs. With Council reserves now forecast to be $13.10 million at 30 June 2013 and a further significant reduction in 2013/14 to complete current infrastructure works in progress, it has been necessary to reconsider the issue of borrowings.

The SRP includes the results of an analysis of Council’s debt position against both State averages and large Council averages over a number of different indicators. It also shows the results of prudential ratios used by the Victorian State Government to assess the loan capacity of local governments. The outcome of the analysis highlighted that a debt of $8.00 million could be comfortably accommodated. Council has set a target goal of reaching $4.00 million by 2013/14 to allow spare debt capacity for future major projects.

For the 2013/14 year, Council has decided not take out any new borrowings to fund the capital works program and therefore, after making loan repayments of $1.47 million, will reduce its total borrowings to $4.89 million as at 30 June 2014. However, it is likely that in future years, borrowings will be required to fund future infrastructure initiatives. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2013.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **New Borrowings** | **Principal  Paid** | **Interest  Paid** | **Balance 30 June** |
|  | **$’000** | **$’000** | **$’000** | **$’000** |
| 2012/13 | 0 | 1,161 | 380 | 6,048 |
| 2013/14 | 0 | 1,161 | 312 | 4,887 |
| 2014/15 | 0 | 1,161 | 247 | 3,726 |
| 2015/16 | 2,000 | 1,161 | 410 | 4,565 |
| 2016/17 | 0 | 1,290 | 340 | 3,275 |

**10.2 Infrastructure**

The Council has developed an Infrastructure Strategy based on the knowledge provided by various Asset Management Plans, which sets out the capital expenditure requirements of Council for the next 10 years by class of asset, and is a key input to the SRP. It predicts infrastructure consumption, renewal needs and considers 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, Strategic Resource 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
* Business Case template for officers to document 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.

The graph below sets out the required and actual asset renewal over the life of the current SRP and the renewal backlog.

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 endeavouring to provide a sufficient level of annual funding to meet ongoing asset renewal needs, the above graph indicates that in later years 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. In the above graph the backlog at the beginning of the five year period was $5.00 million and $6.61 million at the end of the period.

In updating the Infrastructure Strategy for the 2013/14 year, the following influences have had a significant impact:

* Reduction in the amount of cash and investment reserves to fund future capital expenditure programs
* Environmental issues at the Victoria Park Lake resulting in the bringing forward of future planned expenditure
* Availability of significant Federal funding for upgrade of roads
* Decision by the Victorian State Government to award Council with construction of a Velodrome and Lawn Bowls Centre within its municipality
* The enactment of the Road Management Act 2004 removing the defense of non-feasance on major assets such as roads
* New building regulations requiring all Child Care Centres to immediately upgrade to ensure compliance.

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Total Capital Program** | **Grants and Contrib's** | **Borrowings** | **Investment Reserves** | **Unrestricted**  **Cash & Inv** | **Council Operations** |
|  | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** |
| 2012/13 | 22,617 | 4,032 | 0 | 7,677 | 2,319 | 8,589 |
| 2013/14 | 30,717 | 7,958 | 0 | 10,348 | 3,541 | 8,870 |
| 2014/15 | 23,242 | 11,097 | 0 | 1,307 | 0 | 10,838 |
| 2015/16 | 18,530 | 3,364 | 2,000 | 1,187 | 0 | 11,979 |
| 2016/17 | 17,349 | 3,077 | 0 | 1,292 | 0 | 12,980 |

In addition to using cash generated from its annual operations, borrowings and external contributions such as government grants, Council has significant cash or 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 a funding body, and include contributions to car parking, drainage and public resort and recreation. Discretionary cash reserves relate to those cash and investment balances that have been set aside by Council and can be used at Council’s discretion, even though they may be earmarked for a specific purpose. Appendix A includes a Statement of Reserves which is a summary of the investment reserves for the year ending 30 June 2014.

**10.3 Service delivery**

The key objectives in Council’s Strategic Resource Plan (referred to in Section 8.) which directly impact the future service delivery strategy are to maintain existing service levels and to achieve a breakeven operating result within five to six years. The Rating Information (see Section 9.) also refers to modest rate increases into the future approximating CPI plus 1%. With these key objectives as a basis, a number of internal and external influences have been identified through discussions with management which will have a significant impact on the scope and level of services to be provided over the next four years.

The general influences affecting all operating revenue and expenditure include the following:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2013/14** | **2014/15** | **2015/16** | **2016/17** |
| **%** | **%** | **%** | **%** |
| Consumer Price Index | 2.5 | 2.5 | 2.5 | 2.5 |
| Average Weekly Earnings | 4.5 | 4.5 | 4.5 | 4.5 |
| Engineering Construction Index | 3.2 | 3.2 | 3.2 | 3.2 |
| Non-Residential Building Index | 3.5 | 3.5 | 3.5 | 3.5 |
| Rate increases | 3.9 | 3.5 | 3.5 | 3.5 |
| Property growth | 1.0 | 1.0 | 1.0 | 0.6 |
| Wages growth | 4.5 | 3.5 | 3.5 | 3.5 |
| Government funding | 2.0 | 2.0 | 2.0 | 2.0 |
| Statutory fees | 2.0 | 2.0 | 2.0 | 2.0 |
| Investment return | 5.5 | 5.0 | 4.5 | 4.5 |

As well as the general influences, there are also a number of specific influences which relate directly to service areas or activities. The most significant changes in these areas are summarised below.

**Transfer Station**

Waste tipping fees for inert waste are expected to rise further as the State Government has increased the levy payable upon disposal of waste at landfill. Following increases of $35 per tonne (almost 400%) over the last two years, the fee will rise a further $4.40 per tonne (10%) in 2013/14 and by 10% also in 2014/15. The financial impact will be to increase tipping fee costs at the Transfer Station from $0.36 million in 2012/13 to $0.46 million by 2015/16. The pricing structure currently in place for Transfer Station users will be adjusted to absorb all future cost increases.

**Residential Garbage Collection**

Waste tipping charges associated with the disposal of residential garbage and also growth in the number of tenements (1,000 pa over the five year period) are expected to result in an increase of $0.03 million per annum excluding CPI. The increased landfill levy will also increase the cost of residential garbage disposal by $0.18 million in the 2013/14 financial year.

**Kerbside Collection**

The contract for collection of recyclable waste expires on 1 July 2014. It is expected that the cost of this service will increase from $1.20 million to $1.40 million following re-tender in 2012/13. Future increases have been set at CPI.

**Aged and Disability Services**

Government funding for aged and disability services is expected to increase by approximately $0.14 million from 2013/14. This includes General Home Care, Personal Care, Respite Care and Meals.

**Valuation Services**

The Council is required to revalue all properties within the municipality every two years. The last general revaluation was carried out as at 1 January 2012 effective for the 2012/13 year and the next revaluation will be undertaken as at 1 January 2014. An allowance of $0.08 million has been made every two years commencing in 2013/14 to meet the additional cost of resources to complete the revaluation process.

**Animal Control**

The contract for the provision of animal control services has ended and is currently being renegotiated. It is expected that the cost of this service will rise from $0.36 million to $0.40 million per annum. This will be offset by predicted increases in registration fees of 5% above CPI or $0.02 million per annum in 2013/14 and 2014/15.

**Statutory Planning**

The statutory planning unit has been growing significantly over the past three years as the level of property development activity has increased. It is expected that the 2012/13 budget will be insufficient to meet all the needs of the Unit and accordingly an additional $0.05 million has been allowed from 2013/14 onwards for external support on appeals.

The service delivery outcomes measured in financial terms are shown in the following table.

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Surplus (Deficit) for the year** | **Underlying  Surplus  (Deficit)** | **Net  Service (Cost)** |
|  | **$’000** | **$’000** | **$’000** |
| 2012/13 | (1,922) | (4,825) | (39,369) |
| 2013/14 | 1,045 | (5,232) | (41,967) |
| 2014/15 | 5,398 | (4,009) | (43,233) |
| 2015/16 | (1,754) | (3,448) | (44,451) |
| 2016/17 | (1,570) | (2,937) | (46,151) |

Service levels have been maintained throughout the four year period with operating surpluses forecast in years 2013/14 and 2014/15 as a result of significant capital grant revenue being received to fund the annual capital works program. Years 2015/16 to 2016/16 forecast reducing operating deficits with a view to almost breaking even by 2017/18. Excluding the effects of non-operating items such as capital contributions, the underlying result is a reducing deficit over the four year period. The net cost of the services provided to the community increase from $41.97 million to $46.15 million over the four year period.

**Appendices**

The following appendices include voluntary and statutory disclosures of information which provide support for the analysis contained in sections 1 to 10 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 while 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** | **Page** |
| [A](file://C:\Documents%20and%20Settings\dlolic\Local%20Settings\Temporary%20Internet%20Files\Content.Outlook\Local%20Settings\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Low\Content.IE5\Local%20Settings\Documents%20and%20Settings\Program%20Files\Objective\Client\ObjHome\Objects\ICAA%20Model%20Budget%20Master%20220306%20year%20ended%2030%20June%202007.xls#A!A2#A!A2) | [Budgeted Standard Statements](file://C:\Documents%20and%20Settings\dlolic\Local%20Settings\Temporary%20Internet%20Files\Content.Outlook\Local%20Settings\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Low\Content.IE5\Local%20Settings\Documents%20and%20Settings\Program%20Files\Objective\Client\ObjHome\Objects\ICAA%20Model%20Budget%20Master%20220306%20year%20ended%2030%20June%202007.xls#A!A2#A!A2) | 55 |
| [B](file://C:\Documents%20and%20Settings\dlolic\Local%20Settings\Temporary%20Internet%20Files\Content.Outlook\Local%20Settings\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Low\Content.IE5\Local%20Settings\Documents%20and%20Settings\Program%20Files\Objective\Client\ObjHome\Objects\ICAA%20Model%20Budget%20Master%20220306%20year%20ended%2030%20June%202007.xls#B!A2#B!A2) | [Statutory disclosures](file://C:\Documents%20and%20Settings\dlolic\Local%20Settings\Temporary%20Internet%20Files\Content.Outlook\Local%20Settings\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Low\Content.IE5\Local%20Settings\Documents%20and%20Settings\Program%20Files\Objective\Client\ObjHome\Objects\ICAA%20Model%20Budget%20Master%20220306%20year%20ended%2030%20June%202007.xls#B!A2#B!A2) | 62 |
| [C](file://C:\Documents%20and%20Settings\dlolic\Local%20Settings\Temporary%20Internet%20Files\Content.Outlook\Local%20Settings\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Low\Content.IE5\Local%20Settings\Documents%20and%20Settings\Program%20Files\Objective\Client\ObjHome\Objects\ICAA%20Model%20Budget%20Master%20220306%20year%20ended%2030%20June%202007.xls#'C'!A2#'C'!A2) | [Capital works program](file://C:\Documents%20and%20Settings\dlolic\Local%20Settings\Temporary%20Internet%20Files\Content.Outlook\Local%20Settings\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Low\Content.IE5\Local%20Settings\Documents%20and%20Settings\Program%20Files\Objective\Client\ObjHome\Objects\ICAA%20Model%20Budget%20Master%20220306%20year%20ended%2030%20June%202007.xls#'C'!A2#'C'!A2) | 67 |
| [D](file://C:\Documents%20and%20Settings\dlolic\Local%20Settings\Temporary%20Internet%20Files\Content.Outlook\Local%20Settings\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Low\Content.IE5\Local%20Settings\Documents%20and%20Settings\Program%20Files\Objective\Client\ObjHome\Objects\ICAA%20Model%20Budget%20Master%20220306%20year%20ended%2030%20June%202007.xls#'C'!A2#'C'!A2) | [Key strategic activities](file://C:\Documents%20and%20Settings\dlolic\Local%20Settings\Temporary%20Internet%20Files\Content.Outlook\Local%20Settings\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Low\Content.IE5\Local%20Settings\Documents%20and%20Settings\Program%20Files\Objective\Client\ObjHome\Objects\ICAA%20Model%20Budget%20Master%20220306%20year%20ended%2030%20June%202007.xls#'C'!A2#'C'!A2) | 72 |
| E | Fees and charges schedule | 75 |

**Appendix A**

**Budgeted Standard Statements**

This appendix presents information in regard to the Budgeted Standard Statements. The budget information for the years 2013/14 to 2016/17 has been extracted from the Strategic Resource Plan.

At the end of each financial year Council is required to report back to the community a comparison of actual financial results against these Budgeted Standard Statements and provide an explanation of significant variances. The Standard Statements together with the Performance Statement provide a clear, concise and understandable report of Council’s activities for the year from both a financial and non-financial perspective particularly for those users who do not have a financial background.

The appendix includes the following budgeted information:

* Budgeted Standard Income Statement
* Budgeted Standard Balance Sheet
* Budgeted Standard Cash Flow Statement
* Budgeted Standard Capital Works Statement
* Budgeted Statement of Investment Reserves.

**Budgeted Standard Income Statement**

For the four years ending 30 June 2017

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Forecast Actual | **Budget** | Strategic Resource Plan | | |
| Projections | | |
|  | 2012/13 | **2013/14** | 2014/15 | 2015/16 | 2016/17 |
|  | $’000 | **$’000** | $’000 | $’000 | $’000 |
| **Income** |  |  |  |  |  |
| Rates and charges | 41,195 | **43,457** | 46,273 | 48,725 | 51,263 |
| Statutory fees and fines | 2,445 | **2,690** | 2,818 | 2,785 | 2,834 |
| User fees | 7,198 | **7,680** | 7,828 | 8,004 | 8,184 |
| Contributions - cash | 661 | **51** | 471 | 370 | 350 |
| Contributions - non-monetary assets | 0 | **0** | 0 | 0 | 0 |
| Grants - Operating (recurrent) | 13,573 | **12,617** | 12,554 | 12,646 | 12,837 |
| Grants - Operating (non-recurrent) | 950 | **1,000** | 1,050 | 1,100 | 1,150 |
| Grants - Capital (recurrent) | 810 | **830** | 850 | 870 | 890 |
| Grants - Capital (non-recurrent) | 2,093 | **5,447** | 8,557 | 824 | 477 |
| Net gain on disposal of property, infrastructure, plant and equipment | 823 | **539** | 479 | 488 | 497 |
| Other income | 2,823 | **3,263** | 2,734 | 2,782 | 2,830 |
| Total income | 72,571 | **77,574** | 83,614 | 78,594 | 81,312 |
|  |  |  |  |  |  |
| **Expenses** |  |  |  |  |  |
| Employee costs | 31,541 | **34,091** | 35,367 | 36,655 | 37,711 |
| Materials and services | 22,937 | **22,107** | 21,847 | 21,999 | 22,810 |
| Bad and doubtful debts | 314 | **340** | 348 | 356 | 364 |
| Depreciation and amortisation | 14,034 | **14,500** | 15,187 | 15,744 | 16,274 |
| Finance costs | 380 | **312** | 247 | 410 | 340 |
| Other expenses | 5,287 | **5,179** | 5,220 | 5,184 | 5,383 |
| Total expenses | 74,493 | **76,529** | 78,216 | 80,348 | 82,882 |
| **Surplus (deficit) for the year** | (1,922) | **1,045** | 5,398 | (1,754) | (1,570) |
|  |  |  |  |  |  |
| **Other comprehensive income** |  |  |  |  |  |
| Other | 0 | **0** | 0 | 0 | 0 |
| **Comprehensive result** | (1,922) | **1,045** | 5,398 | (1,754) | (1,570) |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

**Budgeted Standard Income Statement (Alternative format)**

For the four years ending 30 June 2017

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Forecast Actual | **Budget** | Strategic Resource Plan  Projections | | |
|  | 2012/13 | **2013/14** | 2014/15 | 2015/16 | 2016/17 |
|  | $’000 | **$’000** | $’000 | $’000 | $’000 |
| **Income** | | |  |  |  |
| Rates and charges | 41,195 | **43,457** | 46,273 | 48,725 | 51,263 |
| Statutory fees and fines | 2,445 | **2,690** | 2,818 | 2,785 | 2,834 |
| User fees | 7,198 | **7,680** | 7,828 | 8,004 | 8,184 |
| Contributions - cash | 661 | **51** | 471 | 370 | 350 |
| Grants - operating (recurrent) | 13,573 | **12,617** | 12,554 | 12,646 | 12,837 |
| Grants - operating (non-recurrent) | 950 | **1,000** | 1,050 | 1,100 | 1,150 |
| Net gain on disposal of property, infrastructure, plant and equipment | 823 | **538** | 479 | 488 | 497 |
| Other income | 2,823 | **3,263** | 2,734 | 2,782 | 2,830 |
| Total income before capital grants and non-monetary contributions | 69,668 | **71,296** | 74,207 | 76,900 | 79,945 |
|  |  |  |  |  |  |
| **Expenses** |  |  |  |  |  |
| Employee costs | 31,541 | **34,091** | 35,367 | 36,655 | 37,711 |
| Materials and services | 22,937 | **22,106** | 21,848 | 21,999 | 22,810 |
| Bad and doubtful debts | 314 | **340** | 348 | 356 | 364 |
| Depreciation and amortisation | 14,034 | **14,500** | 15,187 | 15,744 | 16,274 |
| Finance costs | 380 | **312** | 247 | 410 | 340 |
| Other expenses | 5,287 | **5,179** | 5,220 | 5,184 | 5,383 |
| Total expenses | 74,493 | **76,528** | 78,216 | 80,348 | 82,882 |
| **Net (deficit) before capital grants and non-monetary contributions** | (4,825) | **(5,232)** | (4,009) | (3,448) | (2,937) |
|  |  |  |  |  |  |
| Grants – capital (recurrent) | 810 | **830** | 850 | 870 | 890 |
| Grants – capital (non-recurrent) | 2,093 | **5,447** | 8,557 | 824 | 477 |
| Contributions - non-monetary assets | 823 | 539 | 479 | 488 | 497 |
| **Surplus (deficit) for the year** | (1,922) | **1,045** | 5,398 | (1,754) | (1,570) |
|  |  |  |  |  |  |
| **Other comprehensive income** | 0 | **0** | 0 | 0 | 0 |
| Other |  |  |  |  |  |
| **Comprehensive result** | (1,922) | **1,045** | 5,398 | (1,754) | (1,570) |

**Budgeted Standard Balance Sheet**

For the four years ending 30 June 2017

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Forecast Actual | | **Budget** | | Strategic Resource Plan | | |
|  | |  | |  | | Projections | | |
|  | 2013 | | **2014** | | 2015 | | 2016 | 2017 |
|  | $’000 | | **$’000** | | $’000 | | $’000 | $’000 |
| **Current assets** |  | |  | |  | |  |  |
| Cash and cash equivalents | 23,476 | | **12,207** | | 12,428 | | 12,776 | 13,028 |
| Trade and other receivables | 5,272 | | **5,367** | | 5,467 | | 5,567 | 5,667 |
| Financial assets | 6 | | **6** | | 6 | | 6 | 6 |
| Other assets | 1,440 | | **200** | | 200 | | 200 | 200 |
| Total current assets | 30,194 | | **17,780** | | 18,101 | | 18,549 | 18,901 |
|  |  | |  | |  | |  |  |
| **Non-current assets** |  | |  | |  | |  |  |
| Trade and other receivables | 206 | | **12** | | 12 | | 12 | 12 |
| Property, infrastructure, plant & equipment | 501,795 | | **514,527** | | 518,681 | | 517,558 | 514,586 |
| Total non-current assets | 502,001 | | **514,539** | | 518,693 | | 517,570 | 514,598 |
| Total assets | 532,195 | | **532,319** | | 536,794 | | 536,119 | 533,499 |
|  |  | |  | |  | |  |  |
| **Current liabilities** |  | |  | |  | |  |  |
| Trade and other payables | 5,880 | | **5,880** | | 5,880 | | 5,880 | 5,880 |
| Interest-bearing loans and borrowings | 1,161 | | **1,161** | | 1,161 | | 1,290 | 1,322 |
| Provisions | 5,510 | | **5,714** | | 5,917 | | 6,121 | 6,326 |
| Total current liabilities | 12,551 | | **12,755** | | 12,958 | | 13,291 | 13,528 |
|  |  | |  | |  | |  |  |
| **Non-current liabilities** |  | |  | |  | |  |  |
| Interest-bearing loans and borrowings | 4,887 | | **3,726** | | 2,565 | | 3,275 | 1,953 |
| Provisions | 972 | | **1,008** | | 1,044 | | 1,081 | 1,116 |
| Total non-current liabilities | 5,859 | | **4,734** | | 3,609 | | 4,356 | 3,069 |
| Total liabilities | 18,410 | | **17,489** | | 16,567 | | 17,647 | 16,597 |
| Net assets | 513,785 | | **514,830** | | 520,227 | | 518,472 | 516,902 |
|  |  | |  | |  | |  |  |
| **Equity** |  | |  | |  | |  |  |
| Accumulated surplus | 398,518 | | **407,910** | | 413,227 | | 411,392 | 409,742 |
| Asset revaluation reserve | 102,118 | | **102,118** | | 102,118 | | 102,118 | 102,118 |
| Other reserves | 13,149 | | **4,802** | | 4,882 | | 4,962 | 5,042 |
| Total equity | 513,785 | | **514,830** | | 520,227 | | 518,472 | 516,902 |

**Budgeted Standard Cash Flow Statement**

For the four years ending 30 June 2017

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | Forecast Actual | **Budget** | | Strategic Resource Plan | | | |
|  | | |  |  | | Projections | | | |
|  | 2012/13 | | **2013/14** | 2014/15 | | 2015/15 | 2016/17 |
|  | $’000 | | **$’000** | $’000 | | $’000 | $’000 |
|  | Inflows | | **Inflows** | Inflows | | Inflows | Inflows |
|  | (Outflows) | | **(Outflows)** | (Outflows) | | (Outflows) | (Outflows) |
| **Cash flows from operating activities** |  | |  |  | |  |  |
| *Receipts* |  | |  |  | |  |  |
| Rates and charges | 41,410 | | **43,357** | 46,173 | | 48,625 | 51,163 |
| Statutory fees and fines | 2,195 | | **2,690** | 2,818 | | 2,785 | 2,834 |
| User fees | 7,849 | | **7,680** | 7,828 | | 8,004 | 8,184 |
| Contributions - cash | 661 | | **51** | 471 | | 370 | 350 |
| Grants - operating | 13,313 | | **13,617** | 13,604 | | 13,746 | 13,987 |
| Grants - capital | 2,903 | | **6,277** | 9,407 | | 1,694 | 1,367 |
| Interest | 2,044 | | **1,820** | 1,264 | | 1,278 | 1,292 |
| Other receipts | 2,511 | | **1,443** | 1,469 | | 1,503 | 1,538 |
|  | 72,886 | | **76,935** | 83,034 | | 78,005 | 80,715 |
| *Payments* |  | |  |  | |  |  |
| Employee costs | (31,185) | | **(33,841)** | (35,117) | | (36,405) | (37,461) |
| Materials and consumables | (4,797) | | **(4,183)** | (4,272) | | (4,369) | (4,468) |
| External contracts | (15,506) | | **(14,103)** | (13,667) | | (13,631) | (14,250) |
| Utilities | (3,740) | | **(3,820)** | (3,909) | | (3,999) | (4,092) |
| Other payments | (5,786) | | **(5,529)** | (5,577) | | (5,549) | (5,757) |
|  | (61,014) | | **(61,476)** | (62,542) | | (63,953) | (66,028) |
| Net cash provided by operating activities | 11,872 | | **15,459** | 20,492 | | 14,052 | 14,687 |
|  |  | |  |  | |  |  |
| **Cash flows from investing activities** |  | |  |  | |  |  |
| Proceeds from sale of property, infrastructure, plant and equipment | 1,664 | | **3,741** | 2,018 | | 2,036 | 2,054 |
| Payments for property, infrastructure, plant and equipment | (21,007) | | **(29,195)** | (20,881) | | (16,169) | (14,859) |
| Repayment of loans and advances | 10 | | **199** | 0 | | 0 | 0 |
| Deposits | 50 | | **0** | 0 | | 0 | 0 |
| Net cash used in investing activities | (19,283) | | **(25,255)** | (18,863) | | (14,133) | (12,805) |
|  |  | |  |  | |  |  |
| **Cash flows from financing activities** |  | |  |  | |  |  |
| Finance costs | (380) | | **(312)** | (247) | | (410) | (340) |
| Proceeds from borrowings | 0 | | **0** | 0 | | 2,000 | 0 |
| Repayment of borrowings | (1,161) | | **(1,161)** | (1,161) | | (1,161) | (1,290) |
| Net cash provided by (used in) financing activities | (1,541) | | **(1,473)** | (1,408) | | 429 | (1,630) |
| **Net decrease in cash & cash equivalents** | (8,952) | | **(11,269)** | 221 | | 348 | 252 |
| Cash & cash equivalents at beginning of year | 32,428 | | **23,476** | 12,207 | | 12,428 | 12,776 |
| **Cash & cash equivalents at end of year** | 23,476 | | **12,207** | 12,428 | | 12,776 | 13,028 |
|  |  | |  |  | |  |  |

**Budgeted Standard Capital Works Statement**

For the four years ending 30 June 2017

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Forecast Actual | | **Budget** | Strategic Resource Plan | | | |
|  | |  | |  | Projections | | | |
|  | | 2012/13 | | **2013/14** | | | 2014/15 | 2015/16 | 2016/17 | |
|  | | $’000 | | **$’000** | | | $’000 | $’000 | $’000 | |
| **Capital works areas** | |  | |  | | |  |  |  | |
| Roads | | 6,122 | | **6,173** | | | 5,744 | 7,181 | 7,343 | |
| Drains | | 1,303 | | **1,885** | | | 2,169 | 2,474 | 2,481 | |
| Open space | | 2,947 | | **3,383** | | | 1,455 | 1,773 | 1,648 | |
| Buildings | | 7,887 | | **13,395** | | | 10,123 | 3,098 | 1,931 | |
| Plant, equipment & other | | 4,358 | | **5,791** | | | 3,641 | 3,899 | 3,826 | |
| Feasibility studies | | 0 | | **90** | | | 110 | 105 | 120 | |
| **Total capital works** | | 22,617 | | **30,717** | | | 23,242 | 18,530 | 17,349 | |
|  | |  | |  | | |  |  |  | |
| **Represented by:** | |  | |  | | |  |  |  | |
| Asset renewal | | 12,225 | | **17,454** | | | 15,928 | 13,145 | 13,560 | |
| New assets | | 6,850 | | **9,176** | | | 5,767 | 3,296 | 2,791 | |
| Asset expansion/upgrade | | 3,542 | | **4,087** | | | 1,547 | 2,089 | 998 | |
| **Total capital works** | | 22,617 | | **30,717** | | | 23,242 | 18,530 | 17,349 | |
|  | |  | |  | | |  |  |  | |
|  | |  | |  | | |  |  |  | |
|  | |  | |  | | |  |  |  | |
|  | |  | |  | | |  |  |  | |
| **Reconciliation of net movement in property, infrastructure, plant and equipment** | | | | | | | |  |  | |
|  | |  | |  | | |  |  |  | |
|  | |  | |  | | |  |  |  | |
|  | | Forecast Actual | | **Budget** | | | Strategic Resource Plan | | | |
| Projections | | | |
|  | | 2012/13 | | **2013/14** | | | 2014/15 | 2015/16 | 2016/17 | |
|  | | $’000 | | **$’000** | | | $’000 | $’000 | $’000 | |
|  | |  | |  | | |  |  |  | |
| **Total capital works** | | 22,617 | | **30,717** | | | 23,242 | 18,530 | 17,349 | |
|  | |  | |  | | |  |  |  | |
| Asset revaluation increment | | 0 | | **0** | | | 0 | 0 | 20,000 | |
| Depreciation & amortisation | | (14,034) | | **(14,500)** | | | (15,187) | (15,744) | (16,274) | |
| Written down value of assets sold | | (3,691) | | **(3,485)** | | | (3,901) | (3,909) | (4,047) | |
| Granted assets | | 0 | | **0** | | | 0 | 0 | 0 | |
| Recognition of previously unrecognised assets | | 0 | | **0** | | | 0 | 0 | 0 | |
| **Net movement in property, infrastructure, plant & equipment** | | 4,892 | | **12,732** | | | 4,154 | (1,123) | 17,028 | |
|  | |  | |  | | |  |  |  | |

**Budgeted Statement of Investment Reserves**

For the four years ending 30 June 2017

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Forecast Actual | | **Budget** | | Strategic Resource Plan | | |
|  | |  | |  | | Projections | | |
|  | | 2013 | | **2014** | | 2015 | | 2016 | 2017 | |
|  | | $’000 | | **$’000** | | $’000 | | $’000 | $’000 | |
| **Statutory** | |  | |  | |  | |  |  | |
| Car parking | | 227 | | **57** | | 57 | | 57 | 57 | |
| Drainage | | 126 | | **10** | | 10 | | 10 | 10 | |
| Public resort and recreation | | 583 | | **827** | | 827 | | 827 | 827 | |
| Total statutory reserves | | 936 | | **894** | | 894 | | 894 | 894 | |
|  | |  | |  | |  | |  |  | |
| **Discretionary** | |  | |  | |  | |  |  | |
| Building replacement | | 8,962 | | **3,668** | | 3,668 | | 3,668 | 3,668 | |
| Property development | | 917 | | **49** | | 49 | | 49 | 49 | |
| Tip development | | 1,880 | | **0** | | 0 | | 0 | 0 | |
| Plant replacement | | 83 | | **104** | | 124 | | 144 | 164 | |
| Golf course | | 332 | | **87** | | 147 | | 207 | 267 | |
| Visitors parks | | 39 | | **0** | | 0 | | 0 | 0 | |
| Total discretionary reserves | | 12,213 | | **3,908** | | 3,988 | | 4,068 | 4,148 | |
| **Total reserves** | | 13,149 | | **4,802** | | 4,882 | | 4,962 | 5,042 | |

**Appendix B**

**Statutory disclosures**

This appendix presents information which the Act and the Regulations require to be disclosed in the Council’s annual budget.

The appendix includes the following budgeted information:

* Borrowings
* Rates and charges
* Differential rates.

**Statutory disclosures**

**1. Borrowings**

|  |  |  |
| --- | --- | --- |
|  | **2012/13** | **2013/14** |
| **$** | **$** |
| New borrowings (other than refinancing) | 0 | **0** |
| Debt redemption | 1,161,000 | **1,161,000** |

**2. Rates and charges3**

**2.1 The proposed rate in the dollar for each type of rate to be levied**

|  |  |  |
| --- | --- | --- |
| **Type of Property** | **2012/13** | **2013/14** |
| **cents/$CIV** | **cents/$CIV** |
| General rate for rateable residential properties | 0.246871 | **0.256499** |
| General rate for rateable commercial properties | 0.432172 | **0.449027** |
| Rate concession for rateable recreational properties | 0.216086 | **0.224513** |

**2.2 The estimated amount to be raised by each type of rate to be levied**

|  |  |  |
| --- | --- | --- |
| **Type of Property** | **2012/13** | **2013/14** |
| **$** | **$** |
| Residential | 22,026,450 | **23,153,272** |
| Commercial | 7,668,175 | **7,870,714** |
| Recreational | 14,401 | **14,869** |

**2.3 The estimated total amount to be raised by rates**

|  |  |  |
| --- | --- | --- |
|  | **2012/13** | **2013/14** |
| **$** | **$** |
| Total rates to be raised | 29,709,026 | **31,038,855** |

**2.4 The proposed percentage change in the rate in the dollar for each type of rate to be levied,**

**compared to that of the previous financial year**

|  |  |  |
| --- | --- | --- |
|  | **2012/13** | **2013/14** |
| **Type of Property** | **Change** | **Change** |
|  | **%** | **%** |
| Residential | (17.6) | **3.9** |
| Commercial | (17.6) | **3.9** |
| Recreational | (17.6) | **3.9** |

**2.5 The number of assessments for each type of rate to be levied, compared to the previous year**

|  |  |  |
| --- | --- | --- |
| **Type of Property** | **2012/13** | **2013/14** |
| **$** | **$** |
| Residential | 51,909 | **52,584** |
| Commercial | 4,582 | **4,514** |
| Cultural and Recreational | 10 | **10** |
| **Total number of assessments** | 56,501 | **57,108** |

**2.6 The basis of valuation to be used is the Capital Improved Value (CIV)**

**2.7 The estimated total value of land in respect of which each type of rate is to be levied, compared with the previous year**

|  |  |  |
| --- | --- | --- |
| **Type of Property** | **2012/13** | **2013/14** |
| **$** | **$** |
| Residential | 8,922,249,818 | **9,026,652,050** |
| Commercial | 1,774,332,944 | **1,752,837,600** |
| Cultural and Recreational | 6,664,238 | **6,623,000** |
| **Total** | 10,703,247,000 | **10,786,112,650** |

**2.8 The proposed unit amount to be levied for each type of charge under section 162 of the Act**

|  |  |  |
| --- | --- | --- |
|  | **Per Rateable Property** | **Per Rateable Property** |
| **Type of Charge** | **2012/13** | **2013/14** |
|  | **$** | **$** |
| Municipal | 105 | **110** |
| Kerbside collection | 77 | **80** |
| Recycling | 19 | **20** |
| **Total** | 201 | **210** |

**2.9 The estimated amounts to be raised for each type of charge to be levied, compared to the previous year**

|  |  |  |
| --- | --- | --- |
| **Type of Charge** | **2012/13** | **2013/14** |
| **$** | **$** |
| Municipal | 5,931,135 | **6,281,880** |
| Kerbside collection | 4,349,499 | **4,568,640** |
| Recycling | 1,006,911 | **1,142,160** |
| **Total** | 11,287,545 | **11,992,680** |

**2.10 The estimated total amount to be raised by rates and charges**

|  |  |  |
| --- | --- | --- |
|  | **2012/13** | **2013/14** |
| **$** | **$** |
| Rates and charges | 40,996,571 | **43,031,535** |
| Supplementary rates | 198,727 | **425,723** |
| **Total** | 41,195,298 | **43,457,258** |

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

* The making of supplementary valuations
* The variation of returned levels of value (e.g. valuation appeals)
* Changes in use of land such that rateable land becomes non-rateable land and vice versa
* Changes in use of land such that residential land becomes business land and vice versa.

**3. Differential rates**

**3.1 Rates to be levied**

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

* A general rate of 0.256499% (0.256499 cents in the dollar of CIV) for all rateable residential properties
* A general rate of 0.449027% (0.449027 cents in the dollar of CIV) for all rateable commercial properties.

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

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

**3.2 Commercial land**

Commercial land is any land which is:

* Occupied for the principal purpose of carrying out the manufacture or production of, or trade in, goods or services or
* Unoccupied but zoned commercial or industrial under the City of Victoria Planning Scheme.

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

* Construction and maintenance of infrastructure assets
* Development and provision of health and community services
* Provision of general support services.

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

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council’s budgeted expenditure, having regard to the characteristics of the land.

The geographic location of the land within this differential rate is wherever it is located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to commercial land. The vacant land affected by this rate is that which is zoned commercial and/or industrial under the City of Victoria Planning Scheme. The classification of land which is improved will be determined by the occupation of that land, and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2013/14 financial year.

**3.3 Residential land**

Residential land is any land, which is:

* Occupied for the principal purpose of physically accommodating persons or
* Unoccupied but zoned residential under the City of Victoria Planning Scheme and which is not commercial land.

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

* Construction and maintenance of infrastructure assets
* Development and provision of health and community services
* Provision of general support services.

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

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council’s budgeted expenditure, having regard to the characteristics of the land.

The geographic location of the land within this differential rate is where it is located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to residential land. The vacant land affected by this rate is that which is zoned residential under the Victorian Local Council Planning Scheme. The classification of land which is improved will be determined by the occupation of that land, and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings already on the land or which will be constructed prior to the expiry of the 2013/14 financial year.

**Appendix C**

**Capital works program**

This appendix presents a listing of the capital works projects that will be undertaken for the 2013/14 year.

The capital works projects are grouped by class and include the following:

* New works for 2013/14
* Works carried forward from the 2012/13 year.

**Capital works program**

For the year ending 30 June 2014

**1. New works**

|  | **Current year** | **Equity Funding** | **Project** |
| --- | --- | --- | --- |
| **Capital Works Area** | **Funding** | **Prior years** | **Cost** |
|  | **$’000** | **$’000** | **$’000** |
| **ROADS** |  |  |  |
| **Asset renewal** |  |  |  |
| Local roads | 1,116 | 0 | **1,116** |
| Car parks | 80 | 0 | **80** |
| Footpaths | 173 | 0 | **173** |
| Bike paths | 94 | 0 | **94** |
| Program works | 797 | 0 | **797** |
| Bridges and culverts | 10 | 0 | **10** |
| Declared main roads | 368 | 0 | **368** |
| Traffic devices | 506 | 0 | **506** |
| Street lighting | 20 | 0 | **20** |
| Traffic signals | 75 | 0 | **75** |
| Integrated transport plan | 220 | 0 | **220** |
| Roads to recovery | 808 | 0 | **808** |
| Pedestrian safety | 85 | 0 | **85** |
| Parking | 80 | 0 | **80** |
| Traffic investigations | 70 | 0 | **70** |
| Total asset renewal | 4,502 | 0 | **4,502** |
|  |  |  |  |
| **New assets** |  |  |  |
| Local road: Northfield Plaza | 60 | 0 | **60** |
| Carpark: Northfield Leisure Centre | 55 | 0 | **55** |
| Footpath: James to High | 25 | 0 | **25** |
| Footpath: Lanham to Elm | 15 | 0 | **15** |
| Footpath: Watt to Clapam | 20 | 0 | **20** |
| Footpath: Wembley to Jet | 20 | 0 | **20** |
| Traffic devices: Bestings to James | 80 | 0 | **80** |
| Total new assets | 275 | 0 | **275** |
|  |  |  |  |
| **Asset expansion/upgrade** |  |  |  |
| Local road: Benjamin to High | 200 | 0 | **200** |
| Local road: Pinders to Archfield | 300 | 0 | **300** |
| Local road: David to Portmouth | 110 | 0 | **110** |
| Total asset expansion/upgrade | 610 | 0 | **610** |
| **TOTAL ROADS** | 5,387 | 0 | **5,387** |
|  |  |  |  |
| **DRAINS** |  |  |  |
| **Asset renewal** |  |  |  |
| Roads | 570 | 0 | **570** |
| Retarding basins | 500 | 0 | **500** |
| Waterways | 20 | 0 | **20** |
| Water quality | 220 | 0 | **220** |
| Total asset renewal | 1,310 | 0 | **1,310** |
|  |  |  |  |
| **New assets** |  |  |  |
| Storm water trap: Muddy Creek | 40 | 0 | **40** |
| Total new assets | 40 | 0 | **40** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Asset expansion/upgrade** |  |  |  |
| Road drain: Burke stage 1 and 2 | 300 | 0 | **300** |
| Total asset expansion/upgrade | 300 | 0 | **300** |
| **TOTAL DRAINS** | 1,650 | 0 | **1,650** |
|  |  |  |  |
| **OPEN SPACE** |  |  |  |
| **Asset renewal** |  |  |  |
| Parks | 577 | 1,506 | **2,083** |
| Streetscapes | 25 | 0 | **25** |
| Trees | 380 | 0 | **380** |
| Other | 76 | 0 | **76** |
| Total asset renewal | 1,058 | 1,506 | **2,564** |
|  |  |  |  |
| **New assets** |  |  |  |
| Playing surfaces: Training lights | 0 | 91 | **91** |
| Playground equipment: Victoria Park | 0 | 170 | **170** |
| Irrigation systems: Victoria Park | 0 | 358 | **358** |
| Public art: Municipal square | 35 | 70 | **105** |
| Total new assets | 35 | 689 | **724** |
| **TOTAL OPEN SPACE** | 1,093 | 2,195 | **3,288** |
|  |  |  |  |
| **BUILDINGS** |  |  |  |
| **Asset renewal** |  |  |  |
| Community facilities | 0 | 1,127 | **1,127** |
| Municipal offices | 0 | 529 | **529** |
| Sports facilities | 30 | 136 | **166** |
| Pavilions | 0 | 320 | **320** |
| Other | 0 | 882 | **882** |
| Total asset renewal | 30 | 2,994 | **3,024** |
|  |  |  |  |
| **New assets** |  |  |  |
| Community facilities: Victorian Community Facility | 186 | 1,014 | **1,200** |
| Municipal offices: Depot lift | 0 | 117 | **117** |
| Sports facilities: Velodrome / State Bowls Centre | 4,000 | 0 | **4,000** |
| Total new assets | 4,186 | 1,131 | **5,317** |
| **TOTAL BUILDINGS** | 4,216 | 4,125 | **8,341** |
|  |  |  |  |
| **PLANT, EQUIPMENT and OTHER** |  |  |  |
| **Asset renewal** |  |  |  |
| Information technology | 201 | 0 | **201** |
| Motor vehicles and plant | 2,021 | 1,000 | **3,021** |
| Total asset renewal | 2,222 | 1,000 | **3,222** |
|  |  |  |  |
| **New assets** |  |  |  |
| Information technology: Asset system | 414 | 0 | **414** |
| Information technology: PCs and servers | 550 | 0 | **550** |
| Information technology: WAN infrastructure | 150 | 0 | **150** |
| Books: Product purchases | 500 | 0 | **500** |
| Total new assets | 1,614 | 0 | **1,614** |
| **TOTAL PLANT, EQUIPMENT and OTHER** | 3,836 | 1,000 | **4,836** |
|  |  |  |  |
| **FEASIBILITY STUDIES** |  |  |  |
| **New assets** |  |  |  |
| Victorian library concept plan | 90 | 0 | **90** |
| Total new assets | 90 | 0 | **90** |
| **TOTAL FEASIBILITY STUDIES** | 90 | 0 | **90** |
|  |  |  |  |
| **TOTAL NEW CAPITAL WORKS 2014/15** | 16,272 | 7,320 | **23,592** |
| Asset renewal | 9,122 | 5,500 | **14,622** |
| New assets | 6,240 | 1,820 | **8,060** |
| Asset expansion/upgrade | 910 | 0 | **910** |

**2. Works carried forward from the 2012/13 year**

| **Capital Works Area** | **Current year** | **Equity Funding** | **Project** |
| --- | --- | --- | --- |
| **Funding** | **Prior years** | **Cost** |
| **$’000** | **$’000** | **$’000** |
| **ROADS** |  |  |  |
| **Asset renewal** |  |  |  |
| Local roads | 0 | 151 | **151** |
| Car parks | 0 | 35 | **35** |
| Footpaths | 0 | 63 | **63** |
| Bike paths | 161 | 110 | **271** |
| Traffic devices | 0 | 60 | **60** |
| Integrated transport plan | 0 | 77 | **77** |
| Total asset renewal | 161 | 496 | **657** |
|  |  |  |  |
| **Asset expansion/upgrade** |  |  |  |
| Local roads: Johnson to Bates | 0 | 129 | **129** |
| Total asset expansion/upgrade | 0 | 129 | **129** |
| **TOTAL ROADS** | 161 | 625 | **786** |
|  |  |  |  |
| **DRAINS** |  |  |  |
| **Asset renewal** |  |  |  |
| Roads | 0 | 37 | **37** |
| Waterways | 130 | 20 | **150** |
| Total asset renewal | 130 | 57 | **187** |
|  |  |  |  |
| **Asset expansion/upgrade** |  |  |  |
| Road drain: Grange final stage | 0 | 48 | **48** |
| Total asset expansion/upgrade | 0 | 48 | **48** |
| **TOTAL DRAINS** | 130 | 105 | **235** |
|  |  |  |  |
| **OPEN SPACE** |  |  |  |
| **Asset renewal** |  |  |  |
| Parks | 0 | 50 | **50** |
| Total asset renewal | 0 | 50 | **50** |
|  |  |  |  |
| **New assets** |  |  |  |
| Playing surfaces: Training lights | 0 | 10 | **10** |
| Public art: Northfield shopping centre | 0 | 35 | **35** |
| Total new assets | 0 | 45 | **45** |
| **TOTAL OPEN SPACE** | 0 | 95 | **95** |
|  |  |  |  |
| **BUILDINGS** |  |  |  |
| **Asset renewal** |  |  |  |
| Community facilities | 20 | 280 | **300** |
| Municipal offices | 150 | 340 | **490** |
| Sports facilities | 0 | 215 | **215** |
| Other | 0 | 297 | **297** |
| Total asset renewal | 170 | 1,132 | **1,302** |
|  |  |  |  |
| **New assets** |  |  |  |
| Municipal offices: Civic Precinct | 0 | 752 | **752** |
| Total new assets | 0 | 752 | **752** |
|  |  |  |  |
| **Asset expansion/upgrade** |  |  |  |
| Community facilities: Newlands Centre | 0 | 3,000 | **3,000** |
| Total asset expansion/upgrade | 0 | 3,000 | **3,000** |
| **TOTAL BUILDINGS** | 170 | 4,884 | **5,054** |
|  |  |  |  |
| **PLANT, EQUIPMENT AND OTHER** |  |  |  |
| **Asset renewal** |  |  |  |
| Information technology | 0 | 478 | **478** |
| Motor vehicles and plant | 95 | 63 | **158** |
| Total asset renewal | 95 | 541 | **636** |
|  |  |  |  |
| **New assets** |  |  |  |
| Information technology: PCs and servers | 0 | 319 | **319** |
| Total new assets | 0 | 319 | **319** |
| **TOTAL PLANT, EQUIPMENT and OTHER** | 95 | 860 | **955** |
|  |  |  |  |
| **TOTAL CARRIED FWD WORKS 2012/13** | 556 | 6,569 | **7,125** |
| Asset renewal | 556 | 2,276 | **2,832** |
| New assets | 0 | 1,116 | **1,116** |
| Asset expansion/upgrade | 0 | 3,177 | **3,177** |

**3. Summary**

|  |  |  |  |
| --- | --- | --- | --- |
| **Capital Works Area** | **Current year** | **Equity funding** | **Project** |
| **Funding** | **Prior years** | **Cost** |
| **$’000** | **$’000** | **$’000** |
| Asset renewal | 9,678 | 7,776 | **17,454** |
| New assets | 6,240 | 2,936 | **9,176** |
| Asset expansion/upgrade | 910 | 3,177 | **4,087** |
| **TOTAL CAPITAL WORKS** | 16,828 | 13,889 | **30,717** |

**Appendix D**

**Key strategic activities**

This appendix presents a number of key strategic activities to be undertaken during the 2013/14 year and performance targets and measures in relation to these.

**Key strategic activities**

For the year ending 30 June 2014

|  |  |  |
| --- | --- | --- |
| **Key Strategic** | **Performance** | **Performance Target** |
| **Activity** | **Measure** |
| **Advocacy and Leadership** | | |
| Implement outcomes of the Poverty Inquiry recommendations through development of a responsible gambling charter for the City. | Time: Adopt the responsible gaming charter within the required timeframe.  Quantity: Number of registered gambling agencies who are signatories to the charter.  Quality: Reduction in spending at gaming venues in the City. | 31 Dec 2013  ≥ 75%  >10% |
| **Community and Economic Development** | | |
| Implement the community languages program to improve the way Council meets the cultural diversity needs of the community | Time: Implement the community languages program through the Library Services within the required timeframe.  Cost: Deliver the community languages program within the value of the government grant.  Quantity: Number of community members participating in the community languages program within six months.  Quality: Level of satisfaction of participants in the languages program. | 31 Oct 2013  $25,000  ≥ 35  >75% |
| **Community Participation** | | |
| Redevelop Council's multilingual website and other communication services in order to meet the needs of the non-English speaking community | Time: Website implemented and 'live'.  Quantity: Increase in the number of multilingual website hits compared with 2011/12 levels.  Quality: Percentage of website users indicating the site provides a helpful service through a site exit survey. | 31 Mar 2014  ≥ 50%  >75% |
| Develop a community engagement framework to increase community participation in decision making | Quantity: Number of participants in community forums.  Time: Framework developed within planned timeframe.  Quality: Percentage of community satisfaction with Council's decision making processes. | >2000  30 Nov 2013  >75% |
| **Resource Management** | | |
| Complete the capital works program to ensure assets are provided and maintained at an appropriate level | Quantity: The proportion of budgeted Capital Works projects completed at the conclusion of the financial year.  Cost: The proportion of capital works projects completed within the allocated budget.  Quality: The number of attendances at the new Victorian City Council Velodrome / State Bowls Centre. | 90%  90%  >5,000 |

|  |  |  |
| --- | --- | --- |
| **Key Strategic** | **Performance** | **Performance Target** |
| **Activity** | **Measure** |
| **Resource Management (continued)** | | |
| Develop and implement a new workforce plan in order to attract and retain quality staff | Quantity: Proportion of total permanent staff continuing employment with Council each year.  Quality: Proportion of staff who are overall satisfied or very satisfied with working at the city.  Time: Approval of the new workforce plan within the required timeframe. | ≥ 85%  ≥ 85%  31 Dec 2013 |
| **Quality Service** | | |
| Implement the Continuous Improvement program in order to ensure Council is delivering effective and efficient services to the community | Quantity: The number of Council services that have completed the scheduled continuous improvement service reviews.  Time: Development of agreed service standards for each service that has been reviewed. | 15  30 June 2014 |
| Implement the Customer Service Excellence Program to enhance frontline service delivery to community members | Time: Service Excellence program completed within the required timeframes.  Quality: Average time taken (in seconds) to answer telephone call enquiries.  Quality: Proportion of telephone calls with enquiries resolved at first point of contact. | 31 Mar 2014  ≤ 20  >70% |
| **Urban Development and the Environment** | | |
| Implement an on-line application process and reduce the time taken to process planning applications | Quality: Proportion of planning applications processed within 60 days.  Quantity: Number of planning applications received on-line.  Cost: Difference between the actual cost of the on-line system and budget. | ≥ 90%  >500  <$0 |
| Implement a targeted education program for residents to reduce the amount of waste diverted to landfill | Quality: Increase in the proportion of waste diverted away from landfill from 2012/13 levels.  Quantity: Total attendance at the education programs undertaken. | ≥ 2%  >1000 |
| Implement an energy efficiency program to reduce Council’s carbon footprint | Quality: Reduction in CO² equivalent emissions from the council’s operations from 2012/13 levels.  Cost: Reduction in Council's energy costs from 2012/13 levels. | 5%  3% |

**Appendix E**

**Fees and charges schedule**

This appendix presents the fees and charges of a statutory and non-statutory nature which will be charged in respect to various goods and services provided during the 2013/14 year.