



COUNCIL SPECIAL MEETING AGENDA 2019/SP1 Monday 8 April 2019



COUNCIL CHAMBERS

Dennis Hovenden Chief Executive Officer	Cr Michael O'Reilly Mayor	Tim Frederico Director Corporate Development
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EA to Mayor & Councillor Business Support Officer	Council Core Business Support Coordinator	Prue Digby Municipal Monitor
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Cr. McCormack

Cr. O'Connor

Cr. Cunial

Cr. Hampton

Cr Bolam

Cr. Mayer

Cr. Aitken

Cr. Toms

EMT

EMT

Guest Speaker

MEDIA

MEDIA

Gallery



THE COUNCIL MEETING

Welcome to this Meeting of the Frankston City Council

The Council appreciates residents, ratepayers and other visitors taking their places in the Public Gallery, as attendance demonstrates an interest in your Council and community affairs. Community spirit is encouraged.

This information sheet is designed to help you to understand the procedures of Council and help you to gain maximum value from your attendance.

The law regarding the conduct of Council meetings enables the public to observe the session. However, to ensure the manageability of Council meetings, opportunities for public participation are limited to Question Time and registered submissions in accordance with Council's guidelines, which are available from Council's Councillors Office (call 9768 1632) and on our website, www.frankston.vic.gov.au. It is not possible for any visitor to participate in any Council debate unless specifically requested by the Chairperson to do so.

If you would like to have contact with Councillors or Officers, arrangements can be made for you to do so separately to the meeting. Call Frankston City Council on 9768 1632 and ask for the person you would like to meet with, to arrange a time of mutual convenience.

When are they held?

Generally speaking, the Council meets formally every three (3) weeks on a Monday and meetings start at 7.00 pm, unless advertised otherwise.

Council meeting dates are posted in the Davey Street and Young Street entrances to the Civic Centre (upper level) and also on our website, www.frankston.vic.gov.au.

Governance Local Law No. 1 – Meeting Procedure

34. Chair's Duty

Any motion which is determined by the Chair to be:

- (1) defamatory of or embarrassing to any Councillor, member of Council staff or other person;*
- (2) abusive or objectionable in language or nature;*
- (3) a direct negative of the question before the Chair;*
- (4) vague or unclear in intention;*
- (5) outside the powers of Council; or*
- (6) irrelevant to the item of business on the agenda and has not been admitted as Urgent Business, or purports to be an amendment but is not,*

must not be accepted by the Chair.

88. Chair May Remove

- (1) *The Chair may order and cause the removal of any person, including a Councillor, who disrupts any meeting or fails to comply with a direction, or cause the removal of any object or material that is deemed by the Chair as being objectionable or disrespectful.*
- (2) *Any person removed from the meeting under sub-clause (1) must not return to the meeting without the approval of the Chair or Council.*

It is intended that this power be exercisable by the Chair, without the need for any Council resolution. The Chair may choose to order the removal of a person whose actions immediately threaten the stability of the meeting or wrongly threatens his or her authority in chairing the meeting.

- (3) *In the event the Chair causes the removal of a Councillor from a meeting, the Chair must specify the period of time for which the removal will take effect.*

The Penalty for an offence under this clause is 2 penalty units which is \$200

Live Streaming of Council Meetings

Frankston City Council has been Live Streaming Council Meetings from Monday 29 January 2018.

Live Streaming allows you to watch and listen to the meeting in real time, giving you greater access to Council decision making and debate and improving openness and transparency.

There are three (3) fixed cameras in the Council Chambers and it is intended that the cameras will only provide vision of the Councillors who are present at the meeting.

Every care will be taken to maintain privacy and as far as practically possible, it is not intended that there be either live or recorded footage of the public or Media personnel, however, there might be incidental capture; for example footage of a person exiting the building depending on which camera is being used at the time, or audio recording of a person who interjects the meeting. Council officers who address Council will be heard on the live audio stream, and audio of them speaking will be recorded.

Archives of meetings will be published on Council's website generally within three (3) business days after the meeting date for the public's future reference. Council will make every reasonable effort to ensure that a live stream and recording is available. However technical difficulties may arise in relation to live streaming or access to Council's website.

Appropriate signage will be placed at the entrance to the meeting location notifying all attendees that the meeting will be streamed live and recorded.

It is not intended that public speakers will be visible in a live stream of a meeting. Cameras are to be positioned so that these members of the public are not visible. If you do not wish to be recorded you will need to contact the Councillors Office on telephone (03) 9768 1632 or via email councillors.office@frankston.vic.gov.au to discuss alternative options prior to the meeting.

The Formal (Ordinary) Meeting Agenda

The Council meeting agenda is available for public inspection immediately after it is prepared, which is normally on the Thursday afternoon four (4) clear days before the meeting. It is available from the Reception desk at the Civic Centre (upper level), on our website www.frankston.vic.gov.au or a copy is also available for you in the chamber before the meeting.

The following information is a summary of the agenda and what each section means:-

- **Items Brought Forward**

These are items for discussion that have been requested to be brought forward by a person, or a group of people, who have a particular item on the Agenda and who are present in the Public Gallery.

- **Presentation of Written Questions from the Gallery**

Question Time forms are available from the Civic Centre and our website, www.frankston.vic.gov.au. Questions may also be submitted online using the Question Time web form. "Questions on notice" are to be submitted and received by Council before 12 noon on the Friday before the relevant Ordinary Meeting.

"Questions without notice" may be submitted in the designated Question Time box in the public gallery on the evening of the meeting, just prior to its commencement. Forms are available in the Council Chamber.

A maximum of 3 questions may be submitted by any one person at one meeting. There is no opportunity to enter into debate from the Gallery.

More detailed information about the procedures for Question Time is available from Council's Councillors Office (call 9768 1632) and on our website, www.frankston.vic.gov.au.

- **Presentation of Petitions and Joint Letters**

These are formal requests to the Council, signed by a number of people and drawing attention to matters of concern to the petitioners and seeking remedial action from the Council. Petitions received by Councillors and presented to a Council meeting are usually noted at the meeting, then a report is prepared for consideration at the next available meeting.

- **Presentation of Reports**

Matters requiring a Council decision are dealt with through officer reports brought before the Council for consideration. When dealing with each item, as with all formal meeting procedures, one Councillor will propose a motion and another Councillor will second the motion before a vote is taken.

- **Presentation of Delegate Reports**

A Councillor or member of Council staff who is a delegate may present to Council on the deliberations of the external body, association, group or working party in respect of which he or she is a delegate or an attendee at a Council approved conference / seminar.

- **Urgent Business**

These are matters that Councillors believe require attention and action by Council. Before an item can be discussed, there must be a decision, supported by the majority of Councillors present, for the matter to be admitted as "Urgent Business".

- **Closed Meetings**

Because of the sensitive nature of some matters, such as personnel issues, contractual matters or possible legal action, these matters are dealt with confidentially at the end of the meeting.

- **Opportunity to address Council**

Any person who wishes to address Council must pre-register their intention to speak before 4.00pm on the day of the meeting, by telephoning the Councillors Office (call 9768 1632) or by submitting the online web form or by using the application form both available on the website, www.frankston.vic.gov.au.

The submissions process is conducted in accordance with guidelines which are available from the Councillors Office and on our website. All submissions will be limited to 3 minutes in duration, except for Section 223 submitters, who have a maximum of 5 minutes. No more than ten (10) members of the public are to be permitted to address the Council. Further speakers will be permitted to address the meeting at the discretion of the Chair. All speakers need to advise if they are speaking on behalf of an organisation and it is deemed that they have been appropriately authorised by that said organisation.

Public submissions and any subsequent discussion will be recorded as part of the meeting, and audio recordings of Council meetings will be made available to members of the public. If a submitter does not wish to be recorded, they must advise the Chair at the commencement of their public submission.

Disclosure of Conflict of Interest

If a Councillor considers that they have, or might reasonably be perceived to have, a direct or indirect interest in a matter before the Council or a special committee of Council, they will declare their interest and clearly state its nature before the matter is considered. This will be done on every occasion that the matter is considered by the Council or special committee.

If a Councillor has an interest in a matter they will comply with the requirements of the Local Government Act, which may require that they do not move or second the motion and that they leave the room in which the meeting is being held during any vote on the matter and not vote on the matter.

If a Councillor does not intend to be at the meeting, he or she will disclose the nature of the interest to the Chief Executive Officer, Mayor or Chairperson prior to the meeting commencing.

Agenda Themes

The Council Agenda is divided into four (4) themes which depict the Council Plan's Strategic Objectives, as follows:

1. A Planned City
2. A Liveable City
3. A Well Governed City
4. A Well Managed City

MAYOR



NOTICE PAPER

ALL COUNCILLORS

NOTICE is hereby given that a Special Meeting of the Council will be held at the Civic Centre, Davey Street, Frankston, on 8 April 2019 at 7.00pm.

COUNCILLOR STATEMENT

All members of this Council pledge to the City of Frankston community to consider every item listed on this evening's agenda:

- *Based on the individual merits of each item;*
- *Without bias or prejudice by maintaining an open mind; and*
- *Disregarding Councillors' personal interests so as to avoid any conflict with our public duty.*

Any Councillor having a conflict of interest in an item will make proper, prior disclosure to the meeting and will not participate in the debate or vote on the issue.

OPENING WITH PRAYER

Almighty God, we ask for your blessing upon this Council. Direct and prosper its deliberations to the advancement of your glory and the true welfare of the people of Frankston City. Amen.

ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

We respectfully acknowledge that we are situated on the traditional land of the Boon Wurrung and Bunurong in this special place now known by its European name, Frankston. We recognise the contribution of all Aboriginal and Torres Strait Islander people to our community in the past, present and into the future.

BUSINESS

1. APOLOGIES

Nil

2. DISCLOSURES OF INTEREST AND DECLARATIONS OF CONFLICT OF INTEREST

3. ITEMS BROUGHT FORWARD

4. CONSIDERATION OF REPORTS OF OFFICERS

4.1 Draft Annual Budget 2019-20202

5. LATE REPORTS

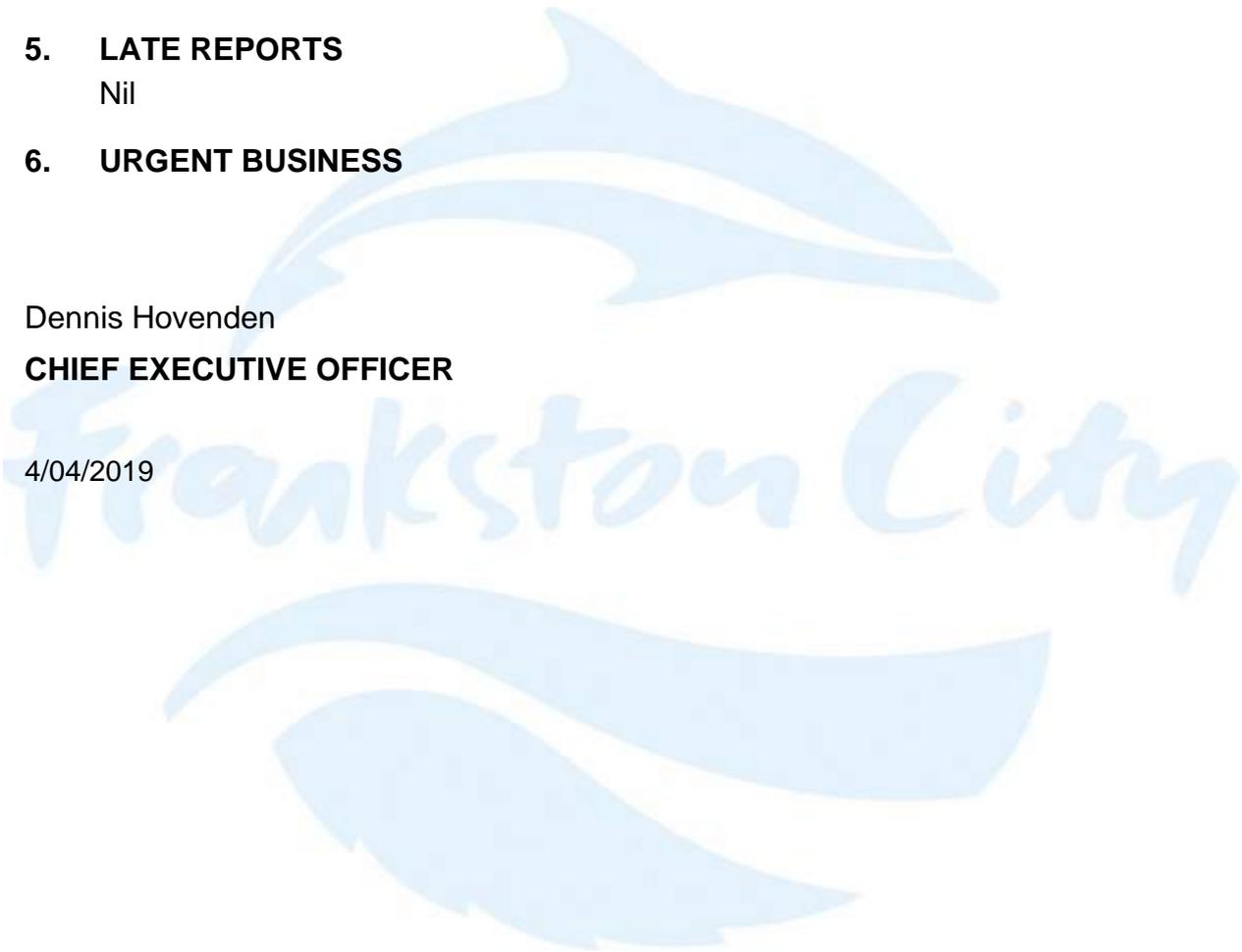
Nil

6. URGENT BUSINESS

Dennis Hovenden

CHIEF EXECUTIVE OFFICER

4/04/2019



Executive Summary**4.1 Draft Annual Budget 2019-2020**

Enquiries: (Kim Jaensch: Corporate Development)

Council Plan

Community Outcome:	4. A Well Managed City
Strategy:	4.3 Resources
Priority Action	4.3.1 Continue to maintain a financially sustainable Council by advocating for operational grant funding from other tiers of Government to deliver services required by the community, ensure funding decisions are based on Council's priorities, seek alternative revenue sources and ensure the operations of Frankston Regional Recycling and Recovery Centre are financially sustainable

Purpose

The *Local Government Act 1989* (the 'Act') requires Council to prepare a draft Annual Budget prior to it being made available for public comment. Following this initial preparation by Council, prescribed advertising needs to occur disclosing information about the proposed Annual Budget and providing an opportunity for submissions to be received by Council. A minimum period of twenty-eight (28) days is prescribed for this process.

Recommendation (Director Corporate Development)

That Council resolves to endorse the proposed Annual Budget 2019-2020 for public notice as follows:

1. The draft Annual Budget 2019-2020, included in Attachment A in the attached agenda, be the Proposed Budget 2019-2020 prepared by Council for the purposes of Section 127(1) of the *Local Government Act 1989*.
2. Endorse the proposed Annual Budget 2019-2020 for advertising for community consultation from Wednesday 10 April to Tuesday 7 May, 2019.
3. The Chief Executive Officer, or such other person that the Chief Executive Officer selects for the purpose of giving effect to this resolution, be authorised to give public notice of the preparation of the proposed Annual Budget 2019-2020 in accordance with Section 129(1) of the *Local Government Act 1989*, noting the dates for public notice are from Wednesday 10 April 2019 to Tuesday 7 May 2019.
4. That Council invites submissions on any proposal contained in the proposed Annual Budget 2019-2020 in accordance with 129(2) of the *Local Government Act 1989* and notes that submissions will be considered at a meeting of Council to be held on Wednesday 8 May 2019 at 7.00pm at the Civic Centre, Davey Street, Frankston.
5. That subject to changes to the proposed Annual Budget 2019-2020 after consideration of all submissions, the Proposed Annual Budget 2019-2020 be presented for adoption as the Annual Budget 2019-2020, in accordance with Section 130(1) of the *Local Government Act 1989*, at the special meeting of Council to be held on Monday 20 May 2019 at the Civic Centre, Davey Street, Frankston.

Key Points / Issues

There are a number of key components of the draft Annual Budget 2019-2020 (draft Budget) to highlight as covered in the below points:-

4.1 Draft Annual Budget 2019-2020**Executive Summary**

- The draft Budget is based on a rate capped average increase in Council rates of 2.50 per cent as prescribed by the Victorian Government.
- The annual general waste charge has increased by 7.5 per cent to cover the increased service cost resulting from the recent pressures impacting the recycling industry. The annual green waste charge has increased by 5.0 per cent to recover the cost of providing this service.
- Annual hard waste collection is included in the draft budget.
- A continued commitment to maintain the condition of community assets through asset renewal (\$23.33 million in 2019-2020)
- Capital works budget of \$47.720 million (\$57.932 million in 2018-2019 Forecast including carry forwards).
- No further borrowings are planned in 2019-2020.

Financial Impact

The Victorian Government introduced the “Fair Go Rates” system in 2016-2017, placing a cap on Council rates. Rate revenue constitutes 66 per cent of all Council revenue.

The rate cap over the past three financial years has been 2.5 per cent, 2.0 per cent and 2.25 per cent respectively and has been set at 2.5 per cent for 2019-2020.

The rate cap is based on the consumer price index which relates to the average increase in the prices of a range of goods and services, very few of which apply to the cost drivers of providing local government services.

Over time, with the cost of providing services increasing at a greater rate than increases in Council’s major source of income, Council’s capacity to continue to deliver services and fund its capital programme will be severely restricted.

The draft Budget is for the year 1 July 2019 to 30 June 2020 and is prepared in accordance with the *Local Government Act* 1989 and relevant Australian Accounting Standards.

The draft Budget closely accords with the financial framework established by Council in its Long Term Financial Plan and continues to address the infrastructure renewal challenge faced by both this Council and the Local Government Industry.

This budget includes projected revenues and expenditures for the 2019-2020 year prepared in accordance with relevant Act and Regulations. The Annual Budget includes financial statements being a consolidated income statement, balance sheet, cash flow and capital works. It 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.

Consultation**1. External Stakeholders**

The Budget process involves publicly advertising the availability of these documents and inviting the community to make written submissions in respect of the proposed Annual Budget 2019-2020. The final date for receipt of submissions is Tuesday, 7 May 2019 with a hearing date of submissions on Wednesday 8 May 2019 commencing at 7.00pm.

4.1 Draft Annual Budget 2019-2020**Executive Summary****2. Other Stakeholders**

The draft Annual Budget 2019-2020 has been prepared through consultation with both the Executive Management Team and the Senior Management Team with Councillors through a series of workshops held through February and March 2019.

Full detail of the budget planning process is described within the budget document.

Analysis (Environmental / Economic / Social Implications)

Economic implications in regards to this report are detailed under Section 'Financial Implications' above. The draft budget allocates significant resources to the implementation of the Council Plan's long term community outcomes.

Legal / Policy / Council Plan ImpactCharter of Human Rights and Responsibilities

The Charter of Human Rights and Responsibilities has been considered in the preparation of this report but is not relevant to the content of the report.

Legal

The draft Annual Budget 2019-2020 is prepared in accordance with the *Local Government Act* 1989 and relevant Australian Accounting Standards.

Policy Impacts

There are no policies or protocols affecting the decision of this report or are relevant to the report.

Officer's Declaration of Interests

Council officers involved in the preparation of this report have no Conflict of Interest in this matter.

Risk Mitigation

There are no direct risk implications arising from this report.

Conclusion

The draft Annual Budget 2019-2020 provides for the delivery of the financial framework established in the long term financial plan that supports the Council Plan. As such it is an important step towards Council achieving a greater degree of financial sustainability in addressing our infrastructure challenges, and to deliver a range of important community projects and services. In accordance with the *Local Government Act* 1989 it requires consultation with the community over 28 days, to enable transparency and the community an opportunity to input any submissions prior to final adoption on 20 May 2019.

ATTACHMENTS

Attachment A: [↓](#) Draft 2019-2020 Annual Budget

4.1 Draft Annual Budget 2019-2020**Officers' Assessment****Background**

The draft Annual Budget 2019-2020 (draft Budget) is built around embedding long term financial sustainability. The draft Budget forms an integral part of Council's overall strategic planning framework and endeavours to resource the directions that have been established in the Council Plan 2017 2021 (Year 3). Council has established its four-year strategic directions and developed actions to implement these directions, which flow directly through to this budget.

In preparing the draft Budget Councillors have held a number of meetings to determine the key areas for focus and funding for 2019-2020 to ensure the longer term goals of the Council Plan are realised. This draft budget has captured the key priorities and transformed them into a program of work for 2019-2020 to meet these priorities and build the foundation for long term financial sustainability going forward.

This budget continues to deliver value to the Frankston community in the provision of services and capital works.

Issues and Discussion

The draft Budget highlights some key outcomes that are covered in the below points:-

Capping of Council Rates

On 2 December 2015, the Victorian Government passed legislation to restrict Council from increasing rate income by more than the average cap set by the Minister for Local Government.

The Minister for Local Government announced on 21 December 2018 that Victorian council rate rises would be capped to the rate of inflation in 2019-2020. That is, the Consumer Price Index (CPI) as published by the Victorian Department of Treasury and Finance, which is **2.50 per cent** for 2019-2020.

Where the level of income raised under the rate cap is insufficient to meet specific needs, councils can apply to the Essential Services Commission for a higher cap. Frankston City Council has not elected to apply for variation to the rate cap in 2019-2020.

During the 2018-2019 year, a revaluation of all properties within the municipality was undertaken and will apply from 1 July 2019 for the 2019-2020 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 decreased by 4.56 per cent. Of this movement, residential properties have decreased by 5.72 per cent, vacant land by 6.45 per cent and retirement villages by 3.37 per cent. However, commercial and industrial properties have increased by 1.04 per cent and 9.09 per cent respectively. Due to the impact of the revaluation in the 2019-2020 year, the rate percentage charged will not be a consistent 2.50 per cent. On average, residential properties rates component will increase by 1.02 per cent, commercial properties will increase by 8.23 per cent and industrial properties will increase by 16.86 per cent.

4.1 Draft Annual Budget 2019-2020

Officers' Assessment

Type or class of land	No. of Assessments	% movement in valuation	Change in Rates
Ordinary Rate	55,627	(5.72%)	1.02%
Retirement Villages	574	(3.37%)	3.52%
Commercial Land	2,104	1.04%	8.23%
Industrial Land	3,058	9.09%	16.86%
Vacant Residential Land	594	(6.45%)	0.20%
Acacia Heath	239	(2.16%)	
Farm Land	5	(4.30%)	2.54%
Derelict Land	1	(13.24%)	(7.05%)
Rateable recreational properties	5	(4.83%)	Various
Rate by agreement (including Baxter Village)	520	(2.03%)	Various
Total	62,727	(4.56%)	2.50%

In terms of the impact on the **average** residential property in Frankston City Council, the total rates and charges annual impact is \$39.43 or \$0.76 per week (includes waste charges).

Average general residential rate	2018-2019	2019-2020	Variance %	Variance \$
Median residential valuation in Frankston	\$ 606,240	\$ 569,763	-6.0%	
Residential rate in the dollar	0.002165	0.002320		
Total rates	\$ 1,312.77	\$ 1,321.70	0.7%	\$8.93
Municipal charge	\$ 159.10	\$ 163.10	2.5%	\$4.00
Council garbage charge (120L)(No GST)	\$ 353.70	\$ 380.20	7.5%	\$26.50
Total rates and charges median residential	\$ 1,825.57	\$ 1,865.00	2.2%	\$39.43

The annual impact on **average** commercial properties in Frankston City Council for total rates and charges is a reduction of \$442.78 or \$8.52 per week (includes waste charges).

Average commercial rate	2018-2019	2019-2020	Variance %	Variance \$
Median commercial valuation in Frankston	\$ 1,260,097	\$ 1,318,459	4.6%	
Commercial rate in the dollar	0.002707	0.002900		
Total rates	\$ 3,410.82	\$ 3,823.10	12.1%	\$412.28
Municipal charge	\$ 159.10	\$ 163.10	2.5%	\$4.00
Council garbage charge (120L)	\$ 353.70	\$ 380.20	7.5%	\$26.50
Total rates and charges median commercial	\$ 3,923.62	\$ 4,366.40	11.3%	\$442.78

The annual impact on **average** industrial properties in Frankston City Council for total rates and charges is a reduction of \$237.63 or \$4.57 per week (includes waste charges).

Average industrial rate	2018-2019	2019-2020	Variance %	Variance \$
Median industrial valuation in Frankston	\$ 564,742	\$ 607,749	7.6%	
Industrial rate in the dollar	0.002707	0.002900		
Total rates	\$ 1,528.64	\$ 1,762.27	15.3%	\$233.63
Municipal charge	\$ 159.10	\$ 163.10	2.5%	\$4.00
Total rates and charges median industrial	\$ 1,687.74	\$ 1,925.37	14.1%	\$237.63

4.1 Draft Annual Budget 2019-2020**Officers' Assessment**

The provision of waste services is based on a cost recovery basis. Green waste charges are increasing by 5 per cent. Council's general waste charges have increased by 7.5 per cent due to the recycling industry being challenged by the contamination standards required by the international markets using recycled products.

Key drivers:

- To fund ongoing service delivery – business as usual (balanced against greater service demands from residents)
- To fund renewal of infrastructure and community assets
- To cope with growth in the population of the Frankston City residents
- To cope with cost shifting from the State Government

Note that for every \$100 in taxes paid by Victorian residents, rates make up approximately \$3.50. The other \$96.50 goes to the State and Federal Governments.

Rate capping will have a detrimental effect on Council's ability to provide community services and facilities in the future – leaving our services very vulnerable. The outcomes will have implications for future years and the Strategic Resource section of this budget document presents the cumulative impact in dollar terms of the forecast reduction in community services / capital spending to be realised. For the 2019-2020 financial year, the Victorian Government Minister for Local Government has announced a limit on the amount Victorian councils may increase rates. The cap for the 2019-2020 financial year is 2.50 per cent. The cap is based on the Consumer Price Index expected for the financial year.

This budget continues to deliver value to the Frankston community in the provision of services and capital works. This budget provides for:

- \$24.346 million invested in the preservation of local amenity and promotion of a safe, clean and attractive city through maintaining civil infrastructure, shopping centre precincts, natural resources, foreshore infrastructure and recreation reserves
- \$19.415 million invested to provide strategies for the waste management needs of the municipality and the Frankston Regional Recycling and Recovery Centre
- \$15.871 million to support and enhance the health and wellbeing of families, children and young people. Also supports other local providers of children's, family and youth services. Provides home and community based services and support to maintain dignity and independence of older people
- \$13.419 million for the provision of indoor and outdoor aquatic centres to improve health and wellbeing in the community
- \$8.889 million to stimulate activity in the municipality through events, festivals, arts and libraries
- \$7.105 million to support the social, recreational, cultural and economic life of the community through innovative planning and development initiatives, delivering projects and managing quality public spaces. Provides traffic management solutions, strategic transportation planning, road safety programs, project and contract management for the design and construction of infrastructure projects in the capital works program
- \$8.718 million to ensure the safety of the community

4.1 Draft Annual Budget 2019-2020**Officers' Assessment**

- \$6.771 million to deliver, maintain and retire facility buildings in Frankston Council. Constructs new or develops old building facilities in the municipality provides cleaning, security and maintenance to about 300 Frankston City Council buildings
- \$6.449 million to undertake research and implement policies and programs to enhance community wellbeing, social inclusion, participation, empowerment and resilience
- \$23.330 million to be invested in renewing and replacing existing community assets such as buildings, parks, footpaths and drains
- \$12.350 million to invest in new capital works
- \$8.847 million to invest in upgrading of assets
- \$3.193 million to invest in expansion of assets

Key Statistics

There are a number of key components of the 2019-2020 Annual Budget to highlight as covered in the below points:-

- Total revenue: \$193.46M (2018-2019 = \$183.68M)
- Total expenditure: \$171.38M (2018-2019 = \$163.07M)
- Accounting result: \$22.09M surplus (2018-2019 = \$20.61M surplus)
- Underlying operating result: \$11.18M surplus (2018-2019 = \$11.89M surplus)
(Note: Underlying operating result is an important measure of financial sustainability as it excludes income which is to be used for capital, from being allocated to cover operating expenses.)
- Cash result: \$4.95M increase (2018-2019 = \$4.85M decrease)
Net funding result after considering the funding requirements to meet loan principal repayments and the reserve transfers.
- Capital works program: \$47.72M (2018-2019 = \$50.86M)
 - \$35.944M from Council operations (rate funded)
 - \$8.463M from external grants
 - \$0.730M from external contributions
 - \$1.290M from asset sales
 - \$1.293M from cash and reserves
- The proposed Annual Budget 2019-2020 is based on a rate capped average increase in Council rates of 2.50 per cent as prescribed by the Victorian Government
- The proposed Annual Budget is prepared with a 5.0 per cent increase in the green waste service charge and 7.5 per cent in the general waste incorporating kerbside collection and recycling
- A continued commitment to maintain the condition of community assets through asset renewal (\$23.33 million in 2019-2020)
- No further borrowings are planned in 2019-2020

4.1 Draft Annual Budget 2019-2020**Officers' Assessment****Key infrastructure projects included in the 2019-2020 Annual Budget**

Significant projects in this category included in the capital works program are:

- Ballam Park - pavilion \$2,900,000 (\$2,500,000 Council contribution)
- Overport Park pavilion, carpark and pathways - \$3,335,000 (\$2,500,000 Council contribution)
- RF Miles Recreation Reserve pavilion - \$2,000,000 (grant funding)
- Monterey Reserve pavilion - \$1,300,000 (grant funding)
- Orwill Street Community House extension - \$700,000 (\$700,000 Council contribution)
- Jubilee Park netball centre - \$600,000 (\$600,000 Council contribution)
- Centenary Park sporting complex - \$500,000 (\$500,000 Council contribution)
- Funds allocated for Roads and Bridges amount to \$4,700,000 (\$4,105,000 Council Contribution). These roads include:
 - Budget allocation to pathways including footpaths and shared pathways amount to \$1,545,000 (Council contribution).
 - The budget allocated for recreational, leisure and community facilities is \$6.731 million (\$4.331 million Council contribution) and includes Frankston Park Oval and Delacombe Park lighting, sporting ground playing surface renewal and \$1.236 million playground renewal
- Local Area Traffic Management including the Seaford, Sweetwater, Woodlands and Fairway Precincts has a budget allocation of \$2.150 million (\$1.300 million Council Contribution)
- Parks, open space and streetscapes have been allocated \$6.111 million (\$5.663 million Council contribution) and includes replacing street lights with LED lighting, Clyde Street Mall and Station Street Mall upgrades, laneway activation, shade sails, gateway developments, public art and fencing

Frankston City Council Draft Annual Budget 2019 – 2020



Lifestyle Capital of Victoria





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Mayor's forward



It's an honour to present to our residents Council's draft Annual Budget 2019–2020, which details how we intend to fund important community services, infrastructure, capital works and other programs over the next 12 months across our city.

Council has a difficult balancing act to produce a budget which meets community expectation and is also capable of withstanding the Victorian Government's imposed rate cap. With this budget, we are confident that we have achieved that balance.

As a direct result of rate capping, our city can expect a funding shortfall of around \$17 million over the next five years, so achieving this will become more challenging in the future.

We know that community facilities and Infrastructure are crucial to maintain the health and wellbeing of our community. Therefore, we have allocated almost \$5.5 million for the renewal of Council facilities, which include libraries, community centres, family support and aged facilities, recreation and aquatic facilities. We have allocated a further \$6.7 million for the ongoing renewal of pathways, sporting ovals and recreation reserves.

Over \$3 million has been earmarked to further improve the look of Frankston City and its environment. This includes works planned for our city streetscapes, along our foreshore and public reserves and beautification works along primary arterial roads highlighting entrances to Frankston.

Over \$9 million will be spent on upgrading and building new facilities, including a major upgrade to Jubilee Indoor Stadium, new pavilions at RF Miles Recreation Reserve, Overport Park, Ballam Park, Monterey Reserve and upgrades to Belvedere and Carrum Bowls Club at Keast Park.

There will be a strong commitment to replacing and upgrading our drainage assets in the coming years. Over \$1.2 million will be spent on stormwater drainage assets and providing flood mitigation at various locations including the Esplanade, Lloyd Park, George Pentland Gardens and areas in Frankston South.

With over 700 kilometres of local roads an amount of \$4.3 million will be spent on improving our road network with planned renewal and upgrade works. A further \$2.1 million has been allocated to traffic management initiatives to ensure a safe road network for all road users.



Throughout this document you will see Council is focused on improving where we live. As a city we are growing, and our population is growing along with it, therefore it is vital that we continue to deliver needed services, maintain our assets and invest in new community-focused infrastructure.

As Frankston City Mayor I can assure residents that this Council is determined to continue to work hard to achieve our vision of becoming the Lifestyle Capital of Victoria, while accomplishing the best outcomes for our community.

Cr Michael O'Reilly

Mayor, Frankston City Council



Chief Executive Officer's Message

There is no doubt that the 2019-2020 financial year (and future financial periods) will pose significant challenges to Frankston City Council in this current rate capped environment. This budget document endeavours to deal with these challenges in the most prudent financial manner, but there remain many consequences of rate capping which are yet to be fully understood by the broader community.

In providing this message, I would like in particular to highlight some of these key points.

Council is committed to achieving efficiencies in expenditures

Frankston City Council has been strongly committed to reducing operational spending. These savings have allowed Council to continue to deliver the same level of services to the community with less money. Council will continue this approach but it should be noted that there is much less scope to make further reductions without a consequent impact on service levels.

Infrastructure spending impact on Council

Prior to the introduction of rate capping, Frankston City Council had significantly grown its funding for key Council infrastructure through responsible and stable rate increases of 5.50 per cent per annum. This placed Council in a financial position to deliver major infrastructure including the recent Peninsula Aquatic Recreation Centre (PARC), the Frankston Regional Resource and Recycling Centre (FRRRC) and the Frankston Yacht Club development.

Adverse impacts on Council due to other Victorian / Australian Government decisions

While the rate capping regime directly limits Council's rate revenue (of which Council relies upon for 66 per cent of total revenue), there are a number of Victorian / Australian Government decisions which are further placing the Council financial position under duress. For many years the Australian and Victorian Governments have transferred responsibilities of their programs to local government with insufficient funding or grants which do not keep pace with delivery costs. The impact is that our community is further burdened with increased rate charges to fund the gap in order to maintain service levels.

Compliance with the rate cap

Frankston City Council has complied with the 2.50 per cent rate cap with total rates and municipal charges raised increasing from \$96,073,612 in 2018-2019 to \$99,312,163 in 2019-2020.

What has not been well communicated by the Victorian Government however is that this 2.50 per cent increase will rarely translate to an individual rate account. Individual rate accounts comprise of three components: State levies that Council collects on behalf of the Victorian Government (Landfill Levy, Fire Services Levy), Council's waste services charge and Council rates. Council has no control over State levies which have risen at an alarming rate. The Landfill Levy has increased from \$28 per tonne in 2014-2015 to an estimated \$65 per tonne in 2019-2020. Council has not yet been advised of the 2019-2020 increase in the Fire Services Levy but it is expected that it will be well above 2.50 per cent.



Impact of Australia's waste recycling pressure

The Recycling Industry continues to be challenged by the contamination standards required by the international markets using recycled products. Recycling processors have progressed with installing infrastructure with funding from the increased recycling charges to lower the contamination and improve the quality of recycled products for reuse.

In addition, the Council is raising community awareness to reduce contamination in the recycling stream to assist with improving demand for the recycled end products in both local and international markets. The Council is working with the State Government to implement the actions in the Victorian Recycling Industry Strategic Plan.

Key Projects

Despite being challenged by the rate capping environment, Council has funded in this budget a number of key projects including:

- Jubilee Park sports complex
- Overport Park pavilion and carpark
- RF Miles Recreation Reserve pavilion
- Centenary Park sporting complex
- Monterey Reserve soccer pavilion
- Frankston Park oval lighting, fences, pathways and landscaping
- Station Street Mall upgrade
- Clyde Street Mall upgrade
- Ballam Park soccer pavilion
- Belvedere Reserve pavilion

In closing, this Council will continue to manage its financial position responsibly and in the best interests of the Frankston community. While continued low rate increases are popular with the general community, this will have a direct impact on the services and infrastructure that Council can provide in the coming years.

Dennis Hovenden
Chief Executive Officer



Executive Summary

Council has prepared a budget for 2019-2020 which is aligned to the vision in the Council Plan 2017-2021. It seeks to maintain and improve services and infrastructure as well as deliver projects and services that are valued by our community, and do this within the rate increase mandated by the Victorian Government.

This budget projects a surplus of \$22.089 million for 2019-2020, however, it should be noted that the adjusted underlying result is a surplus of \$11.181 million after adjusting for capital grants and contributions (refer Sections 4 and 10.1).

Capping of Council Rates

On 2 December 2015, the Victorian Government passed legislation to restrict Council from increasing rate income by more than the average cap set by the Minister for Local Government.

The Minister for Local Government announced on 21 December 2018 that Victorian council rate rises would be capped to the rate of inflation in the 2019-2020 financial year. That is, the Consumer Price Index (CPI) as published by the Victorian Department of Treasury and Finance, which is 2.50 per cent for the 2019-2020 financial year.

Where the level of income raised under the rate cap is insufficient to meet specific needs, councils can apply to the Essential Services Commission for a higher cap. Frankston City Council has not elected to apply for variation to the rate cap in the 2019-2020 year.

During 2018-2019, a revaluation of all properties within the municipality was undertaken and will apply from 1 July 2019 for 2019-2020. 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 decreased by 4.56 per cent. Of this movement, residential properties have decreased by 5.72 per cent, vacant land by 6.45 per cent and retirement villages by 3.37 per cent. However, commercial and industrial properties have increased by 1.04 per cent and 9.09 per cent respectively. Due to the impact of the revaluation in 2019-2020, the rate percentage charged will not be a consistent 2.50 per cent. On average, residential properties rates component will increase by 1.02 per cent, commercial properties will increase by 8.23 per cent and industrial properties will increase by 16.86 per cent.

Type or class of land	No. of Assessments	% movement in valuation	Change in Rates
Ordinary rate	55,627	(5.72%)	1.02%
Retirement villages	574	(3.37%)	3.52%
Commercial land	2,104	1.04%	8.23%
Industrial land	3,058	9.09%	16.86%
Vacant residential land	594	(6.45%)	0.20%
Acacia Heath	239	(2.16%)	11.08%
Farm land	5	(4.30%)	2.54%
Derelict land	1	(13.24%)	(7.05%)
Rateable recreational properties	5	(4.83%)	Various
Rate by agreement (including Baxter Village)	520	(2.03%)	Various
Total	62,727	(4.56%)	2.50%



In terms of the impact on the **average** residential property in Frankston City Council, the total rates and charges annual impact is \$39.43 or \$0.76 per week (includes waste charges).

Average general residential rate	2018-2019	2019-2020	Variance %	Variance \$
Median residential valuation in Frankston	\$ 606,240	\$ 569,763	-6.0%	
Residential rate in the dollar	0.002165	0.002320		
Total rates	\$ 1,312.77	\$ 1,321.70	0.7%	\$8.93
Municipal charge	\$ 159.10	\$ 163.10	2.5%	\$4.00
Council garbage charge (120L)(No GST)	\$ 353.70	\$ 380.20	7.5%	\$26.50
Total rates and charges median residential	\$ 1,825.57	\$ 1,865.00	2.2%	\$39.43

The annual impact on **average** commercial properties in Frankston City Council for total rates and charges is a reduction of \$442.78 or \$8.52 per week (includes waste charges).

Average commercial rate	2018-2019	2019-2020	Variance %	Variance \$
Median commercial valuation in Frankston	\$ 1,260,097	\$ 1,318,459	4.6%	
Commercial rate in the dollar	0.002707	0.002900		
Total rates	\$ 3,410.82	\$ 3,823.10	12.1%	\$412.28
Municipal charge	\$ 159.10	\$ 163.10	2.5%	\$4.00
Council garbage charge (120L)	\$ 353.70	\$ 380.20	7.5%	\$26.50
Total rates and charges median commercial	\$ 3,923.62	\$ 4,366.40	11.3%	\$442.78

The annual impact on **average** industrial properties in Frankston City Council for total rates and charges is a reduction of \$237.63 or \$4.57 per week (includes waste charges).

Average industrial rate	2018-2019	2019-2020	Variance %	Variance \$
Median industrial valuation in Frankston	\$ 564,742	\$ 607,749	7.6%	
Industrial rate in the dollar	0.002707	0.002900		
Total rates	\$ 1,528.64	\$ 1,762.27	15.3%	\$233.63
Municipal charge	\$ 159.10	\$ 163.10	2.5%	\$4.00
Total rates and charges median industrial	\$ 1,687.74	\$ 1,925.37	14.1%	\$237.63

The provision of waste services is calculated on a cost recovery basis. Green waste charges are increasing by 5 per cent. Council's general waste charges have increased by 7.5 per cent due to the recycling industry being challenged by the contamination standards required by the international markets using recycled products.



Key drivers:

- To fund ongoing service delivery – business as usual (balanced against greater service demands from residents)
- To fund renewal of infrastructure and community assets
- To cope with growth in the population of the Frankston City residents
- To cope with cost shifting from the Victorian Government

Note that for every \$100 in taxes paid by Victorian residents, rates make up approximately \$3.50. The other \$96.50 goes to the Victorian and Australian Governments. Refer to Section 7 for further Rates and Charges details.

Rate capping will have a detrimental effect on Council's ability to provide community services and facilities in the future – leaving our services very vulnerable. The outcomes will have implications for future years and the Strategic Resource section of this budget document presents the cumulative impact in dollar terms of the forecast reduction in community services / capital spending to be realised. For 2019-2020, the Victorian Government Minister for Local Government has announced a limit on the amount Victorian councils may increase rates. The cap for 2019-2020 is 2.50 per cent. The cap is based on the Consumer Price Index expected for the financial year.

Key things we are funding

- 1) Continued investment in the maintenance of municipal infrastructure assets \$24.701 million. This includes roads (\$4.25 million); bridges (\$0.45 million); footpaths and bicycle paths (\$1.545 million); drainage (\$1.26 million); waste management (\$0.15 million); parks, open space and streetscapes (\$6.111 million); recreational, leisure and community facilities (\$6.731 million), other infrastructure (\$2.47 million) and off street car parks (\$1.735 million). The Statement of Capital Works can be found in Section 3 and further details on the capital works budget can be found in Sections 6 and 12
- 2) The delivery of new and upgraded assets including sports pavilions (\$5.082 million), sports oval lighting (\$2.35 million), Jubilee Park netball upgrade (\$0.57 million), Centenary Park sporting complex (\$0.500 million), Orwill Street community house extension (\$0.280 million) and new systems implementations (\$1.48 million)

Long Term Community Outcome 1: A planned city

- 3) In conjunction with Australian and Victorian Governments, complete a business case for the catalyst development
- 4) Work with the Victorian Government, Chisholm TAFE and Peninsula Leisure Pty Ltd to leverage the Victorian Government election commitment to deliver a car parking solution for public transport users and for the benefit of students and PARC visitors
- 5) Identify further improvements to Council's policies and planning provisions for the protection of indigenous and native vegetation

Long Term Community Outcome 2: A liveable city

- 6) Explore opportunities to enhance delivery of economic development programs and activities within the region



- 7) Implement year three actions of the adopted Health and Wellbeing Plan 2017-2021 including:
 - Development of a Frankston City Council gender equity statement
 - Development of Healthy Choices Policy and guidelines for council-owned sports and leisure facilities
 - Partner with the Aboriginal and Torres Strait Islander community to develop the Frankston City Reconciliation Action Plan

Long Term Community Outcome 3: A well governed city

- 8) Continue to build on recent improvements to governance by implementing identified initiatives
- 9) Continue to develop Council’s relationships with Australian and Victorian politicians and peak bodies

Long Term Community Outcome 4: A well managed city

- 10) Engage the community in the development of service and infrastructure plans
- 11) Following its adoption by Council implement actions from the Digital Strategy to optimise customer online engagement and experience
- 12) Consider and address results from the Staff Engagement Survey

Key Statistics

There are a number of key components of the Annual Budget 2019-2020 to highlight as covered in the below points:-

- Total revenue: \$193.46M (2018-2019 = \$183.68M)
- Total expenditure: \$171.38M (2018-2019 = \$163.07M)
- Accounting result: \$22.09M surplus (2018-2019 = \$20.61M surplus)
- Underlying operating result: \$11.18M surplus (2018-2019 = \$11.89M surplus)
 (Note: Underlying operating result is an important measure of financial sustainability as it excludes income which is to be used for capital, from being allocated to cover operating expenses.)
- Cash result: \$4.95M increase (2018-2019 = \$4.85M decrease)
 Net funding result after considering the funding requirements to meet loan principal repayments and the reserve transfers
- Capital works program: \$47.72M (2018-2019 = \$50.86M)
 - \$35.944M from Council operations (rate funded)
 - \$8.463M from external grants
 - \$0.730M from external contributions
 - \$1.290M from asset sales
 - \$1.293M from cash and reserves
- The proposed Annual Budget 2019-2020 is based on a rate capped average increase in Council rates of 2.50 per cent as prescribed by the Victorian Government
- The proposed Annual Budget is prepared with a 5.0 per cent increase in the green waste service charge and 7.5 per cent in the general waste incorporating kerbside collection and recycling
- A continued commitment to maintain the condition of community assets through asset renewal (\$23.33 million in 2019-2020)
- No further borrowings are planned in 2019-2020



This budget continues to deliver value to the Frankston community in the provision of services and capital works. This budget provides for:

- \$24.346 million investment in the preservation of local amenity and promotion of a safe, clean and attractive city. Maintaining civil infrastructure, shopping centre precincts, natural resources, foreshore infrastructure and recreation reserves
- \$19.415 million investment to provide strategies for the waste management needs of the municipality and the Frankston Regional Recycling and Recovery Centre
- \$15.871 million to support and enhance the health and wellbeing of families, children and young people. Also support other local providers of children's, family and youth services. Provide home and community based services and support to maintain dignity and independence of older people
- \$13.419 million for the provision of indoor and outdoor aquatic centres to improve health and wellbeing in the community
- \$8.889 million to stimulate activity in the municipality through events, festivals, arts and libraries
- \$7.105 million to support the social, recreational, cultural and economic life of the community through innovative planning and development initiatives, delivering projects and managing quality public spaces. Provide traffic management solutions, strategic transportation planning, road safety programs, project and contract management for the design and construction of infrastructure projects in the capital works program
- \$8.718 million to ensure the safety of the community
- \$6.771 million to deliver, maintain and retire facility buildings in Frankston Council. Construct new or develop old building facilities in the municipality, provide cleaning, security and maintenance to about 300 Frankston City Council buildings
- \$6.449 million to undertake research and implement policies and programs to enhance community wellbeing, social inclusion, participation, empowerment and resilience
- \$23.330 million to be invested in renewing and replacing existing community assets such as buildings, parks, footpaths and drains
- \$12.350 million to invest in new capital works
- \$8.847 million to invest in upgrading of assets
- \$3.193 million to invest in expansion of assets



Key infrastructure projects included in the Proposed Annual Budget 2019-2020

Significant projects in this category included in the capital works program are:

- Overport Park pavilion, carpark and pathways - \$3,335,000 (*\$2,500,000 Council contribution*)
- Ballam Park - pavilion \$2,900,000 (*\$2,500,000 Council contribution*)
- RF Miles Recreation Reserve pavilion - \$2,000,000 (*grant funding*)
- Monterey Reserve pavilion - \$1,300,000 (*grant funding*)
- Orwill Street Community House extension - \$700,000 (*\$700,000 Council contribution*)
- Jubilee Park netball centre - \$600,000 (*\$600,000 Council contribution*)
- Centenary Park sporting complex - \$500,000 (*\$500,000 Council contribution*)
- Funds allocated for roads and bridges amount to \$4,700,000 (*\$4,105,000 Council Contribution*).
- Budget allocation to pathways including footpaths and shared pathways amount to \$1,545,000 (*Council contribution*)
- The budget allocated for recreational, leisure and community facilities is \$6.731 million (*\$4.331 million Council contribution*) and includes Frankston Park Oval and Delacombe Park lighting, sporting ground playing surface renewal and \$1.236 million in playground renewal
- Local area traffic management including the Seaford, Sweetwater, Woodlands and Fairway Precincts has a budget allocation of \$2.150 million (*\$1.300 million Council Contribution*)
- Parks, open space and streetscapes have been allocated \$6.111 million (*\$5.663 million Council contribution*) and includes replacing street lights with LED lighting, Clyde Street Mall and Station Street Mall upgrades, laneway activation, shade sails, gateway developments, public art and fencing



Budget Reports

1. Linkage to Council Plan

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

1.1 Planning and accountability framework

The Strategic Resource Plan, included in the Council Plan, is a rolling five year strategy that outlines the financial and non-financial resources that Council requires to achieve the long term community outcomes (strategic objectives), strategies and plans described in the Council Plan. The Annual Budget is then framed within the Strategic Resource Plan, taking into account the services and initiatives, strategies and plans. The diagram below depicts the planning and accountability framework that applies to local government in Victoria.



Figure 1: Local Government Planning and Accountability Framework. Source: Department of Environment, Land, Water and Planning

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

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Council Plan, including the Strategic Resource Plan, is required to be completed within six months or by 30 June following a general election. This is reviewed each year in advance of the commencement of the Annual Budget process.



The diagram below depicts Council’s planning framework.

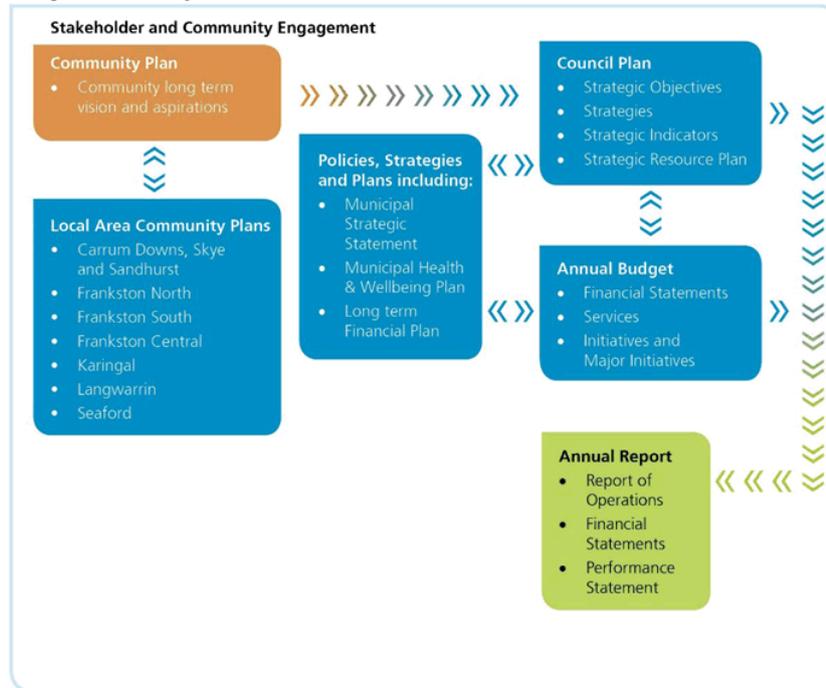


Figure 2: Council’s planning framework

1.2 Key planning considerations

Service level planning

Section 3C(2)(b) of the Local Government Act 1989 requires Councils to achieve the best outcomes for the community with regard to the long term effects of decisions and in doing so use resources efficiently and effectively and provide services that meet the needs of the community.

Council has developed a service planning framework to ensure robust processes are in place for planning and review of services to ensure they provide value and continue to meet the community’s needs and expectations. This will require Council to engage with the community and prioritise resources whilst balancing service and asset provision that is focused on long term planning.

1.3 Our purpose

Lifestyle Capital of Victoria

We are driven by the privilege of serving our community, providing leadership and visionary thinking to ensure Frankston is recognised as the lifestyle capital of Victoria.



1.4 Our values

- Community
- Respect
- Excellence
- Accountability
- Teamwork
- Integrity
- Sustainability

2. Services, initiatives and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for 2019-2020 and how these will contribute to achieving the long term community outcomes specified in the Council Plan. It also includes a number of initiatives, major initiatives and service performance outcome indicators. The Strategic Resource Plan (SRP) is part of and prepared in conjunction with the Council Plan (N.B. The Victorian Government’s diagram below references *Strategic Objectives*. The relationship between these components of the Budget and the Council Plan, along with the link to reporting in the Annual Report, is shown below. Services for which there are prescribed performance indicators to be reported on in accordance with the Regulations are listed in a table at the end of each long term community outcome.

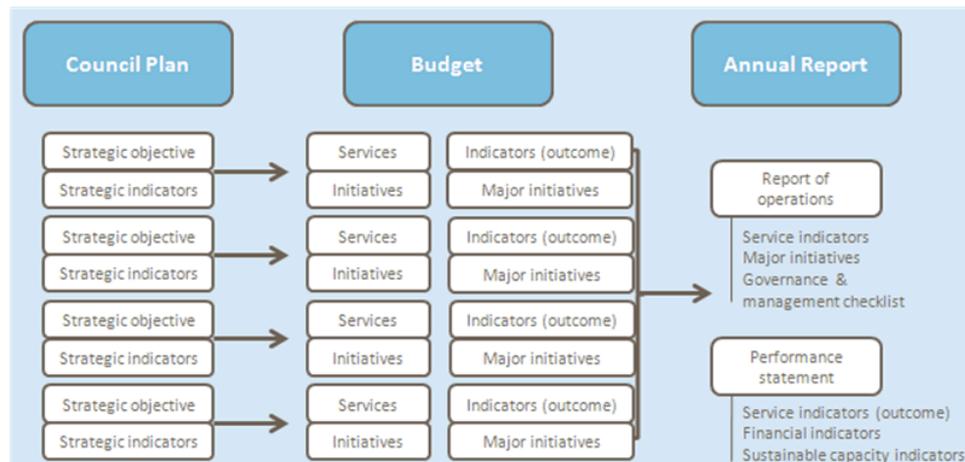


Figure 3: Relationship between the Budget, Council Plan and Annual Report. Source: Department of Environment, Land, Water and Planning



2.1 Long term community outcomes

The Council Plan details the long term community outcomes (these are known as strategic objectives in the *Local Government Act 1989* that will drive Council’s role in partnership with our community to achieve the vision and aspirations outlined in the Community Plan. The Council Plan identifies four long-term community outcomes under which Council’s activity for the next four years will be delivered. The table below describes the four long term community outcomes described in the Council Plan.

Long term community outcome	Description
1. A Planned City	A vibrant city providing housing, stunning beaches, a beautiful natural environment and arts and cultural experiences. Everything you want at your doorstep – shopping, education, employment, recreation and a lifestyle the envy of others.
2. A Liveable City	Welcoming neighbourhoods, green streets and thoroughfares, parks and natural reserves, an active foreshore and vibrant town centres delivering a living environment that is second to none. An active and healthy community that is connected through participation in activities at our local and regional sporting facilities, events and festivals.
3. A Well Governed City	An elected Council that is driven by the privilege of serving its community and providing leadership and vision to ensure Frankston is recognised as the lifestyle capital of Victoria.
4. A Well Managed City	Proudly delivering services to improve our community’s lifestyle. An organisation that is recognised amongst its peers as a leader in the sector, and one that is founded upon its engagement and connection to its community.



Long term community outcome 1: A Planned City

To achieve our objective of a planned city we will have a city that is a preferred destination for investment and development. A vibrant city providing affordable housing, stunning beaches, a beautiful natural environment, and arts and cultural experiences. Everything you want at your doorstep – retail shopping, education, employment, recreation and a lifestyle the envy of others.

Services

Business area	Description of services provided	Strategy or plan	Expenditure (Revenue) Net Cost \$'000
Engineering services	Provides traffic management solutions, strategic transportation planning and road safety programs. Management of public spaces and quality control on subdivisional and commercial developments including protection of Council's assets.	Integrated Transport Strategy Car Parking Precinct Plan	3,385 <u>(287)</u> 3,098
Capital Works Delivery	Delivers project and contract management for the design and construction of infrastructure projects in the capital works program to provide quality services and facilities to the community. The projects include new, upgrades, expansions, renewals and compliance projects.		1,170 <u>(0)</u> 1,170 Capital Works 47,720
Planning and Environment	Researches and prepares land use, development and environmental strategies for the municipality. Undertakes timely assessment of development, land use, subdivision and tree removal proposals. Develops and implements integrated nature conservation and biodiversity protection strategies and action plans. Educates and enforces (in close cooperation with Council's Community Safety officers) to ensure that all land use and development within Frankston, fully complies with approvals and relevant legislation.	Municipal Strategic Statement Frankston Metropolitan Activity Centre Structure Plan Housing Strategy	3,720 <u>(1,718)</u> 2,002
Community Relations	Provides the first point of contact for our communities, including residents, visitors, businesses, investors, media and internal departments. Manages Frankston City's and the organisation's reputation. Disseminates key messages to our communities and positions the municipality as the preferred place to live, learn, work, visit and invest.		3,375 <u>(140)</u> 3,235



Major initiatives

Council Plan Theme 1.1: Community infrastructure

- 1 In conjunction with Australian and Victorian Governments, complete a business case for the catalyst development

Council Plan Theme 1.2: Development and housing

- 2 Work with the Victorian Government, Chisholm TAFE and Peninsula Leisure Pty Ltd to leverage the Victorian Government election commitment to deliver a car parking solution for public transport users and for the benefit of students and PARC visitors

Council Plan Theme 1.3: Natural and sustainable environment

- 3 Identify further improvements to Council's policies and planning provisions for the protection of indigenous and native vegetation

Initiatives

Council Plan Theme 1.1: Community infrastructure

- 4 Build on Council's successful advocacy campaign for the recent Victorian and Australian elections and ensure delivery of commitments, including;
 - Jubilee Park Netball stadium
 - Centenary Park Regional Tennis Facility
 - RF Miles Reserve
- 5 Work with key stakeholders to confirm the future use of the Belvedere Reserve facility (Linen House)
- 6 Complete environmental studies and community consultation and engagement for the development of the Coast Guard facility and boat refuge
- 7 Explore options to enhance and revitalise the Arts Centre precinct, including expanded facilities and possibly hotel accommodation
- 8 Complete a feasibility study for the relocation of Council's Operation Centre and present options for Council's consideration
- 9 Develop a framework to ensure community aspirations are embedded in the Long Term Infrastructure Plan (LTIP)

Council Plan Theme 1.2: Development and housing

- 10 Review land zonings to encourage the renewal of industrial areas to attract investment and new employment opportunities
- 11 Develop initiatives to attract key worker accommodation and affordable housing as part of proposed developments
- 12 Undertake a review of the Neighbourhood Character Design Guidelines



- 13 Introduce an environmentally sustainable development (ESD) tool for assessing planning permit applications.
- 14 Work with the Victorian Government to deliver the commitment for 500 car spaces at Frankston station and identify complementary opportunities in the surrounding precinct.

Council Plan Theme 1.3: Natural and sustainable environment

- 15 Continue to work with the Victorian Government to find a long term solution to address siltation at the mouth of Kananook Creek
- 16 Implement year one actions of the Towards Zero Emissions Plan including:
 - Reviewing the business case and finalise Council’s options for upgrading street lighting on minor roads to LED technology
 - Embedding improved ESD standards in Council’s Capital Works Program
- 17 Work with the Metropolitan Waste and Resource Recovery Group (MWRRG) and regional councils on an advanced waste processing solution
- 18 Implement actions, as adopted by Council, from the Green Wedge Management Plan

Service performance outcome indicators

Service	Indicator	Performance measure	Computation
Statutory planning	Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council’s decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100



Long term community outcome 2: A Liveable City

To achieve our objective of a liveable city, we will have welcoming neighbourhoods, green streets and thoroughfares, parks and natural reserves, an active foreshore, and vibrant town centres delivering a living environment that is second to none. An active and healthy community that is connected through participation in activities at our local and regional sporting facilities, events and festivals.

Services

Business area	Description of services provided	Strategy or plan	Expenditure (Revenue) Net Cost \$'000
Operations	Preserves local amenity and promotes a safe, clean and attractive city through maintaining civil infrastructure. This includes shopping centre precincts, natural resources, foreshore infrastructure and recreation reserves. Provides services and strategies for emergency management.	Road Management Plan	24,346 <u>(1,496)</u> 22,850
Community Relations	Provides the first point of contact for our communities, including residents, visitors, businesses, investors, media and internal departments. Manages Frankston City's and the organisation's reputation, disseminates key messages to our communities and positions the municipality as the preferred place to live, learn, work, visit and invest.	Economic Development Strategy Frankston Destination Development Plan	1,771 <u>(95)</u> 1,676
Arts and Culture	Stimulates activity in the municipality through events, festivals, performing arts, public art, visual arts, libraries, library services and lifelong learning initiatives and community development programs. Provides facilities and services for events and functions.	Frankston Arts and Culture Strategic Plan	8,889 <u>(4,428)</u> 4,461
Aquatics	Provision of indoor and outdoor Aquatic Centres to improve health and wellbeing in the community.		13,419 <u>(13,532)</u> (113)
Community Safety	Ensures the safety of the community by managing school crossing supervision, animal registration, parking services, building services, planning enforcement, crime prevention and foreshore patrols. Undertakes local law prosecutions, emergency management and illegal dumping responses.	Community Safety Strategy	8,718 <u>(7,257)</u> 1,461

Draft 2019-2020 Annual Budget



Business area	Description of services provided	Strategy or plan	Expenditure (Revenue) Net Cost \$'000
Community Strengthening	Undertakes research and implements policies and programs to enhance community wellbeing, social inclusion, participation, empowerment and resilience. Community planning and engagement of local areas. Develops and implements the Municipal Health and Wellbeing Plan. Manages grants to support charities and community groups.	Health and Wellbeing Plan	6,449 <u>(819)</u> 5,630
		Community Plan Local Community Plans	
Recycling	Frankston Regional Recycling and Recovery Centre (FRRRC) offers the community a quick, easy, affordable and sustainable way to get rid of waste and recyclables. FRRRC is also home to a Treasure Chest shop. It sells recovered furniture, household goods and bric-a-brac for bargain hunters and anyone who has a good eye for items that can be restored/up-cycled. Also provides strategies for the waste management needs of the municipality.	Waste Minimisation Strategy	19,415 <u>(3,847)</u> 15,568
Family Health Support	Supports and enhances the health and wellbeing of families, children and young people through maternal and child health and immunisation services, kindergarten infrastructure and central registration scheme for 3 and 4 year old kindergarten, childcare, youth services and advocacy. Supports other local providers of children's, family and youth services. Provides home and community based services and support to maintain dignity and independence of older people, people with disability and their carers, including supporting positive ageing, volunteering opportunities, meals on wheels, personal and home care, senior citizens, U3A, respite care and activity groups.	Municipal Early Years Plan	15,871 <u>(9,628)</u> 6,243
		Strategic framework for young people in Frankston City	
Building and Facilities	Delivers, maintains and retires facility buildings in Frankston City. Constructs new or develops old building facilities in the municipality to provide, accommodate and/or house a range of community groups.		6,771 <u>(11)</u> 6,760



Business area	Description of services provided	Strategy or plan	Expenditure (Revenue) Net Cost \$'000
	Provides cleaning, security and maintenance to about 300 Frankston City Council buildings including the Civic Centre, Library, Art Centre, public toilets, sporting pavilions, pre-schools and other community buildings.		

Major Initiatives

Council Plan Theme 2.1: Employment, education and economy

- 19 Explore opportunities to enhance delivery of economic development programs and activities within the region

Council Plan Theme 2.3: Health and well being

- 20 Implement year three actions of the adopted Health and Wellbeing Plan 2017-2021 including:
 - Development of a Frankston City Council gender equity statement
 - Development of Healthy Choices Policy and guidelines for council-owned sports and leisure facilities
 - Partner with the Aboriginal and Torres Strait Islander community to develop the Frankston City Reconciliation Action Plan

Initiatives

Council Plan Theme 2.1: Employment, education and economy

- 21 Advocate to the tertiary education sector to align qualifications to the needs of local and regional employers
- 22 Leverage the Victorian Government’s proposed investment in Frankston Hospital to increase local employment opportunities in the health sector
- 23 In conjunction with the redevelopment of the Arts Centre Precinct, investigate options for private investment in a five star hotel
- 24 Showcase local food, beverage, culture and sports through the development of packaged tourism offerings

Council Plan Theme 2.2: Vibrant and engaged

- 25 In partnership with the Frankston Arts Board, McClelland Gallery & Sculpture Park and Sculpture By the Sea to develop opportunities for a sculpture exhibition in the city
- 26 Broaden the promotion of events, festivals and events such as the Street Art Festival and the Gateway Sculpture Program
- 27 Adopt lease, licence and seasonal tenancy policies to ensure equitable access to Council facilities



- 28 Submit to Council a feasibility study for the education and library hub in Langwarrin
- 29 Liaise with the Victorian Government and responsible authorities to improve the presentation of key gateway roads into Frankston such as Cranbourne-Frankston Road, Moorooduc Highway, Frankston Freeway, Nepean Highway and Ballarto Road
- 30 Continue implementation of the adopted service standard for cleanliness and presentation of the city including shopping strips, removal of dumped rubbish and graffiti

Council Plan Theme 2.3: Health and well being

- 31 Work with key health industry partners and the Victorian Government to develop the allied health pharmaceutical and bio medical industries
- 32 Advocate for the provision of alcohol and drug withdrawal / rehabilitation beds as part of the redevelopment of Frankston Hospital
- 33 Identify and address functional requirements and service needs for sports and leisure facilities
- 34 Implement Council’s adopted position on the delivery of aged care services

Service performance outcome indicators

Service	Indicator	Performance measure	Computation
Maternal and Child Health	Participation	Participation in MCH service (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100
		Participation in MCH service by Aboriginal children (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100
Libraries	Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library borrowers / municipal population] x100
Aquatic Facilities	Utilisation	Utilisation of aquatic facilities (Number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population
Animal Management	Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions / total number of animal



Service	Indicator	Performance measure	Computation
Food safety	Health and safety	Critical and major non-compliance notifications (Percentage of critical and major non-compliance outcome notifications that are followed up by Council)	management prosecutions [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100



Long term community outcome 3: A Well Governed City

To achieve our objective of a well governed city we will have an elected Council that is driven by the privilege of serving its community and providing leadership and visionary thinking to ensure Frankston is recognised as the lifestyle capital of Melbourne.

Services

Business area	Description of services provided	Strategy or plan	Expenditure (Revenue) Net Cost \$'000
Governance and Information	Provides administrative support in areas of Governance including policies, procedures, elections, Local Laws, statutory processes, compliance, delegations, FOI, Privacy, Records and Cemetery management, in addition to working on a number of key organisation projects.		809 <u>(1)</u> 808
CEO Office	Build a strong flexible and forward thinking organisation that is ideally positioned to respond to current and future community needs. The CEO department is also striving to build cohesive, trusting partnerships between Councillors, the community and Council staff.		2,028 <u>(2)</u> 2,026

Major Initiatives

Council plan theme 3.1: Accountable governance

- 35 Continue to build on recent improvements to governance by implementing identified initiatives
- 36 Continue to develop Council’s relationships with Australian and Victorian politicians and peak bodies

Initiatives

Council plan theme 3.1: Accountable governance

- 37 Respond to recommendations made by the Ombudsman, Victorian Auditor-General’s Office (VAGO) and Office of Local Government
- 38 Ensure delivery of commitments made by the Australian and Victorian Governments

Service performance outcome indicators

Service	Indicator	Performance measure	Computation
Governance	Satisfaction	Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with the performance of Council in making decisions in the interests of the community



Long term community outcome 4: A Well Managed City

To achieve our objective of a well managed city, we will be proudly delivering services to improve our community’s lifestyle. An organisation that is recognised amongst its peers as a leader in the sector, and one that is founded upon its engagement and connection to its community.

Services

Business area	Description of services provided	Strategy or plan	Expenditure (Revenue) Net Cost \$'000
Sustainable Assets	Delivers, maintains and manages municipal assets and services for current and future generations. Plans sustainable assets that perform to desired service outcomes. Implements best practice asset management, managing Council’s Capital Works Program, managing Council fleet and supporting the efficient and sustainable use of natural resources. Also assists Council and the community to prepare for a changing climate.	Asset Management Strategy and Plans Integrated Water Management Plan	2,540 <u>(0)</u> 2,540
Financial and Corporate Planning	Ensures organisational financial sustainability through financial management, accounting services, rates and valuations. Manages corporate planning and performance reporting	Long Term Financial Plan Rating Strategy Council Plan	4,099 <u>(681)</u> 3,418
Commercial Services	Manages Council’s property portfolio and provides business support and regulatory, contractual and policy compliance. Monitoring business-related transactions and risk in all service areas. Ensures the organisation makes informed, transparent, ethical and justified decisions through the procurement of goods and services, Best Value, contract management, risk management, leases and licences, property acquisition and responsible divestment.		1,388 <u>(727)</u> 661
Business and Information Technology	Delivers and maintains technology, information systems and management to support Council in delivering services to the community.	Information Technology Strategy	6,195 <u>(0)</u> 6,195
Human Resources	Ensure the organisation has the required leadership, people, skills and capabilities and culture and environment available at the right time, in order to achieve and		2,147 <u>(0)</u> 2,147



Business area	Description of services provided	Strategy or plan	Expenditure (Revenue) Net Cost \$'000
	implement Council's priorities, deliver quality services and facilities to our community and meet all relevant statutory obligations and requirements.		
Governance and Information	Provides administrative support in areas of Governance including policies, procedures, elections, Local Laws, statutory processes, compliance, delegations, FOI, Privacy, Records and Cemetery management, in addition to working on a number of key organisation projects.		974 <u>(0)</u> 974
Corporate Development Management	Manage the services and activities of the Corporate Division. Provide advice & support to the CEO and Councillors on Governance & Financial matters.		980 <u>(0)</u> 980
Community Development Management	Community Development Management provides leadership, direction and general management of all departments, as well as community planning and social policy development.		523 <u>(0)</u> 523
Community Assets Management	Community Assets Management oversees the operations of the departments within the Community Assets Division while delivering the Long Term Infrastructure Plan. The division is primarily responsible for the management of Council's assets.		455 <u>(0)</u> 455

Major Initiatives

Council plan theme 4: Services

- 39 Engage the community in the development of service and infrastructure plans
- 40 Following its adoption by Council implement actions from the Digital Strategy to optimise customer online engagement and experience

Council plan theme 4: People

- 41 Consider and address results from the Staff Engagement Survey



Initiatives

Council plan theme 4: Services

- 42 Complete service reviews as identified through the service planning framework
- 43 Following its adoption by Council implement year one actions from the Customer Experience Strategy 2019-2023

Council plan theme 4: Systems

- 44 Following its adoption by Council implement year one actions from the Information Technology Strategy 2018-2022
- 45 In alignment with implementation of the Digital Strategy develop organisational capacity to review and improve business processes and applications
- 46 Improve access to data and analytics to support improved decision making

Council plan theme 4: Resources

- 47 Maintain Council’s financial sustainability as measured by key financial indicators
- 48 Investigate alternative revenue sources to reduce Council’s reliance on rate revenue
- 49 Develop a strategic business plan to guide the ongoing operation and financial sustainability of FRRRC
- 50 Continue to develop and review asset management plans to ensure Council’s assets meet community needs

Council plan theme 4: People

- 51 Investigate asset sales as a funding source for the delivery of the Long Term Infrastructure Plan (LTIP)
- 52 Ensure a Workforce Plan is in place to create a sustainable workforce
- 53 Enhance the employee value proposition to improve the employee experience

Service performance outcome indicators

Service	Indicator	Performance measure	Computation
Roads	Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads.



2.2 Performance statement

The service performance indicators detailed in the preceding pages will be reported in the Performance Statement which is prepared at the end of the year as required by section 132 of the Act and included in the 2019-2020 Annual Report. The Performance Statement will also include reporting on prescribed indicators of financial performance and sustainable capacity, which are not included in this budget report. The full set of prescribed performance indicators are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed in the preceding pages will be reported in the Annual Report in the form of a statement of progress in the report of operations.

2.3 Reconciliation with budgeted operating result

	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
A planned city	57,225	59,370	2,145
A liveable city	64,536	105,649	41,113
A well governed city	2,834	2,837	3
A well managed city	17,893	19,301	1,408
Total services and initiatives	142,488	187,157	44,669
Non attributable expenditure			
Depreciation	31,872		
Capital works program	(47,720)		
Finance costs	1,481		
Written down value of assets	300		
Other non attributable	(2,146)		
Deficit before funding sources	126,275		
Funding sources			
Rates and charges	100,081		
Waste charges	26,613		
Victoria Grants Commission	8,472		
Investment income	1,000		
Proceeds from sale of assets	1,290		
Contributions - non monetary assets	800		
Contributions - monetary	915		
Capital funding	9,193		
Total funding sources	148,364		
Surplus for the year	22,089		



3. Financial statements

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the year 2019-2020 has been supplemented with projections to 2023-2024 extracted from the Strategic Resource Plan.

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

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

Pending Accounting Standards

The 2019-2020 budget has been prepared based on the accounting standards applicable at the date of preparation. This means that pending accounting standards that will be in effect from the 2019-2020 financial year have not been considered in the development of the budget.

Standards that are likely to impact on the 2019-2020 financial statements, not considered in the preparation of the budget include:

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

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

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

Budgeted Consolidated Comprehensive Income Statement
For the five years ended 30 June 2023

	Forecast	Budget	Strategic Resource Plan Projections			
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Rates and charges	121,455	126,694	129,969	133,370	136,862	140,563
Statutory fees and fines	5,805	6,141	6,202	6,264	6,327	6,390
User fees	25,591	26,198	27,133	27,986	28,989	30,030
Grants - operating	19,128	18,297	18,481	18,666	18,852	19,041
Grants - capital	6,082	8,463	31,105	25,610	6,545	2,596
Contributions - monetary	4,160	1,645	1,618	915	915	915
Contributions - non-monetary	800	800	800	800	800	800
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	715	990	1,264	584	532	473
Other income	4,869	4,228	4,309	4,392	4,477	4,564
Total income	188,605	193,456	220,881	218,587	204,299	205,372
Expenses						
Employee costs	74,716	76,331	78,661	81,414	84,264	87,213
Materials and services	56,262	57,451	58,986	60,578	62,233	63,809
Bad and doubtful debts	254	220	220	220	220	220
Depreciation and amortisation	31,581	31,872	33,061	34,487	36,077	37,140
Borrowing costs	1,573	1,481	1,455	1,431	1,404	1,378
Other expenses	3,743	4,012	4,136	4,264	4,396	4,532
Total expenses	168,129	171,367	176,519	182,394	188,594	194,292
Surplus/(deficit) for the year	20,476	22,089	44,362	36,193	15,705	11,080
Other comprehensive income						
Net asset revaluation increment /(decrease)						
Total comprehensive result	20,476	22,089	44,362	36,193	15,705	11,080

Note: The amount indicated for rates and charges includes an estimate of income from supplementary rates (i.e. properties newly subdivided or improved upon during the year) and therefore doesn't balance to the amounts indicated in Section 7 and the Declaration of Rates and Charges in Section 15.

Conversion to cash result

Conversion to cash result	Forecast	Budget	Strategic Resource Plan Projections			
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Surplus/(deficit) for the year	20,476	22,089	44,362	36,193	15,705	11,080
Add back non-cash items:						
Depreciation and amortisation	31,581	31,872	33,061	34,487	36,077	37,140
Contributions - non-monetary	(800)	(800)	(800)	(800)	(800)	(800)
Write down value of assets disposed	500	300	2,300	500	500	500
	31,281	31,372	34,561	34,187	35,777	36,840
Less non-operating cash items:						
Capital works expenditure	56,432	46,220	82,156	75,044	45,954	42,568
Transfers to/(from) reserves	(771)	6,921	(3,578)	(5,034)	5,136	4,925
Repayment of borrowings	7,023	320	345	370	392	427
	62,684	53,461	78,923	70,380	51,482	47,920
Cash surplus/(deficit) for the year	(10,927)	-	-	-	-	-
Accumulated cash surplus/(deficit) b/fwd	11,427	500	500	500	500	500
Accumulated cash surplus/(deficit) c/fwd	500	500	500	500	500	500

Adjusted underlying result

Adjusted Underlying Result	Forecast	Budget	Strategic Resource Plan Projections			
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating						
Total income	188,605	193,456	220,881	218,587	204,299	205,372
Total expenses	(168,129)	(171,367)	(176,519)	(182,394)	(188,594)	(194,292)
Surplus for the year	20,476	22,089	44,362	36,193	15,705	11,080
Less non-operating income and expenditure						
Grants - capital	(6,082)	(8,463)	(31,105)	(25,610)	(6,545)	(2,596)
Contributions - monetary	(4,160)	(1,645)	(1,618)	(915)	(915)	(915)
Contributions - non-monetary	(800)	(800)	(800)	(800)	(800)	(800)
Adjusted Underlying surplus (deficit)	9,434	11,181	10,839	8,868	7,445	6,769

Budgeted Consolidated Balance Sheet
For the five years ended 30 June 2023

	Forecast	Budget	Strategic Resource Plan Projections			
	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Assets						
Current assets						
Cash and cash equivalents	55,430	60,382	56,457	51,130	55,959	59,362
Trade and other receivables	15,080	15,547	16,029	16,526	17,038	17,566
Other financial assets	27,298	28,144	29,016	29,915	30,842	31,798
Inventories	213	220	227	234	241	248
Other assets	2,220	2,293	2,364	2,437	2,513	2,591
Total current assets	100,241	106,586	104,093	100,242	106,593	111,565
Non-current assets						
Trade and other receivables	1,283	1,158	1,033	908	783	1,858
Other financial assets	6,500	7,500	7,500	7,500	7,500	7,500
Intangible assets	1,303	2,883	3,033	3,183	3,333	3,483
Property, infrastructure, plant and equipment	1,708,156	1,721,424	1,768,869	1,809,576	1,819,603	1,825,181
Total non-current assets	1,717,242	1,732,965	1,780,435	1,821,167	1,831,219	1,838,022
Total assets	1,817,483	1,839,551	1,884,528	1,921,409	1,937,812	1,949,587
Liabilities						
Current liabilities						
Trade and other payables	14,001	14,351	14,710	15,078	15,455	15,841
Provisions	17,864	17,754	18,293	18,909	19,545	20,202
Interest-bearing loans and borrowings	320	345	369	391	426	454
Total current liabilities	32,185	32,450	33,372	34,378	35,426	36,497
Non-current liabilities						
Provisions	1,991	2,051	2,113	2,187	2,264	2,343
Interest-bearing loans and borrowings	27,748	27,403	27,034	26,642	26,215	25,760
Total non-current liabilities	29,739	29,454	29,147	28,829	28,479	28,103
Total liabilities	61,924	61,904	62,519	63,207	63,905	64,600
Net assets	1,755,558	1,777,647	1,822,009	1,858,202	1,873,907	1,884,987
Equity						
Accumulated surplus	711,058	726,226	774,166	815,393	825,962	832,117
Reserves	1,044,500	1,051,421	1,047,843	1,042,809	1,047,945	1,052,870
Total equity	1,755,558	1,777,647	1,822,009	1,858,202	1,873,907	1,884,987

Budgeted Consolidated Statement of Changes in Equity
For the five years ended 30 June 2023

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2020				
Balance at beginning of the financial year	1,755,558	711,058	970,833	73,667
Comprehensive result	22,089	22,089		
Transfer to reserves		(12,503)		12,503
Transfer from reserves		5,582		(5,582)
Balance at end of the financial year	1,777,647	726,226	970,833	80,588
2021				
Balance at beginning of the financial year	1,777,647	726,226	970,833	80,588
Comprehensive result	44,362	44,362		
Transfer to reserves		(12,423)		12,423
Transfer from reserves		16,001		(16,001)
Balance at end of the financial year	1,822,009	774,166	970,833	77,010
2022				
Balance at beginning of the financial year	1,822,009	774,166	970,833	77,010
Comprehensive result	36,193	36,193		
Transfer to reserves		(12,072)		12,072
Transfer from reserves		17,106		(17,106)
Balance at end of the financial year	1,858,202	815,393	970,833	71,976
2023				
Balance at beginning of the financial year	1,858,202	815,393	970,833	71,976
Comprehensive result	15,705	15,705		
Transfer to reserves		(11,361)		11,361
Transfer from reserves		6,225		(6,225)
Balance at end of the financial year	1,873,907	825,962	970,833	77,112
2024				
Balance at beginning of the financial year	1,873,907	825,962	970,833	77,112
Comprehensive result	11,080	11,080		
Transfer to reserves		(9,779)		9,779
Transfer from reserves		4,854		(4,854)
Balance at end of the financial year	1,884,987	832,117	970,833	82,037

Budgeted Consolidated Statement of Cash Flows
For the five years ended 30 June 2023

	Forecast	Budget	Strategic Resource Plan Projections			
	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Cash flows from operating activities						
<i>Receipts</i>						
Rates and charges	121,455	126,694	129,969	133,370	136,862	140,563
Statutory fees and fines	5,805	6,141	6,202	6,264	6,327	6,390
User fees	25,591	26,198	27,133	27,986	28,989	30,030
Grants - operating	19,128	18,297	18,481	18,666	18,852	19,041
Grants - capital	6,082	8,463	31,105	25,610	6,545	2,596
Contributions - monetary	4,160	1,645	1,618	915	915	915
Other receipts	18,282	2,259	3,962	4,099	4,170	3,042
<i>Payments</i>						
Employee costs	(74,716)	(76,331)	(78,661)	(81,414)	(84,264)	(87,213)
Materials and services	(56,516)	(57,671)	(59,206)	(60,798)	(62,453)	(64,029)
Other payments	(3,743)	(4,012)	(4,136)	(4,264)	(4,396)	(4,532)
Net cash provided by operating activities	65,528	51,683	76,467	70,434	51,547	46,803
Cash flows from investing activities						
Payments for property, infrastructure, plant and equipment	(56,432)	(46,220)	(82,156)	(75,044)	(45,954)	(42,568)
Proceeds from sale of property, infrastructure, plant and equipment	1,215	1,290	3,564	1,084	1,032	973
Net cash used in investing activities	(55,217)	(44,930)	(78,592)	(73,960)	(44,922)	(41,595)
Cash flows from financing activities						
Finance costs	(1,573)	(1,481)	(1,455)	(1,431)	(1,404)	(1,378)
Repayment of borrowings	(7,023)	(320)	(345)	(370)	(392)	(427)
Net cash used in financing activities	(8,596)	(1,801)	(1,800)	(1,801)	(1,796)	(1,805)
Net increase (decrease) in cash and cash equivalents	1,715	4,952	(3,925)	(5,327)	4,829	3,403
Cash and cash equivalents at the beginning of the period	53,715	55,430	60,382	56,457	51,130	55,959
Cash and cash equivalents at end of the year	55,430	60,382	56,457	51,130	55,959	59,362

Budgeted Consolidated Statement of Capital Works
For the five year ended 30 June 2023

	Forecast	Budget	Strategic Resource Plan Projections			
	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Property						
Land						
Land improvements						
Buildings	13,950	16,015	48,652	36,994	19,600	10,171
Building improvements	32	-	-	-	-	-
Total property	13,982	16,015	48,652	36,994	19,600	10,171
Plant and equipment						
Plant, machinery and equipment	2,270	2,969	2,956	3,125	3,001	2,548
Fixtures, fittings and furniture	481	145	143	291	367	147
Computers and telecommunications	3,340	3,190	1,523	1,756	2,001	2,444
Library books	700	700	715	730	746	870
Total plant and equipment	6,791	7,004	5,337	5,902	6,115	6,009
Infrastructure						
Roads	9,790	4,250	5,303	4,044	4,647	6,381
Bridges	836	450	459	365	373	435
Footpaths and cycleways	3,472	1,545	1,633	2,082	1,652	2,235
Drainage	893	1,260	3,756	5,298	4,093	4,259
Recreational, leisure and community facilities	13,808	6,731	4,289	4,409	4,937	6,429
Waste management	282	150	-	-	320	-
Parks, open space and streetscapes	5,188	6,111	13,435	15,244	4,689	6,269
Off street car parks	2,307	1,735	496	1,456	288	924
Other infrastructure	583	2,470	296	750	740	956
Total infrastructure	37,159	24,701	29,667	33,648	21,739	27,888
Total capital works expenditure	57,932	47,720	83,656	76,544	47,454	44,068
Represented by:						
Asset renewal expenditure	26,069	23,330	24,034	22,247	21,651	25,265
New asset expenditure	20,676	12,350	29,997	33,581	19,382	9,964
Asset upgrade expenditure	9,858	8,847	26,582	20,351	6,085	8,676
Asset expansion expenditure	1,329	3,193	3,043	365	336	163
Total capital works expenditure	57,932	47,720	83,656	76,544	47,454	44,068

Budgeted Consolidated Statement of Human Resources

For the five year ended 30 June 2023

	Forecast	Budget	Strategic Resource Plan Projections			
	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Staff expenditure						
Employee Costs - operating	73,311	74,729	77,059	79,812	82,662	85,611
Employee Costs - capital	1,405	1,602	1,602	1,602	1,602	1,602
Total staff expenditure	74,716	76,331	78,661	81,414	84,264	87,213
	FTE	FTE	FTE	FTE	FTE	FTE
Staff numbers						
Employees	823	823	823	823	823	823
Total staff numbers	823	823	823	823	823	823

Department	Comprises		
	Budget 2019/20 \$'000	Permanent Full time \$'000	Permanent Part time \$'000
Chief Executive Officer	714	714	-
Human Resources	1,573	1,516	57
Corporate Management	658	658	-
Recycling Services	725	725	-
Business & Information Technology	3,076	2,811	265
Financial & Corporate Planning	2,494	2,311	183
Administration and Corporate Projects	1,440	1,258	182
Commercial Services	1,144	1,060	84
Assets Management	434	434	-
Communities Management	443	443	-
Community Strengthening	4,359	3,264	1,095
Family Health Support Services	13,899	3,179	10,720
Arts and Culture	5,634	3,234	2,400
Community Safety	6,349	4,660	1,689
Community Relations	3,740	1,873	1,867
Operations	11,620	11,571	49
Planning and Environment	3,076	2,723	353
Engineering Services	1,539	1,430	109
Facilities	1,433	1,433	-
Capital Works Delivery	2,055	2,055	-
Sustainable Assets	2,107	2,107	-
CAA Development	74	74	-
Peninsula Leisure Pty Ltd	3,095	2,421	674
Total permanent staff expenditure	71,681	51,954	19,727
Casual and other expenditure	6,252		
Capitalised labour costs	(1,602)		
Total expenditure	76,331		

Draft 2019-2020 Annual Budget



Department	Comprises		
	Budget 2019/20	Permanent Full time	Permanent Part time
	FTE	FTE	FTE
Chief Executive Officer	4.00	4.00	-
Human Resources	14.60	14.00	0.60
Corporate Management	3.00	3.00	-
Recycling Services	7.00	7.00	-
Business & Information Technology	28.46	25.00	3.46
Financial & Corporate Planning	23.70	22.00	1.70
Administration and Corporate Projects	14.12	12.00	2.12
Commercial Services	9.80	9.00	0.80
Assets Management	2.00	2.00	-
Communities Management	2.00	2.00	-
Community Strengthening	42.31	31.00	11.31
Family Health Support Services	144.67	31.00	113.67
Arts and Culture	58.45	30.00	28.45
Community Safety	68.41	45.00	23.41
Community Relations	38.83	17.00	21.83
Operations	139.67	139.00	0.67
Planning and Environment	28.71	25.00	3.71
Engineering Services	13.20	12.00	1.20
Facilities	11.00	11.00	-
Capital Works Delivery	17.00	17.00	-
Sustainable Assets	19.00	19.00	-
CAA Development	1.00	1.00	-
Peninsula Leisure Pty Ltd	37.00	25.00	12.00
Total permanent staff	727.93	503.00	224.93
Casual and other	95.25		
Total staff	823.18		

4. Financial performance indicators

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

Indicator	Notes	Indicator	Actual	Forecast	Budget	Strategic Resource Plan Projections				Trend
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	↑→↓
<i>Operating position</i>										
Adjusted underlying result	1	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	13.2%	5.9%	6.9%	6.2%	5.1%	4.2%	3.8%	↓
<i>Liquidity</i>										
Working capital	2	Current assets / current liabilities	252.7%	311.4%	328.5%	311.9%	291.6%	300.9%	305.7%	→
Unrestricted cash		Unrestricted cash/ current liabilities	50.4%	85.4%	111.8%	95.7%	75.5%	84.2%	88.1%	→
<i>Obligations</i>										
Loans and borrowings	3	Interest bearing loans and borrowings / rate revenue	30.1%	23.1%	21.9%	21.1%	20.3%	19.5%	18.6%	↓
Loans and borrowings		Interest and principal repayments on interest bearing loans and borrowings / rate revenue	2.3%	7.1%	1.4%	1.4%	1.4%	1.3%	1.3%	↓
Indebtedness		Non-current liabilities / own source revenue	19.5%	18.8%	17.9%	17.3%	16.7%	16.1%	15.4%	↓
Asset renewal	4	Asset renewal expenses / depreciation	91.6%	82.5%	73.2%	72.7%	64.5%	60.0%	68.0%	↓
<i>Stability</i>										
Rates concentration	5	Rate revenue / adjusted underlying revenue	66.0%	68.0%	68.8%	69.0%	69.4%	69.5%	69.6%	→
Rates effort		Rate revenue / CIV of rateable properties in the municipality	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	→

Indicator	Notes	Indicator	Actual	Forecast	Budget	Strategic Resource Plan Projections				Trend
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	↑→↓
<i>Efficiency</i>										
Expenditure level		Total expenses / no. of property assessments	\$2,471	\$2,712	\$2,729	\$2,774	\$2,830	\$2,889	\$2,938	→
Revenue level		Residential rate revenue / No. of residential property assessments	\$1,221	\$1,146	\$1,155	\$1,158	\$1,165	\$1,179	\$1,192	→
Workforce turnover		No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year	13.10%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	→

Notes to indicators

- Adjusted underlying result** – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Financial performance expected to decline over the period which means a higher reliance on Council's cash reserves or increased debt to maintain services.
- Working capital** – The proportion of current liabilities represented by current assets. Working capital is forecast to increase over the five year period, however will run down once funding the Council Plan strategic priorities are determined.
- Debt compared to rates** – Trend indicates Council's reducing reliance on debt against its annual rate revenue through redemption of long term debt.
- Asset renewal** – 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.
- Rates concentration** - Reflects extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates Council will gradually become more reliant on rate revenue compared to all other revenue sources.



5. Other budget information (required by Regulations)

5.1 Grants - operating (\$0.831 million decrease)

Operating grants include all monies received from Victorian and Australian Government sources for the purposes of funding the delivery of Council's services to ratepayers. Included in this amount is grants received from the Victorian Grants Commission. This is a general purpose grant that is not tied to specific programs, and includes a component for roads maintenance. The 2019-2020 Budget amount is based on the grant funding advised by the Grants Commission. Operating grants included in the proposed Annual Budget 2019-2020 are projected to decrease compared to 2018-2019 forecast.

A summary of the operational grants to be received by Frankston City Council is provided below.

	Forecast 2018-2019 \$'000	Budget 2019-2020 \$'000	Variance \$'000
Recurrent - Commonwealth Government			
Victoria grants commission	8,389	8,472	83
Family health support	5,223	5,205	(18)
Recurrent - State Government			
Family health support services	2,781	2,814	33
Arts and culture	896	863	(33)
Community safety	570	481	(89)
Community strengthening	372	178	(194)
Operations	50	-	(50)
CAA development	97	-	(97)
Total recurrent grants	18,378	18,013	(365)
Non-recurrent - Commonwealth Government			
Family health support	40	81	41
Non-recurrent - State Government			
Other grants	121	122	1
Community strengthening	81	81	-
Recycling services	135	-	(135)
Family health support services	169	-	(169)
Arts and culture	35	-	(35)
Planning and environment	102	-	(102)
Financial and corporate planning	67	-	(67)
Total non-recurrent grants	750	284	(466)
Total operating grants	19,128	18,297	(831)

5.2 Grants - capital (\$2.381 million increase)

Capital grants include all monies received from Victorian, Australian and community sources for the purposes of funding the capital works program. Section 6 "Analysis of Capital Budget" includes a more detailed analysis of the grants expected to be received during the 2019-2020 year. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

	Forecast 2018-2019 \$'000	Budget 2019-2020 \$'000	Variance \$'000
<i>Recurrent - Commonwealth Government</i>			
Roads to Recovery	171	595	424
Total recurrent grants	171	595	424
<i>Non-recurrent - Commonwealth Government</i>			
Buildings	300	1,300	1,000
Building improvements	7	-	(7)
Recreational, leisure and community facilities	1,017	1,350	333
Other infrastructure	11	-	(11)
Plant, machinery and equipment	90	-	(90)
Parks, open space and streetscapes	124	-	(124)
<i>Non-recurrent - State Government</i>			
Buildings	423	3,400	2,977
Recreational, leisure and community facilities	3,290	900	(2,390)
Off street car parks	34	-	(34)
Other infrastructure	150	850	700
Parks, open space and streetscapes	350	68	(282)
Roads	15	-	(15)
Waste management	100	-	(100)
Total non-recurrent grants	5,911	7,868	2,072
Total capital grants	6,082	8,463	2,496

5.3 Statement of borrowings

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

	Forecast	Budget	Strategic Resource Plan Projections			
	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
New borrowings	-	-	-	-	-	-
Principal paid	7,023	320	345	370	392	427
Interest paid	1,573	1,481	1,455	1,431	1,404	1,378
Balance 30 June	28,068	27,748	27,403	27,033	26,641	26,214

6. Detailed list of capital works

Capital works program

For the year ending 30 June 2020

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
PROPERTY									
Buildings									
Ballam Park - soccer pavilion	2,900	-	580	1,160	1,160	400	-	2,500	-
Overport Park - pavilion	2,320	-	464	928	928	100	100	2,120	-
RF Miles Recreation Reserve - pavilion	2,000	1,400	600	-	-	2,000	-	-	-
Monterey Reserve - soccer pavilion	1,300	-	260	520	520	1,300	-	-	-
Orwil Street community house - extension	700	-	140	280	280	-	-	700	-
Belvedere Bowls Club - building extension	600	-	120	240	240	600	-	-	-
Jubilee Park - netball centre construction	600	-	30	570	-	-	-	600	-
Structured recreation pavilions renewal	530	-	451	80	-	-	-	530	-
Centenary Park - sporting complex	500	500	-	-	-	-	-	500	-
Civic and operations facilities renewal	500	-	425	75	-	-	-	500	-
Peninsula Aquatic and Recreation Centre	500	-	500	-	-	-	-	500	-
Family support and aged services facilities renewal	450	-	383	68	-	-	-	450	-
Carrum Bowls Club Keast Park pavilion	380	-	76	304	-	200	100	80	-
Arts and culture renewal	360	-	306	54	-	-	-	360	-
RF Miles Recreation Reserve - reconstruction	347	243	104	-	-	-	-	347	-
Communities facilities renewal	250	-	213	38	-	-	-	250	-
Facility maintenance contract renewal	250	-	250	-	-	-	-	250	-
Facilities painting	250	-	250	-	-	-	-	250	-
Frankston Memorial Park - public toilet	200	200	-	-	-	-	-	200	-

Capital works program

For the year ending 30 June 2020

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
PROPERTY									
Buildings									
Jubilee Park - Kevin Collopy Pavilion	100	-	20	80	-	-	-	100	-
Skye Recreation Reserve - pavilion upgrade	100	-	20	40	40	100	-	-	-
Nairn Marr Djambana	100	50	-	25	25	-	-	100	-
Pines Aquatic Centre renewal	100	-	100	-	-	-	-	100	-
Centenary Park Golf Course - pro shop	75	-	23	53	-	-	-	75	-
Proposed Langwarrin library	75	75	-	-	-	-	-	75	-
Centenary Park Golf Course security upgrade and shed	70	35	-	35	-	-	-	70	-
Langwarrin men's shed	60	30	-	30	-	-	-	60	-
Belvedere Child and Family Centre	50	50	-	-	-	-	-	50	-
Belvedere Reserve - Linen House upgrade	50	-	-	50	-	-	-	50	-
Community halls renewal	50	-	50	-	-	-	-	50	-
Storm and vandalism renewal	50	-	50	-	-	-	-	50	-
Frankston coast guard	50	50	-	-	-	-	-	50	-
Concrete slab for Seaford farmers market shed	50	50	-	-	-	-	-	50	-
Frankston North Community Centre - annex	30	-	15	15	-	-	-	30	-
Frankston Arts Centre (internal lighting) - LED upgrade	20	-	10	10	-	-	-	20	-
Ebdale Community Hub - lamp upgrades to LEDs	19	-	10	10	-	-	-	19	-
Frankston Arts Centre (car park lighting) - LED upgrades	16	-	8	8	-	-	-	16	-
Peninsula Reserve - public toilet	10	10	-	-	-	-	-	10	-
Meals on wheels - T8 lamp upgrades to LEDs	3	-	2	2	-	-	-	3	-
Total Buildings	16,015	2,693	5,457	4,672	3,193	4,700	200	11,115	-
TOTAL PROPERTY	16,015	2,693	5,457	4,672	3,193	4,700	200	11,115	-

Capital works program

For the year ending 30 June 2020

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
PLANT AND EQUIPMENT									
Plant, machinery and equipment									
Plant and equipment replacement	1,424	-	1,424	-	-	-	-	1,424	-
Light vehicles replacement	1,200	-	1,200	-	-	-	-	1,200	-
Installation of CCTV cameras	100	100	-	-	-	-	-	100	-
Office furniture and equipment renewal	50	-	50	-	-	-	-	50	-
Noise monitor	45	45	-	-	-	-	-	45	-
Safe city surveillance system - CCTV camera renewal	40	-	32	8	-	-	-	40	-
Minor plant and equipment replacement	30	-	30	-	-	-	-	30	-
Litter bin replacement	25	-	25	-	-	-	-	25	-
Ticket machine replacement	20	-	20	-	-	-	-	20	-
Yamala Reserve - solar PV - Yamala Park bowling clubhouse	13	13	-	-	-	-	-	13	-
Solar PV - Delacombe Park football/cricket pavilion	12	12	-	-	-	-	-	12	-
Karingal PLACE Neighbourhood Centre - 8kW solar system	10	10	-	-	-	-	-	10	-
Total plant, machinery and equipment	2,969	180	2,781	8	-	-	-	2,969	-

Capital works program

For the year ending 30 June 2020

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
PLANT AND EQUIPMENT									
Fixtures, fittings and furniture	145	25	120	-	-	-	-	145	-
Computers and telecommunications									
New systems implementations	1,480	1,480	-	-	-	-	-	1,480	-
Core infrastructure renewal	1,200	-	1,200	-	-	-	-	1,200	-
SQL server renewal	200	-	200	-	-	-	-	200	-
Network and comms renewal	100	-	100	-	-	-	-	100	-
Microwave network renewal	80	-	80	-	-	-	-	80	-
GIS mapping renewal	50	-	50	-	-	-	-	50	-
Anti-virus software replacement	50	-	50	-	-	-	-	50	-
Libraries - booking system library meeting rooms	19	19	-	-	-	-	-	19	-
Reporting system renewal	11	-	11	-	-	-	-	11	-
Total computers and telecommunications	3,190	1,499	1,691	-	-	-	-	3,190	-
Library books	700	-	700	-	-	-	-	700	-
TOTAL PLANT AND EQUIPMENT	7,004	1,704	5,292	8	-	-	-	7,004	-

Capital works program

For the year ending 30 June 2020

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
INFRASTRUCTURE									
Roads									
Road renewal	3,000	-	3,000	-	-	-	-	3,000	-
Roads to Recovery	595	-	298	298	-	595	-	-	-
Kerb renewal	320	-	320	-	-	-	-	320	-
Barretts Road - special charge scheme	100	-	-	100	-	-	-	100	-
Liddesdale Avenue landslip remediation	100	-	50	50	-	-	-	100	-
Kerb and channel construction - various locations	50	50	-	-	-	-	-	50	-
Taylor's Road - road investigation	50	-	-	50	-	-	-	50	-
Warringa Road - improved road surface	35	-	28	7	-	-	-	35	-
Total roads	4,250	50	3,696	505	-	595	-	3,655	-
Footpaths and cycleways									
Footpath renewal program	700	-	700	-	-	-	-	700	-
Pathway renewal - Council reserves	200	-	200	-	-	-	-	200	-
North Road - pathway - (South side)	180	180	-	-	-	-	-	180	-
CAA streetscape - footpath / pedestrian renewal works	100	-	100	-	-	-	-	100	-
Shared path renewals	100	-	100	-	-	-	-	100	-
Seaford Wetlands - recreational connections	95	95	-	-	-	-	-	95	-
Bay Trail footpath renewal - Beach Street to Mile Bridge	70	-	70	-	-	-	-	70	-
Bicycle path safety upgrades	40	-	40	-	-	-	-	40	-
Baxter Trail improvements	30	-	9	21	-	-	-	30	-
Brighton Street - shared pathway	30	30	-	-	-	-	-	30	-
Total footpaths and cycleways	1,545	305	1,219	21	-	-	-	1,545	-

Capital works program

For the year ending 30 June 2020

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
Recreational, leisure and community facilities									
Frankston Park oval 1 lighting	1,850	1,850	-	-	-	1,500	150	200	-
Playground strategy implementation	1,236	-	1,236	-	-	-	-	1,236	-
Sporting grounds - playing surface renewal	1,190	-	833	357	-	-	-	1,190	-
Delacombe Park Reserve - soccer 1 lighting	500	-	250	250	-	500	-	-	-
Sports lighting renewal	400	-	280	120	-	200	-	200	-
Centenary Park Golf Course irrigation upgrade	290	-	232	58	-	-	-	290	-
Cricket net replacement	250	-	250	-	-	-	-	250	-
Irrigation and drainage systems at Council reserves renewal	200	-	140	60	-	-	-	200	-
Centenary Park Golf Course master plan	150	60	30	60	-	-	-	150	-
Dunsterville Reserve - new sub-local playground	150	150	-	-	-	-	-	150	-
Overport Park - bike track design and construction	110	110	-	-	-	-	-	110	-
Carrum Downs Recreation Reserve master plan	50	25	-	25	-	-	-	50	-
Frankston Park - coaches box	50	-	40	10	-	50	-	-	-
Playground improvements/demolition	50	-	40	10	-	-	-	50	-
Lighting design for Lawton Reserve	50	38	-	13	-	-	-	50	-
Ballam Park - West oval athletics hammer throw cage	50	-	40	10	-	-	-	50	-
Playground undersurfacing renewal	40	-	40	-	-	-	-	40	-
Overport Park - Frankston Dolphins netball courts	35	35	-	-	-	-	-	35	-
Sporting ground goal post replacement	30	-	30	-	-	-	-	30	-
Baxter Park -develop equestrian master plan	30	30	-	-	-	-	-	30	-
Sporting ground - pitch cover upgrade and renewal	20	-	20	-	-	-	-	20	-
Total recreational, leisure and community facilities	6,731	2,297	3,461	973	-	2,250	150	4,331	-

Capital works program

For the year ending 30 June 2020

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
Bridges									
Minor bridge and pedestrian structures	200	-	200	-	-	-	-	200	-
Major bridges	250	-	250	-	-	-	-	250	-
Total bridges	450	-	450	-	-	-	-	450	-
Drainage									
Easement drainage pit alterations	200	-	200	-	-	-	-	200	-
Gatic pit lid renewal program	200	-	200	-	-	-	-	200	-
Drainage pipes and pits	100	-	100	-	-	-	-	100	-
Drainage - Council reserves	100	-	100	-	-	-	-	100	-
Frankston South drainage strategy - Murawa Street Catchment	100	30	30	40	-	-	-	100	-
Design and scoping for Frankston South drainge strategy	100	-	-	100	-	-	-	100	-
Frankston South Drainage Strategy - Esplanade	100	-	50	50	-	-	-	100	-
Frankston Park and Beauty Park - Stormwater treatment	80	80	-	-	-	-	-	80	-
Minor drainage works	50	25	13	13	-	-	-	50	-
Wangarra McMahons Road catchment strategy	50	15	15	20	-	-	-	50	-
Renewal of existing water sensitive urban design assets	50	-	50	-	-	-	-	50	-
Frankston drainage strategy	50	15	15	20	-	-	-	50	-
Water sensitive urban design	50	50	-	-	-	-	-	50	-
Flood and catchment modelling	20	6	6	8	-	-	-	20	-
Lloyd Park drainage	10	3	3	4	-	-	-	10	-
Total drainage	1,260	224	782	255	-	-	-	1,260	-
Waste management									
Waste management	150	25	50	75	-	-	-	150	-
Waste management	150	25	50	75	-	-	-	150	-

Capital works program

For the year ending 30 June 2020

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
Parks, open space and streetscapes									
Renew 6,996 T5 (30.5W) street lights to 17W LED lights.	725	-	725	-	-	68	-	657	-
Clyde St Mall - upgrade	650	130	130	390	-	-	280	370	-
Station Street Mall upgrade (stage 1)	400	80	80	240	-	-	100	300	-
Station Street Mall - streetscape upgrade (stage 2)	280	56	56	168	-	-	-	280	-
Frankston Park - reconfigure eastern end of oval	250	-	100	150	-	-	-	250	-
Sculpture public artwork development	200	200	-	-	-	-	-	200	-
CAA - greening and improvement	200	200	-	-	-	-	-	200	-
Retaining wall renewal	200	60	140	-	-	-	-	200	-
Shopping strip aesthetics upgrade	180	-	54	126	-	-	-	180	-
Evelyn Street and O'Grady Avenue improvements	180	36	72	72	-	-	-	180	-
Frankston foreshore - signage and lighting	175	175	-	-	-	-	-	175	-
Fairy bud lighting at various locations	160	160	-	-	-	-	-	160	-
Boundary fencing replacement	150	-	120	30	-	-	-	150	-
Ballam Park - master plan implementation	140	70	-	70	-	-	-	140	-
Frankston CAA - laneway activation	140	140	-	-	-	-	-	140	-
Boulevards and gateway treatments	130	26	26	78	-	-	-	130	-
Shannon Mall - streetscape upgrade	100	20	20	60	-	-	-	100	-
Open space renewal	100	-	80	20	-	-	-	100	-
Erosion control fence renewal - Seaford/Frankston foreshore	100	-	70	30	-	-	-	100	-
Barrier and guard rail renewal	100	-	100	-	-	-	-	100	-
Ball protection fences	100	100	-	-	-	-	-	100	-
Downs Estate - infrastructure upgrade	100	100	-	-	-	-	-	100	-

Capital works program

For the year ending 30 June 2020

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
Parks, open space and streetscapes									
Foreshore disability access and inclusion implementation	80	80	-	-	-	-	-	80	-
Fence upgrade - Council reserves	80	-	40	40	-	-	-	80	-
Frankston foreshore - aquatic risk assesment on the foreshore	75	75	-	-	-	-	-	75	-
Frankston foreshore - 3 phase power at beach front	75	75	-	-	-	-	-	75	-
Kanaook Creek - 2 viewing platforms	75	75	-	-	-	-	-	75	-
Nepean Highway boulevard plan	70	70	-	-	-	-	-	70	-
Local park upgrade program for parks in Frankston	60	18	18	24	-	-	-	60	-
New park way finding signage	55	55	-	-	-	-	-	55	-
Gateway development - McClelland Gallery and Peninsula Link	51	51	-	-	-	-	-	51	-
Foreshore pedestrian and beach entrances renewal	50	-	50	-	-	-	-	50	-
Foreshore minor infrastructure renewal	50	5	35	10	-	-	-	50	-
Public artworks renewal	50	-	50	-	-	-	-	50	-
Lighting for sporting reserves	50	50	-	-	-	-	-	50	-
Langwarrin equestrian centre - develop masterplan	50	50	-	-	-	-	-	50	-
Kananook Creek - dredging and entrance redesign	50	25	-	25	-	-	-	50	-
Coastal safe boat refuge	50	50	-	-	-	-	-	50	-
Shade sail at Montague Park playground	40	40	-	-	-	-	-	40	-
Shade sail - Seaford Pier	40	40	-	-	-	-	-	40	-
Shade sail - Southgateway Park	40	40	-	-	-	-	-	40	-
Signage - various reserves	30	-	21	9	-	-	-	30	-
Street lighting renewal	30	-	30	-	-	-	-	30	-

Capital works program

For the year ending 30 June 2020

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
Parks, open space and streetscapes									
Seaford foreshore - beach access design and upgrade	30	27	3	-	-	-	-	30	-
Wittenberg Reserve - upgrade design	30	-	15	15	-	-	-	30	-
Frankston North gateway developments - Excelsior Drive	30	30	-	-	-	-	-	30	-
Frankston North gateway developments - Monterey Boulevard	30	30	-	-	-	-	-	30	-
Frankston North gateway developments - Forest Drive	30	30	-	-	-	-	-	30	-
Frankston North gateway developments - Dandenong Road	30	30	-	-	-	-	-	30	-
White Street Mall upgrade	20	4	4	12	-	-	-	20	-
Total parks, open space and streetscapes	6,111	2,503	2,039	1,569	-	68	380	5,663	-
Off Street Car Parks									
Overport Park - carpark and pathways	1,015	609	101	304	-	-	-	1,015	-
Carpark program	700	-	700	-	-	-	-	700	-
Linen House carpark	20	-	10	10	-	-	-	20	-
Total Off Street Car Parks	1,735	609	811	314	-	-	-	1,735	-

Capital works program

For the year ending 30 June 2020

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
Other Infrastructure									
Seaford Precinct - local area traffic management	800	640	-	160	-	400	-	400	-
Sweetwater Precinct - local area traffic management	500	400	-	100	-	250	-	250	-
Woodlands Precinct - local area traffic management	450	360	-	90	-	-	-	450	-
Fairway Precinct - local area traffic management	400	320	-	80	-	200	-	200	-
Minor traffic treatments.	100	80	-	20	-	-	-	100	-
Cranbourne Road bluestone retaining walls	80	80	-	-	-	-	-	80	-
Local area traffic management - renewal program	50	-	50	-	-	-	-	50	-
Street lighting upgrades	30	-	24	6	-	-	-	30	-
Pines Patch community garden - disability access	30	30	-	-	-	-	-	30	-
Hartnett Drive - local area traffic management	30	30	-	-	-	-	-	30	-
Total Other Infrastructure	2,470	1,940	74	456	-	850	-	1,620	-
TOTAL INFRASTRUCTURE	24,701	7,953	12,581	4,167	-	3,763	530	20,408	-
TOTAL NEW CAPITAL WORKS 2019-2020	47,720	12,350	23,330	8,847	3,193	8,463	730	38,527	-
2. Summary									
PROPERTY	16,015	2,693	5,457	4,672	3,193	4,700	200	11,115	-
PLANT AND EQUIPMENT	7,004	1,704	5,292	8	-	-	-	7,004	-
INFRASTRUCTURE	24,701	7,953	12,581	4,167	-	3,763	530	20,408	-
TOTAL CAPITAL WORKS	47,720	12,350	23,330	8,847	3,193	8,463	730	38,527	-



Capital works program

For the year ending 30 June 2020

6.2. Works carried forward from the 2018-2019 year

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
PROPERTY									
Buildings									
Fit out of the Frankston Yacht Club	830	830	-	-	-	-	-	830	-
Skye Recreation Reserve soccer pavilion	500	400	100	-	-	-	-	500	-
Total Buildings	1,330	1,230	100	-	-	-	-	1,330	-
TOTAL PROPERTY	1,330	1,230	100	-	-	-	-	1,330	-
PLANT AND EQUIPMENT									
Computers and Telecommunications									
Software upgrade and renewal	1,267	647	305	315	-	-	-	1,267	-
TOTAL PLANT AND EQUIPMENT	1,267	647	305	315	-	-	-	1,267	-

Capital works program

For the year ending 30 June 2020

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
INFRASTRUCTURE									
Parks, open space and streetscapes									
Station Street Mall upgrade	600	-	-	600	-	250	-	350	-
Oliver's Hill coast breakwater and coast guard	120	120	-	-	-	-	-	120	-
Total bridges	720	120	-	600	-	250	-	470	-
Recreational, leisure and community facilities									
Frankston Park oval lighting	650	650	-	-	-	1,650	-	(1,000)	-
Langwarrin netball courts renewal	200	-	200	-	-	-	-	200	-
Seaford sub-station	50	50	-	-	-	-	-	50	-
Total recreational, leisure and community facilities	900	700	200	-	-	1,650	-	750	-
Waste Management									
Frankston tip risk management strategy	32	25	7	-	-	-	-	32	-
Total waste management	32	25	7	-	-	-	-	32	-
TOTAL INFRASTRUCTURE	1,652	845	207	600	-	1,900	-	(248)	-
TOTAL CARRIED FORWARD CAPITAL WORKS 2018-2019	4,249	2,722	612	915	-	1,900	-	2,349	-
2. Summary									
PROPERTY	1,330	1,230	100	-	-	-	-	1,330	-
PLANT AND EQUIPMENT	1,267	647	305	315	-	-	-	1,267	-
INFRASTRUCTURE	1,652	845	207	600	-	1,900	-	(248)	-
TOTAL CAPITAL WORKS	4,249	2,722	612	915	-	1,900	-	2,349	-

7. Rates and charges

In developing the Strategic Resource Plan (referred to in Section 3), rates and charges were identified as an important source of revenue, accounting for 66 per cent 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 Victorian Government have introduced the Fair Go Rates System (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2019-2020 the FGRS cap has been set at 2.50 per cent. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.

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 Frankston community.

It is predicted that the 2019-2020 operating position will be significantly impacted by wages growth and reductions in government funding. The average general rate and the municipal charge will increase by 2.50 per cent in line with the rate cap, the green waste charge by 5.00 per cent and the general waste charge by 7.5 per cent. This will raise total rates and charges for 2019-2020 of \$126.694 million, including \$0.769 million generated from supplementary rates.

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

Type or class of land	2018-2019 cents/\$CIV	2019-2020 cents/\$CIV	Change
Ordinary rate	0.2165	0.2320	7.13%
Retirement villages	0.1624	0.1740	7.13%
Commercial land	0.2707	0.2900	7.13%
Industrial land	0.2707	0.2900	7.13%
Vacant residential land	0.2707	0.2900	7.13%
Acacia Heath	0.2300	0.2458	6.89%
Farm land	0.1732	0.1856	7.13%
Derelict land	0.6496	0.6959	7.13%
Rateable recreational properties	various	various	-
Rate by agreement (including Baxter Village)	various	various	-



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

Type or class of land	Budget	Annualised	Budget	Change
	2018-2019	rates levied	2019-2020	
	\$	\$	\$	
Ordinary rate	72,471,472	72,780,885	73,522,333	1.02%
Retirement villages	251,335	251,322	260,161	3.52%
Commercial land	7,237,755	7,432,101	8,043,795	8.23%
Industrial land	4,463,623	4,611,571	5,389,027	16.86%
Vacant residential land	889,965	960,545	962,509	0.20%
Acacia Heath	469,200	444,193	493,419	5.16%
Farm land	38,285	38,277	39,250	2.54%
Derelict land	13,252	2,209	2,053	(7.05%)
Rateable recreational properties	242,001	242,007	246,646	1.92%
Rate by agreement (including Baxter Village)	117,029	145,730	122,354	(16.04%)
Total amount to be raised by general rates	86,193,917	86,908,841	89,081,546	2.50%

7.3 The number of assessments in relation to each type or class of land, and the total number of assessments, compared to the previous financial year.

Type or class of land	2018-2019	2019-2020	Change
	Number	Number	
Ordinary rate	55,205	55,627	0.76%
Retirement villages	574	574	-
Commercial land	2,122	2,104	(0.85%)
Industrial land	2,920	3,058	4.73%
Vacant residential land	495	594	20.00%
Acacia Heath	239	239	-
Farm land	5	5	-
Derelict land	2	1	(50.00%)
Rateable recreational properties	5	5	-
Rate by agreement (including Baxter Village)	527	520	-
Total number of assessments	62,094	62,727	1.02%

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



7.5 The estimated total value of each type or class of land, and the estimated total value of land, compared with the previous financial year.

Type or class of land	2018-2019 \$	2019-2020 \$	Change
Ordinary rate	33,617,037,001	31,694,212,501	-5.72%
Retirement villages	154,755,000	149,535,000	-3.37%
Commercial land	2,745,512,000	2,774,038,000	1.04%
Industrial land	1,703,572,500	1,858,496,500	9.09%
Vacant residential land	354,837,500	331,937,500	-6.45%
Acacia Heath	205,170,000	200,730,000	-2.16%
Farm land	22,100,000	21,150,000	-4.30%
Derelict land	340,000	295,000	-13.24%
Rateable recreational properties	164,000,000	156,085,000	-4.83%
Rate by agreement (including Baxter Village)	103,740,000	101,635,000	-2.03%
Total value of land	39,071,064,001	37,288,114,501	-4.56%

7.6 The municipal charge under section 159 of the Act compared with the previous financial year.

Type of charge	Per rateable property 2018-2019 \$	Per rateable property 2019-2020 \$	Change
Municipal	159.10	163.10	2.50%

7.7 The estimated total amount to be raised by municipal charges compared with the previous financial year.

Type of charge	2018-2019 \$	Annualised 2018-2019 \$	2019-2020 \$	Change
Municipal	9,879,695	9,979,866	10,230,617	2.50%



7.8 The unit amount to be levied for each type of service rate or charge under section 162 of the Act compared with the previous financial year.

Type of Charge	Per rateable property	Per rateable property	Change
	2018-2019	2019-2020	
	\$	\$	
Residential bin 240L	532.30	572.20	7.5%
Residential bin 120L	353.70	380.20	7.5%
Residential bin 80L	281.60	302.70	7.5%
Residential bin 120L (fortnightly pickup)	331.20	356.00	7.5%
Residential bin 80L (fortnightly pickup)	259.20	278.60	7.5%
Green waste bin (incl tenants)	138.55	145.50	5.0%
Commercial bin 120L	353.70	380.20	7.5%
Commercial bin 80L	281.60	302.70	7.5%
Commercial recycling bin	189.00	203.20	7.5%
Additional recycling bin	50.00	50.00	-

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

Type of Charge	2018-2019	Annualised	2019-2020	Change
	\$	2018-2019	\$	
	\$	\$	\$	
Residential bin 240L	6,388	6,388	6,866	7.5%
Residential bin 120L	13,575,713	13,623,463	14,644,163	7.5%
Residential bin 80L	4,961,510	5,047,962	5,426,200	7.5%
Residential bin 120L (fortnightly pickup)	111,946	102,341	110,004	7.5%
Residential bin 80L (fortnightly pickup)	80,093	73,613	79,122	7.5%
Green waste bin (incl tenants)	5,440,581	5,573,312	5,852,883	5.0%
Commercial bin 120L	339,552	339,198	364,612	7.5%
Commercial bin 80L	61,389	64,768	69,621	7.5%
Commercial recycling bin	15,687	15,876	17,069	7.5%
Additional recycling bin	38,320	41,831	42,953	2.7%
Total	24,631,179	24,888,751	26,613,494	6.9%

7.10 The estimated total amount to be raised by all rates and charges compared with the previous financial year.

Type of charge	2018-2019	Annualised	2019-2020	Change
	\$	2018-2019	\$	
	\$	\$	\$	
Rates and charges	120,704,790	121,777,458	125,925,657	3.4%

7.11 Any significant changes that may affect the estimated amounts to be raised by rates and charges.



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

- The making of supplementary valuations (2019-2020: estimated \$768,750, 2018-2019: \$750,000)
- The variation of returned levels of value (e.g. valuation appeals);
- Changes of use of land such that rateable land becomes non-rateable land and vice versa; and
- Changes of use of land such that residential land becomes business land and vice versa.

Differential rates

Rates to be levied

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

- A general rate of 0.2320% for all rateable other land
- A general rate of 0.1740% for all rateable retirement village land
- A general rate of 0.2900% for all rateable commercial land
- A general rate of 0.2900% for all rateable industrial land
- A general rate of 0.2900% for all rateable vacant residential land
- A general rate of 0.2458% for all rateable Acacia Heath properties
- A general rate of 0.1856% for all rateable farm land
- A general rate of 0.6959% for all rateable derelict land.

Each differential rate will be determined by multiplying the capital improved value of each rateable land (categorised by the characteristics described below) by the relevant percentages indicated above.

Council considers that 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.

1. Other land

Definitions/characteristics:

Any land that is developed or vacant which is not retirement village land, industrial land, vacant residential, Acacia Estate properties, derelict land, farm land or commercial land.

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the:

1. Construction and maintenance of public infrastructure
2. Development and provision of health & community services
3. Provision of general support services
4. Requirement to ensure that Council has adequate funding to undertake its strategic, statutory, and service provision obligations

Types and classes:

Rateable land having the relevant characteristics described in the definition / characteristics.

Use and level of differential rate:

The differential rate will be used to fund some of those items of expenditure described in the budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic location:

Wherever located within the municipal district.

**Use of land:**

Any use permitted under the relevant Planning Scheme.

Planning Scheme zoning:

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

Types of buildings:

All buildings which are now constructed on the land or which are constructed prior to the expiry of 2019-2020.

2. Retirement village land

Definitions/characteristics:

Any land which is used primarily for the purposes of a retirement village.

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services
4. Requirement to ensure that Council has adequate funding to undertake its strategic, statutory, and service provision obligations
5. Recognition of expenditures made by Council on behalf of the retirement village sector

Types and classes:

Rateable land having the relevant characteristics described in the definition/ characteristics.

Use and level of differential rate:

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic location:

Wherever located within the municipal district.

Use of land:

Any use permitted under the relevant Planning Scheme.

Planning Scheme zoning:

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

Types of buildings:

All buildings which are now constructed on the land or which are constructed prior to the expiry of 2019-2020.

3. Commercial land

Definitions/characteristics:

Any land which is used primarily for the purposes of a commercial land including developed and vacant land.

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services
4. Enhancement of the economic viability of the commercial and industrial sector through targeted programs and projects
5. Encouragement of employment opportunities
6. Promotion of economic development
7. Requirement to ensure that street scaping and promotional activity is complementary to the achievement of industrial and commercial objectives

Types and classes:

Rateable land having the relevant characteristics described in the definition/characteristics.

Use and level of differential rate:

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the relevant Planning Scheme.

Planning Scheme zoning:

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

Types of buildings:

All buildings which are now constructed on the land or which are constructed prior to the expiry of 2019-2020.



4. Industrial land

Definitions/characteristics:

Any land which is used primarily for the purposes of an industrial land including developed and vacant land.

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services
4. Enhancement of the economic viability of the commercial and industrial sector through targeted programs and projects
5. Encouragement of employment opportunities
6. Promotion of economic development
7. Requirement to ensure that street scaping and promotional activity is complementary to the achievement of industrial and commercial objectives

Types and classes:

Rateable land having the relevant characteristics described in the definition/characteristics.

Use and level of differential rate:

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic location:

Wherever located within the municipal district.

Use of land:

Any use permitted under the relevant Planning Scheme.

Planning Scheme zoning:

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

Types of buildings:

All buildings which are now constructed on the land or which are constructed prior to the expiry of 2019-2020.



5. Vacant residential land

Definitions/characteristics:

Any land which is zoned residential under the relevant Planning Scheme and on which there is no building that is occupied or adapted for occupation.

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the:

1. Encouragement of development on land
2. Construction and maintenance of public infrastructure
3. Development and provision of health and community services
4. Provision of general support services
5. Requirement to ensure that Council has adequate funding to undertake its strategic, statutory, and service provision obligations

Types and classes:

Rateable land having the relevant characteristics described in the definition/ characteristics.

Use and level of differential rate:

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic location:

Wherever located within the municipal district.

Use of land:

Any use permitted under the relevant Planning Scheme.

Planning Scheme zoning:

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

6. Acacia Heath land

Definitions/characteristics:

Any land in the Acacia Heath precinct (as defined in plans of subdivision 446669/70, 448786/7/8, 512750, 531862/63, 537447 and 546857/58).

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

**Types and classes:**

Rateable land having the relevant characteristics described in the Recommendation and which otherwise would not be classed as derelict land.

Use and level of differential rate:

The differential rate will be used to offset the costs of works associated each year with the protection and management of public open space and expanded road reserves in the subdivision, approved under Planning Permit No. 01020.

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic location:

Wherever located within the municipal district.

Use of land:

Any use permitted under the relevant Planning Scheme.

Planning Scheme zoning:

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

Types of buildings:

All buildings which are now constructed on the land or which are constructed prior to the expiry of 2019-2020.

7. Farm land

Definitions/characteristics:

Farm Land is any land which does not have the characteristics of general land or vacant sub-standard land or commercial land or industrial land; which is:

- "farm land" within the meaning of Section 2(1) of the *Valuation of Land Act 1960*

Objective:

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:

1. Construction and maintenance of infrastructure assets
2. Development and provision of health and community services
3. Provision of general support services.

Types and classes:

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

Use and level of differential rate:

The money raised by the differential rate will be used to fund some of those items of expenditure described in the Budget adopted 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.

Geographic location:

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

Use of land:

The use of the land within this category is any use of land permitted under the relevant Planning Scheme.

Planning Scheme zoning:

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

Types of buildings:

The types of buildings on the land within this category are all buildings already constructed on the land or which will be constructed prior to the expiry of 2019-2020.

8. Derelict land

Definitions/characteristics:

Derelict land is any land that meets one or more of the following criteria:

- The building or land is destroyed, decayed, deteriorated, or fallen into partial ruin especially through neglect or misuse. This may include but not be limited to excessive dirt; peeling paint; broken windows, elements of the facade or advertising signs; loose or broken fittings, fixtures; or faulty lighting
- The building or land constitutes a danger to health or property. This may include but not limited to:
 - The existence on the property of vermin, litter, fire or other environmental hazards
 - A partially built structure where there is no reasonable progress of the building permit
- Provides an opportunity to be used in a manner that may cause a nuisance or become detrimental to the amenity of the immediate area
- Is in such a state of repair that would prohibit its occupation
- The condition of the property or land has a potential to affect the value of other land or property in the vicinity
- There is excessive growth of grass and or noxious weeds or undergrowth
- Affects the general amenity of adjoining land or neighbourhood by the appearance of graffiti, any stored unregistered motor vehicles, machinery (or parts thereof), scrap metal, second hand timber and or building materials, waste paper, rags, bottles, soil or similar materials

Objective:

To ensure that the incidence of dilapidated properties reduce in the municipality and all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the:



1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

Types and classes:

Rateable land having the relevant characteristics described in the recommendation.

Use and level of differential rate:

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic location:

Wherever located within the municipal district.

Use of land:

Any use permitted under the relevant Planning Scheme.

Planning Scheme zoning:

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

Types of buildings:

All buildings which are now constructed on the land or which are constructed prior to the expiry of 2019-2020.

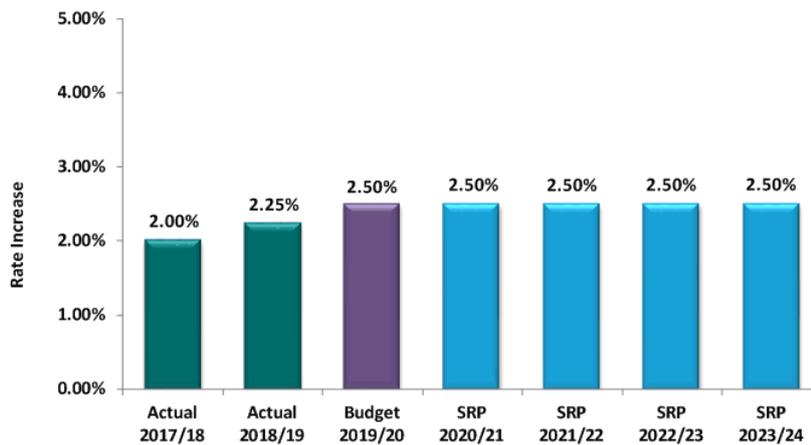


Budget Analysis

8. Summary of financial position

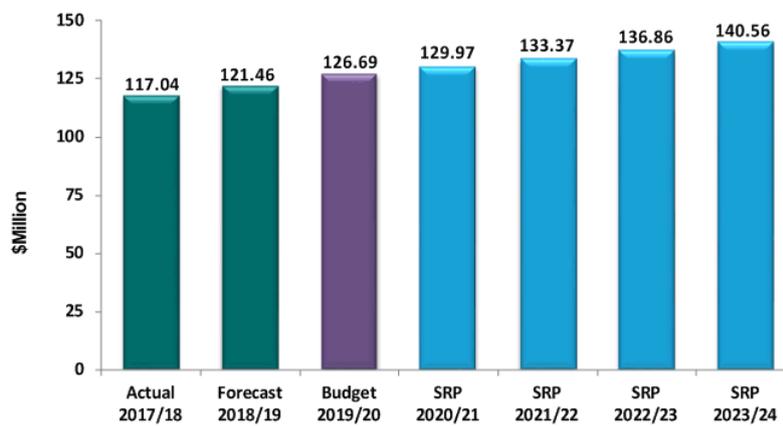
Council has prepared an Annual Budget for 2019-2020 which seeks to balance the demand for services and infrastructure with the community’s capacity to pay. Key budget information is provided below about the rate increase, operating result, services, cash and investments, capital works, financial position, financial sustainability and strategic objectives of the Council.

8.1 Rate percentage increase



SRP - Strategic Resource Plan estimates

Total rates and charges



SRP - Strategic Resource Plan estimates

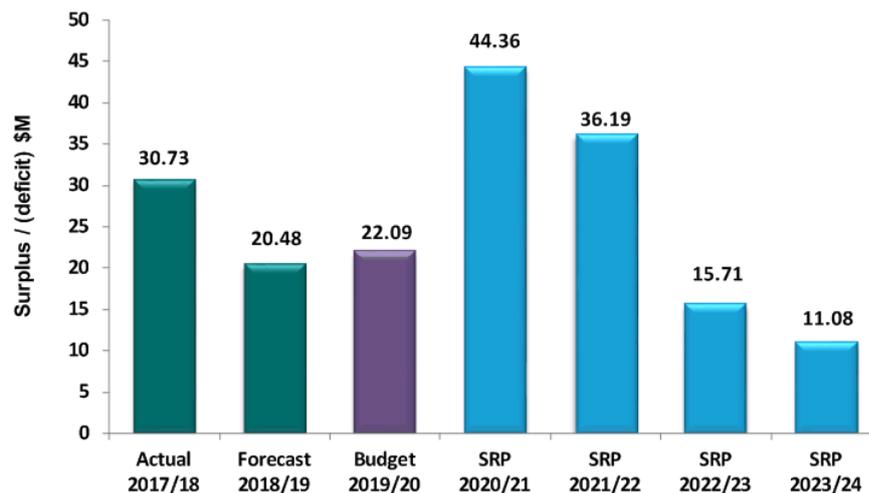


In 2019-2020 rates will increase by 2.50 per cent raising total rates and charges of \$126.69 million, including \$0.769 million generated from supplementary rates on new and redeveloped properties. The Victorian Government passed legislation to implement rate capping that restricts Council from increasing rate income by more than the average cap set by the Minister for Local Government.

The Minister for Local Government announced on 21 December 2018 that the rate cap for the 2019-2020 financial year will be 2.50 per cent. That is, the CPI as published by the Victorian Department of Treasury and Finance, which is 2.50 per cent for 2019-2020.

Where the level of income raised under the rate cap is insufficient to meet specific needs, councils can apply to the Essential Services Commission for a higher cap. Frankston City Council has not elected to apply for variation to the rate cap in 2019-2020.

8.2 Operating Result

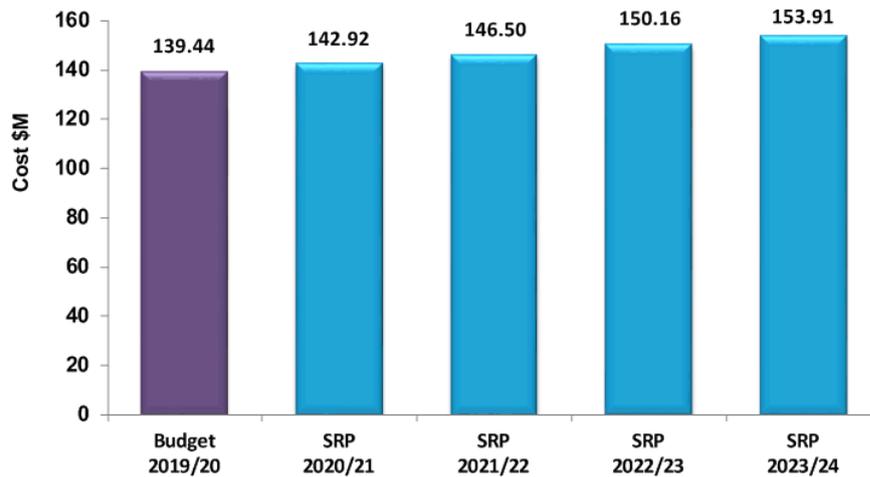


SRP - Strategic Resource Plan estimates

The expected operating result for 2019-2020 is a surplus of \$22.09 million, which is an increase of \$1.61 million over 2018-2019 forecast results. The increase in operating result is due mainly to the increase in rates and charges (\$5.239 million) and capital grants (\$2.381 million). This is offset by a decrease in capital contributions for projects (\$2.515 million), increase in street sweeping costs (\$0.50 million), depreciation (\$0.29 million) and WorkCover (\$0.30 million). The adjusted underlying result, which excludes items such as non-recurrent capital grants and non-cash contributions is a surplus of \$11.18 million, which is an increase of \$1.747 million over 2018-2019 forecast results – refer to Section 7 of this summary for further information. (The forecast operating result for 2018-2019 is a surplus of \$20.476 million).



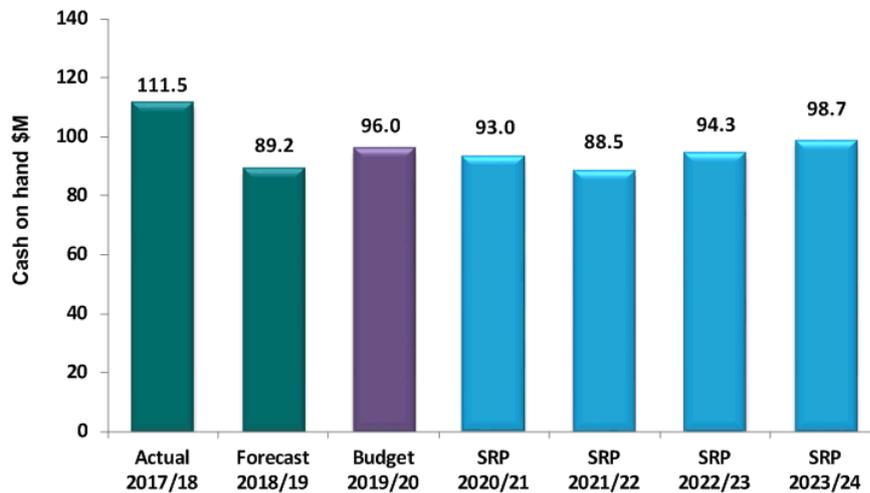
8.3 Services



SRP - Strategic Resource Plan estimates

The recently released results of the community satisfaction survey conducted by Council 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.

8.4 Cash and Investments

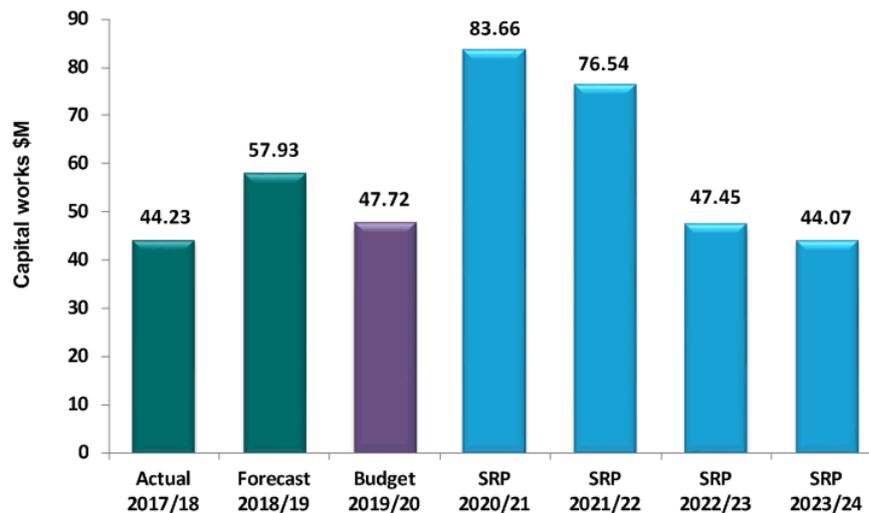


SRP - Strategic Resource Plan estimates



Cash and investments (including investments for Long Service Leave provision) are expected to increase to \$96.0 million as at 30 June 2020. Refer also Section 3 for the Statement of Cash Flows and Section 11 for an analysis of the cash position.

8.5 Capital Works

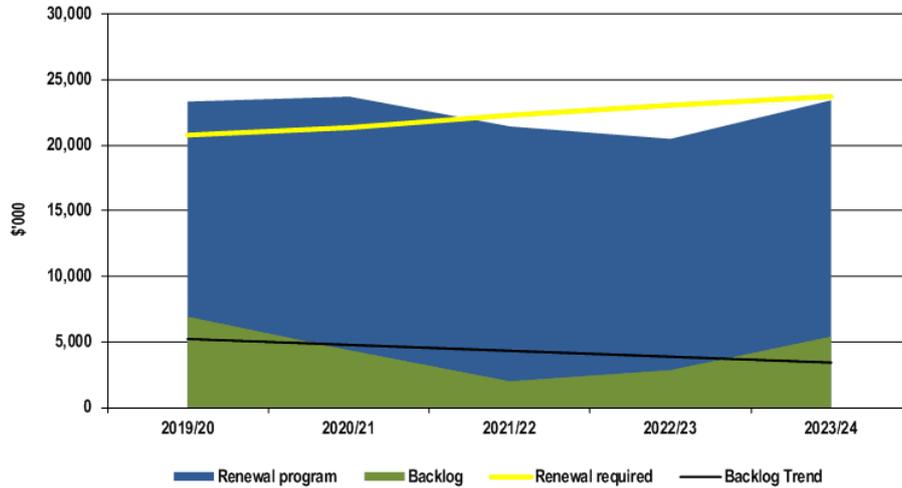


SRP - Strategic Resource Plan estimates

The capital works program for 2019-2020 is expected to be \$47.72 million. Of the \$47.72 million of capital funding required, \$9.193 million will come from external grants and contributions with the balance of \$38.527 million from Council cash. The Council cash amount comprises asset sales (\$1.29 million), cash held at the start of the year (\$1.293 million) and cash generated through operations in the 2019-2020 financial year (\$35.944 million). The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. (Capital works is forecast to be \$57.932 million including \$4.249 million carry forwards for 2018-2019).

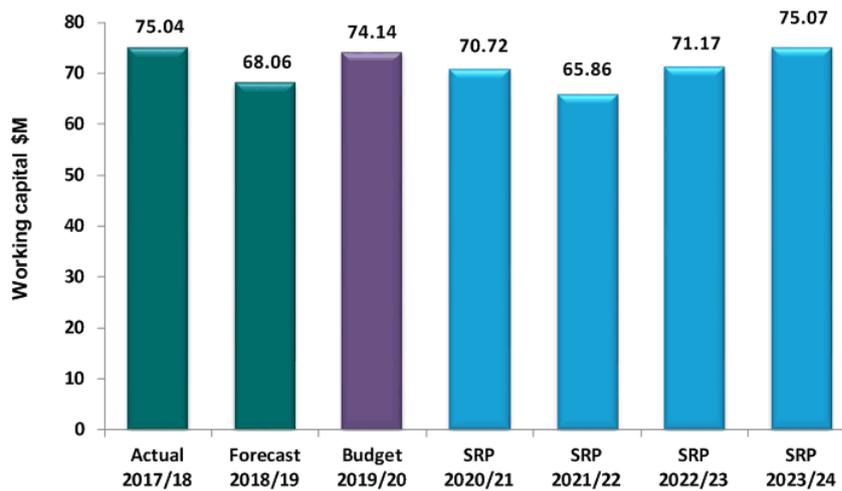


The graph below sets out the required and actual asset renewal over the life of the current Strategic Resource Plan and the renewal backlog.



Council remains committed to meeting its infrastructure needs. The asset renewal backlog is expected to decrease over the next five (5) year period. This investment is in accordance with its funding strategy to alleviate the total renewal backlog over a 10 year period outlined in Council’s Long Term Financial Plan (LTFP) and upcoming Long Term Infrastructure Plan (LTIP). Refer also Section 4 for the Statement of Capital Works and Section 12 for an analysis of the capital budget.

8.6 Financial Position



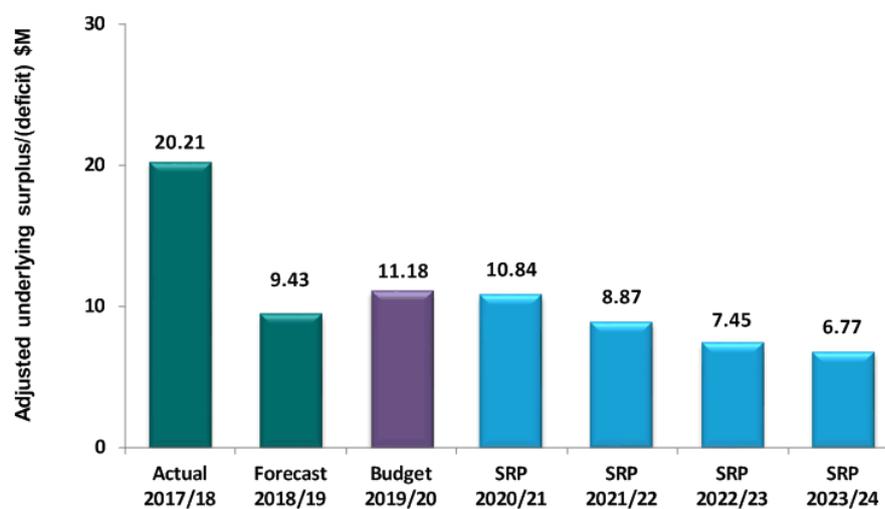
SRP - Strategic Resource Plan estimates



Council's overall financial position is expected to improve with net assets (net worth) to increase by \$22.09 million to \$1.777 billion although net current assets (working capital) will increase by \$6.08 million to \$74.136 million as at 30 June 2020. (Net assets is forecast to be \$1.756 billion as at 30 June 2019).

Refer also Section 4 for the Balance Sheet and Section 13 for an analysis of the budgeted financial position.

8.7 Financial Sustainability



SRP - Strategic Resource Plan estimates

The underlying result, which excludes items such as capital grants and contributions, is a surplus of \$11.18 million. (The forecast underlying result for 2018-2019 is a surplus of \$9.43 million). The Underlying Operating Result is one of Council's key indicators of financial performance as it measures Council's day to day operating activities. It excludes one off items such as capital grants and contributions as well as non-monetary assets.

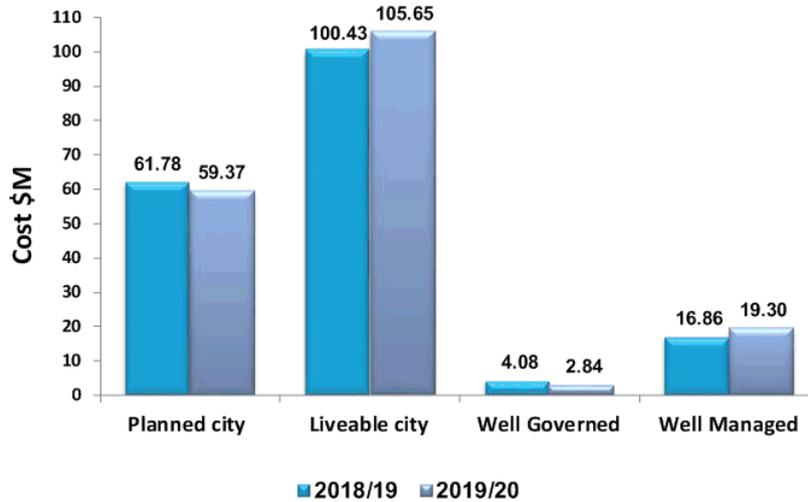
The Underlying Operating Result is of most concern as Council's long term financial viability depends on its ability to make an operating surplus on a day to day basis in order to fund the replacement of assets and to fund new projects. Council's 2019-2020 budget has been built on embedding long term financial sustainability and this graph indicates that Frankston's future financial position will support the delivery of its Council Plan and medium term community outcomes. However, the introduction of rate capping has resulted in an unsustainable financial position in the long term.

A high level Strategic Resource Plan for the years 2019-2020 to 2023-2024 has been developed to assist Council in adopting a budget within a longer term prudent financial framework.

Refer to Section 14 for more information on the Strategic Resource Plan.

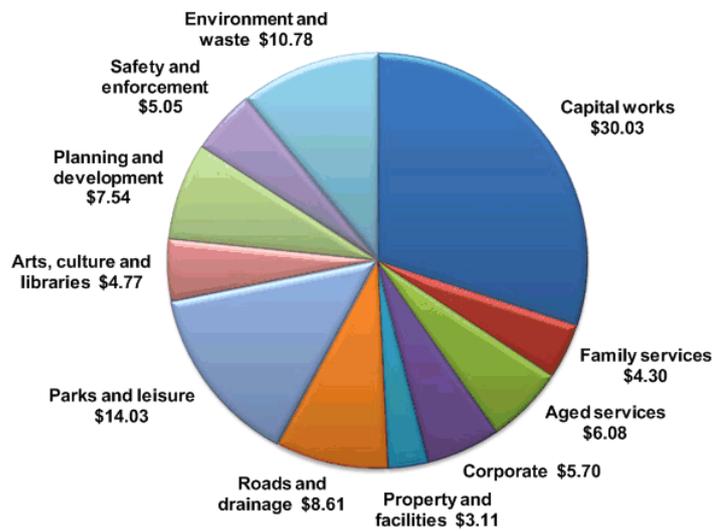


8.8 Strategic objectives



The Proposed Annual Budget 2019-2020 includes a range of services and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan. The above graph shows the level of funding allocated in the budget to achieve the strategic objectives as set out in the Council Plan for 2019-2020.

8.9 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.

9. Budget influences

9.1 Frankston City...at a glance

Frankston City is striving to be the preferred place to live, learn, work, visit and invest, offering incentives such as:

- vibrant and diverse communities with a potential catchment of over 328,000 people
- a unique lifestyle
- 11 kilometres of beautiful coastline, award winning clean foreshore and beaches
- cutting-edge arts and culture facilities and excellent restaurants and cafés
- world-class health and education facilities
- proactive commercial, retail and clean manufacturing business environment
- varied tourism experiences throughout Frankston City and the broader Mornington Peninsula region, which attracts 1.4 million overnight visitors and 2.9 million day trippers visiting annually.

Our Place

Frankston City is situated on the eastern shores of Port Phillip Bay approximately 40 kilometres south of Melbourne. The municipality covers an area of approximately 131 square kilometres from Seaford Wetlands in the north, to Mount Eliza in the south, and the Western Port Highway in the east. The western boundary of the city is made up of about 11 kilometres of beautiful coastline, clean foreshore and beaches along Port Phillip Bay.

Frankston City is strategically placed as the regional capital for the Mornington Peninsula and the nearby south east growth corridor of Melbourne. Currently, Frankston City provides regional shopping, education, health, community service, recreation and leisure and entertainment facilities for a population catchment far greater than its municipal boundaries.

Frankston City is more than just the suburb of Frankston. It comprises the suburbs of Frankston central, Carrum Downs, Frankston North, Frankston South, Langwarrin, Seaford, Karingal, Sandhurst and Skye.

Our People

The population of Frankston City is 141,704 (ABS Census 2016) and is predicted to grow to approximately 157,073 by 2036. Frankston City has a young population, with nearly 26 per cent of residents under the age of 19 and 46 per cent aged 34 years or younger.

Overall, 21.4 per cent of the population were born overseas and 11 per cent came from countries where English was not their first language, compared with 33.8 per cent and 27.0 per cent respectively for Greater Melbourne.

While Frankston City has been a predominantly Anglo-Australian community, the city has a strong and growing Aboriginal and Torres Strait Islander community, making up 1 per cent of the population (1,338 people). The cultural diversity of the city is developing. From 2011 to 2016 there has been small increases in the number of Frankston residents born in India (1,295 to 1,712 people), the Philippines (from 855 to 1,071 people), China (607 to 891 people), and Sri Lanka (from 577 to 593 people).

Our labour force comprises 67,774 individuals, of these 57.8 per cent were employed full time, 30.8 per cent were employed part-time and 6.4 per cent were unemployed. There are 63,409 employed individuals in labour force. Frankston City residents contribute to the wellbeing of their community



through a significant amount of unpaid work, including volunteering and unpaid childcare. There are 16,805 people in Frankston City who volunteer their time (19.2 per cent of the adult population), an increase of 2,759 people from 2011-2016.

Overall, 48.3 per cent of the population held educational qualifications compared to 42.1 per cent in 2011. There have been increases in all post-secondary qualification types - including people with a Bachelor or higher degree at 14.5 per cent in 2016 compared to 10.9 per cent in 2011, and with a vocational qualification at 30.6 per cent in 2016 from 21.7 per cent in 2011. The percentage of people who have no qualifications has declined from 46.7 per cent in 2011 to 41.2 per cent in 2016. Creating employment and improving access to education are key priorities for Council, with unemployment remaining above the state and national averages despite recent improvements.

In 2016, Frankston City contained 56,870 dwellings, 77.5 per cent of which were separate houses. Owning a home is important to people living in Frankston City, with 38.5 per cent in the process of buying their own home, while 25.1 per cent own their own homes. Rental tenure has increased from 26.6 per cent in 2011 to 28.7 per cent in 2016.

9.2 External influences

In preparing the Proposed Annual Budget 2019-2020, a number of external influences have been taken into consideration. These include:

- **Council's general waste charges have increased by 7.5 per cent** due to the increased service cost resulting from the pressures impacting the recycling industry. The industry continues to be challenged by the contamination standards required by the international markets using recycled products. Recycling processors have progressed with installing infrastructure with funding from the increased recycling charges to lower the contamination and improve the quality of recycled products for reuse.
- **Council's green waste charges have increased by 5.0 per cent** due to the increased service cost resulting from the pressures impacting the recycling industry.
- Consumer Price Index (CPI) – Melbourne increases on goods and services of 2.0 per cent through the December quarter 2018 (ABS release 30 January 2019). State-wide CPI is forecast to be 2.50 per cent for the 2019-2020 and subsequent two years (Victorian Budget Papers 2018-2019).
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to November 2018 was 2.6 per cent (ABS release January 2019). The wages price index in Victoria is projected to be 2.75 per cent per annum in 2019-2020 increasing to 3 per cent and 3.25 per cent in the subsequent two years (Victorian Budget Papers 2018-2019).
- Cost Shifting occurs where Local Government provides a service to the community on behalf of the Victorian and Australian Government. Over time the funds received by local governments do not increase in line with real cost increases. Examples of services that are subject to Cost Shifting include school crossing supervision, Library services, Home and Community Care for aged residents. In all these services the level of payment received by Council from the Victorian Government does not reflect the real cost of providing the service to the community.
- Councils across Australia raise approximately 3.5 per cent of the total taxation collected by all levels of Government in Australia. In addition Councils are entrusted with the maintenance of more than 30 per cent of the all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.

- The Fire Services Property Levy will continue to be collected by Council on behalf of the Victorian Government with the introduction of the Fire Services Property Levy Act 2012.
- Council received notification that a review of the Vested Benefit Index (VBI) was within the superannuation prudential standards. At this stage no restoration plan is required as the VBI meets the required threshold, however Council needs to manage this issue to dampen the impact of a potential future defined benefit superannuation shortfall.

9.3 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 2019-2020 Annual Budget. These matters have arisen from events occurring in 2018-2019 resulting in variances between the forecast actual and budgeted results for that year and matters expected to arise in 2019-2020. These matters and their financial impact are set out below:

- The purchase of the Frankston Regional Resource and Recycling Centre (FRRRC) provides residents with an “all year round” facility for the disposal of hard and other waste. Council has budgeted for a blanket hard waste collection in 2019-2020 and will retain an “at call” service for the convenience of residents and ratepayers. The provision of all services have increased costs to Council which has been passed on to ratepayers by way of a 5.0 per cent increase to green waste charges and 7.5 per cent increase to general waste charges. The continuing challenges of the recycling crisis has led to the 7.5 per cent increase in general waste charges
- Peninsula Aquatic Recreation Centre (PARC) is fully operating as a separate entity and the operations of this facility are included in the Proposed Annual Budget 2019-2020. Similarly, at the end of the financial year, Council will consolidate the financial results with the annual financial statements of Frankston City Council
- The salary and wages for the Proposed Annual Budget 2019-2020 has been developed based on a 2.50 per cent plus 0.50 per cent banding increments based on CPI increases over the next three years. Enterprise Agreement 8 expires in March 2019. The cost of provision of Council services is very heavily based on labour costs which account for approximately 45 per cent of total operational spending

9.4 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 reviewed and adjusted to in line with Council’s policy, market levels and an equitable amount for each service/item
- Grants to be based on confirmed funding levels
- New revenue sources to be identified where possible
- Service levels to be maintained at 2018-2019 levels with the aim to use less resources with an emphasis on innovation and efficiency
- Contract labour to be minimised
- New initiatives or employee proposals which are not cost neutral to be justified through a business case
- Real savings in expenditure and increases in revenue identified in 2018-2019 to be preserved
- Operating revenues and expenses arising from completed 2018-2019 capital projects to be included



In terms of the direct parameters upon which the Proposed Annual Budget 2019-2020 is based, the table below tabulates the assumptions:

Key Assumptions	2019-2020
Consumer Price Index	2.50%
Wage Price Index	3.50%
Cost Escalation - Local Government	3.10%
Rate Increase	2.50%
Green Waste Charges	5.00%
General Waste Charges	7.50%
Fees - Set by Council	Various
Fees and Charges (Statutory)	1.00%
Other Recurrent Grants	1.00%
Grants Commission Grants	1.00%
Employee Costs	3.00%
Contracts & Materials	2.50%
Gas	7.00%
Water	2.50%
Electricity	2.50%
Insurance	3.80%

10. Analysis of operating budget

This section analyses the operating budget including expected income and expenses of the Council for 2019-2020.

10.1 Budgeted income statement

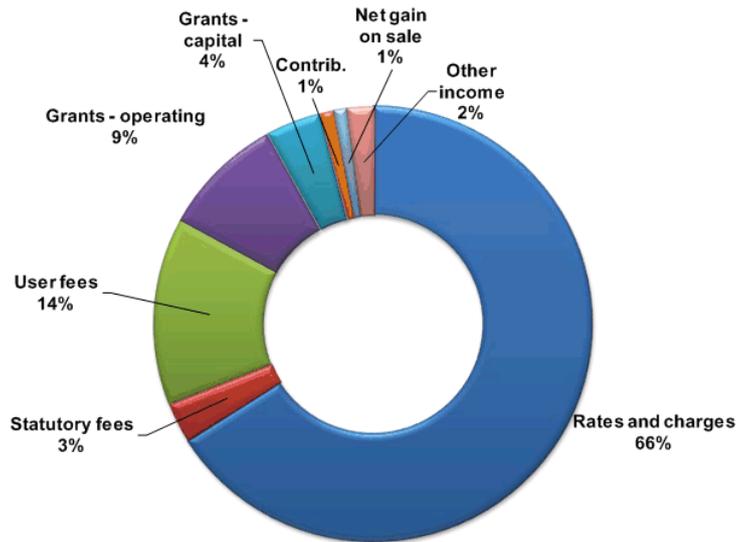
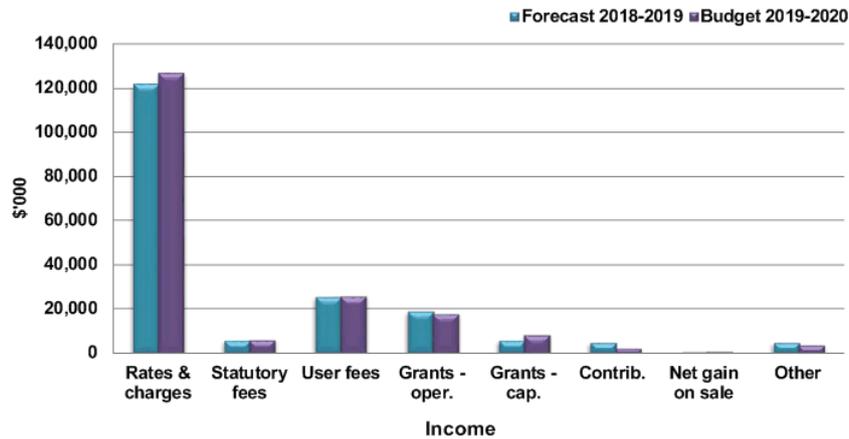
	Ref	2018-2019 Forecast \$'000	2019-2020 Budget \$'000	Variance \$'000
Total income	10.2	188,605	193,456	4,851
Total expenses	10.3	(168,129)	(171,367)	(3,238)
Surplus/(deficit) for the year		20,476	22,089	1,613
Grants - capital (non-recurrent)	5.1.2	(6,082)	(8,463)	(2,381)
Contributions - non-monetary		(800)	(800)	-
Capital contributions - other sources	10.2.6	(4,160)	(1,645)	2,515
Adjusted underlying surplus/(deficit)	10.1.1	9,434	11,181	1,747

10.1.1 Adjusted underlying surplus (\$1.747 million decrease)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent 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 affected by non-recurring or once-off items of income and expenses which can often mask the operating result. The adjusted underlying result for 2019-2020 is a surplus of \$11.181 million which is an increase of \$1.747 million over the forecast 2018-2019 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.

10.2 Income

Income Types	Ref	2018-2019 Forecast \$'000	2019-2020 Budget \$'000	Variance \$'000
Rates and charges	10.2.1	121,455	126,694	5,239
Statutory fees and fines	10.2.2	5,805	6,141	336
User fees	10.2.3	25,591	26,198	607
Grants - operating	5.1.1	19,128	18,297	(831)
Grants - capital	5.1.2	6,082	8,463	2,381
Contributions - monetary	10.2.4	4,160	1,645	(2,515)
Contributions - non-monetary	10.2.5	800	800	-
Net gain on disposal of property, infrastructure, plant and equipment	10.2.6	715	990	275
Other income	10.2.7	4,869	4,228	(641)
Total income		188,605	193,456	4,851



Budgeted income 2019-2020

10.2.1 Rates and charges (\$5.239 million increase)

The Proposed 2019-2020 Annual Budget includes a capped increase in the average base rate of 2.50 per cent or \$5.239 million over 2018-2019 to \$126.694 million.

Supplementary rates, for new rateable assessments or properties completing improvement works during the financial year, are forecast to provide \$0.769 million in rate revenue over 2019-2020. Section 7, "Rating Information" provides a detailed analysis of the rates and charges to be levied for 2019-2020.

10.2.2 Statutory fees and fines (\$0.336 million increase)

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

A detailed listing of statutory fees and fines are included in Appendix A to this report.

	Forecast 2018-2019 \$'000	Budget 2019-2020 \$'000	Variance \$'000
Building and town planning fees	1,394	1,769	375
Infringements and costs	4,284	4,240	(44)
Land information certificates	127	132	5
Total statutory fees and fines	5,805	6,141	336

10.2.3 User fees (\$0.607 million increase)

Fees and charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. The principal sources of fee income arise from services such as child care, pre-schools, recreational facilities, home care, entertainment and other community facilities.

The increase in fees and charges is primarily due to the following:

- Community Safety have decreased fees in total across the department by \$0.535 million. This was caused by re-aligning the total units expected of each type of fee in line with a more realistic expectation than what was set in previous budgets. Fee totals which have decreased include Animal Registrations, Parking Infringements and Car Parking

The above reductions are offset by:

- Increased attendance, use of facilities and service at the Frankston Regional Recycling and Recovery Centre of \$0.176 million, Frankston Arts Centre \$0.134 million and Family Health and Support Services \$0.080 million
- Planning and Environment have exceeded their income budget in recent years and therefore the budget has been increased by \$0.623 million to reflect the new expectation. The increase in income is due to the State Government raising the statutory set fee of planning permits, as well as the number of planning permits that council has received also increasing

	Forecast 2018-2019 \$'000	Budget 2019-2020 \$'000	Variance \$'000
Recreation and leisure	12,349	13,471	1,122
Waste management	3,851	3,798	(53)
Arts and culture	3,478	3,329	(149)
Parking fees	1,728	1,893	165
Aged and health services	1,038	1,048	10
Other fees and charges	945	749	(196)
Registrations and other permits	712	604	(108)
Legal cost recovery - rates	450	450	-
Childcare/children's programs	436	446	10
Building services	604	410	(194)
Total fees and charges	25,591	26,198	607



10.2.4 Contributions – monetary (\$2.515 million decrease)

Contributions for capital works in the Proposed Annual Budget 2019-2020 has decreased by \$2.515 million from the 2018-2019 forecast primarily due to the reduction of financial contributions from external sources toward capital works projects. Revenues from this income stream are closely linked to the projects that are included in the capital works program.

Cash contributions are charges paid by developers in regard to recreational lands, drainage and car parking in accordance with planning permits issued for property development. Cash contributions in the Proposed Annual Budget 2019-2020 are projected to remain constant with the 2018-2019 forecast due to the completion of property developments within the municipality during the 2019-2020 year.

10.2.5 Contributions – non-monetary (Nil change)

Non-monetary contributions represent assets which transfer to Council from property developers at the completion of subdivisional work. The assets generally consist of land used for public open space or infrastructure assets. Council recognises these new assets at 'fair value'. No cash is transferred but the fair value of the assets is recorded as revenue.

10.2.6 Net gain on disposal of property, infrastructure, plant and equipment (\$0.275 million increase)

Net gain on sale of Council assets is forecast to be \$0.99 million for 2019-2020 and relates to the planned cyclical replacement of part of the plant and vehicle fleet.

10.2.7 Other income (\$0.641 million decrease)

Other income in Proposed Annual Budget 2019-2020 is projected to be \$4.228 million.

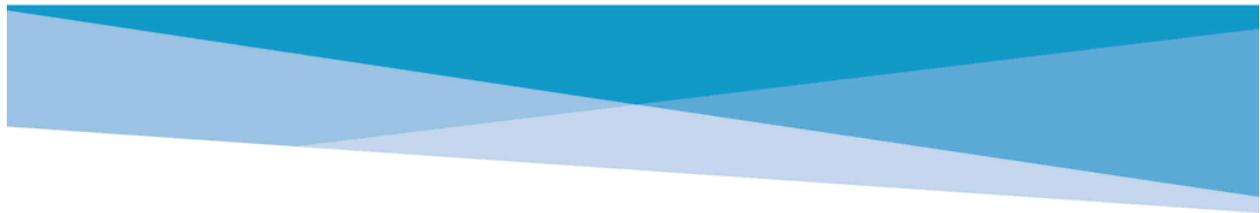
Interest earnings relate to proceeds from cash investments or interest charges levied as a penalty for late rate payments.

Interest on investments is forecast to increase compared to 2018-2019 due to an increase in Council's available cash reserves during 2019-2020. Interest on unpaid rates is forecast to increase compared to 2019-2020 due to an expected increase in the level of unpaid rates during 2019-2020.

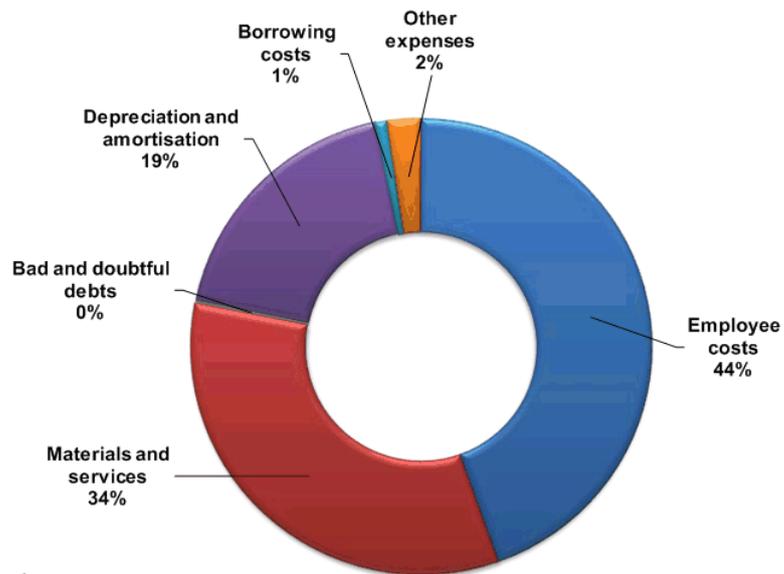
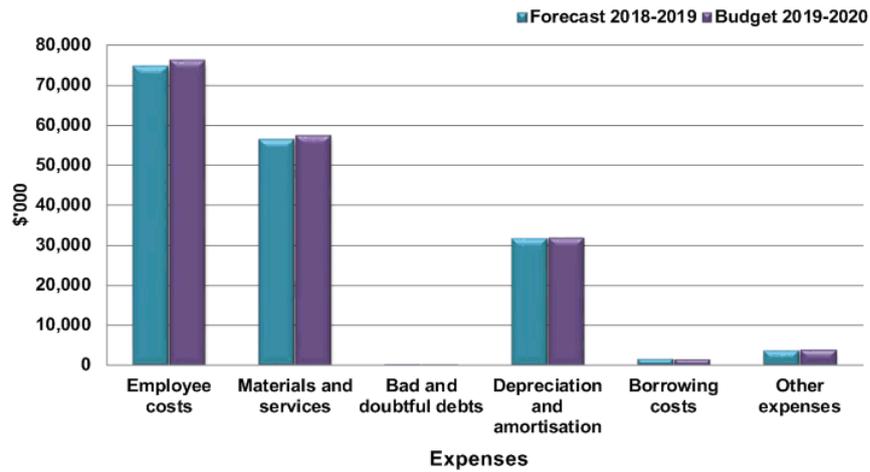
10.3 Operating Expenditure

Expense Types	Ref	2018-2019	2019-2020	Variance
		Forecast	Budget	
		\$'000	\$'000	\$'000
Employee costs	10.3.1	74,716	76,331	1,615
Materials and services	10.3.2	56,262	57,451	1,189
Bad and doubtful debts	10.3.3	254	220	(34)
Depreciation and amortisation	10.3.4	31,581	31,872	291
Borrowing costs	10.3.5	1,573	1,481	(92)
Other expenses	10.3.6	3,743	4,012	269
Total expenses		168,129	171,367	3,238

When comparing operating expenditure from the Annual Budget 2018-2019 to the Proposed Annual Budget 2019-2020 (refer to table below), an overall increase of 1.93 per cent has been achieved.



Operating Expenditure Movement	Budget	Budget	Variance
	2018-2019	2019-2020	
	\$'000	\$'000	%
Expenses	168,129	171,367	1.93%



Budgeted expenses 2019-2020

10.3.1 Employee costs (\$1.615 million increase)

Employee costs include all labour related expenditure inclusive of on costs such as WorkCover insurance, superannuation, leave loading and long service leave entitlements. At the time of preparing the Proposed Annual Budget 2019-2020 Council's Enterprise Agreement 8 had expired. Negotiations are currently underway for Enterprise Agreement 9. With this in mind, an increase of 2.50 per cent has been allowed to cover EBA increases, superannuation guarantee increases plus 0.50 per cent to allow for periodic increases that occur as staff progress through the employee banding structure provided for in Awards.

Employee costs are forecast to increase in the Proposed Annual Budget 2019-2020 by \$1.615 million or 2.16 per cent compared to the forecast 2018-2019 result. This relates to the EBA increase together with the increased trading activity at the Peninsula Aquatic Recreation Centre where casual salaries vary directly with income. Council's WorkCover premium has also increase from \$1.5 million to \$1.8 million.

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

Department	Comprises		
	Budget	Permanent	Permanent
	2019/20 \$'000	Full time \$'000	Part time \$'000
Chief Executive Officer	714	714	-
Human Resources	1,573	1,516	57
Corporate Management	658	658	-
Recycling Services	725	725	-
Business and Information Technology	3,076	2,811	265
Financial and Corporate Planning	2,494	2,311	183
Administration and Corporate Projects	1,440	1,258	182
Commercial Services	1,144	1,060	84
Assets Management	434	434	-
Communities Management	443	443	-
Community Strengthening	4,359	3,264	1,095
Family Health Support Services	13,899	3,179	10,720
Arts and Culture	5,634	3,234	2,400
Community Safety	6,349	4,660	1,689
Community Relations	3,740	1,873	1,867
Operations	11,620	11,571	49
Planning and Environment	3,076	2,723	353
Engineering Services	1,539	1,430	109
Facilities	1,433	1,433	-
Capital Works Delivery	2,055	2,055	-
Sustainable Assets	2,107	2,107	-
CAA Development	74	74	-
Peninsula Leisure Pty Ltd	3,095	2,421	674
Total permanent staff expenditure	71,681	51,954	19,727
Casual and other expenditure	6,252		
Capitalised labour costs	(1,602)		
Total expenditure	76,331		



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

Department	Comprises		
	Budget 2019/20	Permanent Full time	Permanent Part time
	FTE	FTE	FTE
Chief Executive Officer	4.00	4.00	-
Human Resources	14.60	14.00	0.60
Corporate Management	3.00	3.00	-
Recycling Services	7.00	7.00	-
Business and Information Technology	28.46	25.00	3.46
Financial and Corporate Planning	23.70	22.00	1.70
Administration and Corporate Projects	14.12	12.00	2.12
Commercial Services	9.80	9.00	0.80
Assets Management	2.00	2.00	-
Communities Management	2.00	2.00	-
Community Strengthening	42.31	31.00	11.31
Family Health Support Services	144.67	31.00	113.67
Arts and Culture	58.45	30.00	28.45
Community Safety	68.41	45.00	23.41
Community Relations	38.83	17.00	21.83
Operations	139.67	139.00	0.67
Planning and Environment	28.71	25.00	3.71
Engineering Services	13.20	12.00	1.20
Facilities	11.00	11.00	-
Capital Works Delivery	17.00	17.00	-
Sustainable Assets	19.00	19.00	-
CAA Development	1.00	1.00	-
Peninsula Leisure Pty Ltd	37.00	25.00	12.00
Total permanent staff	727.93	503.00	224.93
Casual and other	95.25		
Total staff	823.18		

10.3.2 Materials and services (\$1.189 million increase)

Materials and services include the purchase of consumables and payments to contractors for the provision of services. Materials and services are forecast to increase by \$1.189 million in the Proposed Annual Budget 2019-2020 compared to the 2018-2019 forecast, primarily due to the recycling crisis resulting in an increase in waste disposal expenditure. This increase in materials and services is offset by increased general waste income of 7.5 per cent. There is also a significant increase in utility costs (\$0.22 million).

However a robust review was conducted by Councillors and management during the budget process which resulted in limited growth of costs in other areas of the budget.

10.3.3 Bad and doubtful debt (\$0.034 million decrease)

Bad and doubtful debts are not projected to move significantly in 2019-2020.



10.3.4 Depreciation and amortisation (\$0.291 million increase)

Depreciation relates to the usage of Council's property, plant and equipment and infrastructure assets including roads and drains. It is an accounting measure which attempts to allocate the value of an asset over its useful life. The increase of \$0.291 million for 2019-2020 is due mainly to the completion of the 2018-2019 capital works program and the full year effect of depreciation on the 2018-2019 capital works program. Refer to 'section 12. Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2019-2020 year.

10.3.5 Borrowing costs (\$0.092 million decrease)

Borrowing costs relate to interest charged by financial institutions on funds borrowed. Interest expense is budgeted to be \$1.48 million reflecting the agreed borrowing arrangements in 2019-2020 to fund capital works projects. Council are not proposing any further borrowings during 2019-2020.

10.3.6 Other expenses

Other expenses relate to a range of administration and professional services including audit services, operating leases, contributions to community groups and other miscellaneous expenditure items. Other expenses are forecast to remain constant.

	Forecast 2018-2019 \$'000	Budget 2019-2020 \$'000	Variance \$'000
Grants and contributions	939	905	34
Conferences, seminars, training	653	868	(215)
Operating leases	776	832	(56)
Councillor expenses	386	395	(9)
Court lodgement fees	360	369	(9)
Directors fees	335	343	(8)
Internal auditor	145	155	(10)
External auditor remuneration	149	145	4
Total other expenses	3,743	4,012	(269)

11. Analysis of budgeted cash position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2019-2020 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. 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, plant and equipment.
- **Financing activities** – Refers to the cash generated or used in the financing of Council functions and include proceeds from and repayment of borrowings from financial institutions.

11.1 Budgeted cash flow statement

	Ref	2018-2019 Forecast \$'000	2019-2020 Budget \$'000	Variance \$'000
Cash flows from operating activities	11.1.1			
<i>Receipts</i>				
Rates and charges		121,455	126,694	5,239
Statutory fees and fines		5,805	6,141	336
User fees		25,591	26,198	607
Grants - operating		19,128	18,297	(831)
Grants - capital		6,082	8,463	2,381
Contributions - monetary		4,160	1,645	(2,515)
Other receipts		18,282	2,259	(16,023)
<i>Payments</i>				
Employee costs		(74,716)	(76,331)	(1,615)
Materials and services		(56,516)	(57,671)	(1,155)
Other payments		(3,743)	(4,012)	(269)
Net cash provided by operating activities		65,528	51,683	(13,845)
Cash flows from investing activities	11.1.2			
Payments for property, infrastructure, plant and equipment		(56,432)	(46,220)	10,212
Proceeds from sale of property, infrastructure, plant and equipment		1,215	1,290	75
Net cash used in investing activities		(55,217)	(44,930)	10,287
Cash flows from financing activities	11.1.3			
Finance costs		(1,573)	(1,481)	92
Repayment of borrowings		(7,023)	(320)	6,703
Net cash used in financing activities		(8,596)	(1,801)	6,795
Net increase/(decrease) in cash and cash equivalents		1,715	4,952	3,237
Cash and cash equivalents at the beginning of the financial year		53,715	55,430	1,715
Cash and cash equivalents at end of the year	11.1.4	55,430	60,382	4,952

11.1.1 Operating activities (\$13.845 million decrease)

The \$13.845 million decrease in cash inflows from operating activities is due mainly to in payments for fire services levy and payment of trade and other payables.

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

	2018-2019 Forecast \$'000	2019-2020 Budget \$'000	Variance \$'000
Surplus (deficit) for the year	20,476	22,089	1,613
Depreciation and amortisation	31,581	31,872	291
Net gain on disposal of property, infrastructure, plant and equipment	(715)	(990)	(275)
Borrowing costs	1,573	1,481	(92)
Contributions - non monetary	(800)	(800)	-
Net movement in current assets and liabilities	13,413	(1,969)	(15,382)
Cash flows available from operating activities	65,528	51,683	(13,845)

11.1.2 Investing activities (\$10.287 million decrease)

The decrease in net cash outflows from investing activities of \$10.287 million is primarily due to the decrease in capital works expenditure.

11.1.3 Financing activities (\$6.795 million decrease)

The decrease in net cash outflows from financing activities of \$6.795 million is primarily due to Council decision to redeem a loan in 2018-2019.

11.2 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 2020 it will have cash and investments of \$96.026 million, which has been restricted as shown in the following table.

Ref	2018-2019 Forecast \$'000	2019-2020 Budget \$'000	Variance \$'000
	89,228	96,026	6,798
Total cash and investments			
Restricted cash and investments			
- Statutory reserves	11.2.1 (5,446)	(5,711)	(265)
- Cash held to fund carry forward capital	(4,249)	-	4,249
- Trust funds and deposits	11.2.2 (5,933)	(6,117)	(184)
Unrestricted cash and investments	73,600	84,198	10,598
- Discretionary reserves	11.2.3 (68,221)	(74,877)	(6,656)
Unrestricted cash adjusted for discretionary reserves	5,379	9,321	3,942



11.2.1 Statutory reserves (\$5.711 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.

11.2.2 Trusts and deposits (\$6.117 million)

These are monies held in trust and are to be refunded, and mainly constitute developer monies relating to the two major Development Contribution Plans which are refunded upon the completion of capital works.

11.2.3 Discretionary reserves (\$74.877 million)

Discretionary Reserves are funds set aside by Council for a specific purpose or project but not protected by statute.

11.2.4 Unrestricted cash and investments (\$1.821 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. 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.

11.3 Reserve fund balances for 2019-2020

The table below highlights Council's Reserve funds and the projected balance at 30 June 2020.

Reserve Balances	Forecast July 2019 Opening Balance	Budget Transfers To Reserve	Budget Transfers From Reserve	Budget June 2020 Closing Balance
Public resort and recreation	4,522	915	(650)	4,787
Native revegetation	707	-	-	707
Subdivision roadworks	133	-	-	133
Infrastructure assets	74	-	-	74
Carparking	10	-	-	10
Unexpended grant	12,324	4,289	(4,332)	12,281
Capital projects reserve	3,214	-	-	3,214
Strategic asset	32,232	2,948	(100)	35,080
PARC asset management sinking fund	9,000	3,000	(500)	11,500
Resource efficiency	57	-	-	57
Loan sinking fund	9,737	830	-	10,567
PARC asset management reserve	1,025	400	-	1,425
PARC strategic reserve	632	121	-	753
Totals	73,667	12,503	(5,582)	80,588

11.4. Impact of current year (2018-2019) on the Proposed Annual Budget 2019-2020

This section of the report highlights the impact that outcomes in 2018-2019 have had on the Proposed Annual Budget 2019-2020. The figures utilised in this section adjust the net operating result calculated in accordance with accounting standards to include cash costs such as capital works and exclude non-cash transactions such as depreciation to reach an underlying cash result. The table below illustrates that Council is forecasting to complete 2019-2020 with an accumulated cash surplus outcome of \$0.50 million.

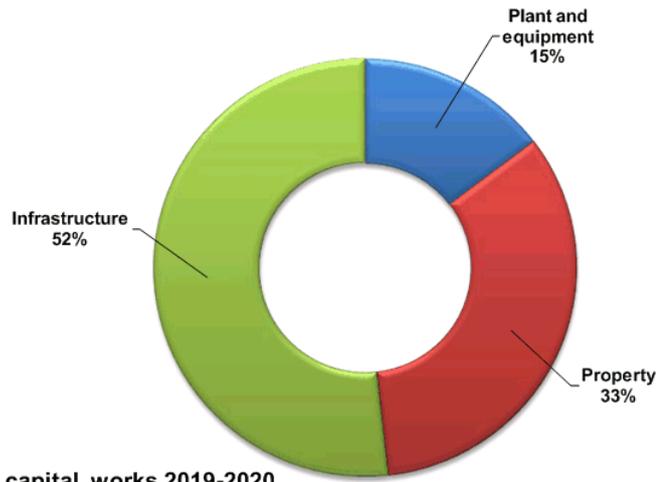
	Forecast 2018-2019 \$'000	Budget 2019-2020 \$'000	Variance \$'000
Surplus/(deficit) for the year	20,476	22,089	1,613
Add back non-cash items:			
Depreciation and amortisation	31,581	31,872	291
Contributions - non-monetary	(800)	(800)	-
Write down value of assets disposed	500	300	(200)
	31,281	31,372	91
Less non-operating cash items:			
Capital works expenditure	56,432	46,220	(10,212)
Transfers to/(from) reserves	(771)	6,921	7,692
Repayment of borrowings	7,023	320	(6,703)
	62,684	53,461	(9,223)
Cash surplus/(deficit) for the year	(10,927)	-	10,927
Accumulated cash surplus/(deficit) b/fwd	11,427	500	(10,927)
Accumulated cash surplus/(deficit) c/fwd	500	500	-

12. Analysis of capital budget

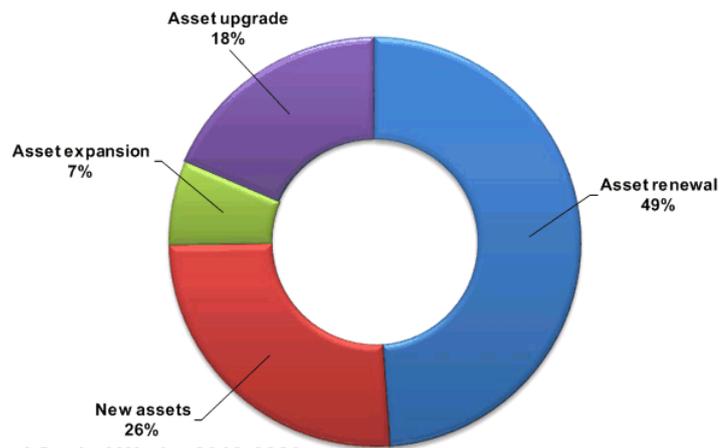
This section analyses the planned capital expenditure budget for the 2019-2020 year and the sources of funding for the capital budget.

12.1 Capital works

	Ref	2018-2019 Forecast \$'000	2019-2020 Budget \$'000	Variance \$'000
New Works and Carry Forwards				
Property				
	12.1.1			
Land		-	-	-
Buildings		13,950	16,015	2,065
Building improvements		32	-	(32)
Total property		13,982	16,015	2,033
Plant and equipment				
	12.1.2			
Plant, machinery and equipment		2,270	2,969	699
Fixtures, fittings and furniture		481	145	(336)
Computers and telecommunications		3,340	3,190	(150)
Library books		700	700	-
Total plant and equipment		6,791	7,004	213
Infrastructure				
	12.1.3			
Roads		9,790	4,250	(5,540)
Bridges		836	450	(386)
Footpaths and cycleways		3,472	1,545	(1,927)
Drainage		893	1,260	367
Recreational, leisure and community facilities		13,808	6,731	(7,078)
Waste management		282	150	(132)
Parks, open space and streetscapes		5,188	6,111	923
Off street car parks		2,307	1,735	(573)
Other infrastructure		583	2,470	1,887
Total infrastructure		37,159	24,701	(12,458)
Total new works and carry forwards		57,932	47,720	(10,212)
Total capital works expenditure		57,932	47,720	(10,212)
Represented by:				
Asset renewal expenditure	12.1.4	26,069	23,330	(2,739)
New asset expenditure	12.1.4	20,676	12,350	(8,326)
Asset upgrade expenditure	12.1.4	9,858	8,847	(1,011)
Asset expansion expenditure	12.1.4	1,329	3,193	1,864
Total capital works expenditure		57,932	47,720	(10,212)



Budgeted capital works 2019-2020



Budgeted Capital Works 2019-2020



12.1.1 Property (\$16.015 million)

The property class comprises buildings and building improvements including community facilities, municipal offices, sporting facilities and pavilions.

Significant projects include:

- Ballam Park - pavilion \$2,900,000 (\$2,500,000 Council contribution)
- Overport Park pavilion - \$2,320,000 (\$2,120,000 Council contribution)
- RF Miles Recreation Reserve pavilion - \$2,000,000 (grant funding)
- Monterey Reserve pavilion - \$1,300,000 (grant funding)
- Orwill Street Community House extension - \$700,000 (\$700,000 Council contribution)
- Jubilee Park netball centre - \$600,000 (\$600,000 Council contribution)
- Centenary Park sporting complex - \$500,000 (\$500,000 Council contribution)

12.1.2 Plant and equipment (\$7.004 million)

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

Significant projects include:

- Plant and equipment replacement - \$1,424,000 (\$1,424,000 Council contribution)
- Light vehicle replacement - \$1,200,000 (\$210,000 Council contribution)
- Library collection - \$700,000 (\$700,000 Council contribution)
- Computers and telecommunications - \$3,190,000 (\$3,190,000 Council contribution)

12.1.3 Infrastructure (\$24.701 million)

Infrastructure includes roads, bridges, footpaths and cycle ways, drainage, parks, open space and streetscapes, car parks and other structures.

Significant projects include:

- Funds allocated for roads and bridges amount to \$4,700,000 (\$4,105,000 Council Contribution). These roads include:
 - Barretts Road (Robinsons Road to Golf Links Road) - special charge scheme
 - Liddesdale Avenue landslip remediation
- Budget allocation to pathways including footpaths and shared pathways amount to \$1,545,000 (Council contribution).
- The budget allocated for recreational, leisure and community facilities is \$6.731 million (\$4.331 Council contribution) and includes Frankston Park Oval and Delacombe Park lighting, sporting ground playing surface renewal and playground renewal.
- Local area traffic management including the Seaford, Sweetwater, Woodlands and Fairway Precincts has a budget allocation of \$2.150 million (\$1.300 million Council Contribution)
- Parks, open space and streetscapes have been allocated \$6.111 million (\$5.663 Council contribution) and includes replacing street lights with LED lighting, Clyde Street Mall and Station Street Mall upgrades, laneway activation, shade sails, gateway developments, public art and fencing.
- Overport Park new carpark and pathways budget allocated of \$1.015 million (Council contribution)



12.1.4 Asset renewal (\$23.330 million), new assets (\$12.350 million), asset upgrade (\$8.847 million) and asset expansion (\$3.193 million)

A distinction is made between expenditure on new assets, expenditure on asset renewal and asset upgrade and expansion. 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 or upgrade of existing assets but will result in an additional burden for future operation, maintenance and capital renewal.

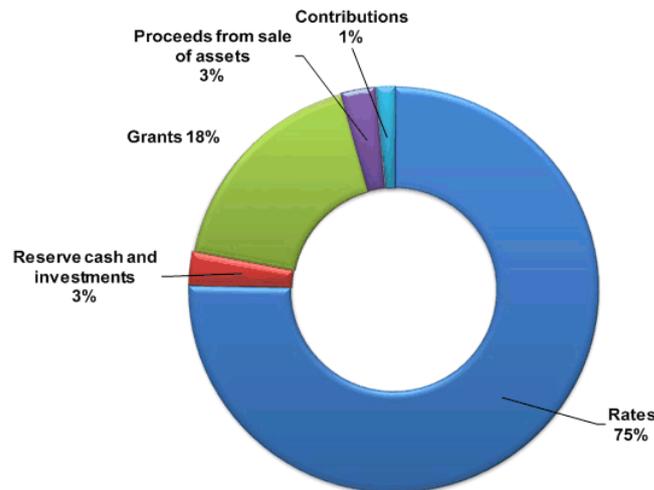
Significant renewal projects funded from Council contributions include:

- Road renewal program - \$3.696 million
- Facilities renewal program - \$3.461 million
- Bridge renewal program - \$0.450 million
- Footpath renewal program - \$1.219 million
- Park and open space renewal - \$2.039 million
- Plant, fleet and equipment replacement - \$2.22 million
- Computer and telecommunications - \$1.691 million
- Off street car parking - \$0.811 million
- Library collection - \$0.70 million
- Drainage renewal - \$0.782 million

12.2 Funding sources

The table below highlights the source of funds for the various total expenditure amounts. It highlights that funding from rate revenue for capital expenditure in 2019-2020 is \$39.97 million.

Sources of funding	Ref	2018-2019 Forecast \$'000	2019-2020 Budget \$'000	Variance \$'000
Works carried forward				
<i>Current year funding</i>				
Grants		1,900	-	(1,900)
Contributions		-	-	-
Council cash		-	-	-
- operations		1,789	-	(1,789)
- proceeds from sale of assets		-	-	-
- reserve cash and investments		560	-	(560)
Total works carried forward	12.2.3	4,249	-	(4,249)
New works				
<i>Current year funding</i>				
Grants	12.2.1	4,182	8,463	4,281
Contributions	12.2.2	3,245	730	(2,515)
Council cash				
- operations	12.2.4	42,815	35,944	(6,871)
- proceeds from sale of assets	12.2.5	1,015	1,290	275
- reserve cash and investments	12.2.6	2,426	1,293	(1,133)
Total new works		53,683	47,720	(5,963)
Total funding sources		57,932	47,720	(10,212)



Budgeted total funding sources 2019-2020

12.2.1. Grants - capital (\$8.463 million)

Capital grants include all monies received from Victorian, Australian and community sources for the purposes of funding the capital works program. Overall the level of capital grants has increased by \$3.97 million compared to 2018-2019.

Significant grants included in the proposed 2019-2020 Annual Budget are:

• RF Miles Recreation Reserve – new pavilion	\$2,000,000
• Frankston Park Oval – sports lighting	\$1,500,000
• Monterey Reserve – soccer pavilion	\$1,300,000
• Belvedere Bowls Club – pavilion extension	\$600,000
• Roads to Recovery Program	\$595,000
• Delacombe Park Reserve – lighting upgrade	\$500,000
• Seaford Precinct local area traffic management	\$400,000
• Ballam Park – soccer pavilion	\$400,000
• Sweetwater Precinct local area traffic management	\$250,000
• Carrum Bowls Club - pavilion upgrade	\$200,000
• Fairway Precinct local area traffic management	\$200,000
• Sports lighting renewal program	\$200,000
• Skye Recreation Reserve – pavilion upgrade	\$100,000
• Overport Park pavilion	\$100,000
• Frankston Park – coaches box	\$50,000
• Renew street lighting to 17W LED lights	\$68,000



12.2.2 Contributions (\$0.730 million)

Contributions represent contributions by developers and other parties in relation to capital works. A significant contribution is included in the proposed Annual Budget 2019-2020:

• Clyde Street Mall upgrade	\$280,000
• Carrum Bowls Club- pavilion upgrade	\$100,000
• Frankston Park Oval – sports lighting	\$150,000
• Station Street Mall upgrade	\$100,000
• Overport Park pavilion	\$100,000

12.2.3 Carry forwards (\$4.249 million)

Currently, Council has identified \$4.25 million of carry forward projects. Significant projects include:

• Computers and technology	\$1,267,379
• Frankston Yacht Club fit out	\$830,343
• Station Street Mall upgrade	\$600,000
• Frankston Park Oval lighting	\$650,000
• Skye Recreation building	\$499,537
• Langwarrin netball courts	\$200,000
• Oliver's Hill breakwater and coast guard	\$120,000
• Seaford sub-station	\$50,000
• Frankston tip risk management strategy	\$31,281

These carry forward projects are funded by grants \$1,900,000, reserves \$560,000 and council cash \$1,788,540

12.2.4 Council cash - operations (\$35.944 million)

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$35.944 million will be generated from operations to fund the 2019-2020 capital works program. This amount is funded from cash generated from operating activities represented in the Cash Flow Statement (\$51.683 million) as set out in Section 4 of this budget.

12.2.4 Council cash - proceeds from sale of assets (\$1.290 million)

Proceeds from sale of assets include the sale of heavy plant and motor vehicles in accordance with Council's fleet renewal policy.

12.2.6 Council cash - reserve cash and investments (\$1.293 million)

The Proposed Annual Budget 2019-2020 utilises available reserve funds for the funding of various capital projects, including the following significant application:

• Peninsula Leisure asset management implementation	\$500,000
• Dunsterville Reserve – new playground installation	\$150,000
• Ballam Park – master plan implementation	\$140,000
• Open Space renewal program	\$100,000
• Ball protection fences	\$100,000
• Local park upgrade program	\$60,000
• Carrum Downs Recreation Reserve	\$50,000
• Frankston coast guard	\$50,000
• Coastal safe boat refuge	\$50,000
• Installation of CCTV cameras	\$43,000
• Structured recreation pavilions renewal program	\$30,000
• Seaford wetlands – recreation connections	\$20,000

13. Analysis of budgeted financial position

This section analyses the movements in assets, liabilities and equity between 2018-2019 and 2019-2020. It also considers a number of key performance indicators.

13.1 Budgeted balance sheet

	Ref	2018-2019 Forecast \$'000	2019-2020 Budget \$'000	Variance \$'000
Current assets	13.1.1			
Cash and cash equivalents		55,430	60,382	4,952
Trade and other receivables		15,080	15,547	467
Other financial assets		27,298	28,144	846
Inventories		213	220	7
Other assets		2,220	2,293	73
Total current assets		100,241	106,586	6,345
Non-current assets	13.1.1			
Trade and other receivables		1,283	1,158	(125)
Other financial assets		6,500	7,500	1,000
Intangible assets		1,303	2,883	1,580
Property, infrastructure, plant and equipment		1,708,156	1,721,424	13,268
Total non-current assets		1,717,242	1,732,965	15,723
Total assets		1,817,483	1,839,551	22,068
Current liabilities	13.1.2			
Trade and other payables		14,001	14,351	350
Provisions		17,865	17,754	(111)
Interest-bearing loans and borrowings		320	345	25
Total current liabilities		32,186	32,450	264
Non-current liabilities	13.1.2			
Provisions		1,991	2,051	60
Interest-bearing loans and borrowings		27,748	27,403	(345)
Total non-current liabilities		29,739	29,454	(285)
Total liabilities		61,925	61,904	(21)
Net assets		1,755,558	1,777,647	22,089
Equity	13.1.3			
Accumulated surplus		711,058	726,226	15,168
Reserves		1,044,500	1,051,421	6,921
Total equity		1,755,558	1,777,647	22,089

13.1.1 Current assets (\$6.345 million increase) and Non-Current Assets (\$15.723 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 remain constant throughout the 2019-2020 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. Other assets include items such as prepayments for expenses that Council has paid in advance of service delivery and other revenues due to be received in the next 12 months.

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles and equipment 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, contribution of non-monetary assets, depreciation of assets and through the sale of property, plant and equipment.

13.1.2 Current Liabilities (\$0.264 million increase) and Non-Current Liabilities (\$0.285 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 2018-2019 levels.

Provisions include accrued long service leave, annual leave. These employee entitlements are only expected to increase marginally due to more active management of entitlements.

Interest-bearing loans and borrowings are borrowings of Council.

13.1.3 Equity (\$22.089 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 \$15.168 million results directly from the surplus for the year

Working Capital (\$6.061 million increase)

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.

	2018-2019 Forecast \$'000	2019-2020 Budget \$'000	Variance \$'000
Current Assets	100,241	106,586	6,345
Current Liabilities	32,186	32,450	264
Working Capital	68,055	74,136	6,081
Restricted cash and investment current assets			
- Statutory reserves	(5,446)	(5,711)	(265)
- Trust funds and deposits	(5,933)	(6,117)	(184)
Unrestricted working capital	52,427	62,308	9,881

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.



13.2 Key assumptions

In preparing the Budgeted Balance Sheet for the year ending 30 June 2020 it was necessary to make a number of assumptions about assets, liabilities and equity balances. The key assumptions are as follows:

- A total of 95.0 per cent of total rates and charges raised will be collected in 2019-2020
- 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 2018-2019 levels
- Employee entitlements to be increased by the Enterprise Bargaining Agreement outcome offset by the impact of more active management of leave entitlements of staff
- Repayment of loan principal to be \$0.320 million
- Total capital expenditure to be \$47.72 million

Long term strategies

14. Strategic resource plan

Council is required by the Local Government Act to develop a Strategic Resource Plan (SRP) which includes an indicative four year budget. Sections 14 to 16 of this budget (set out on the following pages) explain a possible long term financial plan. However it should be noted that this draft has not been adopted by Council and the indicative rating and debt strategies it contains have not been endorsed by Council.

During the next four years, Council will face considerable pressure on its financial position particularly in the face of ongoing cost-shifting by Victorian and Australian Governments in addition to the reduction in Victorian and Australian Government grants to the entire Victorian local government sector that is predicted over the coming years. This will push all Victorian councils to consider greater reliance on rates to fund existing and new services and programs.

It is noted that the Victorian Government has introduced legislation that prevents Councils from raising rates above inflation levels from 1 July 2016. Victorian councils will be forced to cap rates at the consumer price index (CPI) which has been declared for 2019-2020 at 2.50 per cent. The CPI (based on a basket of common household goods and services that Council purchases very little of) is a very poor index of the cost of providing Council services that is very heavily based on labour costs.

14.1 Plan development

The Act requires a Strategic Resource Plan (SRP) to be prepared describing both financial and non-financial resources (including human resources) for at least the next four financial years to achieve the strategic objectives in the Council Plan. In preparing the SRP, Council must take into account all other plans and strategies in regard to services and initiatives which commit financial and non-financial resources for the period of the SRP.

Council has prepared a SRP for the five years 2019-2020 to 2023-2024 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 five 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:

- The achievement of a prudent balance between meeting the service needs of the Frankston City community and remaining financially sustainable for future generations
- An enhanced funding level for capital works in general and meet the asset renewal requirements as outlined in asset management planning
- To maintain a sustainable Council in an environment where Council must either constrain its net operational costs, or reduce funds available to capital expenditure due to the capping of Council rates and low increases in government grant funding
- 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

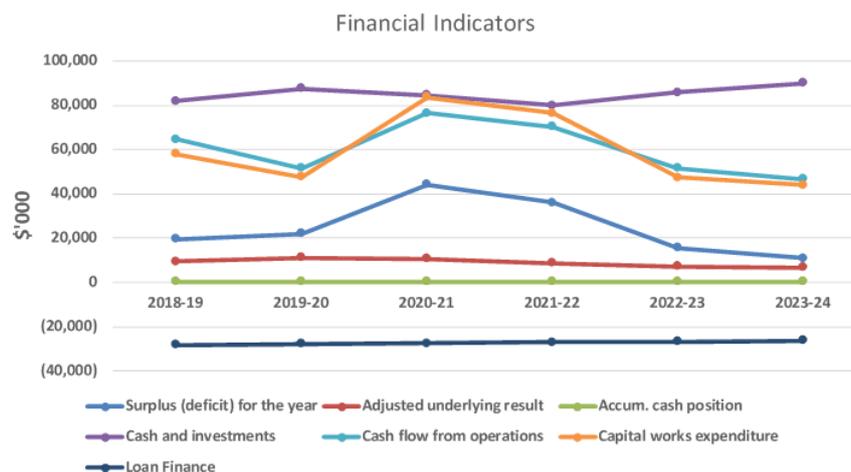
The SRP is updated annually through a rigorous process of consultation with Council service providers followed by a detailed sensitivity analysis to achieve the key financial objectives.

14.2 Financial resources

The following table summarises the key indicative financial results for the five years 2019-2020 to 2023-2024. Section 3 includes a more detailed analysis of the financial resources to be used over the five year period.

Indicator	Forecast	Budget	Strategic Resource Plan Projections			
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Surplus (deficit) for the year	20,476	22,089	44,362	36,193	15,705	11,080
Adjusted underlying result	9,434	11,181	10,839	8,868	7,445	6,769
Accum. cash position	500	500	500	500	500	500
Cash and investments	89,228	96,026	92,973	88,545	94,301	98,660
Cash flow from operations	65,528	51,683	76,467	70,434	51,547	46,803
Capital works expenditure	57,932	47,720	83,656	76,544	47,454	44,068
Loan Finance	(28,068)	(27,748)	(27,403)	(27,033)	(26,641)	(26,214)

Frankston City Council is continually reviewing and ensuring that appropriate service levels are provided to the Frankston City community. A focus of the budget development has been on doing the same for less. Any increase in expenditure / service levels has been offset with savings in areas with discretionary spending.





The key outcomes of the SRP are as follows:

- **Financial position (Section 11)** - Cash and investments is forecast to increase over the five year period from \$96.026 million to \$98.660 million
- **Rating levels (Section 15)** – Modest rate increases are forecast over the five years at an average of 2.5%
- **Service delivery strategy (Section 16)** – Service levels have been maintained throughout the five year period. Despite this, operating surpluses are forecast during this period however, the surplus reduces as a result of rate capping. By excluding the effects of capital items such as capital grants and contributions, the adjusted underlying result is a surplus and again reduces over the five year period. The adjusted underlying result is a measure of financial sustainability and is an important measure as once-off capital items can often mask the operating result
- **Borrowing strategy (Section 16)** – Borrowings are forecast to reduce from \$27.75 million to \$26.21 million over the five year period. This is on the basis that there are no new borrowings during the term of the LTFP
- **Infrastructure strategy (Section 16)** - Capital expenditure over the five year period is expected to total \$299.44 million at an average of \$59.89 million per year

15. 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. This section should be read in conjunction with Council's Rating Strategy which is available on Council's website.

15.1 Rating context

In developing the Strategic Resource Plan, rates and charges were identified as an important source of revenue, accounting for 66% 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 Frankston community.

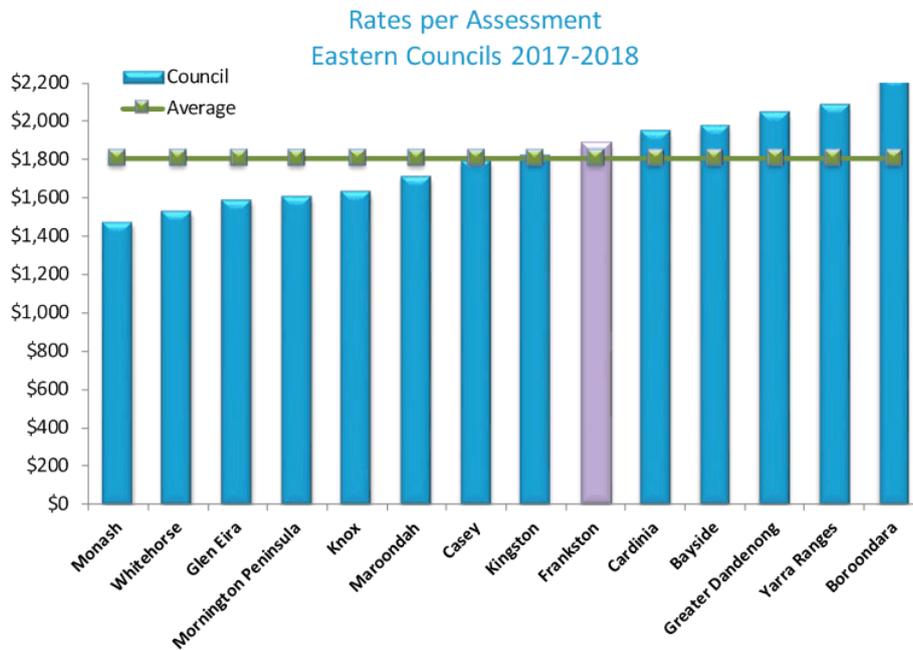
Where considered appropriate, Council will utilise the range of rates and charges prescribed under Section 155 of the Act to spread the rate burden across the municipality to recover the costs for the provision of specific services. This will include the annual declaration of a municipal charge to cover some of the administrative costs of Council and a service charge for the full cost recovery of the collection and disposal of refuse.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly every second year when applying new valuations to all properties within the municipality which results in individual rate payers facing varied increases in their rate payments.

Council needs to increase its revenue contributions from rates if it is in the long term to continue to provide services which are at least of a standard comparable to those offered elsewhere in the Melbourne metropolitan area. Otherwise it will not be able to meet the challenge of being an outstanding Victorian regional capital on the bay.

The following highlights benchmark data comparing Frankston City Council's level of rating to that of fourteen comparable Eastern Melbourne Councils and the likely future percentage increases in the quantum of Council's rate revenue.

Benchmark data highlights that Frankston City Council has a slightly higher rating compared to its regional grouping. The following graph displays that on a rates per assessment basis (for 2017-2018), Council's \$1,885 per assessment is the sixth highest of the group and higher than the average amount of \$1,807 per assessment.



The figures highlighted above are drawn from the 2017-2018 Annual Reports of the various Councils and given Council's rate increase in 2019-2020 of 2.50 per cent, the variance amount below the average figure is expected to have been maintained.

15.2 Current year rates and charges

It will be necessary to achieve future revenue growth while containing costs in order to maintain robust capital works programs and achieve a financially sustainable position in the future.

In order to achieve these objectives while maintaining service levels and a strong capital expenditure program, the general rate and municipal charge will increase by 2.50 per cent, green waste charge by 5.00 per cent and the general waste collection charge by 7.50 per cent. This will raise total rate and charges for 2019-2020 of \$126.694 million, including \$0.769 million generated from supplementary rates.

The following table highlights the indicative rate increase over the forward 5 year period. These forward indexes are indicative only, are reviewed on an annual basis, and subject to change. The remaining years of the SRP includes base rate increases aligned to the proposed rate cap of the consumer price index.

Year	General Rate %	Municipal Charge %	General Waste Charge %	Green Waste Charge %	Total Rates Raised \$'000
2018/19	2.25	2.25	10.00	2.25	121,455
2019/20	2.50	2.50	7.50	5.00	126,694
2020/21	2.50	2.50	2.50	2.50	129,969
2021/22	2.50	2.50	2.50	2.50	133,370
2022/23	2.50	2.50	2.50	2.50	136,862
2023/24	2.50	2.50	2.50	2.50	140,563

15.3 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. In previous financial years, Frankston City Council has established a general rate in the dollar to be applied to the valuation of all residential assessments in order to levy rates. It has further raised a number of differential rates that vary from the general rate in respect of certain rating types. This distinction is based on the concept that business should pay a fair and equitable contribution to rates, taking into account the benefits those properties derive from the local community. The table below highlights the variance from the general rates for 2019-2020.

Differential Type	% Difference to General Rate 2019/20	% Difference to General Rate 2018/19
Rate for Retirement Villages	- 25.00%	- 25.00%
Rate for Commercial Land	+ 25.00%	+ 25.00%
Rate for Industrial Land	+ 25.00%	+ 25.00%
Rate for Vacant Residential Land	+ 25.00%	+ 25.00%
Rate for Acacia Estate	+6.00%	+6.00%
Rate for Farm Land	- 20.00%	- 20.00%
Rate for Derelict Land	+ 200.00%	+ 200.00%

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 will review its rating structure every two years.

The existing rating structure also comprises 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 levy the rate for

recreational lands at “such amount as the municipal council thinks reasonable having regard to the services provided by the municipal council in relation to such lands and having regard to the benefit to the community derived from such recreational lands”. Council also levies a municipal charge and a waste collection charge as allowed under the Act.

The following table summarises the rates to be made for 2019-2020. A more detailed analysis of the rates to be raised is contained in Section 7 “Rates and charges”.

Rate Type	How applied	2018-2019	2019-2020	Total Raised \$'000	Change
Ordinary Rate	Cents in \$ of CIV	0.2165	0.2320	73,522	7.13%
Rate for Retirement Villages	Cents in \$ of CIV	0.1624	0.1740	260	7.13%
Rate for Commercial Land	Cents in \$ of CIV	0.2707	0.2900	8,044	7.13%
Rate for Industrial Land	Cents in \$ of CIV	0.2707	0.2900	5,389	7.13%
Rate for Vacant Residential Land	Cents in \$ of CIV	0.2707	0.2900	963	7.13%
Rate for Acacia Heath	Cents in \$ of CIV	0.2300	0.2458	493	6.89%
Rate for Farm Land	Cents in \$ of CIV	0.1732	0.1856	39	7.13%
Rate for Derelict Land	Cents in \$ of CIV	0.6496	0.6959	2	7.13%
Rate for Cultural & Recreational	Cents in \$ of CIV	various	various	247	various
Rate by agreement (including Baxter Village)	Cents in \$ of CIV	various	various	122	various
Municipal Charge	\$ per property	\$159.10	\$163.10	10,231	2.5%
Residential Bin 240L	\$ per property	\$532.30	\$572.20	7	7.5%
Residential Bin 120L	\$ per property	\$353.70	\$380.20	14,644	7.5%
Residential Bin 80L	\$ per property	\$281.60	\$302.70	5,426	7.5%
Residential Bin 120L (Fortnightly Pickup)	\$ per property	\$331.20	\$356.00	110	7.5%
Residential Bin 80L (Fortnightly Pickup)	\$ per property	\$259.20	\$278.60	79	7.5%
Green Waste Bin	\$ per property	\$138.55	\$145.50	5,853	5.0%
Commercial Bin 120L	\$ per property	\$353.70	\$380.20	365	7.5%
Commercial Bin 80L	\$ per property	\$281.60	\$302.70	70	7.5%
Commercial Recycling Bin	\$ per property	\$189.00	\$203.20	17	7.5%
Additional Residential Recycling Bin	\$ per property	\$50.00	\$50.00	43	-

Council has endorsed in principle 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.

16. Other long term strategies

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

16.1 Borrowings

The use of debt funding for the provision of major community assets that will provide community benefit over a number of years is considered sound practice and governments at all levels have regularly enacted this approach. The use of debt funding enables the cost of community assets to be spread inter-generationally, and smooths the impact of the borrowings on the long term financial structure for the Council.

Frankston City Council has clearly endorsed policies in relation to the undertaking of borrowings to fund major projects which have been reviewed and endorsed by Council. This includes clear definition of the types of projects that can be funded, and the financial governance ratios that must be met in undertaking any borrowings. The Victorian Government principles on loan borrowing are also referenced for further validation of any proposed borrowings.

The table below sets out proposed / future borrowings, based on the forecast position of Council as at 30 June 2020.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2018/19	-	7,023	1,573	28,068
2019/20	-	320	1,481	27,748
2020/21	-	345	1,455	27,403
2021/22	-	370	1,431	27,033
2022/23	-	392	1,404	26,641
2023/24	-	427	1,378	26,214

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

	Forecast	Budget	Strategic Resource Plan Projections			
	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
New borrowings						
Principal paid	7,023	320	345	370	392	427
Interest paid	1,573	1,481	1,455	1,431	1,404	1,378
Balance 30 June	28,068	27,748	27,403	27,033	26,641	26,214

16.2 Infrastructure

The management of Council's assets is an integral component of Council's Long Term Financial Plan, and one that poses significant challenges, not only for this Council, but for all Victorian municipalities. Council is developing an asset management strategy for its long-term infrastructure based on the knowledge provided by various asset management plans which sets out the capital expenditure requirements of the Council for the next 10 years by class of assets and is a key input into its long term



financial plan. It predicts infrastructure consumption, renewal needs and considers infrastructure needs to meet future community service expectations.

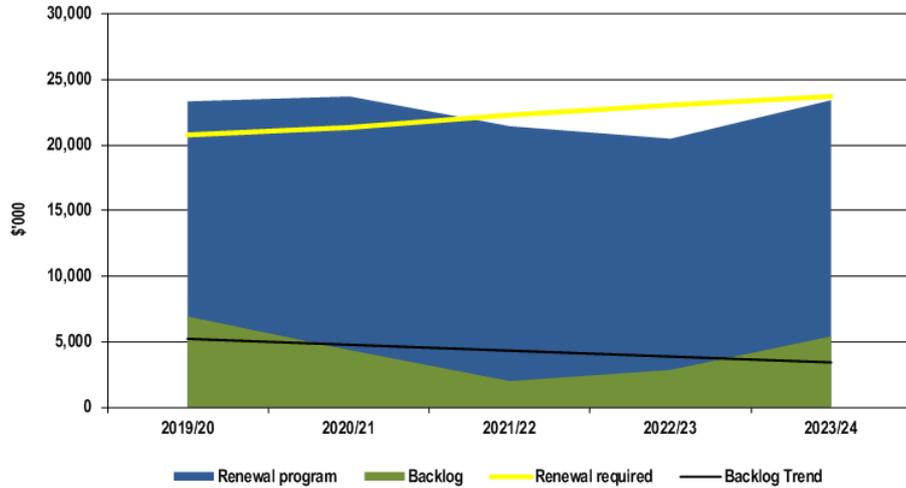
The strategy has been developed through a rigorous process of consultation and evaluation. The key aspects of the process are as follows:

- Long-term capital planning process which integrates with the Council Plan, the long-term financial plan and the annual budget process
- Identification of capital projects through the preparation of asset management plans
- Prioritisation of capital projects within classes of assets on the basis of evaluation criteria
- Methodology for allocating annual funding to classes of capital projects
- Business case templates for officers to document capital project submissions

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

Future asset renewal requirements

Council remains committed to meeting its infrastructure needs. The asset renewal backlog is expected to decrease over the next five (5) year period. This investment is in accordance with its funding strategy to alleviate the total renewal backlog over a 10 year period outlined in Council’s Long Term Financial Plan (LTFP) and upcoming Long Term Infrastructure Plan (LTIP). The graph below sets out the required and actual asset renewal from 2019-2020 to 2023-2024.





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

	Forecast	Budget	Strategic Resource Plan Projections			
	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
External						
Government grants	6,082	8,463	31,105	25,610	6,545	2,596
Contribution	3,245	730	703	-	-	-
Proceeds from sale of assets	1,015	1,290	3,564	1,084	1,032	973
Subtotal	10,342	10,483	35,372	26,694	7,577	3,569
Internal						
Reserve funds	2,986	1,293	11,712	12,817	1,936	565
Rate funding	44,604	35,944	36,572	37,033	37,941	39,934
Total Capital Works	57,932	47,720	83,656	76,544	47,454	44,068



Annual Budget 2019-2020

Appendices

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

This information has not been included in the main body of the budget report in the interests of clarity and conciseness. 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 A	Detailed capital projects
Appendix B	Budget process



Annual Budget 2019-2020

Appendix A

Detailed capital works projects

This appendix presents a listing of the capital works projects that will be undertaken for the 2019-2020 year.

The capital works projects are grouped by type including the following:

- Buildings
- Drainage
- Footpaths and cycleways
- Parks, open space and streetscapes
- Recreational, leisure and community facilities
- Roads

2019-2020 Capital Works Program

Project Name	2019-2020	Rates	Other
	Budget Allocation	Funded	Funding Source
	\$'000	\$'000	\$'000
PROPERTY			
Buildings			
Ballam Park - soccer pavilion	2,900	2,500	400
Overport Park - pavilion	2,320	2,120	200
RF Miles Recreation Reserve - pavilion	2,000	-	2,000
Monterey Reserve - soccer pavilion	1,300	-	1,300
Orwil Street community house - extension	700	700	-
Belvedere Bowls Club - building extension	600	-	600
Jubilee Park - netball centre construction	600	600	-
Structured recreation pavilions renewal	530	530	-
Centenary Park - sporting complex	500	500	-
Civic and operations facilities renewal	500	500	-
Peninsula Aquatic and Recreation Centre	500	500	-
Family support and aged services facilities renewal	450	450	-
Carrum Bowls Club Keast Park pavilion	380	80	300
Arts and culture renewal	360	360	-
RF Miles Recreation Reserve - reconstruction	347	347	-
Communities facilities renewal	250	250	-
Facility maintenance contract renewal	250	250	-
Facilities painting	250	250	-
Frankston Memorial Park - public toilet	200	200	-
Jubilee Park - Kevin Collopy Pavilion	100	100	-
Skye Recreation Reserve - pavilion upgrade	100	-	100
Nairn Marr Djambana	100	100	-
Pines Aquatic Centre renewal	100	100	-
Centenary Park Golf Course - pro shop	75	75	-
Proposed Langwarrin library	75	75	-
Centenary Park Golf Course security upgrade and shed	70	70	-
Langwarrin men's shed	60	60	-
Belvedere Child and Family Centre	50	50	-
Belvedere Reserve - Linen House upgrade	50	50	-
Community halls renewal	50	50	-
Storm and vandalism renewal	50	50	-
Frankston coast guard	50	50	-
Concrete slab for Seaford farmers market shed	50	50	-
Frankston North Community Centre - annex	30	30	-
Frankston Arts Centre (internal lighting) - LED upgrade	20	20	-
Ebdale Community Hub - lamp upgrades to LEDs	19	19	-
Frankston Arts Centre (car park lighting) - LED upgrades	16	16	-
Peninsula Reserve - public toilet	10	10	-
Meals on wheels - T8 lamp upgrades to LEDs	3	3	-
Total Buildings	16,015	11,115	4,900
TOTAL PROPERTY	16,015	11,115	4,900

2019-2020 Capital Works Program

Project Name	2019-2020		Other
	Budget Allocation	Rates Funded	Funding Source
	\$'000	\$'000	\$'000
PLANT AND EQUIPMENT			
Plant, machinery and equipment			
Plant and equipment replacement	1,424	1,424	-
Light vehicles replacement	1,200	1,200	-
Installation of CCTV cameras	100	100	-
Office furniture and equipment renewal	50	50	-
Noise monitor	45	45	-
Safe city surveillance system - CCTV camera renewal	40	40	-
Minor plant and equipment replacement	30	30	-
Litter bin replacement	25	25	-
Ticket machine replacement	20	20	-
Yamala Reserve - solar PV - Yamala Park bowling clubhouse	13	13	-
Solar PV - Delacombe Park football/cricket pavilion	12	12	-
Karingal PLACE Neighbourhood Centre - 8kW solar system	10	10	-
Total plant, machinery and equipment	2,969	2,969	-
Fixtures, fittings and furniture	145	145	-
Computers and telecommunications			
New systems implementations	1,480	1,480	-
Core infrastructure renewal	1,200	1,200	-
SQL server renewal	200	200	-
Network and comms renewal	100	100	-
Microwave network renewal	80	80	-
GIS mapping renewal	50	50	-
Anti-virus software replacement	50	50	-
Libraries - booking system library meeting rooms	19	19	-
Reporting system renewal	11	11	-
Total computers and telecommunications	3,190	3,190	-
Library books	700	700	-
TOTAL PLANT AND EQUIPMENT	7,004	7,004	-

2019-2020 Capital Works Program

Project Name	2019-2020		Other
	Budget	Rates	Funding
	Allocation	Funded	Source
	\$'000	\$'000	\$'000
INFRASTRUCTURE			
Roads			
Road renewal	3,000	3,000	-
Roads to Recovery	595	-	595
Kerb renewal	320	320	-
Barretts Road - special charge scheme	100	100	-
Liddesdale Avenue landslip remediation	100	100	-
Kerb and channel construction - various locations	50	50	-
Taylors Road - road investigation	50	50	-
Warringa Road - improved road surface	35	35	-
Total roads	4,250	3,655	595
Footpaths and cycleways			
Footpath renewal program	700	700	-
Pathway renewal - Council reserves	200	200	-
North Road - pathway - (South side)	180	180	-
CAA streetscape - footpath / pedestrian renewal works	100	100	-
Shared path renewals	100	100	-
Seaford Wetlands - recreational connections	95	95	-
Bay Trail footpath renewal - Beach Street to Mile Bridge	70	70	-
Bicycle path safety upgrades	40	40	-
Baxter Trail improvements	30	30	-
Brighton Street - shared pathway	30	30	-
Total footpaths and cycleways	1,545	1,545	-

2019-2020 Capital Works Program

Project Name	2019-2020	Other	
	Budget Allocation \$'000	Rates Funded \$'000	Funding Source \$'000
Recreational, leisure and community facilities			
Frankston Park oval 1 lighting	1,850	200	1,650
Playground strategy implementation	1,236	1,236	-
Sporting grounds - playing surface renewal	1,190	1,190	-
Delacombe Park Reserve - soccer 1 lighting	500	-	500
Sports lighting renewal	400	200	200
Centenary Park Golf Course irrigation upgrade	290	290	-
Cricket net replacement	250	250	-
Irrigation and drainage systems at Council reserves renewal	200	200	-
Centenary Park Golf Course master plan	150	150	-
Dunsterville Reserve - new sub-local playground	150	150	-
Overport Park - bike track design and construction	110	110	-
Carrum Downs Recreation Reserve master plan	50	50	-
Frankston Park - coaches box	50	-	50
Playground improvements/demolition	50	50	-
Lighting design for Lawton Reserve	50	50	-
Ballam Park - West oval athletics hammer throw cage	50	50	-
Playground undersurfacing renewal	40	40	-
Overport Park - Frankston Dolphins netaball courts	35	35	-
Sporting ground goal post replacement	30	30	-
Baxter Park -develop equestrian master plan	30	30	-
Sporting ground - pitch cover upgrade and renewal	20	20	-
Total recreational, leisure and community facilities	6,731	4,331	2,400
Bridges			
Minor bridge and pedestrian structures	200	200	-
Major bridges	250	250	-
Total bridges	450	450	-
Drainage			
Easement drainage pit alterations	200	200	-
Gatic pit lid renewal program	200	200	-
Drainage pipes and pits	100	100	-
Drainage - Council reserves	100	100	-
Frankston South drainage strategy - Murawa Street Catchment	100	100	-
Design and scoping for Frankston South drainage strategy	100	100	-
Frankston South Drainage Strategy - Esplanade	100	100	-
Frankston Park and Beauty Park - Stormwater treatment	80	80	-
Minor drainage works	50	50	-
Wangarra McMahons Road catchment strategy	50	50	-
Renewal of existing water sensitive urban design assets	50	50	-
Frankston drainage strategy	50	50	-
Water sensitive urban design	50	50	-
Flood and catchment modelling	20	20	-
Lloyd Park drainage	10	10	-
Total drainage	1,260	1,260	-

2019-2020 Capital Works Program

Project Name	2019-2020		Other Funding Source
	Budget Allocation \$'000	Rates Funded \$'000	
Waste management			
Waste management	150	150	-
Waste management	150	150	-
Parks, open space and streetscapes			
Renew 6,996 T5 (30.5W) street lights to 17W LED lights.	725	657	68
Clyde St Mall - upgrade	650	370	280
Station Street Mall upgrade (stage 1)	400	300	100
Station Street Mall - streetscape upgrade (stage 2)	280	280	-
Frankston Park - reconfigure eastern end of oval	250	250	-
Sculpture public artwork development	200	200	-
CAA - greening and improvement	200	200	-
Retaining wall renewal	200	200	-
Shopping strip aesthetics upgrade	180	180	-
Evelyn Street and O'Grady Avenue improvements	180	180	-
Frankston foreshore - signage and lighting	175	175	-
Fairy bud lighting at various locations	160	160	-
Boundary fencing replacement	150	150	-
Ballam Park - master plan implementation	140	140	-
Frankston CAA - laneway activation	140	140	-
Boulevards and gateway treatments	130	130	-
Shannon Mall - streetscape upgrade	100	100	-
Open space renewal	100	100	-
Erosion control fence renewal - Seaford/Frankston foreshore	100	100	-
Barrier and guard rail renewal	100	100	-
Ball protection fences	100	100	-
Downs Estate - infrastructure upgrade	100	100	-
Foreshore disability access and inclusion implementation	80	80	-
Fence upgrade - Council reserves	80	80	-
Frankston foreshore - aquatic risk assesment on the foreshore	75	75	-
Frankston foreshore - 3 phase power at beach front	75	75	-
Kanaook Creek - 2 viewing platforms	75	75	-
Nepean Highway boulevard plan	70	70	-
Local park upgrade program for parks in Frankston	60	60	-
New park way finding signage	55	55	-
Gateway development - McClelland Gallery and Peninsula Link	51	51	-
Foreshore pedestrian and beach entrances renewal	50	50	-
Foreshore minor infrastructure renewal	50	50	-
Public artworks renewal	50	50	-
Lighting for sporting reserves	50	50	-
Langwarrin equestrian centre - develop masterplan	50	50	-
Kananook Creek - dredging and entrance redesign	50	50	-
Coastal safe boat refuge	50	50	-
Shade sail at Montague Park playground	40	40	-
Shade sail - Seaford Pier	40	40	-
Shade sail - Southgateway Park	40	40	-

2019-2020 Capital Works Program

Project Name	2019-2020		Other
	Budget	Rates	Funding
	Allocation	Funded	Source
	\$'000	\$'000	\$'000
Signage - various reserves	30	30	-
Street lighting renewal	30	30	-
Seaford foreshore - beach access design and upgrade	30	30	-
Wittenberg Reserve - upgrade design	30	30	-
Frankston North gateway developments - Excelsior Drive	30	30	-
Frankston North gateway developments - Monterey Boulevard	30	30	-
Frankston North gateway developments - Forest Drive	30	30	-
Frankston North gateway developments - Dandenong Road	30	30	-
White Street Mall upgrade	20	20	-
Total parks, open space and streetscapes	6,111	5,663	448
Off Street Car Parks			
Overport Park - carpark and pathways	1,015	1,015	-
Carpark program	700	700	-
Linen House carpark	20	20	-
Total Off Street Car Parks	1,735	1,735	-
Other Infrastructure			
Seaford Precinct - local area traffic management	800	400	400
Sweetwater Precinct - local area traffic management	500	250	250
Woodlands Precinct - local area traffic management	450	450	-
Fairway Precinct - local area traffic management	400	200	200
Minor traffic treatments.	100	100	-
Cranbourne Road bluestone retaining walls	80	80	-
Local area traffic management - renewal program	50	50	-
Street lighting upgrades	30	30	-
Pines Patch community garden - disability access	30	30	-
Hartnett Drive - local area traffic management	30	30	-
Total Other Infrastructure	2,470	1,620	850
TOTAL INFRASTRUCTURE	24,701	20,408	4,293
TOTAL NEW CAPITAL WORKS 2019-2020	47,720	38,527	9,193
2. Summary			
PROPERTY	16,015	11,115	4,900
PLANT AND EQUIPMENT	7,004	7,004	-
INFRASTRUCTURE	24,701	20,408	4,293
TOTAL CAPITAL WORKS	47,720	38,527	9,193



Annual Budget 2019-2020

Appendix B Budget processes

Budget processes

This section lists the budget processes to be undertaken in order to adopt the Budget in accordance with the *Local Government Act 1989* (the Act) and *Local Government (Planning and Reporting) Regulations 2014* (the Regulations).

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

The proposed Annual Budget 2019-2020, which is included in this report, is for the year 1 July 2019 to 30 June 2020 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ended 30 June 2020 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards and the Local Government Model Accounts. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information Council requires in order to make an informed decision about the adoption of the budget.

In advance of preparing the budget, officers firstly review and update Council's long term financial projections. Financial projections for at least four years are ultimately included in Council's Strategic Resource Plan, which is the key medium-term financial plan produced by Council on a rolling basis. The preparation of the budget, within this broader context, begins with Officers preparing the operating and capital components of the annual budget during January and February. A draft consolidated budget is then prepared and various iterations are considered by Council at informal briefings during March and April.

A 'proposed' budget is prepared in accordance with the Act and submitted to Council in April for approval 'in principle'. Council is then required to give 'public notice' that it intends to 'adopt' the budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its 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.

With the introduction of the Victorian Governments Rate Capping legislation in 2015 Councils are now unable to determine the level of rate increase and instead must use a maximum rate increase determined by the Minister for Local Government which is announced in December for application in the following financial year.

If a Council wishes to seek a rate increase above the maximum allowable it must submit a rate variation submission to the Essential Services Commission (ESC). The ESC will determine whether the rate increase variation submission has been successful by 31 May. In many cases this will require Councils to undertake 'public notice' on two separate proposed budgets simultaneously, i.e. the Ministers maximum rate increase and the Council's required rate increase.

The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. The budget is required to be adopted by 30 June and a copy submitted to the Minister within 28 days after adoption. The key dates for the budget process are summarised over-page:

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



**FRANKSTON CITY
COUNCIL**

30 Davey Street
Frankston VIC 3199
Australia

PO Box 490
Frankston VIC 3199

Phone 1300 322 322
frankston.vic.gov.au