



BUDGET 2011 / 2012

VERSION CONTROL

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SECTION ONE: EXECUTIVE SUMMARY

The 2011/12 Budget includes a rates and charges increase of 5.9 percent to \$66.0 million including \$0.3 million for supplementary rates (additional rates for property improvements). This increase provides Council with financial sustainability by meeting the expected 6.6 percent increase in service costs as well as funding a further \$2.4 million in new (initiatives) projects.

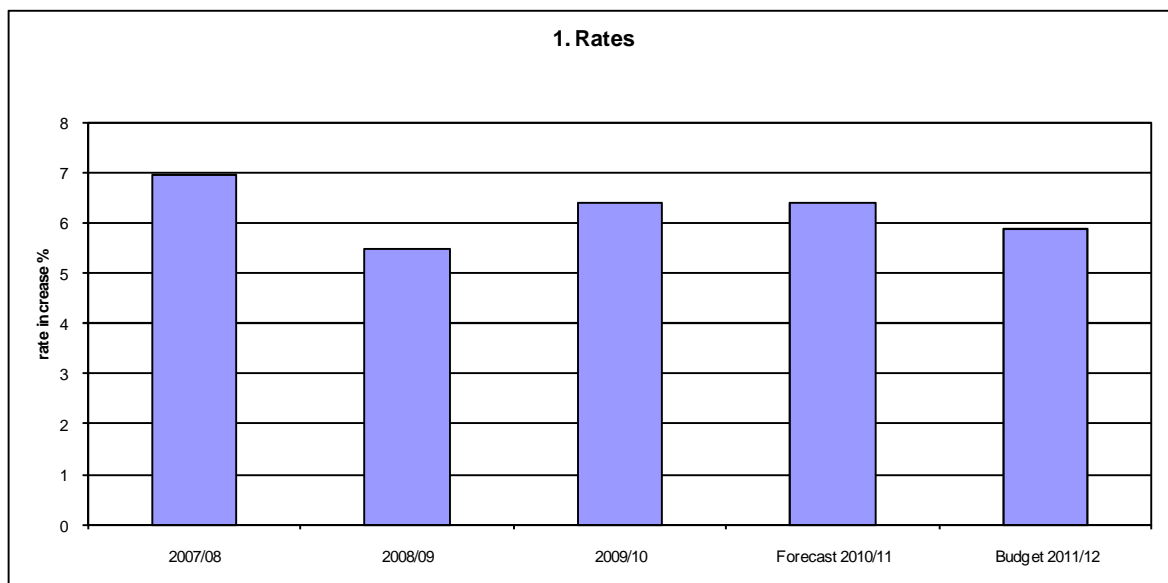
Council’s operating surplus is expected to reflect a \$7.9 million surplus with total cash and investments expected to be \$23.0 million in order to maintain and comply with prudent financial ratios.

The total cost of service delivery is expected to be \$76.0 million comprising \$72.7 million for ongoing services plus a further \$2.9 million for new (initiatives) projects. Total Capital works is expected to be \$16.2 million.

Council’s overall financial performance is summarised by the following graphical analysis.

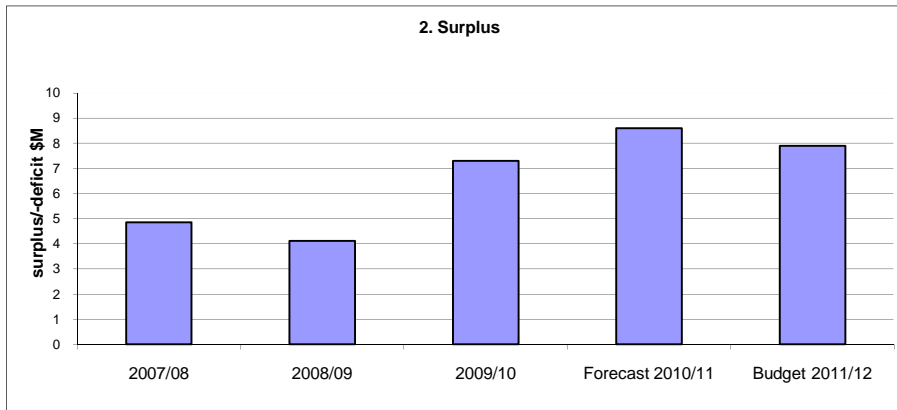
Rates:

The rates and charges increase of 5.9 percent for the 2011/12 year raises total rates of \$66.0 million that includes \$0.3 million generated from supplementary rates.



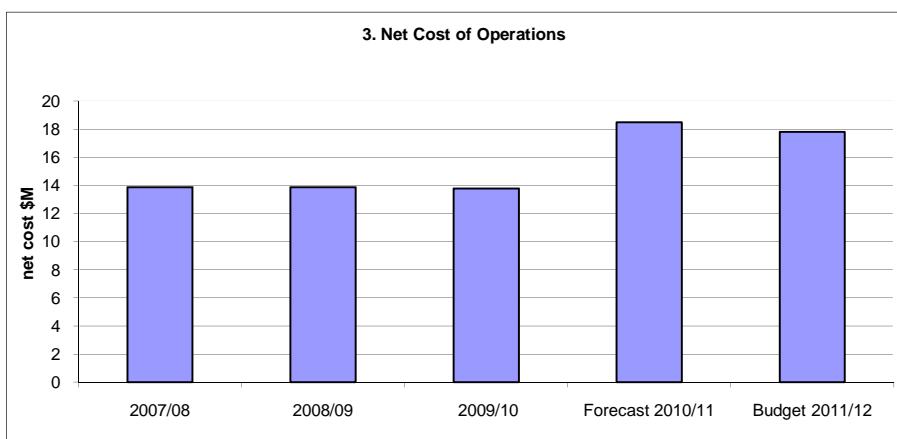
Surplus:

The expected result for the 2011/12 year is a surplus of \$7.9 million. By comparison the 2010/11 forecast is a \$8.6 million surplus. The 2011/12 proposed budget surplus is consistent with the Long Term Financial Plan (LTFP).



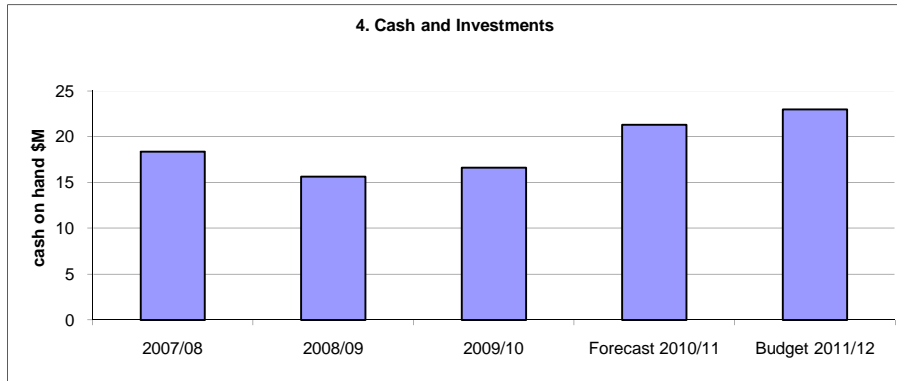
Net cost of operations:

The net cost of the services operating result delivered to the community for the 2011/12 year is expected to be \$17.8 million. Net service costs represent operating income less operating expenses. By comparison the 2010/11 forecast is \$18.5 million and the 2010/11 budget amount is \$17.4 million. The net cost of services is applied to fund capital works program and reduce long term debt in line with the LTFP.



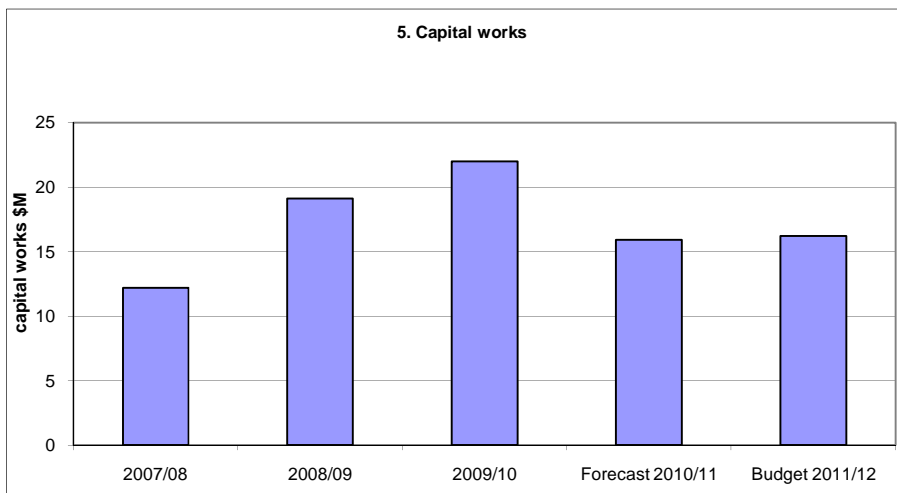
Cash and investments:

Cash and investments are expected to increase by \$1.7 million during the year to \$23 million as at 30 June 2012.



Capital works:

The capital works program for the 2011/12 year is expected to be \$16.2 million. By comparison the 2010/11 forecast is an amount of \$15.9 million.



1.1 INTRODUCTION

The 2011/12 Budget outlines the directions of Council as articulated through the Council Plan 2009-2013 and other strategic documents. It is based on the Long Term Financial Plan to ensure financial sustainability while addressing the community requirements for ongoing service delivery and asset replacement and enhancement.

The 2011/12 Budget includes a number of cost imposts that are either operational or statutory in nature necessitating an ongoing funding commitment to ensure adequate liquidity and financial viability.

1.2 BUDGET FRAMEWORK

The Budget was developed in order to address the following requirements:

- Maintain and enhance the existing service levels across all program areas of Council.
- Capital expenditure program to ensure the timely replacement, refurbishment and maintenance of Council's asset base – in particular roads, footpaths, drains and buildings. Replacing ageing infrastructure assets (roads, drains, footpaths and buildings) is one of the major areas of risk facing Bayside and local governments in general. Annual asset depreciation is \$11.7 million per annum meaning we are using up our asset base by approximately \$11.7 million each year. To ensure sustainability, Council needs to generate this amount of funds to support the capital projects program. The total capital projects program totals \$16.2 million of which \$11.3 million relates to the replacement of infrastructure assets with a further \$4.9 million for new assets and upgrade/expansion of existing assets.
- Council is maintaining its overall cash balance by more effective management of the cashflow and working capital requirements. The strategy is designed to ensure the effective utilisation of cash reserves while ensuring sufficient funds are available for day to day program and capital expenses as they fall due.

1.3 BUDGET INITIATIVES – NEW INITIATIVES & CAPITAL PROJECTS

The new initiatives are identified programs that are not incurred on an annual basis. They indicate a change in service level and the 2011/12 Budget includes following new initiatives:

- Sustainable Public Lighting Action Plan
- Planning scheme amendments to the major activity centers
- Housing Strategy amendments
- Open Space Strategy implementation

- Bayside Coastal Strategy Review
- On Call Hard Waste Collection
- Detox your home Waste Disposal Service
- Develop of a Recreation Plan

Expenditure on Capital infrastructure renewal totals \$11.0 million of the budget and includes the following projects:

- Refurbishment of buildings and drains
- Refurbishment and maintenance of foreshore areas and shopping centres
- Road re-sealing and reconstruction
- Footpath replacement
- Refurbishment of parks, sports grounds and open space
- Replacement of library books and information systems.

1.4 BUDGET FUNDING

Rates and charges have increased by 5.9 percent per annum including the increase to recover the costs of waste management imposed by the State Government for landfill levies. In addition a further \$0.3 million is included in the 2011/12 budget as a provision for supplementary rates (additional rates for property improvements).

Waste management service charges are designed to recover the cost of collection, disposal to landfill, green waste, hard waste collection, kerbside recycling and mulching as well as waste operations. The charges for 2011/12 are:

- 140 - litre bin charge \$147 (increased from \$142)*
- 80 - litre bin charge \$113 (no increase from \$113)

*Increase to recover the additional waste levies for landfill and disposal totaling \$200,000

Municipal Charge \$120 (increase from \$115) – The Municipal Charge ensures all properties pay an equitable contribution towards the unavoidable fixed costs to Council.

SECTION TWO: BUDGET OVERVIEW

2.1 BUDGET PREPARATION

The Annual Budget is prepared in accordance with the *Local Government Act 1989* and submitted to Council 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 Budget and make the budget available for inspection at its offices. Council is then required to adopt the Budget after receiving and considering any submissions from interested parties. The Budget is required to be adopted by 31 August each year.

The 2011/12 Budget which is included in this report is for the financial year commencing 1 July 2011 to 30 June 2012 and is prepared in accordance with the *Local Government Act 1989*. The Budget includes projected income and expenditure for the 2011/12 year prepared on an operating basis in accordance with relevant accounting standards. It also includes information regarding the rates and charges to be levied, the capital projects program to be undertaken and other financial information, which Council requires in order to make an informed decision about the adoption of the Budget.

The significant steps for the budget process are as follows:

1. Budget submitted to Council for adoption “in principle” 3 May 2011
2. Public notice advising intention to adopt Budget 5 May 2011
3. Budget available for inspection 5 May 2011
4. Submission period closes 6 June 2011
5. Special Committee to hear submissions 15 June 2011
6. Budget and submissions presented to Council for adoption 28 June 2011.

2.2 EXTERNAL INFLUENCES

The following external influences impacted the Budget for 2011/12. These include:

- Consumer Price Index is currently 2.9 percent.
- Annual public sector wage increase is in the order of 4.5 percent per annum.
- Increase to Council’s contribution to the Metropolitan Fire and Emergency Services Board Levy by \$0.125 million.
- Addition waste management levy relating to landfill and disposal \$200k

SECTION THREE: OPERATING BUDGET

The 2011/12 Budget reflects a financially sustainable position while achieving Council's operational objectives, the delivery of ongoing services and commitment to new initiatives and capital projects to meet the existing and growing needs of our community in relation to health, safety, sustainability and infrastructure.

The Income Statement includes operating income of \$93.5 million that is offset by operating expenses of \$76.0 million resulting in net surplus of \$17.8 million to be applied to capital projects. (Refer Section 9.1)

This section of the report analyses the expected revenues and expenses of the Council for the 2011/12 year. The operating budget comprises two components, services budget and new initiatives.

3.1 SERVICES BUDGET

The services or recurrent budget is the delivery of the same program or level of service contained in the 2010/11 budget. The services budget consists of \$92.9 million income and \$72.7 million expenditure. The cost to Council for the delivery of programs has increased by 6.5 percent on a budget-to-budget basis.

3.2 NEW INITIATIVES

New initiatives are listed in section 9.3 and represent new activities and initiatives not included in the ongoing services budget.

New initiatives are new services for the community that have been recommended by Council for 2011/12. These are the result of motions of Council, statutory requirements, best value recommendations or identified need. The net expenditure on new initiatives is \$2.4 million consisting of \$2.9 million expenditure less \$0.5 million income.

The total operating budget comprises both categories above and reflects the recurrent costs and associated income to maintain Council's ongoing service delivery.

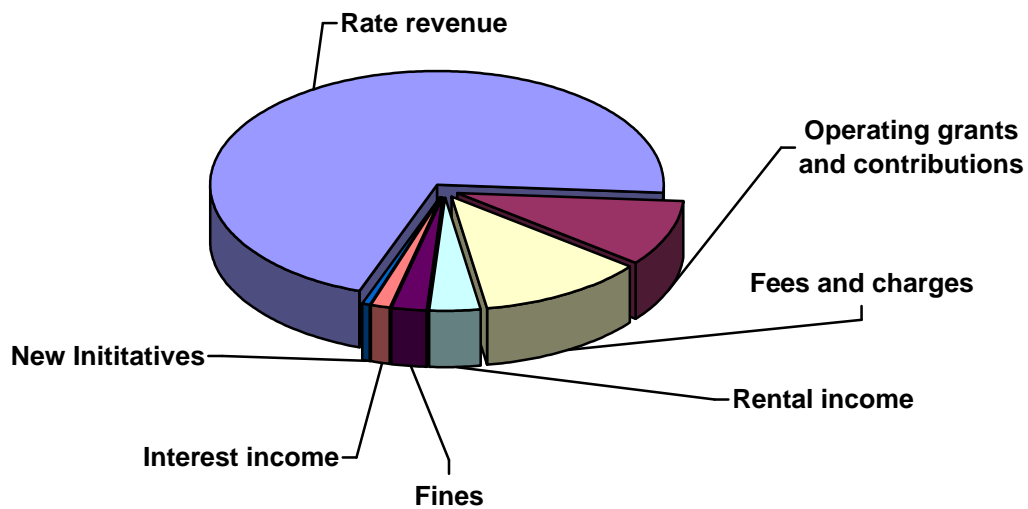
3.3 SPENDING ON SERVICES

The services budget includes the delivery of the following major initiatives and programs:

- | | |
|--|---------------|
| ➤ Aged & disability, home care & delivered meals | \$8.2 million |
| ➤ Parks and sports grounds | \$4.5 million |
| ➤ Waste (inc collection, landfill, recycling) | \$6.2 million |

➤ Roads, footpaths & sweeping	\$3.2 million
➤ Libraries	\$3.1 million
➤ Children’s services	\$2.3 million
➤ Management & maintenance of Council buildings	\$3.4 million
➤ Statutory planning & building surveying	\$2.6 million
➤ Local laws & investigations	\$3.7 million
➤ Fire brigade levy	\$2.1 million
➤ Conservation, bushland and foreshore	\$2.4 million
➤ Tree management	\$1.8 million
➤ Insurance	\$0.8 million
➤ Family health	\$1.4 million
➤ Drainage	\$0.8 million
➤ Grants to community organisations	\$0.5 million
➤ Public lighting	\$0.7 million
➤ Environmental health	\$0.6 million
➤ Youth Services	\$0.8 million

3.4 OPERATING INCOME



3.4.1 RATES AND CHARGES

Rates and charges will increase by \$4.0 million or 6 percent over the 2010/11 forecast result of \$62.0 million to \$66.0 million. The Proposed Budget includes \$0.3 million for supplementary rates (additional rates for property improvements) expected to be raised during the course of the year.

3.4.2 OPERATING GRANTS & CONTRIBUTIONS

Government grants and contributions include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers and the community. Income in this category has increased in the order of 3.5 percent compared to the 2010/11 budget.

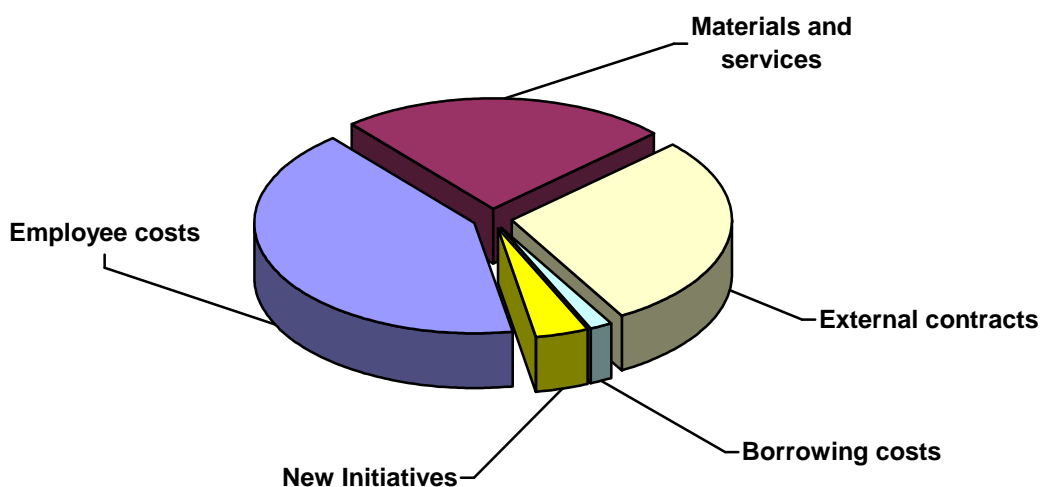
3.4.3 FEES & CHARGES, RENTAL AND FINES

This section includes fees and charges of \$11.0 million, rental of \$3.4 million and fines income of \$2.3 million. Fees and charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services as well as statutory fees such as animal and health act registrations. The increase also includes the proposed sale of one bathing box. Rental income has increased by \$0.1 million mainly due to additional income from mobile phone and sporting facilities. Statutory fines are generally fixed by State Government and mainly relate to fines levied in accordance with legislation and include parking infringements, local law and library fines. Increases in fines are mainly due to additional enforcement in the areas of parking and local laws. In setting the Budget, the key principles for determining the level of user charges has been to ensure the full recovery of service costs and/or increases in line with wage rates.

3.4.4 INTEREST REVENUE

Interest revenue includes interest on investments and penalty interest for late payment of rate revenue. The budgeted increase is mainly due to the increase in interest rates.

3.5 OPERATING EXPENDITURE



3.5.1 EMPLOYEE COSTS

Employee costs includes all labour-related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements and employer superannuation.

This increase relates to the following key factors:

- Statutory cost increases associated with Council's Enterprise Bargaining Agreement (EBA) and banding increments in accordance with the relevant award.
-
- Increase in work cover premium

3.5.2 MATERIALS & SERVICES

Materials and services costs are budgeted to increase by \$1.6 million compared to 2010/11. This relates to non-contract supplier costs as well as utilities such as water and electricity.

3.5.3 EXTERNAL CONTRACTS

External contracts are budgeted to increase by \$0.53 million compared to 2010/11. This is due to the increase in on costs, by CPI.

3.5.4 BORROWING COSTS

Borrowing costs relate to interest charged by financial institutions on funds borrowed. The reduction reflects the lower interest rates to be applied to new loan funding.

SECTION FOUR: CAPITAL BUDGET

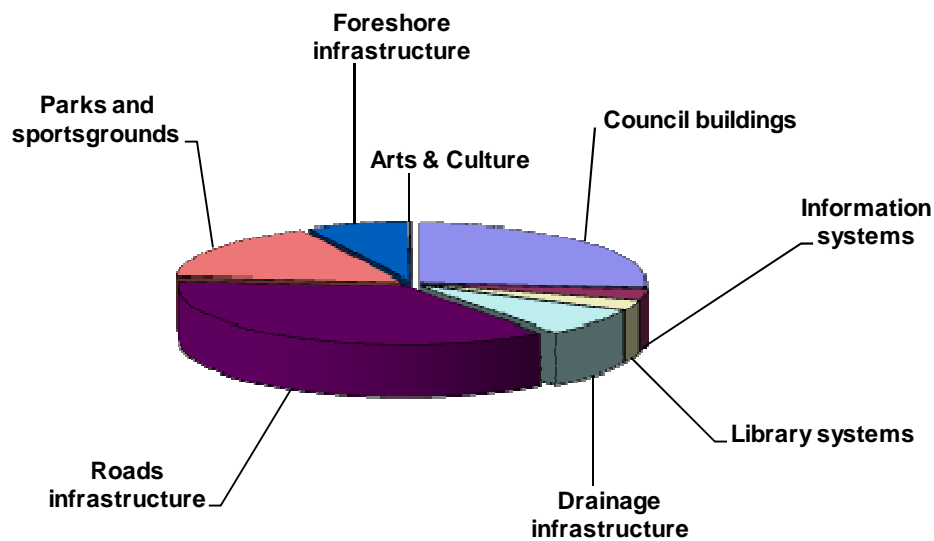
The Capital projects budget (section 9.4) identifies costs for capital project items.

Total capital of \$16.2 million consists of \$11.3 million renewal projects plus a further \$4.9 million for new projects. Renewal Projects mainly comprise replacement of Council's infrastructure while New Projects include both new and improved/upgraded projects.

The total Capital Projects expenditure of \$16.2 million is funded by:

- Surplus from Operating (services & priority) \$14.4 million
- Capital grants & contributions \$ 1.8 million

The Capital Projects Budget comprises:



SECTION FIVE: CURRENT YEAR RESULTS

This section of the Budget reports the net impact of variances from the 2010/11 year to assess if there will be any significant impacts on the 2011/12 budget.

Council’s year end position for 2010/11 forecasts a net surplus of \$18.5 million to be applied to fund Capital projects, reducing long term debt in line with the LTFP and paying the Vision Super Defined Benefit fund call. This result is \$1.0 million higher than the operating result budget of \$17.5 million. The variance mainly relates to additional income from supplementary rates, resort and recreation levy and planning and building fees. This is partly offset by grant funding received in 2009/10 to fund activity in 2010/11.

Capital projects is forecast at \$15.9 million.

	Budget 2010/11 \$'000's	Forecast 2010/11 \$'000's	Variance fav./((unfav.) \$'000's
Operating income	87,401	89,858	2,457
Operating expenses	69,944	71,360	(1,416)
Operating Result	17,457	18,498	1,041
Less depreciation	11,509	11,074	435
Plus capital Contributions	1,368	1,142	(226)
Surplus	7,316	8,566	1,250
Capital projects	16,551	15,937	614

The variance or savings are included to Council’s Long Term Financial Plan in formulating the 2011/12 proposed Budget. Unallocated savings are reflected within the infrastructure reserve, to be used to fund either replacement infrastructure or held as a contingency to finance projects deemed as ‘unavoidable’ or to be allocated against the repayment of interest only loans that are due to be refinanced. This is in line with Council’s adopted Long Term Financial Strategy.

SECTION SIX: LONG TERM FINANCIAL STRATEGY

6.1 LONG TERM FINANCIAL PLAN

The Long Term Financial Plan is a means to enable Council's ongoing financial sustainability while continuing to deliver services expected by the community as identified in the Council Plan. The Long Term Financial Plan highlights Bayside's financial framework in the context of likely trends and options for the ensuing ten years. It is based on the delivery of pre-existing service levels with some capacity for increased demand as well as moderate increases in capital works.

The Long Term Financial Plan is based on a 2011/12 rate increase of 5.9 per cent, 2012/13 rate increase of 5.5 percent and rate increases of 5.5 percent for ensuing years to maintain sustainability. The 2011/12 rate increase comprises 5.6 percent plus a further 0.3 percent to recover the additional costs for the landfill levy. Sustainability is identified by adherence to the Victorian Auditor General's (VAGO) financial ratios as well as other prudent ratios.

As a basis for sustainability, annual rate increases are required to fund expected annual increases in major expense areas of employee costs, materials, statutory and other costs as well as external contracts.

The Long-Term Financial Plan is based on the following parameters:

- Total indebtedness (loan borrowing) of \$17.5 million (2010/11) reducing by \$0.5 million during the ensuing financial years.
- That replacement capital works be funded from the operating result (operating income less operating expense) as identified in the Income Statement.
- That new capital works is to be funded from the operating surplus, government grants and, where appropriate, loan funding. To ensure sustainability loan funding should not be applied to expenses that require an ongoing revenue stream such as the replacement of existing capital.
- The operating budget is to include sufficient funding to meet Council's asset maintenance requirements (per asset programs). The asset maintenance and capital replacement programs are designed to ensure existing assets are maintained and/or replaced and upgraded as and when appropriate.
- Continue priority on renewal, followed by upgrade with new capital the most discretionary;
- Provide for expenditure growth required to the level of sustainable renewal in order to meet the community's service level requirements (based on current Asset Management Plans) by 2020/21;
- Meeting required renewal expenditure levels by 2014/15 and closing the infrastructure gap by 2018/19.

6.2 FINANCIAL INDICATORS

The following table reports Council's projected financial performance across a range of key indicators. The indicators are based on the proposed budget plus financial projection recorded in the budgeted standard statements.

	Forecast Year 2011 \$000's	Budget Year 2012 \$000's	Budget Year 2013 \$000's	Budget Year 2014 \$000's	Budget Year 2015 \$000's	Budget Year 2016 \$000's
Underlying result (net surplus / revenue)	9.41%	8.33%	8.27%	8.46%	9.86%	10.44%
Liquidity (current assets / current liabilities)	1.59	1.62	1.82	1.86	1.81	1.99
Self-financing (net operating cash / underlying revenue)	23.20%	23.04%	22.75%	22.92%	23.24%	23.79%
Indebtedness (non-current liab./own source revenue)	20.21%	19.03%	18.25%	15.93%	12.76%	12.32%
Investment gap (capital spend / depreciation)	1.44	1.56	1.40	1.41	1.57	1.60
Debt servicing costs as % total revenue	1.29%	1.22%	1.13%	1.07%	0.97%	0.86%
Debt Mgmt - Indebtedness as % of rates & charges	27.41%	25.0%	22.8%	20.93%	19.12%	17.46%
Rates & charges as % total revenue	69.03%	70.59%	71.04%	71.57%	71.84%	72.36%
Rates & Charges per Assessment	1,516	1,604	1,692	1,783	1,880	1,981
Operating expenses per assessment	2,051	2,123	2,217	2,315	2,393	2,487
Capital expenses per assessment	397	444	419	442	477	513

The Victorian Auditor General when measuring the financial performance of Local Government, reports on the following ratios:

1. Underlying result – sufficient operating income to cover operating expenses. (target greater than zero)
2. Liquidity – the ability to pay existing liabilities within the next 12 months (target greater than 1.0)
3. Indebtedness – the ability to repay debt from own source revenue being revenue not tied to specific projects (target less than 40.0)
4. Self financing – the ability to replace assets using cash generated from day to day operations(target greater than 20.0)
5. Capital replacement – to ensure sufficient spending on existing and new assets (target greater than 1.5)

6. Renewal gap – to ensure sufficient spending on existing assets (target greater than 1.0)

The following additional ratios are designed to measure debt management as well as other prudent financial indicators:

- Debt servicing costs as % total revenue – the proportion of total revenue required to service Council’s debt costs (target less than 5.0)
- Debt management – This measures the total indebtedness as a percentage of rates & charges as loans are secured against the revenue stream from rates. (target less than 80.0)
- Rate revenue as % of total revenue - identifies Council’s reliance on revenue from rates and charges. At 70.7% Council is heavily reliant on rate revenue as its major source of recurrent income
- Rates unpaid as % of total rates and charges – Measures the efficiency for collection of outstanding rates and charges.(target less than 3.0%)
- Operating expenses per assessment – this ratio measures Council’s operational efficiency or expense outlay for each rateable property. Bayside’s measure of \$2,051 for each assessment is favourable relative to the average for inner metropolitan Melbourne
- Capital expenses per assessment - the average capital investment by Council for each ratepayer.

6.3 RESERVES

Council proposes to hold a total of \$13.8 million reserve funds and a cash backed long service leave provision of \$3.0 million at the completion of the 2011/12 budget year as follows:

- Statutory reserves
 - Resort and recreation reserve \$3.6 million
 - Car parking reserve \$0.4 million
- General reserve \$5.0 million
- Long service leave provision \$3.8 million
- Infrastructure Reserve \$1.0 million

6.4 PURPOSE OF RESERVES

Cash Reserves:

Resort and Recreation Reserve – Receives inflows from sub divisional income that is transferred to this reserve for future allocation to capital projects. Property developers and subdivides are required to contribute to this reserve to be allocated to capital projects that either acquire or improve land for use as public open space.

Car Parking Reserve – This reserve is designed to hold funds for allocation to car park project works. There is limited funds and minimal activity to this reserve.

Infrastructure Reserve – As documented in the Long Term Financial Plan, identified savings from the operating budget are to be quarantined to the infrastructure reserve, to be used to fund either replacement infrastructure or held as a contingency to finance projects deemed as ‘unavoidable’ or to be allocated against the repayment of interest only loans that are due to be refinanced. This is in line with Council’s adopted Long term Financial Strategy.

General Reserve – While not a statutory requirement for the purposes of legislative or Accounting Standards reporting. Local Government sometimes maintains general reserves to fund specific projects.

Long Service Leave – Council is required to ‘cash back’ sufficient funds to repay all long service leave entitlements.

Non Cash Reserve:

The asset revaluation reserve – This reserve is identified for the purposes of Accounting Standards and is not cash backed. This reserve balance reflects the extent of revaluation of Council’s infrastructure assets.

SECTION SEVEN: RATING STRATEGY

7.1 RATING DEVELOPMENT

In developing the 2011/12 Budget, rates and charges were identified as an important source of revenue. It is therefore necessary to achieve further revenue growth while containing costs of a discretionary nature to ensure ongoing liquidity. The contribution from operating surplus towards capital investment of \$15.8 million provides the major source of revenue to fund capital projects.

7.2 RATING STRUCTURE

Council has established a rating structure comprising:

- Property values reflecting the capacity of the community to pay (General rate)
- User pays component to reflect the usage of the waste management services provided by Council.
- Municipal Charge to pay for unavoidable fixed costs of Council.

Council applies the Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality. The total valuation for the purposes of applying 2011/12 rates is an amount of \$41.1 billion. This compares to the 2010 amount of \$40.8 billion that was returned by Council's values at the time of the last revaluation. The increase of \$.36billion relates to the impact of supplementary valuations during 2010/11. All rateable properties were revalued as at 1 January 2010. The previous revaluation was conducted on 1 January 2008.

Council also levies a waste management service charge as well as a municipal charge as allocated under the *Local Government Act 1989*

A detailed analysis of the rates and charges is contained in Section 9.5 Statutory Disclosures.

SECTION EIGHT: BORROWING STRATEGY

Council has identified borrowings as an important source of funding for capital project works. Following a period of increased borrowings to improve the infrastructure throughout the city, Bayside had previously embarked on a strategy of maintaining debts to a manageable level of \$17.5 million. By contrast Council has relied on surplus from operations as well as reduction to cash and investment reserves to fund a level of capital works programs required to maintain the city's infrastructure. The Long Term Financial Plan is formulated on a gradual strategy of debt reduction commencing from the 2010/11 financial year.

The following table provides an analysis of Council borrowings as well as the prudent ratios applicable for debt and borrowing costs.

Year	Borrowing liability 30 June \$'000's	Borrowing costs \$'000's	Liquidity CA/CL(1) Ratio	Debt Mgmt debt/rates(2) %	Debt mgmt service costs/revenue(3) %
2007	17,500	976	1.3	37.1	1.4
2008	17,500	1,050	1.4	34.4	1.4
2009	17,500	1,115	1.2	32.4	1.4
2010	17,500	1,076	1.0	30.3	1.3
2011	17,000	1,183	1.3	27.5	1.3
2012	16,500	1,163	1.6	27.4	1.3

- (1) CA/CL – Current Assets/Current Liabilities
- (2) Debt/Rates loan liability/revenue from rates and charges
- (3) Service costs/revenue – borrowing costs/total revenue

The total loan borrowings is to be reduced to \$16.5 million in 2011/12.

Future targets

The forward financial plan is based on projected total debt of \$16.5 million at the end of the current financial year with projected reduction of \$0.5 million per annum. This would result in the VAGO ratio of indebtedness (non-current liability/own source revenue) reducing from 22.28% per cent (2009/10 year) to 15.30% percent at the completion of the 2014/15 year.

Loan borrowings are to be applied to “one off” or new capital works rather than expenses that require an ongoing revenue stream such as the replacement of existing infrastructure. This would mean that Council's additional loan borrowing should not exceed the amount of new capital works.

SECTION NINE: REPORTS

9.1 INCOME STATEMENT

The income statement identifies Council's operating (services and new initiatives) program income/expenditure as well as how Council proposes to fund its capital projects program.

	2010/10 Budget	2010/11 Forecast	2011/12 Budget	Budget to budget variance fav./(unfav) \$000's
	\$000's	\$000's	\$000's	\$000's
Operating income				
Rates and charges	61,773	62,028	65,987	4,214
Operating grants and contributions	8,625	8,583	8,925	300
Fees & charges	10,666	11,928	11,011	345
Rental income	3,314	3,341	3,434	120
Fines	1,890	2,460	2,252	362
Interest income	1,111	1,511	1,319	208
Total services income	87,379	89,851	92,928	5,549
New Initiatives	22	7	551	529
Total operating income	87,401	89,858	93,479	6,078
Operating expenses				
Employee benefits	29,645	29,899	31,623	(1978)
Materials and services	16,502	17,475	18,134	(1,632)
External contracts	21,297	21,641	21,829	(532)
Finance costs	1,183	1,179	1,163	20
Total services expense	68,627	70,194	72,749	(4,123)
New Initiatives	1,317	1,166	2,909	(1,592)
Total operating expenses	69,944	71,360	75,658	(5,714)
Net surplus/(deficit)	17,457	18,498	17,821	364
Less depreciation	11,509	11,074	11,666	(157)
Net surplus/(deficit) after depreciation	5,948	7,424	6,155	207
Capital grants & contributions	1,368	1,142	1,776	408
Operating Result	7,316	8,566	7,931	615
Capital Projects	16,551	15,937	16,155	396

9.2 SERVICES BUDGET

The services budget is the delivery of the same program or level of service contained in the prior year budget. The net cost (expenses less income) of Council's services budget are detailed below:

Department	2010/11 Budget \$'000's	2010/11 Forecast \$'000's	2011/12 Budget \$'000's	Budget to Budget Variance fav./(unfav.) \$'000's
Executive Office	399	433	473	(74)
Organisational Development	895	996	1,150	(255)
Communications and Customer Service	1,945	1,916	1,926	19
Directorate - Corporate Services	444	454	490	(46)
Finance	2,601	2,624	2,859	(258)
Information Services	2,520	2,630	3,005	(485)
Governance	977	1,092	1,165	(188)
Commercial Services	(1,341)	(1,495)	(1,217)	(124)
Directorate - Infrastructure	286	287	306	(20)
City Works (includes building maintenance, roads, footpaths and drainage)	7,100	7,730	7,838	(738)
Asset Management (includes traffic, urban improvement and asset protection)	1,942	1,948	2,087	(145)
Amenity Protection (includes local laws, investigations, parking and animal management)	(48)	(100)	(69)	21
Directorate – City Strategy	301	334	323	(22)
Urban Strategy	1,353	1,340	1,359	(6)
Building Surveying	193	201	256	(63)
Statutory Planning	643	(501)	414	229
Environmental Sustainability & Open Space (includes parks, trees, foreshore and waste)	13,403	13,341	13,899	(496)
Directorate – Community Services	286	289	302	(16)
Health & Community Care	265	268	286	(21)
Aged & Disability Services	1,823	1,823	1,720	103
Family Services	540	508	520	20
Family Health	917	897	972	(55)
Children's Services	285	127	125	160
Youth Services	709	671	726	(17)
Libraries and Culture	3,320	3,284	3,643	(323)
Recreation and Social Development	1,263	1,274	1,251	12
Total net cost	43,021	42,371	45,809	(2,788)

9.3 NEW INITIATIVES

New initiatives represent either new activities or projects undertaken on a non-recurrent basis.

Division	Project	Net Cost
Executive		
Communications and Customer Service	Internal Website Redevelopment	30,000
Communications and Customer Service	Web Content Officer	62,615
Human Resources	OHS Contractor Management System	10,000
Corporate Services		
Information Technology	Destruction of Archives	61,000
Information Technology	Contract Management Integration/Update	75,000
Commercial Services	Development of Procurement Contracts Suite	50,000
Commercial Services	Contracts Register	30,000
Commercial Services	New Leasing Documentation Suite	20,000
Commercial Services	Procurement Organisational Training	30,000
Infrastructure		
Asset Management	Sustainable Public Lighting	550,000
Asset Management	Asset Infrastructure Management (AIM) Import of Street Trees and Other Assets	20,000
Asset Management	Survey of Laneways	45,000
Asset Management	Survey of Car Parks	10,000
Asset Management	Transport Planner	95,420
City Works	Emergency Management Consultancy	50,000
Amenity Protection	Children's Crossing Staff	51,805
Amenity Protection	Parking and Administration Staff	(187,275)
City Strategy		
Environmental Sustainability and Open Space	Arboriculture Contract	330,000
Environmental Sustainability and Open Space	Open Space Coordinator	80,000
Environmental Sustainability and Open Space	Bayside Coastal Strategy Review (Coastal Management Plan Development)	90,000
Environmental Sustainability and Open Space	On Call Hard Waste Collection Service	115,000
Environmental Sustainability and Open Space	Environmental Education Services Upgrade	150,000
Environmental Sustainability and Open Space	Detox Your Home Waste Disposal Service	160,000
Environmental Sustainability and Open Space	Commercial Waste Service Review	(120,000)
Urban Strategy	Major Activity Centre Amendments (C100-C103)	140,000
Urban Strategy	Bayside Housing Strategy Amendments	50,000

Division	Project	Net Cost
Urban Strategy	Open Space Strategy Implementation	60,000
Urban Strategy	Heritage Amendments (C82-Heritage in MACS & C86 Brighton Town Hall Precinct)	70,000
Urban Strategy	Developer Contributions Plan	30,000
Urban Strategy	Activity Centres Events and Celebrations Program 2011	35,000
Community Services		
Libraries and Culture	Library Resources – Cataloguing and Processing	7,800
Libraries and Culture	RFID Security Gates – Licensing	2,000
Libraries and Culture	Digital Futures	60,000
Libraries and Culture	Events Promotional Signs	20,000
Recreation and Social Development	Recreation Plan	75,000
	TOTAL	\$2,358,365

9.4 CAPITAL BUDGET

Capital Projects 2011/12

Program Summary	Council Contribution	External Contribution	Total
Renewal and New Projects			
01 Council Buildings	3,773,255	510,000	4,283,255
02 Foreshore and Conservation Areas	640,000	500,000	1,140,000
03 Information Systems	471,000	0	471,000
04 Infrastructure Management Drainage	1,221,000	0	1,221,000
05 Infrastructure Management Roads	5,565,528	356,472	5,922,000
06 Library Assets	462,000	0	462,000
07 Parks and Sportsgrounds	2,221,000	410,000	2,631,000
08 Arts and Culture	25,000	0	25,000
Grand Total	14,378,783	1,776,472	16,155,255

The Capital Program of \$15,795,255 comprises of the following projects, including program totals, for the 2011/12 year.

Program Summary	Budget 2011/12 \$	Projects
Budget Total	16,155,255	
01 Council Buildings	4,283,255	<ul style="list-style-type: none"> • Child Services <ul style="list-style-type: none"> - Hampton MCHC - Sandringham MCHC - North Brighton Children's Centre - Hampton Child Care Centre - Helen Paul Kindergarten - Hampton Community Kindergarten - Bodley MCHC (Beaumaris) - Bayside Toy Library • Commercial <ul style="list-style-type: none"> - North Road Tea House - Sandringham Family Leisure Centre Sports Medicine - Sandringham Family Leisure Centre Crèche - Brighton Town Hall • Community <ul style="list-style-type: none"> - Brighton Court House Youth Centre - Baysis Citizen Advice Bureau - Peterson Youth Club – Highett West Hall - Beaumaris East Senior Citizens - Beaumaris Senior Citizens - Brighton Beach Gardens Shelter - Sandringham Senior Citizens Rooms - Black Rock House Caretakers Residence - Sandringham Historical Society Rooms • Corporate Office <ul style="list-style-type: none"> - Council Chambers - Corporate Centre Car Park • Libraries <ul style="list-style-type: none"> - Beaumaris Library • Municipal • Public Amenities • Social Services <ul style="list-style-type: none"> - Beaumaris Units • Sports Facilities <ul style="list-style-type: none"> - Sandringham Tennis Club Clubhouse - A W Oliver Reserve Clubhouse - Peterson Reserve Pavilion - Peterson East Pavilion (Highett Rd End) - Tulip Street Baseball Pavilion - Sillitoe Reserve Change Rooms - Sillitoe Reserve Pavilion • Asbestos Removal Program • Electrical Switchboard Renewals • Elsternwick Park – Pavilion Redevelopments

		<ul style="list-style-type: none"> • Forward Design Buildings • Furniture & Equipment Renewals • Hydraulic Services Unscheduled Renewals • Sandringham Family Leisure Centre (Pool) Boiler Renewal • Sandringham Family Leisure Centre (Pool) Purlin Renewals • Security System Renewals • Highett Recreation Centre • Shipston Reserve Redevelopment • Olympic Avenue Kindergarten – DEECD Classroom Extensions • Archives Mezzanine • Bayside Arts and Culture Centre – Air-conditioning Upgrade • Black Rock Playgroup – Shade Sail and Play Equipment • DDA Compliance Upgrade Program • Sandringham Hub
02 Foreshore and Conservation Areas	1,140,000	<ul style="list-style-type: none"> • Parking Ticket Machines – Foreshore Car Parks • Bay Trail – Safety Audit (Mitigation Works) • Foreshore Coastal Trail Signage (Stage 3 of 3) • Foreshore Risk Management Program • Green Point Masterplan Implementation • Ricketts Point Masterplan Implementation • Shared Path South (Baytrail) – Cromer to Charman Rd
03 Information Systems	471,000	<ul style="list-style-type: none"> • Enforcement Equipment • GIS • Storage Area Network (SAN) Upgrade • Citrix Network Access Upgrade – Remote Access • Corporate Centre Network • Library RFID Security Gates • Symposium Telecommunications Software
04 Infrastructure Management Drainage	1,221,000	<ul style="list-style-type: none"> • 1/67 William Street, Brighton Investigation • 10 Hartley Street, Brighton • 19 Bilson Street, Brighton East • 27 St Ninians Road and 8 Shandford Avenue Brighton • 35 and 37 Kinane Street, Brighton • 6 Victory Street, Sandringham • 62 Head Street and 9 Horton Road, Brighton • 7 and 10 Chatsworth Avenue, Brighton • Bay View Crescent and 242 Beach Road • Dawson Avenue Drain • Lansdown Street to rear of 14 Northern Avenue (3/45 Elizabeth) • Forward Drainage Catchment Analysis • Hampton Main Drain Stage 6 • Hanby Street Easement Drain • Minor Unscheduled Drain Constructions • New Street and Vauclose Street, Brighton • North and South Concourse • Peterson Street, Highett

		<ul style="list-style-type: none"> • Rear of 18 Robinson Road and Nepean Highway Road Reserve • Sea View Shops • Sub Soil Drainage • Young Street, Brighton
05 Infrastructure Management Roads	5,922,000	<ul style="list-style-type: none"> • Activity Centre Streetscape – Furniture Replacement Program • Activity Centre Streetscape – Recycling Station Program • Annual Reseal and Re-sheet Program • Corporate Signage • New Street Bridge • Footpath Replacement – Activity Centre – Church Street, Brighton • Footpath Replacement – Activity Centre – Seaview Village • Footpath Replacement – Residential – Asphalt • Footpath Replacement – Residential – Concrete • Kerb & Channel Replacement Program • Road Reconstruction and Design • Bay Street, Brighton Activity Centre Masterplan • Car Park FS Picnic Point B8 • Elster Canal Bicycle Path • Ricketts Point Car Park – Forward Design • Hampton Street Hampton Streetscape Masterplan Implementation • Tactile Ground Surface Indicator (TGSi) Program • Traffic Management
06 Library Assets	462,000	<ul style="list-style-type: none"> • Library Books and Material Resources
07 Parks and Sportsgrounds	2,631,000	<ul style="list-style-type: none"> • Cheltenham Park Car Park • Hurlingham Park (No. 1) Sportsground Resurfacing • Dendy Park Athletics Irrigation Upgrade • Beaumaris Reserve – Sportsground Reconstruction (Stage 1) • Black Rock Foreshore Playground Improvement (Stage 1) • Boss James Reserve Sportsground Reconstruction • Cricket Net Improvement Program • Dendy Park Sportsground Lighting Installations • Elsternwick Park – Skate/BMX Improvements • Merindah Park Landscape Reinstatement (Stage 2) • Moorabbin West Sportsground Irrigation • Risk Management Program • Royal Avenue Masterplan Implementation (Stage 2) • Sandringham Athletics Infield Irrigation (Stage 1) • Sandringham Golf Link – Sustainable Water Plan • Sillitoe Reserve Lighting Improvement
08 Arts and Culture	25,000	<ul style="list-style-type: none"> • Bayside Art Collection Acquisition

9.5 STATUTORY DISCLOSURES

Section 127 of the *Local Government Act 1989* and Section 8 of the Local Government (Finance and Reporting) Regulations 2004.

This sets out additional disclosures required pursuant to the above legislation in respect to Council's annual budget.

1. Borrowings

The total amount proposed to be borrowed for the 2011/12 year is	\$1,500,000
The total amount of debt redemption for the 2011/12 year is	\$2,000,000
The projected debt servicing cost for the 2011/12 year is	\$1,163,000

2. Rates and charges

2.1	Proposed rate in the dollar for each type of rate to be levied	General rate CRLA	0.00134452 0.00080671
2.2	Estimated amount to be raised by each type of rate to be levied	General rate - CIV CRLA – In Use	\$54,564,875 \$260,814
2.3	Estimated total amount to be raised by rates		\$54,825,689
2.4	Proposed percentage change in the rate in the dollar for each type of rate to be levied, compared to that of the previous financial year	General rate CRLA	5.9% increase 5.9% increase

2.5	Number of assessments for each type of rate to be levied compared to the previous year	General rate CRLA TOTAL	2010/11	2011/12
			40,734	40,889
			39	39
			40,773	40,928

2.6	Basis of valuation to be used all rateable properties other than CRLA properties	Capital Improved Value
	CRLA properties	In Use Valuation
		Capital Improved Value

		2010/11	2011/12	
2.7	Estimated total value of land in respect of which each type of rate is to be levied compared with the previous year. *Adoption of "In Use" valuation for CRLA properties	General Rate -CIV	\$40,250,179,000	40,583,103,000
		CRLA – CIV	\$531,303,000	537,947,000
		CRLA In Use*	\$323,304,550	323,304,550

Estimated total value of land in respect of which rates are to be levied - CIV

\$40,781,482,000 \$41,121,050,000

		2010/11	2011/12	
2.8	Proposed unit amount for each type of charge to be levied	Municipal	115	120
		Waste (140L)	142	147
		Waste (80L)	113	113

		2010/11	2011/12	
2.9	Estimated amount to be raised by each type of charge to be levied compared to the previous year	Municipal	\$4,688,895	\$4,911,360
		Waste	\$5,729,750	\$5,950,422

2.10 Estimated total amount to be raised by rates and charges

\$61,572,829 \$65,687,471

- 2.11** Significant changes that may affect the estimated amounts to be raised
- The making of supplementary valuations
 - 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.
- In Use valuation – Where the existing use of the land was to continue on an ongoing basis and no alternative use existed.
 - Cultural & Recreation Lands Summary - It is proposed that, in respect of properties to which the Cultural and Recreational Lands Act 1963 applies, the amounts payable as rates be the amounts set out in the Cultural and Recreational Lands Summary (which describes each property and the amount payable) This amount is equal to 0.080671 cents in the dollar of the in use valuation plus statutory charges.

9.6 BUDGETED STANDARD STATEMENTS

The following four budgeted standard statements form a special purpose financial report prepared specifically to meet the requirements of the *Local Government Act 1989*, relating to standard statements.

9.6.1 BUDGETED STANDARD INCOME STATEMENT

	2010/11 Budget \$'000's	2010/11 Forecast \$'000's	2011/12 Budget \$'000's	2012/13 Outlook \$'000's	2013/14 Outlook \$'000's	2014/15 Outlook \$'000's
Income						
Rates and charges	61,773	62,028	65,987	69,916	74,062	78,435
Grants and contributions - operating	8,640	8,583	8,941	9,299	9,671	10,058
Grants and contributions - capital	1,368	1,142	1,776	1,478	1,530	1,583
User charges, fees and fines	15,877	17,736	17,232	17,758	18,107	18,841
Interest	1,111	1,511	1,319	1,447	1,637	1,843
Total income	88,769	91,000	95,255	99,898	105,007	110,760
Expenses						
Employee benefits	29,741	29,973	32,240	34,286	36,514	38,888
Materials and services	17,613	18,340	18,887	19,600	20,286	20,996
External contracts	21,407	21,869	23,368	24,262	25,193	26,201
Depreciation	11,509	11,074	11,666	12,359	13,004	12,685
Finance costs	1,183	1,178	1,163	1,128	1,122	1,073
Total expenses	81,453	82,434	87,324	91,635	96,119	99,843
Profit for the year	7,316	8,566	7,931	8,263	8,888	10,917
Other comprehensive income						
Other	-	-	-	-	-	-
Comprehensive result	7,316	8,566	7,931	8,263	8,888	10,917

The budgeted standard income statement shows what is expected to happen during the year in terms of revenue, expenses and other adjustments from all activities.

The budgeted standard income statement is a required format for reporting in Council's year-end audited financial statements (Annual Report).

9.6.2 BUDGETED STANDARD BALANCE SHEET

	2010/11 Budget \$'000's	2010/11 Forecast \$'000's	2011/12 Budget \$'000's	2012/13 Outlook \$'000's	2013/14 Outlook \$'000's	2014/15 Outlook \$'000's
Current assets						
Cash and cash equivalents	16,615	21,285	23,046	26,646	30,540	34,571
Trade and other receivables	2,836	3,007	3,036	3,158	3,257	3,410
Inventories	51	53	54	57	59	61
Other assets	620	652	682	711	746	783
Total current assets	20,122	24,997	26,818	30,572	34,602	38,825
Non-current assets						
Trade and other receivables	106	122	129	137	145	154
Property, plant and equipment, infrastructure	1,685,337	1,773,108	1,779,689	1,784,629	1,789,964	1,797,187
Other assets	200	200	200	200	200	200
Total non-current assets	1,685,643	1,773,430	1,780,018	1,784,966	1,790,309	1,797,541
Total assets	1,705,765	1,798,427	1,806,836	1,815,538	1,824,911	1,836,366
Current liabilities						
Trade and other payables	6,230	6,420	6,756	7,011	7,271	7,545
Interest bearing loans and borrowings	1,500	1,500	1,500	1,000	2,000	4,000
Provisions	5,508	5,285	5,636	6,010	6,409	6,828
Trust funds and deposits	2,581	2,549	2,676	2,812	2,952	3,099
Total current liabilities	15,819	15,754	16,568	16,833	18,632	21,472
Non-current liabilities						
Interest bearing loans and borrowings	15,500	15,500	15,000	15,000	13,500	11,000
Provisions	1,135	922	1,086	1,260	1,446	1,644
Total non-current liabilities	16,635	16,422	16,086	16,260	14,946	12,644
Total liabilities	32,454	32,176	32,654	33,093	33,578	34,116
Net assets	1,673,311	1,766,251	1,774,182	1,782,445	1,791,333	1,802,250
Equity						
Accumulated surplus	335,594	335,777	343,708	351,971	360,859	371,776
Reserves	1,337,717	1,430,474	1,430,474	1,430,474	1,430,474	1,430,474
Total equity	1,673,311	1,766,251	1,774,182	1,782,445	1,791,333	1,802,250

The budgeted standard balance sheet shows a snapshot of the expected financial situation at the end of each year. It shows the total of what is owned (assets) less what is owed (liabilities). The 'bottom line' of this statement is net assets, which is the net worth of Council.

9.6.3 BUDGETED STANDARD CASH FLOW STATEMENT

	2010/11 Budget \$'000's	2010/11 Forecast \$'000's	2011/12 Budget \$'000's	2012/13 Outlook \$'000's	2013/14 Outlook \$'000's	2014/15 Outlook \$'000's
Cash flows from operating activities						
Receipts						
Receipts from ratepayers	61,714	62,245	65,928	69,857	74,000	78,370
Interest received	1,110	1,514	1,328	1,440	1,627	1,831
User charges, fees and fines (inclusive of GST)	16,883	19,157	18,507	18,939	19,334	20,069
Grants and contributions received (inclusive of GST)	10,393	10,602	11,135	11,189	11,624	12,081
Net GST refund	3,507	3,565	3,779	3,849	4,058	4,284
Payments						
Payments to employees	(29,257)	(29,837)	(31,717)	(33,730)	(35,923)	(38,262)
Payments to suppliers (inclusive of GST)	(43,943)	(46,399)	(47,424)	(49,150)	(51,007)	(53,006)
Net cash provided by operating activities	20,407	20,847	21,536	22,394	23,713	25,367
Cash flows from investing activities						
Payments for property, plant and equipment, infrastructure	(16,551)	(15,936)	(18,246)	(17,299)	(18,337)	(19,908)
Acquisition of investments	-	-	-	-	-	-
Net cash used in investing activities	(16,551)	(15,936)	(18,246)	(17,299)	(18,337)	(19,908)
Cash flows from financing activities						
Finance costs	(1,173)	(1,167)	(1,156)	(1,129)	(1,122)	(1,076)
Proceeds from interest bearing loans and borrowings	1,500	1,500	1,000	1,000	500	1,500
Repayment of interest bearing loans and borrowings	(2,000)	(2,000)	(1,500)	(1,500)	(1,000)	(2,000)
Proceeds from trust funds and deposits	123	121	127	134	140	148
Net cash provided by financing activities	(1,550)	(1,546)	(1,529)	(1,495)	(1,482)	(1,428)
Net increase in cash and cash equivalents	2,306	3,365	1,761	3,600	3,894	4,031
Cash and cash equivalents at the beginning of the year	14,309	17,920	21,285	23,046	26,646	30,540
Cash and cash equivalents at the end of the year	16,615	21,285	23,046	26,646	30,540	34,571

The budgeted standard cash flow statement shows what is expected to happen during the year in terms of cash. It explains what cash movements are expected to result in the difference in the cash balance at the beginning and the end of the year.

The net cash flows from operating activities, shows how much cash is expected to remain after paying for providing services to the community which is available to be invested in items such as capital works.

9.6.4 BUDGETED STANDARD CAPITAL WORKS STATEMENT

	2010/11 Budget \$'000's	2010/11 Forecast \$'000's	2011/12 Budget \$'000's	2012/13 Outlook \$'000's	2013/14 Outlook \$'000's	2014/15 Outlook \$'000's
Capital Works Area						
Council buildings	4,136	4,065	4,700	4,783	4,950	6,124
Information systems	583	385	827	482	495	507
Library systems	440	440	462	474	485	498
Drainage infrastructure	1,835	1,811	1,671	1,264	1,308	1,354
Roads infrastructure	5,475	5,363	6,179	6,367	7,034	7,217
Parks and sportsgrounds	2,928	2,883	2,731	2,723	2,818	2,917
Foreshore infrastructure	1,154	989	1,651	1,180	1,221	1,264
Arts and culture	-	-	25	26	26	27
Total capital works	16,551	15,936	18,246	17,299	18,337	19,908
Types of capital works						
New assets	4,636	5,336	6,078	5,506	5,696	5,894
Asset renewal	11,915	10,600	12,168	11,793	12,641	14,014
Total capital works	16,551	15,936	18,246	17,299	18,337	19,908

The budgeted standard capital works statement sets out all expected capital expenditure in relation to non current assets for the year. It also reflects the amount of capital works expenditure dissected between the following types:

- New Assets - Upgrade, expansion or creation of new assets
- Asset Renewal – Renewal of existing assets

Total Capital Works of \$18.3M includes the proposal budget of \$16.3M for 2011/12 and the forecast carry forward of capital works from the 2010/11 program of \$2.1M.

9.7 KEY STRATEGIC ACTIVITIES

9.7.1 NON-FINANCIAL INDICATORS

This list forms part of the Annual Budget and meets the requirements of Section 127 of the LG Act (2d): *“The Council must ensure that the budget contains separately identified Key Strategic Activities to be undertaken during the financial year and performance targets and measures in relation to each Key Strategic Activity”*

Commitment	Indicator	Target 2011-12
Lifestage wellbeing of our people	<ul style="list-style-type: none"> - Community satisfaction with health and human services * - Prepare a 10 year Recreation Plan to guide future planning and provision of recreation activities and facilities. 	<p>75</p> <p>Draft plan prepared for Council consideration by the end of June 2012</p>
Advocacy for and with our community	<ul style="list-style-type: none"> - Community satisfaction rating for Council's advocacy and community representation on key local issues * - Develop and implement a community and school recycling and resource recovery education program 	<p>58</p> <p>Program developed by September 2011</p> <p>Program implemented by June 2012</p>
Managing our built environment	<ul style="list-style-type: none"> - Community satisfaction with town planning policy and approvals * - Complete the review of the Bayside Planning Scheme 	<p>50</p> <p>The Bayside Planning Scheme reviewed by October 2011</p>
Natural environment, open space and biodiversity	<ul style="list-style-type: none"> - Community satisfaction rating with appearance of public areas * - Community satisfaction with waste management * - Develop a Climate Change Strategy for Bayside 	<p>68</p> <p>79</p> <p>Draft strategy prepared for Council consideration by March 2012</p>

<p>Community engagement and having real conversations</p>	<ul style="list-style-type: none"> - Community satisfaction rating for Council's engagement in decision making on key local issues * - Review Council's Community Engagement Framework 2009 and develop a suite of products that outline appropriate tools for engagement opportunities within the community 	<p>57</p> <p>Review of framework complete by June 2012</p> <p>Community engagement toolkits developed by June 2012</p>
<p>Stewardship, governance and leadership</p>	<ul style="list-style-type: none"> - Community satisfaction rating for overall performance generally of the Council * - Develop an IT Disaster Recovery Plan 	<p>65</p> <p>Operational disaster recovery site fully functional by December 2011</p>

Notes to the non-financial indicators

* The source for these indicators and targets is the Department of Planning and Community Development (DPCD) *Annual Community Satisfaction Survey*. Council aims to maintain a score in line with the rolling average of the last three years. Our 2011-2012 targets are set in accordance with these averages.

9.7.2 financial indicators

Indicator	Target
Financial Health	
Underlying result (net surplus / revenue)	Greater than zero
➤ Sufficient operating income to cover operating expenses	
Liquidity (current assets / current liabilities)	1 or greater
➤ The ability to pay existing liabilities within the next 12 months	
Debt Management	
Debt Management	
➤ Indebtedness as percentage of rates & charges	Less than 80%
➤ This measures the total indebtedness as a percentage of rates & charges as loans are secured against the revenue stream from rates.	
Indebtedness (non-current liab./own source revenue)	Less than 40%
➤ The ability to repay debt from own source revenue being revenue not tied to specific projects	
Debt servicing costs as % total revenue	Less than 5%
➤ The proportion of total revenue required to service Council's debt costs	
Capital Expenditure	
Self-financing (net operating cash / underlying revenue)	Greater than 20%
➤ The ability to replace assets using cash generated from day to day operations	
Renewal gap (Renewal capital spend :depreciation)	Greater than 1
➤ To ensure sufficient spending on existing capital assets	
Percentage achievement of capital expenditure	Greater than 80%
➤ Measures the level of capital project completion	
Debtor Management	
Percentage of rates and charges outstanding	Less than 3%
➤ Measures the efficiency for collection of outstanding rates and charges.	

9.8 ACTION PLAN 2010 - 2011

COMMITMENT 1 – LIFESTAGE WELLBEING OF OUR PEOPLE

Strategic objective 1.1: Bayside residents will continue to enjoy a high quality of life and wellbeing

Key activity	Target	Performance measure
Strategy 1.1.1 – We will develop and maintain strong relationships in planning and delivering services and facilities for the health and wellbeing of the community including volunteerism		
Review Council's Health and Wellbeing Plan 2009 – 2013.	Completed by the end of December 2011	Report to Council
Implement the Act-Belong-Commit mental health promotion campaign in partnership with community agencies	Completed by June 2012	Social marketing plan developed in consultation with community agencies
Strategy 1.1.2 – We will provide accessible and high quality services meeting the identified needs of people in their local community		
Complete access improvement works to the Simpson Reserve Pavilion to meet the needs of current and future users.	Completed by September 2011	Redevelopment of Simpson Reserve Pavilion completed
Commence detailed design works for the Highbett Recreation Centre and Community Hub.	Completed by December 2011	Detailed design completed
Develop and implement the 2011/12 Bayside Arts and Culture Centre gallery program.	Gallery program developed and fully implemented by June 2012	Annual program of rotating exhibitions delivered for 2012-13 Numbers attending educational sessions
Develop a new Library Strategic Plan - Digital Futures.	Library Strategic Plan - Digital Futures completed by June 2012	Successful development of strategy

COMMITMENT 1 – LIFESTAGE WELLBEING OF OUR PEOPLE

Strategic objective 1.1: Bayside residents will continue to enjoy a high quality of life and wellbeing

Key activity	Target	Performance measure
Strategy 1.1.3 – We will promote business and tourism opportunities within Bayside		
Implement the second year actions of the Bayside Tourism Strategic Action Plan 2009-2013, including the promotion of the need for high-grade tourism in Bayside.	Promote the need for high-grade tourism in Bayside by providing occupancy studies to the tourism industry once per annum and conducting a bed & breakfast information session.	Provision of occupancy reports by December 2011. Bed & breakfast information session held by October 2011.
Implement the second year actions of the Bayside Economic Development Strategy 2010, including the establishment of a BBEA Reference Group to market and promote the Bayside Business Employment Area	Establish a BBEA Reference Group to market and promote the Bayside Business Employment Area	The BBEA Reference Group established, work commenced on a marketing strategy and networking opportunities held by November 2011.
Engage with the community regarding future use and development of the Sandringham Golf Course, including opportunities for accommodation and/or conference facilities.	By June 2012	Council decision regarding the future of the course.

COMMITMENT 1 – LIFESTAGE WELLBEING OF OUR PEOPLE

Non-financial indicators for 2011-2012

Indicator	Target	Performance measure
Prepare a 10 year Recreation Plan to guide future planning and provision of recreation activities and facilities.	Draft plan prepared for Council consideration by the end of June 2012	Council endorsement of the 10 year Recreation Plan
Community satisfaction with health and human services	75	Results from the Annual DPCD Community Satisfaction Survey

COMMITMENT 2 – ADVOCACY FOR AND WITH OUR COMMUNITY

Strategic objective 2.1: We will be an effective advocate on behalf of, and with, the Bayside community

Key activity	Target	Performance measure
Strategy 2.1.1 – We will lobby federal and state governments for extra resources and changes to legislation that will benefit our community and organisation		
Assist all eligible community managed kindergarten providers (with preschool aged children) to undertake planning to implement the new 'Universal Access to 15 hours of Early Childhood Education' policy.	100 per cent of eligible providers assisted by 30 June 2011	All eligible providers are assisted in planning to meet new policy.
In collaboration with the Municipal Association of Victoria (MAV), advocate to State and Federal government to fully fund all infrastructure, workforce and other costs associated with the full implementation of the 'Universal Access to 15 hours of Early Childhood Education' policy.	Throughout 2011-12	Data submitted to the MAV reports to government. Meetings with Government Ministers to advocate for funding.

COMMITMENT 2 – ADVOCACY FOR AND WITH OUR COMMUNITY

Strategic objective 2.1: We will be an effective advocate on behalf of, and with, the Bayside community

Key activity	Target	Performance measure
Strategy 2.1.1 – We will lobby federal and state governments for extra resources and changes to legislation that will benefit our community and organisation		
Advocate for the reopening of the New Street Railway Gates	By December 2011	Further communication with the Minister for Transport
We will advocate for improved environmental outcomes in waste disposal	Submissions the Council chooses to make are lodged within specified timeframes and communicated.	Council adoption of its position.
Strategy 2.1.2 – We will work to limit cost-shifting to Council from the federal and state governments		
Monitor, update and report on financial contributions and cost shifting from State and Federal Governments.	By 31 September 2011	Briefing report to Council
Strategy 2.1.3 – We will achieve approval of our planning scheme amendments		
We will advocate for the timely and expedient approval of our amendment proposals to the Bayside Planning Scheme.	Regular approaches made to the Minister on any amendment or authorisation request put to the Minister.	Report to Council of each authorisation
Strategy 2.1.4 – Through effective partnerships, Council's will advocate to achieve positive environmental outcomes		
Advocate to influence State and Federal Government positions on environmental policy, with specific regard to climate change and in particular management of emissions targets.	Submissions the Council chooses to make are lodged within specified timeframes and communicated.	Council adoption of its position on environmental policy.
Research and create an online platform to support the Eco Living Program and provide opportunities for Council to promote, encourage and empower the community to become more sustainable.	Research completed by August 2011.	Report presented to Council.

COMMITMENT 2 – ADVOCACY FOR AND WITH OUR COMMUNITY

Non-financial indicators for 2011-2012

Indicator	Target	Performance measure
Develop and implement a community and school recycling and resource recovery education program.	Program developed by September 2011 Program implemented by June 2012	Program developed and implemented by June 2012
Community satisfaction rating for Council's advocacy and community representation on key local issues	58	Results from the Annual DPCD Community Satisfaction Survey

COMMITMENT 3 – MANAGING OUR BUILT ENVIRONMENT

Strategic objective 3.1: Buildings and infrastructure will be respectful of Bayside's character and environment in creating a liveable city

Key activity	Target	Performance measure
Strategy 3.1.1 – Built environment controls will encompass environmental sustainability, site responsive design and community needs		
Develop heritage and neighbourhood character controls as required to preserve Bayside's built environment.	Amendment C82 to introduce heritage controls for Major Activity Centres presented for Council adoption by February 2012 Amendment C86 to introduce heritage controls for the Brighton Town Hall heritage precinct presented to Council for adoption by February 2012 Amendment to implement the Hightett Neighbourhood Character Review exhibited by December 2011	Council adoption of Amendment C82 and C86 Ministerial authorisation received and exhibition undertaken for Hightett neighbourhood character controls

COMMITMENT 3 – MANAGING OUR BUILT ENVIRONMENT

Strategic objective 3.1: Buildings and infrastructure will be respectful of Bayside’s character and environment in creating a liveable city

Key activity	Target	Performance measure
Strategy 3.1.1 – Built environment controls will encompass environmental sustainability, site responsive design and community needs		
Introduce controls to ensure sufficient private open space is available to residential developments.	Amendment C96 to introduce controls exhibited by September 2011.	Request for Ministerial authorisation resubmitted and exhibition undertaken.
Strategy 3.1.2 – We will engage with the community (developers, residents, consultants) on Council’s expectations regarding controls over the built environment quality		
Hold forums to engage the community and building / development industry on Council’s initiatives for the built environment.	Four forums held by June 2012	Forums held
Promote quality in the built environment by conducting the 2011 Bayside City Council Built Environment Awards.	Awards announced in October 2011	2011 award recipients announced
Strategy 3.1.3 – Our villages and activity centres will provide an attractive focus for their local communities		
Finalise amendments to introduce Major Activity Structure Plans into the Bayside Planning Scheme.	Amendments C100, C101, C102 and C103 presented for Council by March 2012.	Council to consider the Major Activity Centre Amendments for adoption.
Finalise an amendment to introduce the Black Rock Village Neighbourhood Activity Centre Structure Plan into the Bayside Planning Scheme.	Amendment C90 presented to Council by March 2012.	Council to consider Amendment C90 for adoption.
Complete a draft Small Neighbourhood Activity Centre Strategy to guide the development of our small neighbourhood villages.	Present Council with a draft strategy for consultation by April 2012.	Council endorsement of the draft Small Neighbourhood Activity Centre Strategy

COMMITMENT 3 – MANAGING OUR BUILT ENVIRONMENT

Strategic objective 3.1: Buildings and infrastructure will be respectful of Bayside’s character and environment in creating a liveable city

Key activity	Target	Performance measure
Strategy 3.1.4 – Housing will meet the diverse and changing community needs over time and be located to support sustainable living		
Finalise and exhibit the Housing Strategy to ensure that housing meets the diverse needs of people within Bayside.	Housing Strategy considered by Council for adoption by August 2011. Exhibition of an amendment to implement the Housing Strategy within the Planning Scheme by March 2012.	Council to consider the Housing Strategy for adoption. Ministerial authorisation received and exhibition undertaken.
Strategy 3.1.5 – We will provide sustainable infrastructure that is fit for purpose and provides high levels of community benefit		
Undertake a review of the Development Contribution Plan to enable financial contribution from new development towards the cost of additional public infrastructure.	Complete the review by September 2011 Exhibition of an amendment to introduce a Developer Contribution Plan by March 2012	Council consideration of the review findings Ministerial authorisation received and exhibition undertaken
Develop Asset Management plans for individual building classes - roads, buildings, recreation and drainage”	By June 2012	Council to consider for adoption.
Review sustainable design guidelines in Council’s capital works projects.	By June 2012	Guidelines reviewed
Consider which unmade laneways are required for general public use	By May 2012	Amend Road register adopted by Council
Amend Road Management Plan to reflect level of service for laneways	By June 2012	Amendments gazetted
Develop a traffic management policy	By December 2011	Reported to Council for consideration

COMMITMENT 3 – MANAGING OUR BUILT ENVIRONMENT

Strategic objective 3.1: Buildings and infrastructure will be respectful of Bayside’s character and environment in creating a liveable city

Key activity	Target	Performance measure
In conjunction with VicRoads, consider the success of the Beach Road no stopping trial, with the option to implement the measures permanently.	By December 2011	Consideration by Council
In conjunction with VicRoads, implement actions identified in the Beach Road corridor strategy.	Completed by June 2012	Completion of works
Strategy 3.1.6 – We will promote increased transport options for people to move around Bayside with particular consideration to improved safety, health and energy efficiency		
Prepare an Integrated Transport Strategy for Bayside.	Integrated Transport Strategy considered by Council for adoption by November 2011	Council consideration of the Strategy for adoption.

COMMITMENT 3 – MANAGING OUR BUILT ENVIRONMENT

Non-financial indicators for 2011-2012

Indicator	Target	Performance measure
Complete the review of the Bayside Planning Scheme which includes the review of the MSS and Local Planning Policy.	The Bayside Planning Scheme reviewed by October 2011	Bayside Planning Scheme reviewed by Council
Community satisfaction with town planning policy and approvals	50	Results from the Annual DPCD Community Satisfaction Survey

COMMITMENT 4 – NATURAL ENVIRONMENT, OPEN SPACE AND BIODIVERSITY

Strategic objective 4.1: We will improve the quality of our natural environment and open spaces and meet the challenges of climate change

Key activity	Target	Performance measure
Strategy 4.1.1 – We will conserve Bayside’s natural environment		
Complete a fauna survey and significant flora report to measure performance in conserving Bayside’s natural environment	Significant Flora Report completed by December 2011	Report completed
	Significant Fauna Survey completed by September 2011	Survey completed
Investigate improved measurement methods for determining Council’s performance in conserving Bayside’s natural environment	By September 2011	Report to Council
Participation in the Association of Bayside Municipalities - advocating to State Government for the protection of our coastline and coastal assets.	Participation in the Association of Bayside Municipalities	Participation in the Association of Bayside Municipalities
Strategy 4.1.2 – We will increase the extent of tree canopy of the municipality including the planting of more trees on public land		
Maintain the treed quality of streets and parks	Plant 1400 trees by June 2012 to maintain street stocking rate of 95% and park tree canopy cover	Trees planted
Monitor tree removal applications to ensure consistency with Council’s Tree Protection Policy	By June 2012	Degree of consistency with Council’s policy
Strategy 4.1.3 – We will provide accessible open space that meets the identified needs of the Bayside community		
Develop the Bayside Open Space Strategy to identify needs for leisure, sports and conservation of natural areas	Completion of the Open Space Strategy by August 2011.	Council to consider adoption of the Open Space Strategy
	Exhibition of an amendment to implement the Open Space Strategy within the Planning Scheme by March 2012.	Ministerial authorisation received and exhibition undertaken.

Develop asset management plans for open space and trees	By June 2012	Plans developed
COMMITMENT 4 – NATURAL ENVIRONMENT, OPEN SPACE AND BIODIVERSITY		
Strategic objective 4.1: We will improve the quality of our natural environment and open spaces and meet the challenges of climate change		
Key activity	Target	Performance measure
Strategy 4.1.4 – We will develop a response to the challenges of climate change, especially in coastal locations		
Review Coastal Strategy and develop a Coastal Management Plan for the Bayside foreshore	Completion by March 2012	Council to consider adoption of the Coastal Management Plan
Review Council's drainage design standards to consider the long term impacts of climate change	Reviewed by February 2012	Council to consider recommendations
Review foreshore risk management approach in conjunction with the development of the Coastal Management Plan and Climate Change Strategy	By March 2012	Report to Council
Prepare a program for the upgrade of Council drainage system	By March 2012	Program prepared
Strategic objective 4.2: We will reduce Council's reliance on non-renewable energy resources		
Strategy 4.2.1 – We will achieve carbon neutrality for Council's operations by 2020		
Implement Stage 1 of the Energy Efficient Streetlight Program rollout	By June 2012	Stage 1 completed
Strategy 4.2.2 – We will reduce Council's reliance on potable water		
Implement the key recommendations for the Water Sustainability Action Plan	By June 2012	Projects implemented in accordance with the long term capital works program
Review the waste wise status of Council events and investigate opportunities to host carbon neutral events	Complete review by December 2011	Review completed
Develop and implement a Green Travel Plan for the Corporate Centre	Completed by March 2012	Green Travel Plan completed

Develop and Implement a Sustainable Office Program	Completed by March 2012	Sustainable Office Program implemented
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COMMITMENT 4 – NATURAL ENVIRONMENT, OPEN SPACE AND BIODIVERSITY

Strategic objective 4.2: We will reduce Council's reliance on non-renewable energy resources

Key activity	Target	Performance measure
Strategy 4.2.3 – We will educate and engage our community in environmental sustainability		
Maintain 50% recovery rate by weight of solid waste for recycling in line with Sustainability Victoria's Metropolitan Waste and Resource Strategic Plan	50% solid waste recovered by June 2012	Comparison by weight of waste to landfill to total domestic waste stream
Reduction in Food, Organic and Packaging Waste in the Bayside Landfill Waste Stream (Residential and Commercial)	Food Waste Reduction Program rolled out to the community by December 2011.	5-10% of households, businesses and other community members engaged in a waste reduction program.

COMMITMENT 4 – NATURAL ENVIRONMENT, OPEN SPACE AND BIODIVERSITY

Non-financial indicators for 2011-2012

Indicator	Target	Performance measure
Develop a Climate Change Strategy for Bayside	March 2012	Draft strategy prepared for Council consideration
Community satisfaction rating with appearance of public areas	68	Results from the Annual DPCD Community Satisfaction Survey
Community satisfaction with waste management	79	

COMMITMENT 5 – COMMUNITY ENGAGEMENT AND HAVING REAL CONVERSATIONS

Strategic objective 5.1: We will effectively engage with our community

Key activity	Target	Performance measure
Strategy 5.1.1 – We will increase transparency and knowledge about opportunities for community participation		
Ensure Council’s website provides accurate and up to date information around Council’s products and services and community engagement activities	Content of Council’s website is reviewed and information is consistent across all communication mediums Dedicated web link/page to community engagement consultation opportunities	Percentage of customers satisfied with the overall customer experience when interacting with Bayside via the web
Develop a Prospective Election Candidates Training Program	By June 2012	Program developed and adopted by Council
Strategy 5.1.2 – We will provide a range of opportunities for the community to actively engage in Council’s decision-making activities		
Develop a Social Media Policy for Council to guide the use of new communication techniques including mobile phone and Web 2+ technology.	Policy adopted by December 2011	Policy adopted by Council
Strategy 5.1.3 – We will ensure our approaches to community engagement are appropriate, ongoing, open and collaborative and all key consultation and engagement activities will recognize and respect the diversity of our community including culture, gender, age and ability		
Encourage active participation from the wider community in the implementation of the Bayside Advisory Framework	Bayside Advisory Framework terms of reference to consider diverse representation from the community including culture, gender, age and ability	Evidence that appointments to advisory groups have considered diversity.

COMMITMENT 5 – COMMUNITY ENGAGEMENT AND HAVING REAL CONVERSATIONS

Non-financial indicators for 2011-2012

Indicator	Target	Performance measure
Review Council's Community Engagement Framework 2009 and develop a suite of products that outline appropriate tools for engagement opportunities within the community	Review of framework completed by June 2012 Community Engagement toolkits developed by June 2012	Community Engagement activities for the community have detailed community engagement plans Quarterly report outlines community engagement activities with the community
Community satisfaction rating for Council's engagement in decision making on key local issues	57	Results from the Annual DPCD Community Satisfaction Survey

COMMITMENT 6 – STEWARDSHIP, GOVERNANCE AND LEADERSHIP

Strategic objective 6.1: We will improve the condition and suitability of the municipality's assets and resources, and the capability of our organisation

Key activity	Target	Performance measure
Strategy 6.1.1 – Economic, social and environmental impacts will inform all council decisions		
Conduct staff training in Council report writing, focussing on economic, social and environmental impacts	Training completed by 30 June 2012	Three training sessions completed
Strategy 6.1.2 – Our long-term financial strategy will provide a transparent validation of Council's intentions to continue to achieve financial sustainability in the medium to long term		
Review and update the financial framework to support sound financial decisions.	Review the long-term financial strategy and plan	Council adopted Long Term Financial Strategy by 30 March each year Council adopted Long Term Financial Plan by 30 June each year
Develop an annual budget in accordance with the Long Term Financial Strategy	By 30 June 2012	Council adoption of annual budget in accordance with the Long Term Financial Strategy
Develop a long term Capital Works program	By 31 March 2012	Adoption in principle by Council
Strategy 6.1.3 – We will achieve sound risk management		
Complete the annual internal audit program in accordance with the Audit Charter	Audit plan completed by 30 June 2012	Timely delivery of key actions from the internal audit reports
Review Council Strategic and Operational Risk Register	By 30 December 2011	Register updated and considered by the Audit Committee
Develop a Procurement Framework	By 31 March 2012	Documentation completed and audited

COMMITMENT 6 – STEWARDSHIP, GOVERNANCE AND LEADERSHIP

Strategic objective 6.1: We will improve the condition and suitability of the municipality's assets and resources, and the capability of our organisation

Key activity	Target	Performance measure
Review of Council's Property Assets to ensure maximum community benefit	By 30 June 2012	Council leased properties to be evaluated against established criteria Review of leasing policy Review of leasing documentation

Strategy 6.1.4 – We will meet the current and future requirements relating to organisation structure, capability, succession and talent management

Progress the Business Excellence@Bayside Program with the delivery of a further two cross organisational projects aligned to the categories of Business Excellence	Projects completed by 30 December 2011	Executive endorsement of project outcomes and recommendations.
Prepare an Organisational Development Strategy including a focus on staff attraction, recruitment, development and retention	By November 2011	Strategy complete and approved by CEO

Strategic objective 6.2: We will provide open, transparent and accountable governance with the highest standards of integrity

Strategy 6.2.1 – Council will regularly review and reflect on its decisions and performance

Councillors will undertake a self assessment against the Councillor Code of Conduct	Assessment undertaken six monthly	Development of an implementation plan
Develop a Customer Focus Strategy for Bayside Council	Strategy completed by December 2011 Customer Satisfaction rating established by September 2011	Customer Satisfaction results from DPCD Meeting Customer Satisfaction score
Local Law Review	Completed by end of Dec 2011	Consultation completed adoption by Council and gazetted and advertised.

COMMITMENT 6 – STEWARDSHIP, GOVERNANCE AND LEADERSHIP

Strategic objective 6.2: We will provide open, transparent and accountable governance with the highest standards of integrity

Key activity	Target	Performance measure
Review of the Domestic Animal Management Plan	Completed by end of March 2012	Consultation completed, adoption by Council and submitted to Secretary of Department of Primary Industries
Strategy 6.2.2 – Council decisions and initiatives will be based on clear and transparent evidence, informed by economic, environmental and social considerations		
Review all current Council adopted strategies and policies against the Strategy and Policy Framework.	All Council adopted strategies and policies assessed by 30 June 2012 and scheduled for review.	Cyclic review of policies presented to Council

COMMITMENT 6 – STEWARDSHIP, GOVERNANCE AND LEADERSHIP

Non-financial indicators for 2011-2012

Indicator	Target	Performance measure
Develop an IT Disaster Recovery Plan	1 December 2011	Operational disaster recovery site fully functional
Community satisfaction rating for overall performance generally of the Council	65	Results from the Annual DPCD Community Satisfaction Survey

* The source for these indicators and targets is the Department of Planning and Community Development (DPCD) *Annual Community Satisfaction Survey*. Council aims to maintain a score in line with the rolling average of the last three years. Our 2011-2012 targets are set in accordance with these averages.

9.9 GLOSSARY OF TERMS

Operating budget (Budgeted income statement)	The budgeted income statement shows the expected operating result in the forthcoming year with a distinction made between revenue received for operating purposes and revenue received for capital purposes.
Annual reporting requirements	Annual reporting requirements include the financial reporting requirements of the <i>Local Government Act 1989</i> , Accounting Standards and other mandatory professional reporting requirements.
Borrowing strategy	A borrowing strategy is the process by which the Council's current external funding requirements can be identified, existing funding arrangements managed and future requirements monitored.
Cash position (Budgeted cash flow statement)	The budgeted cash flow statement reports the expected net cash inflows and outflows in the forthcoming year in the form of reconciliation between opening and closing balances of total cash and investments for the year. Comparison is made to the current year's expected inflows and outflows.
Financial position (Budgeted balance sheet)	The budgeted balance sheet shows the expected net current asset, net non-current asset and net asset positions in the forthcoming year compared to the forecast actual in the current year.
Capital projects budget	The capital projects that will be undertaken during the forthcoming year.
Capital works statement (Budgeted capital works statement)	The budgeted capital works statement shows the expected capital expenditure for the forthcoming year by works area dissected between new assets and asset renewal.
CRLA	The rateable properties to which the <i>Cultural and Recreation Land Act 1963</i> applies
Reserves	Reserves are funds earmarked by Council for various purposes.
External funding sources (Analysis of capital budget)	External funding sources relate to grants or contributions, which will be received from parties external to the Council.
External influences in the preparation of a budget	Matters arising from third party actions over which Council has little or no control e.g. change in legislation.
Financing activities	Financing activities means those activities which relate to changing the size and composition of the financial structure of the entity, including equity, and borrowings not falling within the definition of cash.
Internal funding sources	Internal sources relate to cash and investments held in reserves or which are uncommitted and cash that will be generated from the operations of Council during the budget year.
Internal influences in the preparation of	Matters arising from Council actions over which there is some element of control e.g. approval of unbudgeted capital

a budget	expenditure.
Infrastructure	Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services.
Investing activities	Investing activities means those activities which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash.
Legislative framework	Local Government Act 1989, regulations and other laws and statutes under which Council governance and reporting requirements are set.
Net Funds (Surplus/Deficit)	Operating Income less Operating Expenses to determine the amount of funds available for allocation to Capital Projects.
Operation activities	Operating activities means those activities which relate to the provision of goods and services.
Operating expenditure	Operating expenditure is defined as consumptions or losses of future economic benefits, in the form of reductions in assets or increases in liabilities; and that result in a decrease in equity during the reporting period.
Operating revenue	Operating revenue is defined as inflows or other enhancements, or savings in outflows of future economic benefits, in the form of increases in assets or reductions in liabilities; and that result in an increase in equity during the reporting period.
Prudential ratios and thresholds (borrowing strategy)	Used in assessing a Council's borrowing capacity as part of the annual Australian Loan Council borrowing allocation.
Rating strategy	A rating strategy is the process by which the Council's rate structure is established and how the quantum of rate change has been determined, taking into consideration longer term philosophy issues and framework.
Rate structure (rating strategy)	Site value (SV) capital improved value (CIV) or net annual value (NAV) are the main bases upon which rates will be levied.
Statutory disclosures	The <i>Local Government Act 1989</i> and the <i>Local Government (Finance and Reporting) Regulations 2004</i> require certain information relating to projected results, borrowings, capital works and rates and taxes to be disclosed within the budget.
Statutory reserves	Statutory reserves are funds set aside for specified statutory purposes in accordance with various legislative and contractual requirements. These reserves are not available for other purposes.
Uncommitted cash and investments	Uncommitted cash and investments equals working capital and funds preserved from the previous year mainly as a result of grants and contributions received in advance.
Working capital	Working capital is the balance of cash and investments not set aside for statutory and discretionary reserves. These funds are free of all specific Council commitments and represent funds available to meet daily cash flow

requirements and unexpected short term needs. A high level of working capital is required as 40% of Council's rate revenue is not received until February each year. Council's working capital balance and undrawn financing facilities are sufficient to meet its long service leave obligations as set out in the *Local Government (Long Service Leave) Regulations 2002*.
