



2008/2009 Budget



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Bayside City Council – 2008/09 Budget

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1 Summary

The 2008/09 Budget includes a rates and charges increase of 5.5 percent to \$53.7 million including \$0.1 million for supplementary rates (additional rates for property improvements). This increase provides Council with financial sustainability by meeting the expected 5.4 percent increase in service costs as well as funding a further \$1.6 million in new (priority) projects.

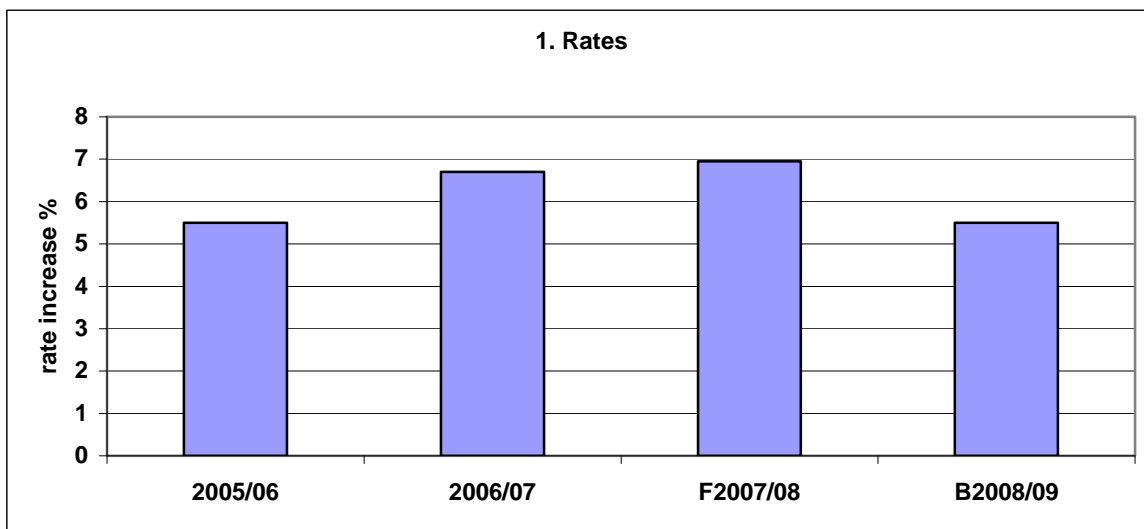
Council's operating result is expected to reflect a \$2.115 million surplus with total cash and investments expected to be \$12.6 million.

The total cost of service delivery is expected to be \$65.3 million comprising \$63.7 million for ongoing services plus a further \$1.6 million for new (priority) projects. Total Capital works is expected to be \$20.1 million.

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

Rates

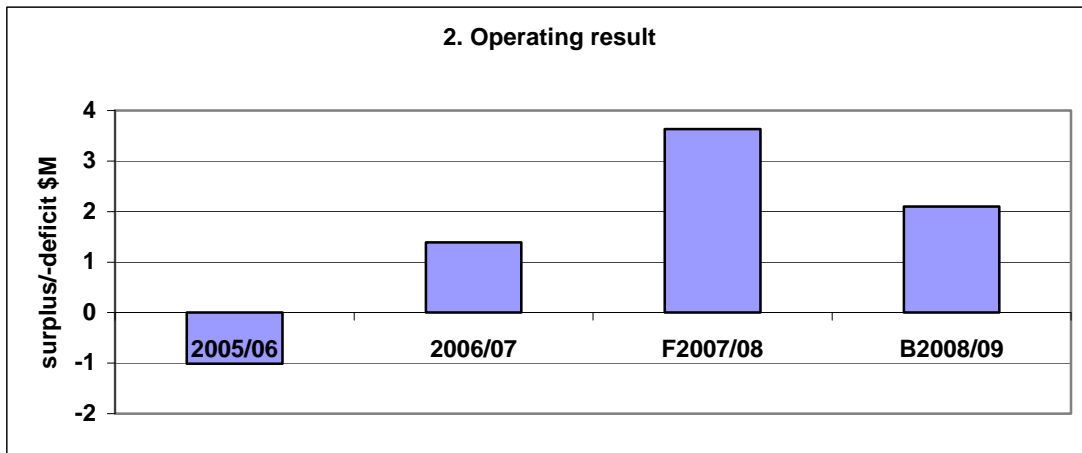
The rates and charges increase of 5.5 percent for the 2008/09 year, raises total rates of \$53.7 million that includes \$0.1 million generated from supplementary rates. This increase compares favourably with the previous years rate increase of 6.95 percent.



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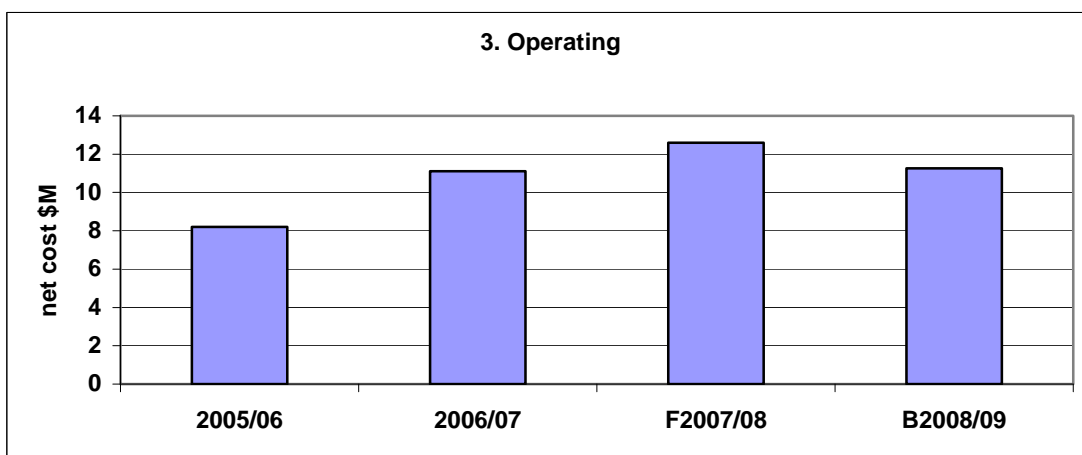
Operating results

The expected operating result for the 2008/09 year is a surplus of \$2.1 million. By comparison the 2007/08 forecast is a \$3.6 million surplus. While less than the 2007/08 forecast, the 2008/09 budget remains a significant improvement over the 2007/08 budget surplus of \$1.1 million.



Operating

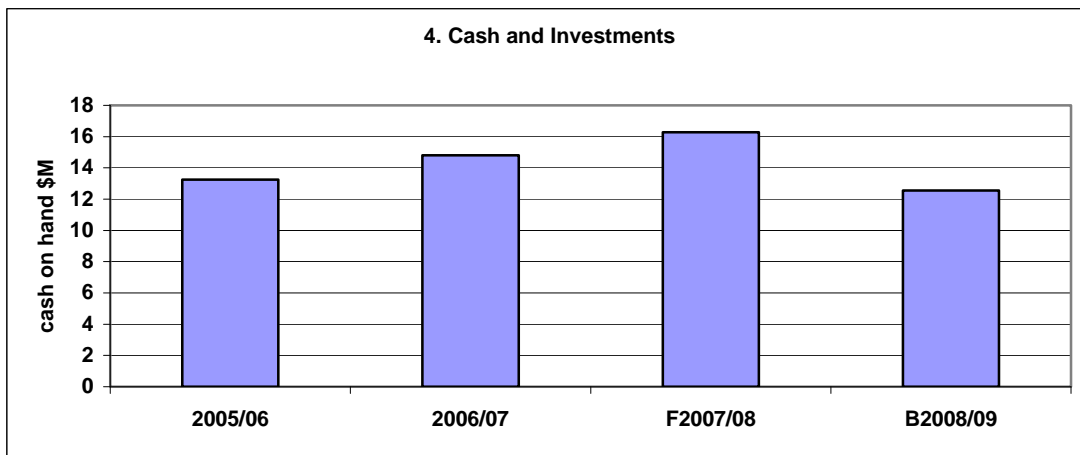
The net cost of services delivered to the community for the 2008/09 year is expected to be \$11.2 million. Net service costs represent operating income less operating expenses. By comparison the 2007/08 forecast is \$12.6 million. While less than the 2007/08 forecast, the 2008/09 budget is higher than the 2007/08 budget of \$10.7 million. The net cost of services is applied to fund capital works program.



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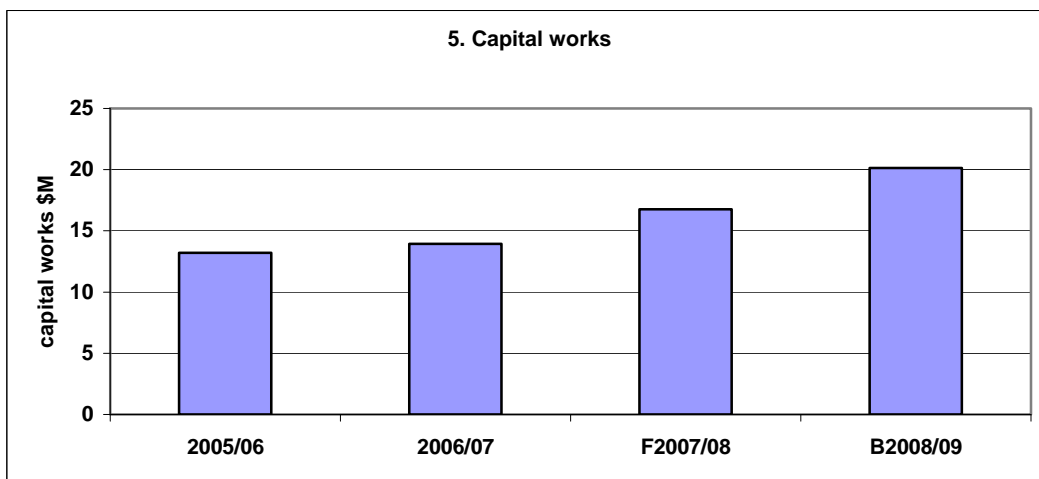
Cash and investments

Cash and investments is expected to decrease by \$3.7 million during the year to \$12.6 million as at 30 June 2009. The cash reduction is designed to partly fund the additional capital works program scheduled for the 2008/09 year.



Capital works

The capital works program for the 2008/09 year is expected to be \$20.1 million, which is an increase of \$3.3 million over the 2007/08 forecast of \$16.8 million.



1.1 Introduction

The 2008/09 Budget outlines the directions of Council as articulated through the Council Plan 2008-2012 and other strategic documents. It is based on the five year strategic plan to ensure financial sustainability while addressing the community requirements for ongoing service delivery and asset replacement and enhancement.

The 2008/09 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.

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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 of \$10.8 million per annum meaning we are using up our asset base by approximately \$10.8 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 \$20.1 million of which \$7.4 million relates to the replacement of infrastructure 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 - priority & capital projects

The priority projects are identified programs that are not incurred on an annual basis. They indicate a change in service level and include the following new initiatives:

- Vegetation watering programs
- Planning scheme amendment project for the major activity centers
- Councillor elections
- Establish a charitable trust to fund community projects
- Path maintenance – increased program to proactively maintain pedestrian, cycle and shared paths
- Graffiti removal and prevention program
- Master plan for Sandringham athletics and netball facility
- Prepare a strategy to identify service level gaps and future need for sports pavilions
- To produce a publication which celebrates indigenous history and culture
- Preparation of a sustainable public street lighting action plan to reduce greenhouse gas emissions
- Implementation of a sustainable living program to assist the community in reducing greenhouse gas emissions
- Development and implementation of an influenza pandemic plan
- Increased hours of service for general home care, assessment and review, vacation care and baby capsules

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Capital infrastructure renewal accounts for approximately \$7.4 million of the budget and includes:

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

1.4 Budget funding

Rates & charges have increased by 5.5 percent per annum while maintaining the current levy for waste management and municipal charges. In addition a further \$0.1 million is included in the 2008/09 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 2008/09 are:

140 - litre bin charge \$120 (increase from \$115)

80 - litre bin charge \$105 (no increase)

Municipal Charge \$105 (increase from \$102) – designed to defray the administration costs of Council.

2. 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 14 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 2008/09 Budget which is included in this report, is for the year 1 July 2008 to 30 June 2009 and is prepared in accordance with the *Local Government Act 1989*. The Budget includes projected income and expenditure for the 2008/09 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 approval 27 May 2008
2. Public notice advising intention to adopt Budget 29 May 2008
3. Budget available for inspection 29 May 2008
4. Submission period closes 17 June 2008

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5. Special Committee to hear submissions 18 June 2008
6. Budget and submissions presented to Council for adoption 24 June 2008

2.2 External influences

The following external influences impacted the Budget for 2008/09. These include:

- Annual public sector wage increase is in the order of 4.1% per annum
- Increase to Council's contribution to the Metropolitan Fire and Emergency Services Board Levy of \$82,800 or 4.67% increase
- It should be noted that many of Council's contract related costs increase greater than the Consumer Price Index (CPI) currently projected to be in the order of 3.0% per annum.

3. Operating budget

The 2008/09 Budget reflects a financially sustainable position while achieving Council's operational objectives, the delivery of ongoing services and commitment to new priority 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 \$76.5 million that is offset by Operating Expenses of \$65.3 million resulting in net surplus of \$11.2 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 2008/09 year. The operating budget comprises two components.

3.1 Services budget

The services or recurrent budget is the delivery of the same program or level of service contained in the 2007/08 budget. The services budget consists of \$76.3 million income and \$63.7 million expenditure. The cost to Council for the delivery of programs has increased by 5.4 percent on a budget-to-budget basis.

3.2 Priority projects

Priority projects are listed in section 9.3 and represent new activities and initiatives not included to the ongoing services budget. They demonstrate how the activities and initiatives funded in the budget will contribute to achieving the objectives of the Council Plan.

Priority projects are new services for the community that have been recommended by Council for 2008/09. These are the result of motions of council, statutory requirements, best value recommendations or identified need. The net expenditure on new priority projects is \$1.4 million consisting of \$1.6 million expenditure less \$0.2 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.

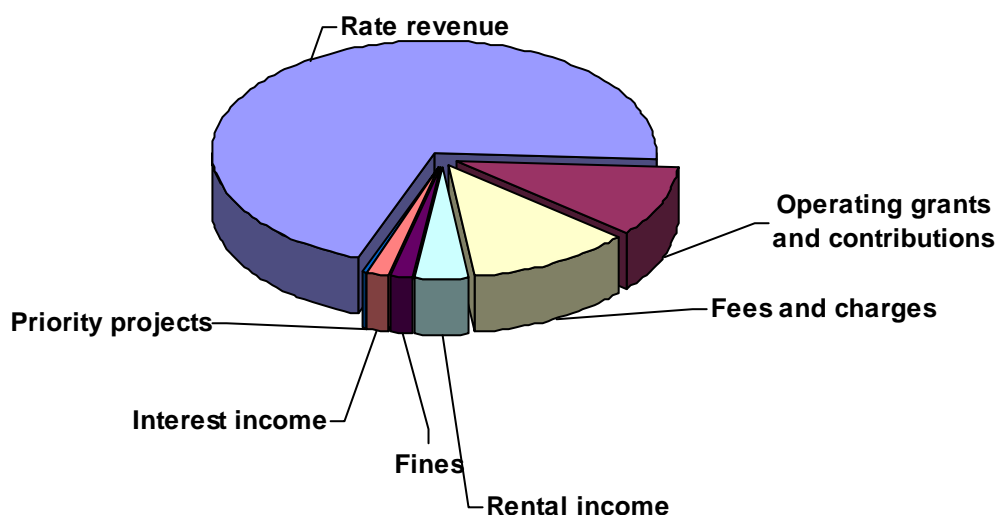
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3.3 Spending on services

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

Aged and disability, home care and delivered meals	\$6.2 million
Parks, sports grounds and foreshores	\$5.4 million
Waste (inc collection, landfill, recycling)	\$5.5 million
Roads, footpaths and sweeping	\$3.1 million
Libraries	\$2.9 million
Children services	\$2.4 million
Management and maintenance of council buildings	\$3.0 million
Planning and building services	\$2.5 million
Local laws and investigations	\$2.4 million
Fire brigade levy	\$1.9 million
Tree management	\$1.5 million
Insurance	\$0.9 million
Family health	\$1.3 million
Economic development, events and tourism	\$0.9 million
Drainage	\$0.7 million
Grants to community organisations	\$0.5 million
Public lighting	\$0.6 million
Environmental health	\$0.7 million
Youth services	\$0.7 million
Conservation and environment	\$0.9 million

3.4 What Council earns - operating income comprises:



Rates and Charges (\$2.89 million increase)

Rates and charges will increase by \$2.79 million or 5.5 percent over the 2007/08 forecast result to \$53.6 million. An additional \$0.1 million is provided for supplementary rates (additional rates for property improvements) expected to be raised during the course of the year.

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Operating grants and contributions (\$0.24 million increase)

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 community. Income in this category has increased in the order of 3.2 percent compared to the 2007/08 budget .

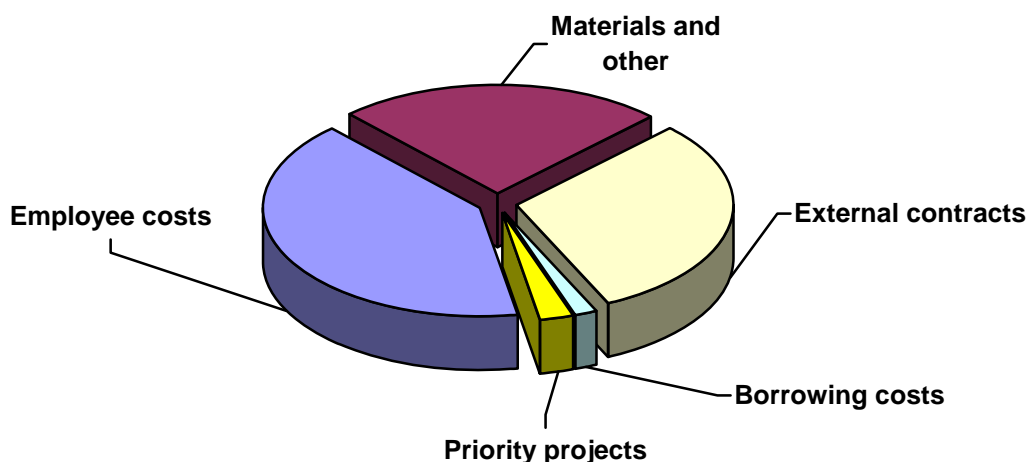
Fees & charges, rental and fines (\$0.39 million increase)

Fees and charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services as well as statutory fees such as animal and health act registrations. Rental income is reduced by \$0.6 million mainly due to loss of golf course income. Statutory fines are generally fixed by state government and relate mainly to fines levied in accordance with legislation and include parking infringements, local law and library fines. Increases in statutory fines are made in accordance with legislative requirements. 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. The total of \$9.1 million for fees and charges includes income raised from the Schedule of Fees and Charges.

Interest revenue (\$0.17 million increase)

Interest revenue includes interest on investments and penalty interest for late payment of rate revenue. The budgeted increase is mainly due to increase interest rates applied to Council's cash reserves.

3.5 What Council spends - operating expenditure includes:



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Employee Costs (\$1.5 million increase)

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.
- marginal increase in staff resources for delivery of services such as homecare which is offset by additional income.

Materials and other costs (\$0.4 million increase)

Materials and other costs are budgeted to increase by \$0.4 million compared to 2007/08. This relates to non-contract supplier costs as well as utilities such as telephone, gas, water, electricity and the metropolitan fire and emergency services board levy.

External contracts (\$1.4 million increase)

External contracts are budgeted to increase by \$1.4 million compared to 2007/08.

This is mainly due to:

Increase in Council's contractor costs for the delivery of major services (including roads, footpath, waste, parks & gardens) by an average of 4% to 5% per annum.

- Expanded services for beach cleaning.

Borrowing costs (\$0.1 million increase)

Borrowing costs relate to interest charged by financial institutions on funds borrowed.

4. Capital budget

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

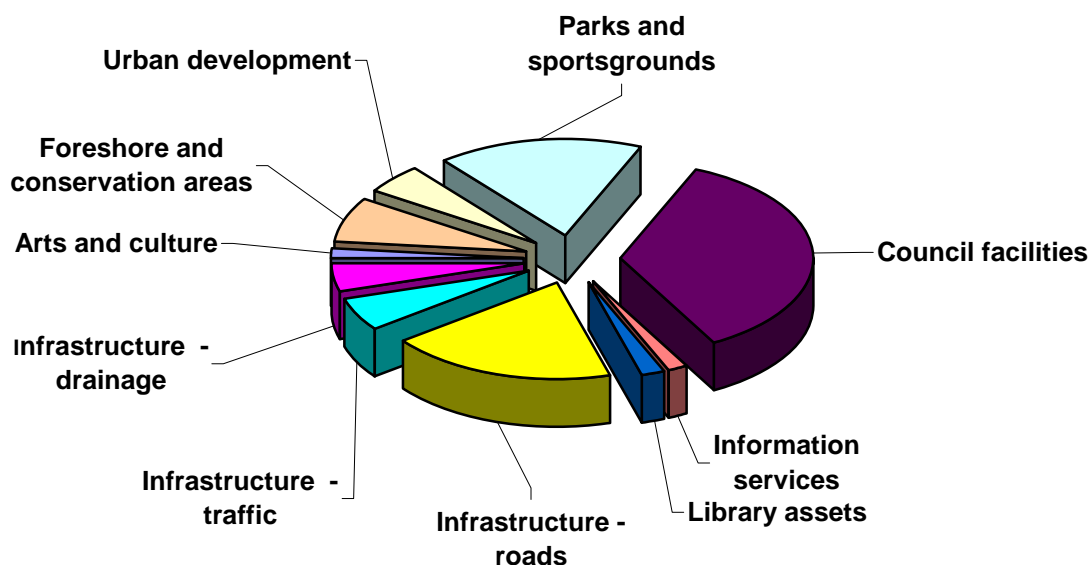
The total Capital Projects expenditure of \$20.1 million is funded by:

- | | |
|--|----------------|
| • Surplus from operating (services and priority) | \$11.2 million |
| • Capital grants and contributions | \$1.7 million |
| • Reduction to cash reserves | \$3.7 million |
| • Carry forward projects | \$3.5 million |

Carry forward projects are projects funded but not expected to be completed during the budget year. The amount of \$3.5 million reflects the value of works in progress not expected to be completed by the end of the 2008/09 year.

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The Capital Projects Budget comprises:



5. Current year results

This section of the Budget reports the net impact of variances from the 2007/08 year to assess if there will be any significant impacts on the 2008/09 budget.

Council's year end position for 2007/08 forecasts a net surplus of \$12.605 million to be applied to fund Capital projects. This result is \$1.943 million higher than the net surplus budget of \$10.662 million. The variance mainly relates to additional income from supplementary rates, resort and recreation levy and planning and building fees. Capital projects is forecast at \$16.76 million being \$0.44 million higher than budget mainly due to projects approved subsequent to the adoption of the 07/08 budget. It should be noted that the amount of \$16.76 million includes projects totaling \$3.85 million expected to be carried forward for completion in the ensuing year.

	Budget 2007/08 \$'000's	Forecast 2007/08 \$'000's	Variance fav./(unfav.) \$'000's
Operating income	72,678	73,857	1,179
Operating expenses	62,016	61,252	764
Net surplus	10,662	12,605	1,943
Less depreciation	11,003	10,636	367
Plus capital Contributions	1,435	1,658	223
Operating result	1,094	3,627	2,533
Capital projects	16,319	16,760	(441)

A more detailed analysis is contained in the income statement in Section 9.1.

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6 Long term financial strategy

6.1 Financial plan

The strategic financial plan is a means to enable Council's ongoing financial sustainability while continuing to deliver services expected by the community and identified in the Council Plan. The financial plan endeavors to highlight Bayside's financial framework in the context of likely trends and options for the ensuing five 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 financial plan is based on annual rate increases of 5.5 percent to maintain sustainability. Sustainability is identified by:

- Minimum reserve balance (general and statutory reserves) of \$4.0 million.
- Minimum cash balance of \$10.5 million per Cash flow Statement.
- Surplus or breakeven position per the Income Statement.
- Cash flow surplus from operations in the order of \$12 million per Cash flow Statement.

As a base for sustainability, annual rate increases of 5.5 percent per annum 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 financial plan is based on the following parameters:

- Total indebtedness (loan borrowing) of \$17.5 million.
- Capital works program at a minimum of \$13 million per annum (excluding carry forward projects from prior years).
- A minimum target for replacement capital works of \$8.5 million per annum. The minimum is to increase annually by CPI.
- That replacement capital works be funded from the net surplus (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.

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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.

Performance Indicators	2007/08 Forecast	2008/09 Budget	2009/10 Outlook	2010/11 Outlook	2011/12 Outlook
Operating result – surplus	3,627	2,115	2,566	2,229	2,481
Rate revenue as % of total revenue	67.32%	68.71%	69.40%	69.91%	70.36%
Operating expenses per assessment *	\$1,797	\$1,893	\$1,970	\$2,053	\$2,138
Debt servicing as % total revenue	1.39%	1.43%	1.37%	1.44%	1.42%
Total indebtedness as % rate revenue	34.43%	32.57%	30.87%	29.26%	27.74%
Current assets / Current liabilities	1.38	1.14	1.11	1.20	1.33
Capital projects per assessment *	\$323	\$414	\$390	\$317	\$324
Investment gap (fixed assets/depn)	112.91	146.19	135.57	107.56	108.43
*Number of assessments	39,998	40,187	40,387	40,587	40,787

Operating result – measures Council's "profitability" or surplus and is expected to remain above \$2 million to support additional investment in infrastructure.

Rate revenue as % of total revenue - identifies Council's reliance on revenue from rates and charges. This measure is expected to remain relatively static over the ensuing five years.

Operating expenses per assessment – this ratio measures Council's operational efficiency or expense outlay for each ratable property. Bayside is currently operating effectively relative to the average for inner metropolitan Melbourne.

Debt servicing as % total revenue - debt servicing, or loan interest, is to be funded from Council's revenue base. Accordingly this ratio measures the burden of interest costs incurred from Council's interest bearing loans. Bayside's debt servicing costs are between 1% and 2% being well within the accepted maximum of 5% to maintain financial sustainability.

Total Indebtedness as % rate revenue - this ratio measures the total loan borrowing divided by rate revenue. Bayside's ratio is projected to gradually reduce for each year of the financial plan.

Current assets / current liabilities - working capital ratio designed to reflect Council's capacity to meet its short term (within one year) debt obligations from available cash and assets. The ratio should be maintained at above 1.0. This is consistent with the financial plan projections indicating a sustainable outcome for Council.

Capital projects per assessment - the average capital investment by Council for each ratepayer. The ratio is relatively static with the exception of the increased capital investment during the 2009/10 budget and ensuing 2009/10 year.

Investment gap - this measure is used to assess Council's ability to sustain its asset base by ensuring payments for capital projects exceed the rate the asset base is depreciated. The

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higher ratio during the proposed budget and ensuing 2009/10 year reflects additional new project investment.

6.3 Reserves

Council proposes to hold a total of \$5.1 million reserve funds and a cash backed long service leave provision of \$2.6 million at the completion of the 2008/09 budget year as follows:

- Statutory reserves
 - resort and recreation reserve \$1.5 million
 - car parking reserve \$0.4 million
- General reserves \$3.2 million

- Long service leave provision \$2.6 million

The reserves total of \$5.1 million exceeds the preferred minimum of \$4 million identified above.

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. The Subdivisions Act requires sub dividers contributions be spent on acquiring or improving 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.

General reserve – This reserve reflects the balance of cash that is available for future and unforeseen project works and services. It is prudent for organisations, such as Bayside, to hold a cash contingency for unexpected or unforeseen events. The reserve includes \$0.65 million to provide for loan repayments.

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.

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7. Rating strategy

7.1 Rating development

In developing the 2008/09 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 \$11.2 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.

Council applies the Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality. It should be noted that the 2008 revaluation (CIV) of \$37.6 billion represents 40.0% increase over the previous 2006 revaluation of \$26.9 billion.

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.

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8 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 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	Borrowing costs	Liquidity CA/CL(1)	Debt Mgmt debt/rates(2)	Debt mgmt service costs/revenue(3)
	\$'000's	\$'000's	Ratio	%	%
2005	15,123	1,057	1.5	36.5	1.7
2006	16,636	1,019	1.1	38.0	1.5
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	1.1	32.6	1.4

(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

Council proposes to take up \$2 million new borrowings to partly fund the capital works program. The total loan borrowings is to be maintained at \$17.5 million due to a \$2 million loan repayment falling due within the financial year.

Future targets

The forward financial plan is based on projected total debt of \$17.5 million in the short term with a projected reduction of \$1 million to \$16.5 million during the 2012/13 year. This would result in the ratio of total indebtedness to rates and charges revenue decreasing from 32.6 percent (2008/09) to 24.8 percent (2012/13).

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. New projects works is usually in the order of \$3.0 million per annum.

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9.1 Income statement

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

	2007/08 Budget \$'000's	2007/08 Forecast \$'000's	2008/09 Budget \$'000's	Budget to budget variance fav./ (unfav.) \$'000's
Operating income				
Rates and charges	50,535	50,835	53,730	3,195
Operating grants and contributions	7,695	8,042	7,941	246
Fees and charges	8,172	8,962	9,127	955
Rental income	3,542	3,213	2,945	(597)
Fines	1,280	1,286	1,311	31
Interest income	1,086	1,281	1,254	168
Total services income	72,310	73,619	76,308	3,998
Priority projects	368	238	204	(164)
Total operating income	72,678	73,857	76,512	3,834
Operating expenses				
Employee benefits	25,243	24,873	26,718	(1,475)
Materials and other	15,563	15,445	15,945	(382)
External contracts	18,514	18,625	19,881	(1,367)
Finance costs	1,053	1,050	1,115	(62)
Total services expense	60,373	59,993	63,659	(3,286)
Priority projects	1,643	1,259	1,592	51
Total operating expenses	62,016	61,252	65,251	(3,235)
Net surplus	10,662	12,605	11,261	599
Less depreciation	11,003	10,636	10,836	167
Net surplus(deficit) after depreciation	(341)	1,969	425	766
Capital grants and contributions	1,435	1,658	1,690	255
Operating result	1,094	3,627	2,115	1,021

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9.2 Services budget

The services budget is the delivery of the same program or level of service contained in the prior year budget. Services on a divisional basis are detailed below:

Division	2007/08 Budget \$'000's	2007/08 Forecast \$'000's	2008/09 Budget \$'000's	Budget to budget variance fav./(unfav.) \$'000's
Executive	1,820	1,881	1,934	(114)
Corporate services	7,792	7,472	7,861	(69)
Infrastructure services	17,492	17,699	19,243	(1,751)
Sustainability	3,181	2,439	3,267	(86)
Community and leisure	8,313	7,719	8,775	(462)
Total net cost	38,598	37,210	41,080	(2,482)
Rate revenue	50,535	50,835	53,730	3,195
Net surplus for capital	11,937	13,625	12,650	(713)

Each Division comprises the following activities in order to achieve the objectives of Council:

Division	Description
Executive	This Division includes human resources, payroll, organisational development, communications and the direct support role to the Chief Executive Officer.
Corporate services	This Division includes financial management, statutory reporting, treasury and taxation, property valuations, information systems, record services, customer relations, governance, insurance, risk management and internal audit.
Infrastructure services	This Division includes property and open space management, conservation and environment, tree management, traffic and waste management, local laws and investigations, maintenance of buildings, fleet management, plant nursery, sporting pavilions, public facilities, management of foreshore, roads/footpaths, kerb and channel maintenance, drainage and school crossings.
Sustainability	This Division includes arts and culture, urban planning, building control, planning, economic development, tourism and environmental sustainability.
Community and leisure	This Division includes social planning, general home care, personal care, community grants, delivered meals, respite families, environmental health, maternal and child health, children services, youth services, library services and leisure and recreation.

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9.3 Priority Projects

Priority projects represent either new activities or projects undertaken on a non-recurrent basis. Where appropriate the schedule includes a reference to the Council Plan in order to demonstrate the linkage to Councils short and medium term strategic objectives.

Project	Program	Total Cost	External Funding	Net Cost	Council Plan Reference	Council Plan Goals & Commitments
	Corporate Services					
Council elections	Council Support	285,000	0	285,000	5.2.8	Goal 5: Community Leadership and Governance Conduct all processes associated with the 2008 Council elections.
Councillor induction	Council Support	10,000	0	10,000	5.2.8	Goal 5: Community Leadership and Governance Conduct all processes associated with the 2008 Council elections.
Administration assistant	Corporate Support	26,105	0	26,105	5.3.3	Goal 5: Community Leadership and Governance Embed a continuous improvement framework, and implementation of quality systems, ensuring council's services are reviewed and improved to deliver excellence in quality and value for money to the bayside community

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Project	Program	Total Cost	External Funding	Net Cost	Council Plan Reference	Council Plan Goals & Commitments
Bayside community fund	Corporate Finance	100,000	50,000	50,000	1.3.6 3.2.3	Goal 1; Economic and Cultural Development Investigate the establishment of a heritage fund Goal 3: Connected, Healthy Communities Continue to strengthen partnerships between council, disability organisations and the community to facilitate a range of initiatives to build an inclusive and accessible community
	Infrastructure					
Funding for friends of bayside groups	Conservation and Environment	20,000	0	20,000	2.2.4	Goal 2: Environment Continue the implementation of council's processes for engaging with the community on environmental sustainability, such as through support for friends and other community groups
Feasibility study – sandringham golf course	Recreation	20,000	0	20,000	2.2.16	Goal 2: Environment Implement water issues group action plan
Leasing officer	Properties management	57,200	0	57,200	4.2.2	Goal 4: Safety and Physical Infrastructure Continue to rationalise and standardise leases for community facilities
Sandringham athletics and netball facility master plan	Open space	10,000	0	10,000	4.1.2	Goal 4: Safety and Physical Infrastructure Bayside's community facilities reflect community needs and expectations now and into the future, providing the capacity to deliver services for all members of the bayside community

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Project	Program	Total Cost	External Funding	Net Cost	Council Plan Reference	Council Plan Goals & Commitments
Vegetation watering project	Tree management	150,000	0	150,000	2.1.6	Goal 2: Environment Protect, promote and enhance bayside's highly valued open spaces and streetscapes
Sports pavilion service level strategy	Buildings	40,000	0	40,000	4.2.15	Goal 4: Safety and Physical Infrastructure Continue to develop a properties strategy to protect and optimise the utility of council's total land and building mix
Graffiti prevention and strategy	Waste management	111,815	44,500	67,315	2.2.11	Goal 2: Environment Continue the implementation of council's graffiti prevention strategy
Path maintenance	Infrastructure management	52,500	0	52,500	4.3.4	Goal 4: Safety and Physical Infrastructure Continue the program of condition assessment of the footpath network to optimise the safety benefits of our footpath maintenance program
Local laws/cat management officer	Local laws	57,485	0	57,485	4.2.8	Goal 4: Safety and Physical Infrastructure Commence implementation of council's domestic animal management plan
	Sustainability					
Planning communications strategy	Group Management	85,000	0	85,000	2.2.23	Goal 2: Environment Undertake a campaign to influence the minister for planning to work in partnership with council to achieve appropriate planning outcomes without compromising council's plan for the city of bayside

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Project	Program	Total Cost	External Funding	Net Cost	Council Plan Reference	Council Plan Goals & Commitments
MAC Planning Scheme Amendment	Urban Strategy	160,000	0	160,000	2.2.1 2.2.2	Goal 2: Environment Continue implementation of structure plans and parking precinct plans for major activity centers
Inter war and post war heritage study	Urban Strategy	34,000	0	34,000	1.2.24	Goal 1: Economic and Cultural Development Complete and commence implementation of the inter war and post war heritage study
Development contributions plan	Urban Strategy	75,575	0	75,575	2.2.29	Goal 2: Environment Commence a development contributions plan for bayside
Arts and culture center staffing	Culture planning and events	9,790	0	9,790	1.2.16	Goal 1: Economic and Cultural Development Complete stage on and two of the arts and cultural centre
Publications indigenous bayside	Culture planning and events	15,000	0	15,000	1.2.21	Goal 1: Economic and Cultural Development Commence the implementation of the indigenous heritage study
Neighbourhood character overlays PSA	Urban Strategy	80,000	0	80,000	2.2.25	Goal 2: Environment Complete review of the neighbourhood character overlays and commence implementation
Community green travel project	Conservation strategies	42,000	42,000	0	2.2.31	Goal 2: Environment Implement Council's green travel plan and seek government support to develop a green travel plan in the City of Bayside
Sustainable public lighting action plan	Conservation strategies	16,000	0	16,000	2.2.35	Goal 2: Environment Develop a sustainable public lighting action plan and commence trailing of more energy efficient street lighting including de-lamping

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Project	Program	Total Cost	External Funding	Net Cost	Council Plan Reference	Council Plan Goals & Commitments
Bayside sustainable living program	Conservation strategies	20,000	0	20,000	2.2.5	Goal 2: Environment Continue to implement community sustainability projects such as the residential environmental assessment program
Victorian local sustainability accord	Conservation strategies	10,000	0	10,000	2.2.32	Goal 2: Environment Engage in the Victorian local sustainability accord process through developing a local environmental sustainability priority statement and implement the agreed priorities
	Community & Leisure Services					
Highett senior community center redevelopment	Social planning	15,000	0	15,000	3.2.5	Goal 3; Connected, Healthy Communities Continue to develop community facilities at Livingston Street, Highett and work with community organisations to enhance opportunities for co-location and improved access to services and activities by all ages and abilities
Aged friendly strategy	Assessment and review	40,420	40,420	0	3.2.21	Goal 3; Connected, Healthy Communities Continue to advocate for increased external funding in order to deliver a range of effective and efficient home and community care services to the community
General home care	General home care	26,160	26,160	0	3.2.21	Goal 3; Connected, Healthy Communities Continue to advocate for increased external funding in order to deliver a range of effective and efficient home and community care services to the community

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Project	Program	Total Cost	External Funding	Net Cost	Council Plan Reference	Council Plan Goals & Commitments
Influenza pandemic plan	Family services management	22,800	0	22,800	4.2.21	Goal 4: Safety and Physical Infrastructure Develop and influenza pandemic plan for the municipality

TOTAL 1,591,850 203,080 1,388,770

9.4 CAPITAL PROJECTS BUDGET 2008/09 – SUMMARY

Program Area	Carry Forward	External Contributions	Council Contribution	Total
ARTS AND CULTURE	47,000	0	262,500	309,500
COUNCIL FACILITIES	1,125,000	453,500	5,579,500	7,158,000
FORESHORE AND CONSERVATION	810,000	10,000	710,000	1,530,000
INFORMATION SERVICES	0	0	365,000	365,000
LIBRARY	0	0	402,000	402,000
PARKS AND SPORTSGROUNDS	1,010,000	500,000	1,945,000	3,455,000
ROADS INFRASTRUCTURE	310,000	226,868	3,302,550	3,839,418
TRAFFIC INFRASTRUCTURE	150,000	500,000	442,000	1,092,000
DRAINAGE INFRASTRUCTURE	0	0	974,000	974,000
URBAN DEVELOPMENT	399,000	0	617,450	1,016,450

TOTAL CAPITAL BUDGET	\$3,851,000	\$1,690,368	\$14,600,000	\$20,141,368
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The Capital Program of \$20,141,368 comprises the following projects, including program totals, for the 2008/09 year.

Renewal - \$7,387,000

Projects

Council Facilities \$900,000

Billilla Roof Restoration
Black Rock House Damp Proofing And Wall Restoration
Corporate Centre Accommodation – Renewals
Essential Service Compliance Implementation
Hydraulic Equipment Program
Public Toilets Refurbishment program
Sandringham Football Club Refurbishments
Sandringham Leisure Centre ESM Compliance
Sandringham Leisure Centre Regulations Compliance
Security Systems Review and Renewal Program
Services Renewal Program
Sustainability Initiatives
Various Bathroom Refurbishments and Compliance
Various Child Services Building Refurbishments
Various Kitchen Refurbishments and Compliance Program
Various Pavilion Renewals Program

Foreshore and
Conservation \$540,000

Bayside Foreshore Erosion Risk Management
Bicycle Strategy Baytrail (Bay St – Head St)
Master Plan/Management Plan works
Middle Brighton Baths – Shark Bar Refurbishment (Stage 2)
Parking Ticket Machine End of Life Replacement Program
Various Bushland Management Plan Implementation
Various Foreshore Master Plan Implementations

Information Services \$255,000

Asset Information Management System
Authority System Enhancements
Carelink System Enhancements
CARMS Customisation
Electronic Document Management System
Hardware Replacement
Lotus Notes Development
Maintain Network Infrastructure
Upgrade Operating Infrastructure

Library \$402,000

Library Books and Material Resources

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Parks and Sportsgrounds \$880,000	Hurlingham Park Tennis Club Court Upgrade Open Space Master Plan Implementation Playground Strategy Implementation Skate and BMX Strategy Implementation Sportsground Improvement Program Tennis, Lawn Bowls and Croquet Strategy Implementation William St Reserve Cricket Nets Upgrade
Roads Infrastructure \$3,302,550	Annual Reseal and Resheet program Beaumaris Concourse Kerb Upgrade Car Park Reconstruction and Design Program Footpath Replacement Program (Activity Centres) Footpath Replacement Program (Residential) Kerb and Channel Replacement Program Road Reconstruction and Design Program Streetscape Furniture Replacement Tactile Ground Surface Indicator (TGSi) program
Traffic Infrastructure \$280,000	Beach Road / Foreshore Car Park Access High Priority Pedestrian Crossings Road Safety Strategy Implementation Thomas Street / McKinnon Road Roundabout Urgent Traffic Management Works Various Local Area Traffic Management Works (LATM)
Drainage Infrastructure \$400,000	Drainage Forward Design Hampton Main Drain Renewal (Stage3) Harold Street (Sandringham) Easement Drain and Road Renewal Minor Drainage Works
Urban Development \$427,450	Activity Centre Streetscape Works (General) Activity Centres Public Toilet Facility Program
New Projects - \$12,754,368	
Arts and Culture \$309,500	Arts and Culture Centre Collection Storage (Stage 2 – Foyer) Black Rock House Conservation & Management Plan Implementation
Council Facilities \$6,258,000	Asbestos Removal Program Beaumaris Community Centre Lighting Beaumaris Lawn Tennis Club Pavilion redevelopment (feasibility study) Corporate Centre Accommodation – Extension Disability Action Plan Implementation Donald McDonald Reserve Pavilion Upgrade Fall Prevention Device Installation program

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	<ul style="list-style-type: none"> Hampton Community Hub Project (feasibility study) Hihett Community Hub Precinct Redevelopment Kamesburgh Mansion Ramp Investigations North Brighton Children's Centre Refurbishment Sandringham Family Leisure Centre - Basketball Facility Expansion (feasibility study) Sandringham Football Club Refurbishments Sandringham Leisure Centre ESM Compliance Sandringham Leisure Centre Regulations Compliance Talinga Rd Animal Holding Facility
Foreshore and Conservation \$990,000	<ul style="list-style-type: none"> Bayside Coastal Trails Signage Project Black Rock Change Rooms / Kiosk Installation Elster Creek Shared Path (Stage 2) Foreshore Car Park Reconstruction program Half Moon Bay retaining wall construction North Road Car Park reconfiguration Royal Ave Beach Erosion Control Shared Path South Various Indigenous Heritage Sites Management
Information Services \$110,000	<ul style="list-style-type: none"> RedDot Upgrade RFID Rollout (Stage 2-4)
Parks and Sportsgrounds \$2,575,000	<ul style="list-style-type: none"> Beaumaris Reserve Vegetation Improvements Beaumaris Tennis Club Fence Replacement Elsternwick Park Management Plan Landcox Park Pond - Stormwater utilisation for filling pond Merindah Park management Peterson Reserve [East] Sportsground Lighting Peterson Reserve [West] Sports field Surface Upgrade Preparation of Water Plan for Dendy Park and Brighton Golf Course Sandringham Bowls Club Green Initiative Sandringham College Soccer Facility - [Beaumaris Campus Upgrade] Sports grounds planting warm season grasses Sportsground Ancillary Infrastructure Program Sportsgrounds Infrastructure Risk Management Trevor Barker Beach Oval Wall Fence Replacement Various Landscape designs Various Sportsgrounds Facility Improvements
Roads Infrastructure \$536,868	<ul style="list-style-type: none"> Activity Centres Footpath Reconstruction
Traffic Infrastructure \$812,000	<ul style="list-style-type: none"> Reserve Road Cheltenham Traffic Signals Review of 1999 Traffic Management Strategy Review of 2002 "Road Safety Strategic Plan"

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Traffic Design and Improvement Plans

Drainage Infrastructure \$574,000

Black Rock Shopping Drain Upgrade (Stage 3)
Capacity analysis of Clonaig Street Drain, Brighton East
Capacity analysis of New Street Drain, Brighton
Reid Street Beaumaris Drain Upgrade
Were Street Brighton Easement Drain Upgrade

Urban Development \$589,000

Activity Centre Streetscape Master Plan Works (Black Rock)
Activity Centre Streetscape Works (Martin Street)
Activity Centre Structure Plan Implementation
Activity Centres Public Lighting Infrastructure
Bay Street Streetscape Design
Bayside Activity and Industrial Areas Infrastructure Plan
Community Infrastructure Feasibility Projects
Major Activity Centre Streetscape Works (Bay Street)
Royal Avenue Reserve Master Plan
Streetscape Works (Hampton Street)
Streetscape Works (Key Street)

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CRLA properties

In Use Valuation

Capital Improved Value

		2007/08	2008/09
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	\$26,947,502,503
		CRLA – CIV	\$338,958,000
		CRLA In Use*	\$223,746,000

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

\$27,284,787,503 \$37,615,544,120

		2007/08	2008/09
2.8	Proposed unit amount for each type of charge to be levied	Municipal Waste (140L)	102
		Waste (80L)	115
			105

		2007/08	2008/09
2.9	Estimated amount to be raised by each type of charge to be levied compared to the previous year	Municipal Waste	\$4,079,796
			\$4,582,770

2.10	Estimated total amount to be raised by rates and charges	\$50,435,481	\$53,630,925
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- 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 0.071761 cents in the dollar of the in use valuation plus statutory charges.

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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

	2007/08 Budget \$'000's	2007/08 Forecast \$'000's	2008/09 Budget \$'000's	2009/10 Outlook \$'000's	2010/11 Outlook \$'000's	2011/12 Outlook \$'000's
Revenue						
Rates and charges	50,535	50,835	53,730	56,685	59,803	63,092
Operating grants and contributions	7,819	8,167	8,145	8,469	8,808	9,160
Capital grants and contributions	1,435	1,658	1,690	1,500	1,500	1,500
User charges and fines	13,238	13,574	13,383	13,785	14,199	14,626
Interest	1,086	1,281	1,254	1,242	1,232	1,298
Total revenue	74,113	75,515	78,202	81,681	85,542	89,676
Expenses						
Employee benefits	25,432	24,957	26,976	28,837	30,828	32,955
Materials and other	16,214	15,879	16,907	17,498	18,111	18,745
External contracts	19,317	19,366	20,253	21,063	21,905	22,782
Depreciation	11,003	10,636	10,836	11,036	11,236	11,436
Finance costs	1,053	1,050	1,115	1,121	1,233	1,277
Total expenses	73,019	71,888	76,087	79,555	83,313	87,195
Net gain on disposal of property, plant and equipment, infrastructure	-	-	-	440	-	-
Surplus for the year	1,094	3,627	2,115	2,566	2,229	2,481

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).

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9.6.2 Budgeted standard balance sheet

	2007/08 Budget \$'000's	2007/08 Forecast \$'000's	2008/09 Budget \$'000's	2009/10 Outlook \$'000's	2010/11 Outlook \$'000's	2011/12 Outlook \$'000's
Current assets						
Cash and cash equivalents	13,213	16,274	12,562	12,431	13,306	14,518
Trade and other receivables	3,630	3,960	3,950	4,050	4,150	4,250
Inventories	70	60	70	70	70	70
Total current assets	16,913	20,294	16,582	16,551	17,526	18,838
Non-current assets						
Trade and other receivables	198	152	162	161	160	160
Property, plant and equipment, infrastructure	1,215,916	1,512,251	1,518,056	1,521,122	1,522,771	1,524,535
Total non-current assets	1,216,114	1,512,403	1,518,218	1,521,283	1,522,931	1,524,695
Total assets	1,233,027	1,532,697	1,534,800	1,537,834	1,540,457	1,543,533
Current liabilities						
Trade and other payables	5,796	6,644	6,127	6,100	6,099	6,099
Interest bearing loans and borrowings	2,000	2,000	2,000	2,000	1,500	500
Provisions	4,255	4,250	4,555	4,850	5,045	5,440
Trust funds and deposits	1,700	1,800	1,800	1,900	2,000	2,100
Total current liabilities	13,751	14,694	14,482	14,850	14,644	14,139
Non-current liabilities						
Interest bearing loans and borrowings	15,500	15,500	15,500	15,500	16,000	17,000
Provisions	1,100	1,100	1,300	1,400	1,500	1,600
Total non-current liabilities	16,600	16,600	16,800	16,900	17,500	18,600
Total liabilities	30,351	31,294	31,282	31,750	32,144	32,739
Net assets	1,202,676	1,501,403	1,503,518	1,506,084	1,508,313	1,510,794
Equity						
Accumulated surplus	313,583	315,730	317,845	320,411	322,640	325,121
Reserves	889,093	1,185,673	1,185,673	1,185,673	1,185,673	1,185,673
Total equity	1,202,676	1,501,403	1,503,518	1,506,084	1,508,313	1,510,794

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.

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9.6.3 Budgeted standard cash flow statement

	2007/08 Budget \$'000's	2007/08 Forecast \$'000's	2008/09 Budget \$'000's	2009/10 Outlook \$'000's	2010/11 Outlook \$'000's	2011/12 Outlook \$'000's
Cash flows from operating activities						
Receipts						
Receipts from ratepayers	50,555	50,869	53,720	56,685	59,803	63,092
Interest received	1,086	1,283	1,264	1,242	1,232	1,298
User charges (inclusive of GST)	14,065	14,574	14,321	14,651	15,094	15,549
Grants and contributions received (inclusive of GST)	9,856	10,333	10,130	10,267	10,617	10,980
Net GST refund	2,868	3,089	3,610	3,625	3,458	3,582
Payments						
Payments to employees	(24,842)	(24,465)	(26,411)	(28,383)	(30,473)	(32,400)
Payments to suppliers (inclusive of GST)	(40,777)	(41,148)	(43,390)	(44,336)	(45,638)	(47,313)
Interest paid	(1,115)	(1,094)	(1,115)	(1,121)	(1,233)	(1,276)
Net cash provided by operating activities	11,696	13,441	12,129	12,630	12,860	13,512
Cash flows from investing activities						
Payments for property, plant and equipment, infrastructure	(12,419)	(12,009)	(15,841)	(14,961)	(12,085)	(12,400)
Proceeds from sale of property, plant and equipment, infrastructure	-	-	-	2,100	-	-
Net cash used in investing activities	(12,419)	(12,009)	(15,841)	(12,861)	(12,085)	(12,400)
Cash flows from financing activities						
Proceeds from interest bearing loans and borrowings	2,000	2,000	2,000	2,000	2,000	1,500
Repayment of interest bearing loans and borrowings	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(1,500)
Proceeds from trust funds and deposits	100	27	-	100	100	100
Net cash provided by financing activities	100	27	-	100	100	100
Net increase(decrease) in cash and cash equivalents	(623)	1,459	(3,712)	(131)	875	1,212
Cash and cash equivalents at the beginning of the year	13,836	14,815	16,274	12,562	12,431	13,306
Cash and cash equivalents at the end of the year	13,213	16,274	12,562	12,431	13,306	14,518

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.

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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

Capital Works Area	2007/08 Budget \$'000's	2007/08 Forecast \$'000's	2008/09 Budget \$'000's	2009/10 Outlook \$'000's	2010/11 Outlook \$'000's	2011/12 Outlook \$'000's
Arts and culture	312	312	309	331	303	309
Council facilities	3,477	3,628	7,158	5,638	3,378	3,445
Foreshore and conservation	1,769	1,927	1,530	1,879	1,718	1,752
Information services	556	561	365	590	540	551
Library	400	400	402	410	420	430
Parks and sportsgrounds	2,673	2,978	3,455	2,839	2,597	2,648
Road infrastructure	3,747	3,747	3,840	3,979	3,640	3,712
Traffic infrastructure	807	507	1,092	857	784	799
Drainage infrastructure	1,420	1,492	974	1,508	1,380	1,407
Urban development	1,158	1,208	1,016	1,230	1,125	1,147
Total capital works	16,319	16,760	20,141	19,261	15,885	16,200
Types of capital works						
New assets	9,108	9,354	12,754	8,561	7,885	7,700
Asset renewal	7,211	7,406	7,387	10,700	8,000	8,500
Total capital works	16,319	16,760	20,141	19,261	15,885	16,200

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

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9.7 Key strategic activities

In accordance with Section 127 of the *Local Government Act 1989*, Council is required to separately identify key strategic activities to be undertaken during the financial year.

9.7.1 Non-Financial Indicators

Goal	Strategic Indicator	Target 2008/09
1. Economic and cultural development	- Community satisfaction with economic development	64
2. Sustainability and environment	- Community satisfaction with town planning policy and approvals	51
	- Community satisfaction with waste management	79
3. Community development and wellbeing	- Community satisfaction with health and human services	73
	- Community satisfaction with recreation facilities	73
4. Safety and physical infrastructure	- Community satisfaction with local roads and footpaths	59
	- Community satisfaction with enforcement of by laws	64
5. Community leadership and governance	- Community satisfaction rating for Council's advocacy and community representation on key local issues	61
	- Community satisfaction rating for Council's interaction and responsiveness in dealing with the public	73

Notes to the non-financial indicators

1. Council aims to maintain a score in line with the rolling average of the last three years. Our 2008/09 targets are set in accordance with these averages.
2. The source for these figures is the Department for Planning and Community Development Annual Local Government Community Satisfaction Survey 2008.

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9.7.2 Financial Indicators

<u>Indicator</u>	<u>2008/09 Target</u>
Dependence on rates	
Rates and charges to operating revenue	Less than 70%
Achieving financial plans	
Percentage achievement of capital expenditure	Greater than 80%
Financial health	
Total loan liability as a % of rates and charges	Less than 50%
Working capital ratio – current assets to current liabilities	Greater than 1 to 1
Debt servicing costs as a % of total revenue	Less than 5%
Capital expenditure	
Capital expenditure to depreciation ratio	Greater than 1.2 to 1
Capital expenditure per assessment	Greater than \$310
Debtor management	
Percentage of rates and charges outstanding	Less than 3%
Operating efficiency	
Operating expenditure per assessment	Less than \$1,900

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9.8 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.

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Internal influences in the preparation of a budget	Matters arising from Council actions over which there is some element of control e.g. approval of unbudgeted capital 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.

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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 <i>Local Government (Long Service Leave) Regulations 2002</i> .
