



PROPOSED 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.

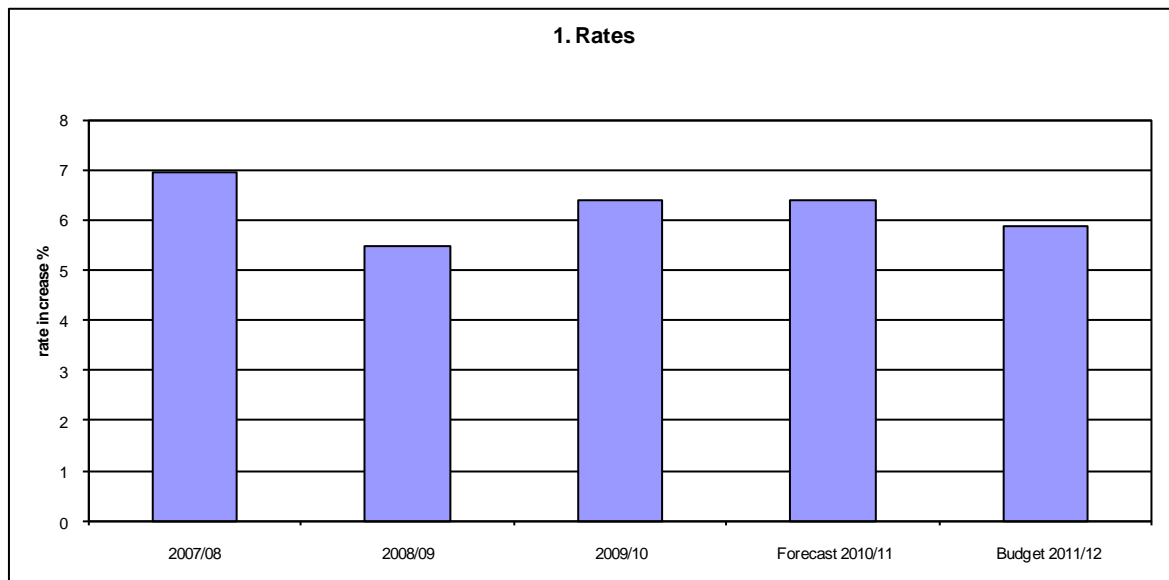
Council’s operating surplus is expected to reflect a \$7.2 million surplus with total cash and investments expected to be \$22.7 million in order to maintain and comply with prudent financial ratios.

The total cost of service delivery is expected to be \$76.0 million comprising \$73.1 million for ongoing services plus a further \$2.9 million for new (initiatives) projects. Total Capital works is expected to be \$15.8 million.

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

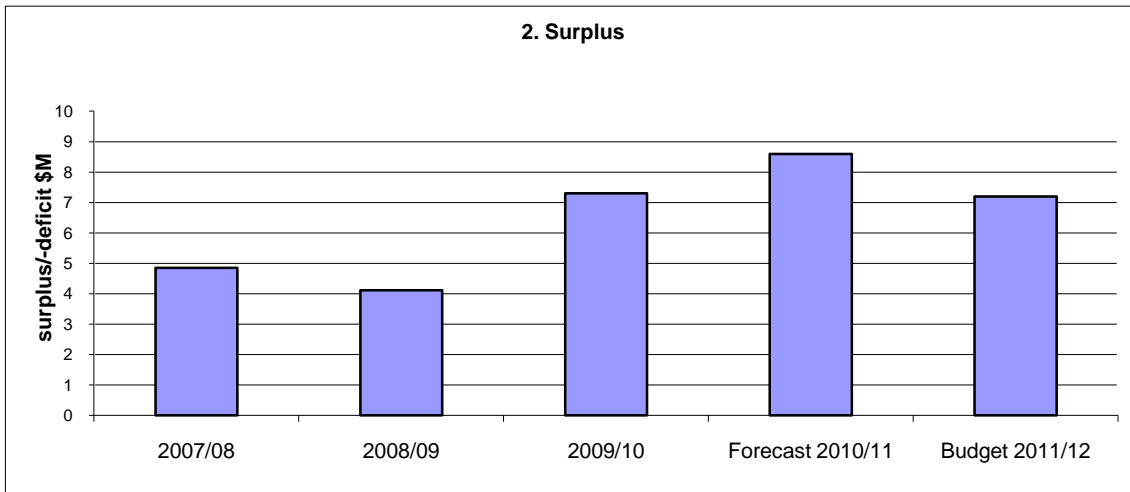
Rates:

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.



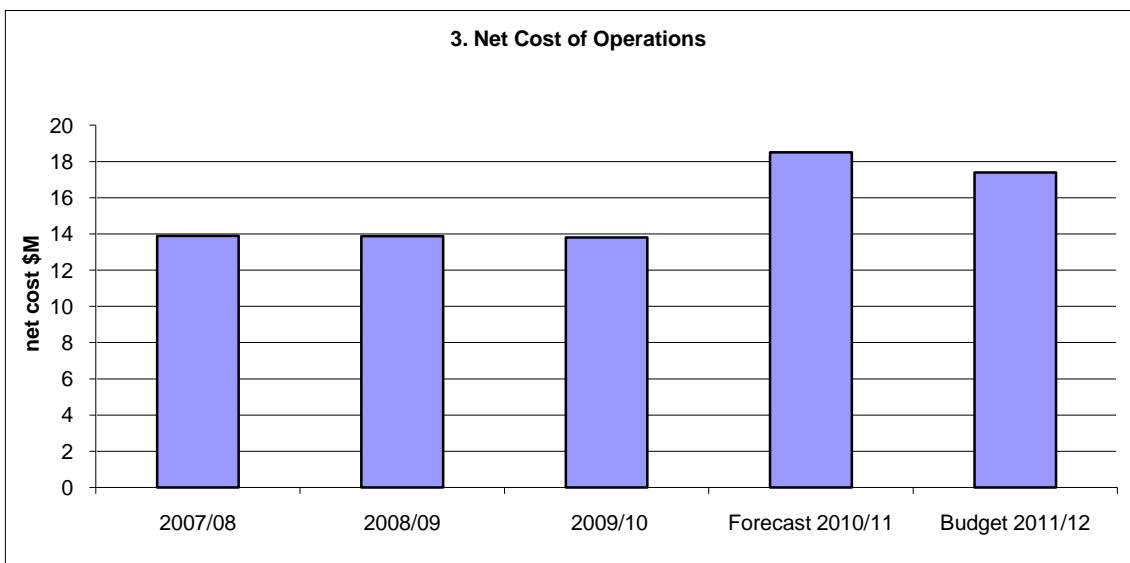
Surplus:

The expected result for the 2011/12 year is a surplus of \$7.2 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).



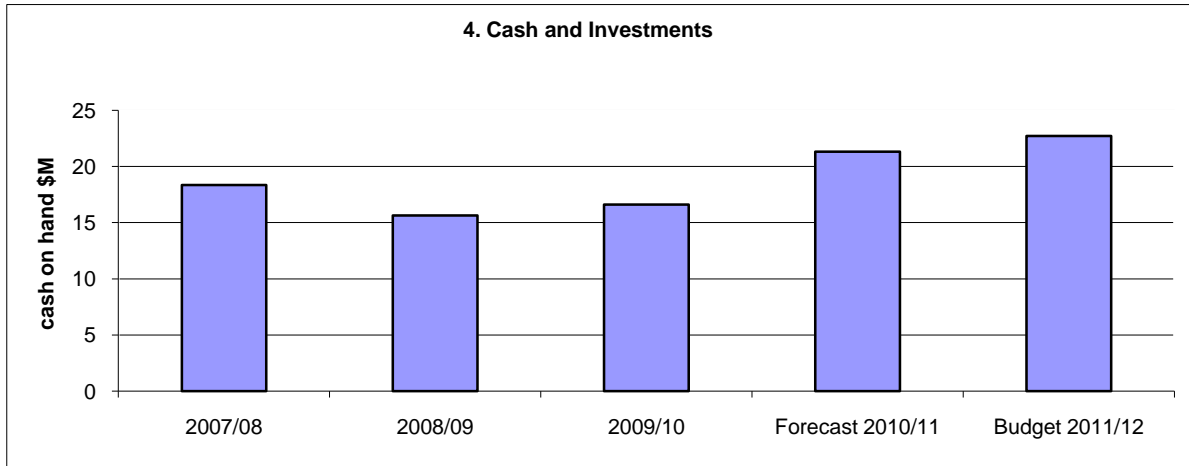
Net cost of operations:

The net cost of the services operating result delivered to the community for the 2011/12 year is expected to be \$17.4 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.



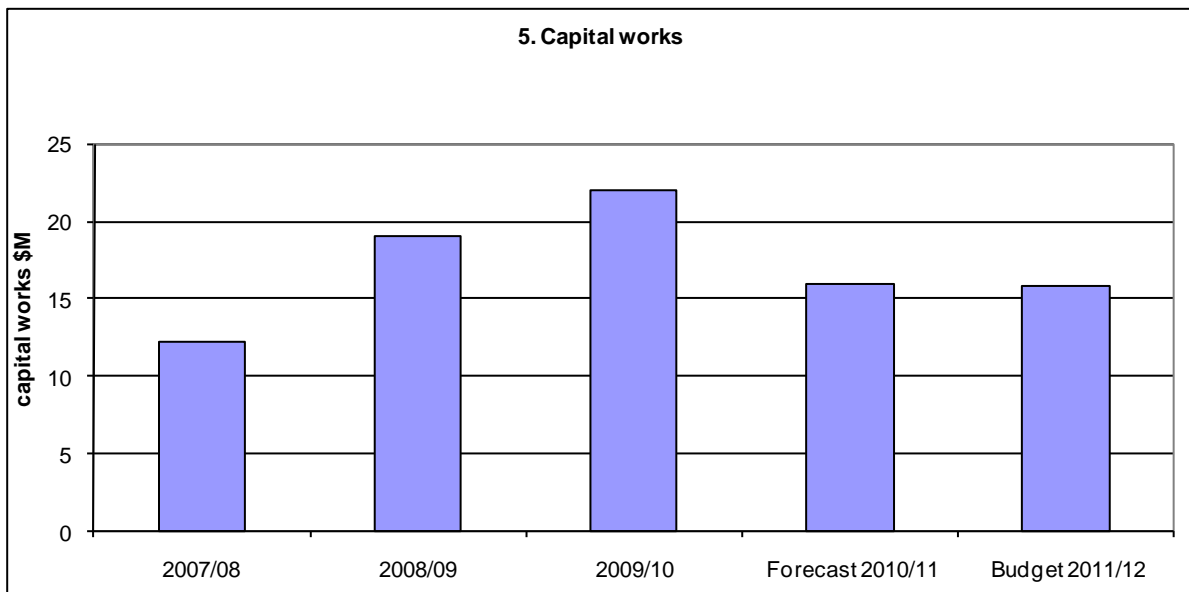
Cash and investments:

Cash and investments are expected to increase by \$1.4 million during the year to \$22.7 million as at 30 June 2012.



Capital works:

The capital works program for the 2011/12 year is expected to be \$15.8 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 \$11.7million 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 \$15.8 million of which \$11.0 million relates to the replacement of infrastructure assets with a further \$4.8 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 to \$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 \$17.4 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 \$73.1 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.

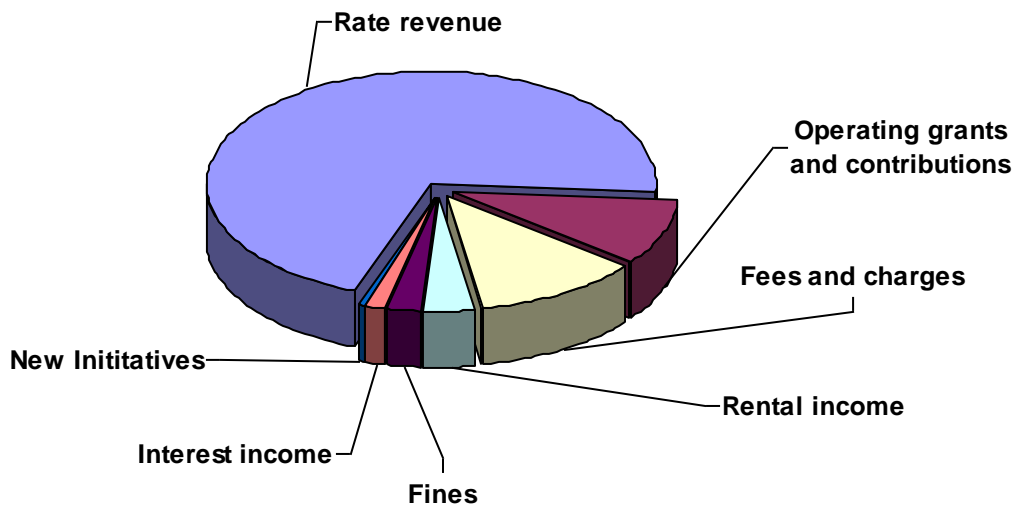
3.3 SPENDING ON SERVICES

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.

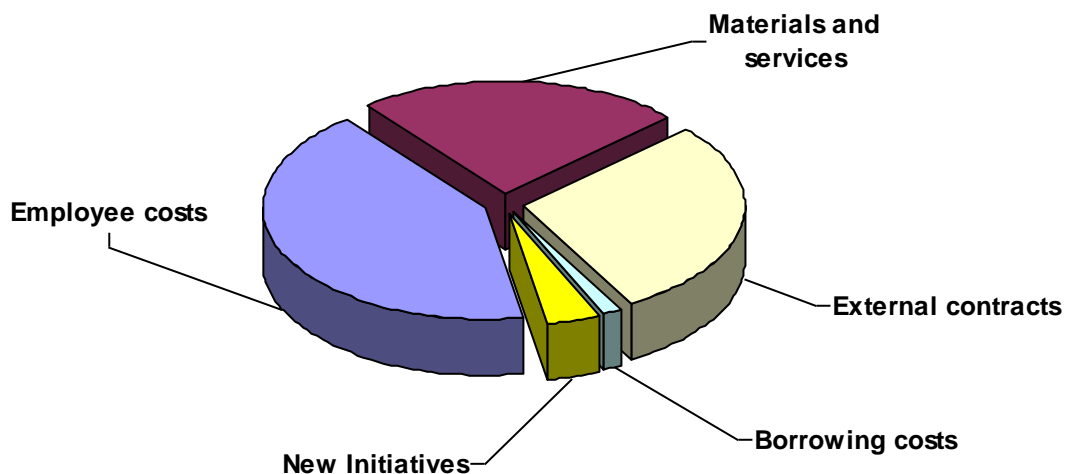
3.4.3 FEES & CHARGES, RENTAL AND FINES

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

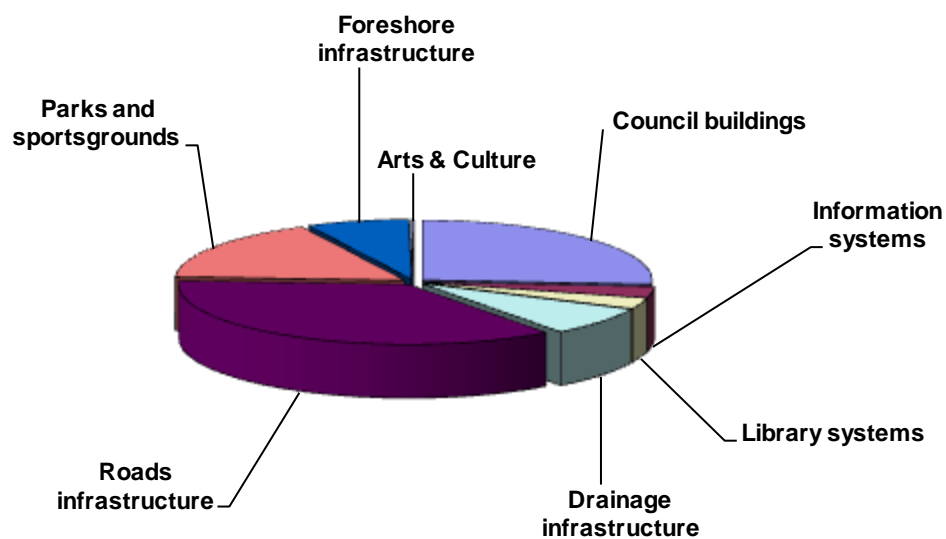
The Capital projects budget (section 9.4) identifies costs for capital project items.

Total capital of \$15.8 million consists of \$11.0 million renewal projects plus a further \$4.8 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 \$15.8 million is funded by:

- Surplus from Operating (services & priority) \$14.4 million
- Capital grants & contributions \$1.4 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 | Budget Year | Budget Year | Budget Year | Budget Year | Budget Year |
|--|---------------|-------------|-------------|-------------|-------------|-------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | \$000's | \$000's | \$000's | \$000's | \$000's | \$000's |
| Underlying result (net surplus / revenue) | 9.41% | 7.58% | 8.26% | 8.45% | 9.84% | 10.43% |
| Liquidity (current assets / current liabilities) | 1.59 | 1.60 | 1.79 | 1.83 | 1.79 | 1.97 |
| Self-financing (net operating cash / underlying revenue) | 23.20% | 22.26% | 22.72% | 22.89% | 23.21% | 23.77% |
| Indebtedness (non-current liab./own source revenue) | 20.21% | 19.03% | 18.25% | 15.94% | 12.76% | 12.33% |
| Investment gap (capital spend / depreciation) | 1.44 | 1.53 | 1.40 | 1.41 | 1.57 | 1.60 |
| Debt servicing costs as % total revenue | 1.29% | 1.23% | 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% | 71.05% | 71.59% | 71.86% | 72.37% |
| Rates & Charges per Assessment | 1,516 | 1,604 | 1,692 | 1,783 | 1,880 | 1,981 |
| Operating expenses per assessment | 2,051 | 2,132 | 2,217 | 2,314 | 2,392 | 2,486 |
| Capital expenses per assessment | 397 | 435 | 418 | 441 | 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 | |
| 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 | 32,003 | (2,358) |
| Materials and services | 16,502 | 17,475 | 18,135 | (1,633) |
| 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 | 73,130 | (4,503) |
| New Initiatives | 1,317 | 1,166 | 2,909 | (1,592) |
| Total operating expenses | 69,944 | 71,360 | 76,039 | (6,095) |
| Net surplus/(deficit) | 17,457 | 18,498 | 17,440 | (17) |
| Less depreciation | 11,509 | 11,074 | 11,666 | (157) |
| Net surplus/(deficit) after depreciation | 5,948 | 7,424 | 5,774 | (174) |
| Capital grants & contributions | 1,368 | 1,142 | 1,416 | 48 |
| Operating Result | 7,316 | 8,566 | 7,190 | (126) |
| Capital Projects | 16,551 | 15,937 | 15,795 | 756 |

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 | 3,239 | (638) |
| 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 | 46,189 | (3,168) |

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 |
| Urban Strategy | Open Space Strategy Implementation | 60,000 |

| Division | Project | Net Cost |
|-----------------------------------|--|--------------------|
| 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 | 3,983,255 | 150,000 | 4,133,255 |
| 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 | 5,355,528 | 356,472 | 5,712,000 |
| 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 | 1,416,472 | 15,795,255 |

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 | 15,795,255 | |
| 01 Council Buildings | 4,133,255 | <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 • 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 • Forward Design Buildings |

| | | |
|--|-----------|--|
| | | <ul style="list-style-type: none"> • 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 Vaucluse Street, Brighton • North and South Concourse • Peterson Street, Highett • Rear of 18 Robinson Road and Nepean Highway Road |

| | | |
|---|-----------|---|
| | | <ul style="list-style-type: none"> Reserve • Sea View Shops • Sub Soil Drainage • Young Street, Brighton |
| 05 Infrastructure Management Roads | 5,712,000 | <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 | 1,416 | 1,466 | 1,517 | 1,570 |
| User charges, fees and fines | 15,877 | 17,736 | 17,232 | 17,758 | 18,107 | 18,841 |
| Interest | 1,111 | 1,511 | 1,319 | 1,429 | 1,618 | 1,822 |
| Total income | 88,769 | 91,000 | 94,895 | 99,868 | 104,975 | 110,726 |
| Expenses | | | | | | |
| Employee benefits | 29,741 | 29,973 | 32,569 | 34,283 | 36,511 | 38,884 |
| Materials and services | 17,613 | 18,340 | 18,939 | 19,602 | 20,288 | 20,998 |
| External contracts | 21,407 | 21,869 | 23,368 | 24,262 | 25,193 | 26,201 |
| Depreciation | 11,509 | 11,074 | 11,666 | 12,346 | 12,991 | 12,672 |
| Finance costs | 1,183 | 1,178 | 1,163 | 1,128 | 1,122 | 1,073 |
| Total expenses | 81,453 | 82,434 | 87,705 | 91,621 | 96,105 | 99,828 |
| Profit for the year | 7,316 | 8,566 | 7,190 | 8,247 | 8,870 | 10,898 |
| Other comprehensive income | | | | | | |
| Other | - | - | - | - | - | - |
| Comprehensive result | 7,316 | 8,566 | 7,190 | 8,247 | 8,870 | 10,898 |

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 | 22,675 | 26,246 | 30,121 | 34,132 |
| Trade and other receivables | 2,836 | 3,007 | 3,031 | 3,158 | 3,256 | 3,409 |
| Inventories | 51 | 53 | 55 | 57 | 59 | 60 |
| Other assets | 620 | 652 | 682 | 711 | 745 | 782 |
| Total current assets | 20,122 | 24,997 | 26,443 | 30,172 | 34,181 | 38,383 |
| Non-current assets | | | | | | |
| Trade and other receivables | 106 | 122 | 130 | 137 | 145 | 154 |
| Property, plant and equipment, infrastructure | 1,685,337 | 1,773,108 | 1,779,329 | 1,784,272 | 1,789,610 | 1,796,835 |
| Other assets | 200 | 200 | 200 | 200 | 200 | 200 |
| Total non-current assets | 1,685,643 | 1,773,430 | 1,779,659 | 1,784,609 | 1,789,955 | 1,797,189 |
| Total assets | 1,705,765 | 1,798,427 | 1,806,102 | 1,814,781 | 1,824,136 | 1,835,572 |
| Current liabilities | | | | | | |
| Trade and other payables | 6,230 | 6,420 | 6,763 | 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 | 16,575 | 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 | 32,661 | 33,093 | 33,578 | 34,116 |
| Net assets | 1,673,311 | 1,766,251 | 1,773,441 | 1,781,688 | 1,790,558 | 1,801,456 |
| Equity | | | | | | |
| Accumulated surplus | 335,594 | 335,777 | 342,967 | 351,214 | 360,084 | 370,982 |
| 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 | 1,773,441 | 1,781,688 | 1,790,558 | 1,801,456 |

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 | 1,424 | 1,609 | 1,812 |
| 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 | 10,746 | 11,171 | 11,610 | 12,066 |
| Net GST refund | 3,507 | 3,565 | 3,783 | 3,849 | 4,058 | 4,286 |
| Payments | | | | | | |
| Payments to employees | (29,257) | (29,837) | (32,048) | (33,726) | (35,919) | (38,259) |
| Payments to suppliers (inclusive of GST) | (43,943) | (46,399) | (47,439) | (49,160) | (51,008) | (53,009) |
| Net cash provided by operating activities | 20,407 | 20,847 | 20,805 | 22,354 | 23,684 | 25,335 |
| Cash flows from investing activities | | | | | | |
| Payments for property, plant and equipment, infrastructure | (16,551) | (15,936) | (17,886) | (17,288) | (18,327) | (19,896) |
| Acquisition of investments | - | - | - | - | - | - |
| Net cash used in investing activities | (16,551) | (15,936) | (17,886) | (17,288) | (18,327) | (19,896) |
| 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 | 1,390 | 3,571 | 3,875 | 4,011 |
| Cash and cash equivalents at the beginning of the year | 14,309 | 17,920 | 21,285 | 22,675 | 26,246 | 30,121 |
| Cash and cash equivalents at the end of the year | 16,615 | 21,285 | 22,675 | 26,246 | 30,121 | 34,132 |

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 | 4,550 | 4,777 | 4,946 | 6,118 |
| 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 | 5,969 | 6,362 | 7,028 | 7,211 |
| 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 | 17,886 | 17,288 | 18,327 | 19,896 |
| Types of capital works | | | | | | |
| New assets | 4,636 | 5,336 | 5,928 | 5,500 | 5,691 | 5,888 |
| Asset renewal | 11,915 | 10,600 | 11,958 | 11,788 | 12,636 | 14,008 |
| Total capital works | 16,551 | 15,936 | 17,886 | 17,288 | 18,327 | 19,896 |

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 \$17.9M includes the proposal budget of \$15.8M 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>*</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>*</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>*</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>*</p> <p>*</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>*</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>*</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 will be set in accordance with these averages. The survey results for 2010 are not released until late May 2011; therefore targets will be set after these results have been received.

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 Prepare an Urban Design Framework for the Bayside Business Employment Area (BBEA) | The BBEA Reference Group established, work commenced on a marketing strategy and networking opportunities held by November 2011. Preparation of a draft Urban Design Framework for community engagement by June 2012. |
| 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 | * | 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 | * | 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 Highett Neighbourhood Character Review exhibited by December 2011 | Council adoption of Amendment C82 and C86 Ministerial authorisation received and exhibition undertaken for Highett 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 Developer 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 | Initial review report presented for Council consideration. 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 | * | 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. | | |
| 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 |
|--|-------------------------|--|

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 | * | Results from the Annual DPCD Community Satisfaction Survey |
| Community satisfaction with waste management | * | |

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 | * | 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 | * | 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 will be set in accordance with these averages. The survey results for 2010 are not released until late May 2011; therefore targets will be set after these results have been received.

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*.
