

Business Reporting

1. Overview

Financial Performance

The overall operating result for the year to date (YTD) is a surplus of \$98.9M against a Budget of \$88.2M, which is an improvement over budget of \$10.7M.

This overall variation is primarily due to lower than budgeted expenses, YTD \$50.7M against a budget of \$59.8M.

Financial Forecast

The most significant variation is due to expectations that a land sale with a budgeted net profit of \$15.5M, will not proceed before 30 June 2011.

The shortfall has been partially addressed with a mix of funding options proposed for Council's review and consideration. During the first quarter, programs and services have been managed to cut costs, pending a resolution to this funding short-fall issue.

Service Performance

The Annual Report 2010-11 contains twenty-two measures (KPIs) of these 17 or 77% are on track.

Capital Expenditure

The year to date (YTD) \$34.9M against the Budget of \$50.6M represents 20% of the Full Year Capital Budget.

Service Delivery Review

Completed actions include:

- Establish an internal Legal Counsel
- Appoint a Chief Financial Officer
- Identify Council's policies that affect members of the public to comply with GIPA requirements
- Adopt the proposed organisation structure.

Financial Performance Year To Date (YTD)

	Actual \$'000	Budget \$'000
Income	149,627	147,989
Expenses	50,680	59,838
Net operating result	98,947	88,151
Net operating result Before capital grants & contributions	84,486	79,161

Financial Position

	YTD \$'000	Full Year \$'000
Assets	2,171,233	2,034,013
Liabilities	277,888	215,325
Position	1,893,345	1,818,688



Top: Signing of the Memorandum of Understanding for the Central Coast Water Corporation.

Below: National Student of the Year, Sharon Newell; Winners for the Heart Foundation Award for Employee Wellbeing, Gail Curtis & Kylie Potts; Central Coast Women in Business Manager of the Year, Martine Brieger.

2. Highlights

Service Delivery

New pathway through bushland

Completed a 1,200 metre extension to the shared pathway system at The Entrance North - the total length of the pathway from The Entrance Bridge is now 4km.

Improving youth employment opportunities

Agreed to contribute land valued at \$1.8M in Wyong township to help provide a new skills centre for unemployed youth. The Federal Government announced a contribution of \$2.7M.

Sustainable roadworks

Completed stage one of a \$.93M upgrade of Chittaway Rd at Chittaway Bay using insitu-stabilisation technology that recycles the majority of the existing road sub-base materials. The ability to reuse the existing materials saves up to 50% more resources, is faster to construct and less disruption.

Council joins forces with Delta Electricity to improve local environment

A co-sponsorship arrangement was entered into with Delta Electricity to assist with the provision of community facilities like parks, playgrounds and barbecues in communities surrounding Delta's power stations. Delta also provides Council with funding to support Landcare groups in the north of the Shire.

Popular e-waste collection

Council's third e-waste collection day in August was the most successful yet. More than 700 cars dropped off around 37,000kg of e-waste.

All items were dismantled by hand and 95% of materials recycled, preventing, potentially hazardous material from ending up in landfill.



Water corporation agreement signed

In August, the establishment of a water corporation for the Central Coast took another step forward with the signing of a Memorandum of Understanding between the NSW Government and Gosford City and Wyong Shire Councils.

The legislation has now been introduced to Parliament and after it is signed by the Governor of NSW, the Councils have 90 days to establish a single water corporation.

Other highlights

- Little Coast Kids Care & Education, Treelands - selected as a finalist at the NSW Child Care Week Awards.
- Local Government Week 2010 included bus tours of the shire and our first primary schools civics program.
- Council became a Gold Pledge Member of the Year of Women in Local Government.
- More than 60 programs completed under Phase 1 of the Estuary Management Plan.
- Council's Wellbeing Program wins the Heart Foundation employee wellbeing program for the second year in a row.
- Martine Brieger awarded the Central Coast Women in Business Award for Local Government Management. Danielle Dickson and Tara Mills also finalists.
- Four new diamonds provided for the Central Coast Softball Association at Bateau Bay.
- Corporate Information Team Leader Sharon Newell named Student of the Year by the Records Management Association of Australia.
- The Entrance Gallery hosted its first public exhibition with works from award winning and emerging local artists.
- Highly successful Chemical Clean Up Day.

Left: Cr Sue Wynn with some of the items collected at the E-waste collection in August.

3. Service Performance

Key Performance Measures

The Annual Plan 2010-11 contains twenty-two measures (KPIs) of Council's performance progress against which is reviewed and reported on a quarterly basis.

Of these indicators 17 (77%) either met progress targets or are on track to meet targets at the end of the year (full year measures). One measure is unable to be calculated until the end of the year and four measures did not meet their target in the September quarter.

Remedial action is being taken to improve these results where practical.

Performance Measures Exceptions

<i>Measure</i>	<i>Target</i>	<i>Actual</i>	<i>Comments</i>
Number of stream-bank sites (downstream of Wyong River) actively rehabilitated with suitable plantings via Estuary Management Plan.	20 (in total during year)	0	Repeated delays by the Federal Government with regard to funding negotiation has meant that Estuary Management Plan implementation works have been significantly delayed.
Proportion of Domestic Waste diverted from landfill	50%	45.5%	The first quarter is generally lower compared to other quarters due to lower quantities of vegetation and recyclables collected in the winter months.
Lost Time Injury Duration	8 days	9.55 days	Incidents requiring psychological treatment and a shoulder injury contributed significantly to this result. 'Sprains and strains' account for 80% of injuries leading to surgical treatment and a program has been implemented to focus on reducing these incidents through incident investigation, training, audits and proactive injury management.
Percentage of telephone calls to Call Centre answered within one minute.	80%	77%	Customer Service was short staffed by 57.5hrs/weekk due to resignations, secondments and short term maternity leave vacancies. Eight new people are being trained. In the light of Council's recent NSW top rating for customer service, this temporary dip is not a concern.



Strategic Targets

The Annual Plan 2010-11 contains 61 programs/projects to achieve Council's objectives. At the end of September it was anticipated that 55 (or 90%) of the 61 actions would be achieved by 30 June 2011.

Category	Target	Actual	%
On track for 30 June 2011	61	55	90
Uncertain - Matters Outside of Council's Control	0	1	17
Uncertain - within WSC control	0	5	83

Matters Outside Council's Control

Ref #	Program/Project	Status
3.1.8	Work in partnership with landowners to commence the design of Community Facilities within Warnervale town Centre.	The proposed Warnervale Knowledge Centre (incorporating library, multi-purpose community centre and art/cultural space) is to be located in the Warnervale Town Centre and integrated with the shopping/business precinct (Similar to the facility at Rouse Hill). The design of this facility has been included on the 2010-11 work program but a site is yet to be confirmed due to suggested improvements to the DCP for the town centre. Work has commenced on a design brief for the facility. With changes to S94 Development Contributions by the NSW Government this project is at risk of not proceeding.

Matters Within Council's Control

Ref #	Program/Project	Status
3.4.1	Develop and commence implementation of a Tennis Strategy to increase utilisation of Council's courts.	Not yet commenced - pending return of staff member from parental leave.
5.2.1	Commence development of the Sports Event Tourism Strategy.	Not yet commenced - pending return of staff member from parental leave.
5.7.1	Investigate the potential for a public-private partnership to masterplan a council-owned site incorporating a Conference Centre.	Predicted timeframe may yet be achieved, meeting with potential client.
4.8	Commence rehabilitation works at Gwandalan closed landfill.	Work is dependent on the completion of the Remedial Action Plan and detailed design.
5.8	Develop a strategy to improve capability and consistency of the delivery of Customer Service within the organisation.	Pending appointment of new Director and Manager.

Actions Carried Over from 2009/10 Management Plan

Of the 12 actions from 2009-10 Management Plan that were not completed, nine (75%) were incorporated into actions in the 2010-11 Annual Plan and three (25%) are in progress. Of the three actions that are in progress two are expected to be completed in this financial year, while one (Warnervale Recreation and Aquatic Centre) is unlikely to be completed.

4. Financial Report

Financial Performance

The Overall Operating Result year to date (YTD) is a surplus of \$98.9M against a Budget of \$88.2M, favourable \$10.7M. This overall variation is primarily due to lower than budgeted expenses, YTD \$50.7M against a budget of \$59.8M.

Year to date income is on-track overall, with Council's Annual Rates and Charges levied in July of each year and reported as Income in July.

Income Statement Summary - Total Consolidated

	<i>Full Year 2010 \$'000</i>	<i>Q1 Actual \$'000</i>	<i>Q1 Budget \$'000</i>	<i>Budget 2011 \$'000</i>
Income from continuing operations	233,301	149,267	147,989	264,955
Expenses from continuing operations	233,868	50,680	59,838	227,193
Net operating result	(567)	98,947	88,151	37,762
Net operating result before capital grants and contributions	(29,991)	84,486	79,161	(1,998)

Operating Results and Forecast - by Fund

The most significant variation is due delays in a land sale with a budgeted net profit of \$15.5M. The land sale delay results in a short-fall in funding normal Council operations by \$17.5M. Budget variations proposed in this report have been developed to address this short-fall and target the deferral of cash expenditure on both operating and capital works.

Operating Results & Forecast - by Fund

	<i>Full Year 2010 \$'000</i>	<i>Q1 Actual \$'000</i>	<i>Q1 Budget \$'000</i>	<i>Budget 2011 \$'000</i>	<i>Proposed Budget Changes</i>	<i>Proposed Revised 2011 Budget</i>
Net operating result before capital grants and contributions						
General Fund	(18,773)	59,123	53,540	15,620	(14,091)	1,529
Water	(5,934)	7,929	8,267	(11,038)	219	(10,819)
Sewer	(5,283)	17,434	17,352	(6,580)	69	(6,511)
Consolidated	(29,990)	84,486	79,159	(1,998)	(13,803)	(15,801)
Plus capital grants and contributions						
General Fund	10,284	4,130	1,943	11,560	4,751	16,311
Water	17,826	10,214	6,647	26,600	0	26,600
Sewer	1,314	117	400	1,600	0	1,600
Net operating result	(566)	98,947	88,149	37,762	(9,052)	28,710

Operating Results by Reportable Business Unit

	Full Year 2010 \$'000	Q1 Actual \$'000	Q1 Budget \$'000	Budget 2011 \$'000
Waste Management	(1,356)	20,271	15,616	8,279
Holiday Parks	(2,596)	30	(426)	(423)
Children's Care & Education	(1,046)	135	8	(275)

Restricted Asset - Land Development Reserve

	Original Budget \$'000		Proposed Revised Budget \$'000
Brought forward balance 1/7/2010 - Budget	3,066	Brought forward balance 1/7/2010 - Actual	6,997
		Less: 2009/10 Budget Carry-overs* Animal Care Facility Construction Surf Club Upgrades	(85) (1,724)
2010/11 Land Sale Proceeds	19,500	Delayed due to approval process	0
Land Development Reserve - Funds Available	22,566		5,188
2010/11 Budget - Works funded from Land Sales/Reserves			
Playground construction	(350)	Works deferred subject to future funding availability	\$0
Surf Club construction	(1,250)	Proceeding with matched Federal funding	(1,250)
Drainage in ovals - Ourimbah Soccer	(440)	Proceeding prior to soccer season	(440)
Ourimbah Playground - Sohier Park	(500)	Works deferred subject to funding availability	\$0
Bridge construction	(300)	Proceeding - critical works - bridge replacement Palmdale	(300)
Land development	(4,000)	Proceeding - development costs to be incurred to facilitate future land sale	(2,000)
Land Development - Purchase 3 lots in Margaret St Wyong from Section 94	(0)	Proceeding - development costs to be incurred to allow for future sale of land	(1,000)
TOTAL BUDGET ALLOCATION	(6,840)	REVISED BUDGET ALLOCATION	(4,990)
Projected Closing Balance	15,726		198

* Carry overs were restricted based on the emerging risk of land sale delays and funding requirements for costs of development.

Comments

This funding short-fall and recommended changes to works programs, services and budgets for 2010/11 have been included in the proposed September Quarter Budget Review.

Commentary on Financial Report

Income is forecast to be generally on track with the exception of Land Sales unfavourable \$15.5M and Interest Earnings - expected to be under budget by \$.5M in the Water Fund due to lower than forecast cash and investments.

General Fund's 2010/11 Federal Assistance Grants will be favourable by \$0.8M due to higher allocations (full year budget).

Additional Capital Grants have been received for surf living saving club construction at Soldiers Beach \$2.4M and Shelley Beach \$2.4M.

Operating expenses are forecast to be generally on track with the exception of urgent repairs to the Hunter Link (\$0.7M). Savings are forecast in the area of Employee Salary and Wages (\$0.3M) due to lower than expected award increase and budget reductions in Development Assessment Salaries \$0.2M and Customer and Community Salaries \$0.2M.

Savings have also been made in Water operations (\$1.4M) due to a reduction in water purchases and groundwater programs, electricity savings and reduction in Mardi Sludge operations.

A correction to the original Waste Management cash-based budget has been included to reflect the \$1.2M annual unwinding of the tip provisions discount.

Budget revisions. As a result of the deferral of land sales and the projected short-fall in operational income - a high level review of operational services has been conducted.

Proposed reductions include \$0.2M in Heavy Patching (this will reduce Service Levels) and \$1.0M in the Customer & Community Services Unit consisting of:

- \$0.4M in Building Maintenance
- \$0.1M reduction in street tree planting
- \$0.3M redirection of Community Pride resources to roads, and other various adjustments.

Service Delivery initiatives are also being implemented with our external investment advisor services to cease \$45K, with the saving to increase to \$90K per annum in future years.

These variations have been included as September Quarter Proposed Budget Variations.

The implementation of the Service Delivery Review will see all detailed budgets split and reallocated across sections allowing detailed dissection and phasing.

The detailed financial reports can be found on pages 13 to 19 of this report and including the following:

- [Financial Statements by Fund](#)
- [September Quarter Budget Review - Proposed Budget Adjustments](#)

Capital Expenditure

First quarter expenditure of \$34.9M represents 20% against the full year budget of \$172.2M.

The Q1 budget review includes \$8.0M in proposed reductions, resulting in a full year revised budget of \$164.2M.

This budget review has focused on identifying funding sources to make up for the short-fall in land sales and cost variations in the construction of the Northern Link Road, with a focus on reducing works programs to fund these cash requirements.

Significant reductions are proposed - but it is important to note that these reductions only represent the deferral of non-discretionary works. A separate review of Section 94 plans is being conducted as part of Wyong Shire Council's long term financial plan.

Target areas for reduction are those where external contractors would have normally been engaged.

1. Road resealing - reduced by \$1.5M
2. Community and recreation Capital Works – reduced by \$870K
3. Water Capital Program - reduced by \$0.8M.
4. Sewer Capital Program - reduced by \$5.8M.
5. Development of Warnervale Land – works deferred \$2.0M in response to delays in projected timing of sale and insufficient land reserves
6. General Fund will acquire 3 lots in Margaret Street Wyong from Section 94 – based on proposed alternate land use.

Additional capital expenditure requirements from General Fund:

1. Northern Link Road – additional \$1.6M
2. Bridge Construction – additional \$0.4M for urgent works on two culvert bridge replacements.
3. Hamlyn Terrace Playing Fields Section 94 saving budget overstated (\$2.6M).
4. Funding shortfalls - two further variations required to be funded by Working Capital reserves:
 - i. Roads – RTA reserve funding (\$1.0M) is actually nil.
 - ii. Projects funded from Land Restricted Asset – (\$0.8M) to be funded from Working Capital reserves.

Due to significant organisational change the phasing and dissection of the capital budgets requires review and will be updated as part of the implementation of the Service Delivery Review.

Capital Expenditure as at 30 September 2010

	Q1 Actuals \$'000	Q1 Budget \$'000	Q1 Variance \$'000	Approved Full Year Budget \$'000	Approved Budget Variance \$'000	Carry Overs \$'000	Proposed Budget Changes \$'000	Proposed Full Year Revised Budget \$'000
General Manager	144	-	(144)	-	-	-	-	-
Corporate Services	65	134	69	668	534	534	-	668
Environment & Planning	393	3,062	2,669	12,336	85	85	(2,000)	10,336
Infrastructure Management	32,214	35,661	3,447	137,088	9,336	9,336	(6,193)	130,895
Community Recreation	2,125	11,773	9,648	22,088	3,599	3,599	225	22,313
Total	34,941	50,630	15,689	172,180	13,554	13,554	(7,968)	164,212

Investment and Debt Management

Cash and investments

(\$119.9M) held their value with total portfolio returns well above the benchmark for the first quarter. Capital gains on both the Blackrock Care & Maintenance Fund and Macquarie Income Fund were significant contributors. Both managed fund investments are held under the Division of Local Government's "grandfathered" investment provisions.

Borrowings have reduced by \$1.9M this quarter due to repayments.

Budgeted loan funds of \$30.2M will be drawn down to meet capital cash flow requirements in coming months and are forecast to reduce by \$1.4M due to reductions in the Water Capital Program.

Investment Portfolio Performance

<i>Investment Portfolio Performance Report</i>	
Year to date Return Interest Only	5.44%
Year to date Return All Sources	9.08%
Benchmark (UBSA 90 Days)	4.86%

Cash & Investment Activity

<i>Cash and Investment Balances</i>	<i>\$'000</i>
Petty Cash, unpresented cheques	(316)
Closing Cash (physical)	35,951
Closing Investments	84,256
Closing Cash & Investments per cash flow	119,890

Loans

<i>Investment Portfolio Performance Report</i>	<i>Original Budget \$'000</i>	<i>Q1 Actual \$'000</i>	<i>Full Year Forecast \$'000</i>
Brought Forward			
Non current liabilities	163,812	163,812	163,812
Current	10,708	10,708	10,708
Repayments	(6,735)	(1,919)	(9,748)
Borrowings	30,207	-	28,807
Carried Forward	197,992	172,601	193,579

Cash Flow Analysis

The cash flow analysis detailed below, indicates that Council's overall cash position is estimated to reduce by \$8M in 2010-11. Savings have been identified to reduce the impact on Council's cash position following the reduction of income in land sales, there is still estimated to be a shortfall in cash of \$8M for 2010-11 resulting in further correction to be identified and actioned.

The Q1 actual of \$7.5M compares favourably with the original budget of \$8.7M. However close scrutiny of expenditure will continue to occur over the remainder of 2010-11 to ensure that Council's cash position does not reduce further.

Cash flow Analysis

<i>Cash & Investments</i>	<i>Original Budget \$'000</i>	<i>Year to Date \$'000</i>	<i>Full Year Forecast \$'000</i>
Outgoings			
Employees	(78,440)	(17,834)	(76,635)
Borrowing	(12,711)	(2,915)	(11,411)
Materials & Contracts	(44,010)	(2,389)	(43,649)
Other	(32,504)	(8,499)	(32,504)
Total	(167,665)	(31,637)	(164,199)
Incomings			
Rates	122,259	48,148	122,259
User Charges	58,074	11,031	58,074
Interest	8,488	2,054	7,988
Grants & Contributions	58,197	15,640	63,748
Other (incl land sales)	17,937	1,281	2,799
Total	264,955	78,154	254,868
Capital			
Borrowings	18,794	(1,919)	18,099
Purchases of Assets	(124,778)	(3,050)	(117,026)
Other			
Net Cash/Investment Movement	(8,694)	(7,452)	(8,258)
Opening Balance	127,342	127,342	127,342
Closing Balance:			
General	65,059	68,799	58,695
Water	35,450	23,404	36,450
Sewerage	18,139	27,687	23,939
Closing Balance	118,648	119,890	119,084

Working Capital

General Fund Working Capital as at July 1 was \$15.8M including \$11.3M of 2009-2010 committed expenditure, with the balance from unrestricted funds.

At the end of Q1 working capital had increased to \$18.1M - primarily due to upfront payments of Rates and Annual Charges, and \$15.7M reduction in capital expenditure.

Material risks and liabilities

Risks

- The formation of the Central Coast Water Corporation and the signed Memorandum of Understanding sets out a phased program for the Wyong and Gosford Water Authorities to merge over the next five years. This merger will alter Council's resourcing strategy and our ability to absorb fixed corporate overheads. Wyong Shire and Gosford City Councils have formed a project team to manage and minimise residual risk.
- The Division of Local Government's 430 investigation into Body Hire remains in progress, but no outcomes reported to date.
- Construction projects (capital works) have inherent risks relating to latent conditions, scope definition, and allowable contract variations. In the works program there are a number of projects which by their size and scope have the potential for final costs to vary from original estimates.
 - Northern Link Road Project - forecast to exceed budget by \$3.0M.
 - Cabbage Tree Harbour Toe Drainage Project - not yet commenced.
 - Mardi to Mangrove Pipeline - on track.
 - DECC Wyong prosecution will have a sentence hearing on December 17, 2010.

Liabilities

Significant provisions exist for:

- Future remediation of closed landfills is a large future cost for Council and requires funding.
- Development Assessment Contributions In-Kind received in advance.

Legal Matters and Expenditure

A General (Legal) Counsel commenced in September.

Significant matters arising and pending are reported direct to Council.

Legal expenses for Q1 were \$89K against budget of \$160K, representing 14% of the full year budget (\$639K). This figure includes credit management legal costs but not any legal-related salaries/vehicle costs.

Asset Management Issues

Top priorities for asset management are road maintenance and bridge construction.

- Bridge construction is proceeding - with critical works to be commenced in Q2.
- Road maintenance budget will be negatively impacted by the proposed budget variation resulting in the the service targets for patching and resealing not being achieved.

Sponsorship and Funding arrangements

- Community Cultural Benefits Grants
- Mariners Sponsorship

Material contracts

The following major contracts were tendered and let in the first quarter:

Contracts

<i>Contract #</i>	<i>Contractor</i>	<i>Details</i>	<i>Amount</i>
CPA/177882	Elster Pty Ltd	For the Supply and Delivery of Domestic Water Meters	240,000
CPA/159848	Glindemann Industrial Coatings Pty Ltd	Application of a suitable lining system to ensure the integrity and extend the lifespan of three reinforced concrete water supply reservoirs	315,652
CPA/179982	Air Conditioning Industries Pty Ltd	Replacement of Pope Air Conditioning Equipment in Wyong Civic Centre	224,171
CPA/147662	Fulton Hogan Pty Ltd	Contract extension. Asphaltic Concrete Works - 1 November 2010 to 30 October 2011	5,255,213
CPA/147664	Gosford City Council	Contract extension. Sprayed Bituminous Surfacing Works - 1 November 2010 to 30 October 2011	2,995,272
CPA/147661	Fulton Hogan Pty Ltd	Contract Extension. Asphaltic Concrete Heavy Patching Works - 1 November 2010 to 30 October 2011	600,000
CPA/173205	Interflow Pty Ltd	Sewer Main Rehabilitation for Various Locations in Wyong Shire	920,000
CPA/178719	Academy Services Pty Ltd	Provision of Cleaning Services at various Council Facilities	558,460
CPA/180792	Various	Hire of Plant and Trucks for the Operation of Buttonderry Waste Management Facility	1,013,000
CPA/122066	Thiess Services Pty Ltd	Contract Extension. Collection of bulk mixed waste and recyclable materials at the Central Coast Holiday Parks	440,000
CPA/184454	National Buildplan Group Pty Limited	Soldiers Beach SLSC Construction	2,804,400
CPA/184446	National Buildplan Group Pty Limited	Shelly Beach SLSC Construction	2,542,989

PROFIT & LOSS - BY FUND
SEPTEMBER 2010

2.567

YTD % Elapsed: 25%

	CONSOLIDATED			GENERAL FUND			WATER FUND			SEWER FUND		
	FYR	YTD	FYR Orig	FYR	YTD	FYR Orig	FYR	YTD	FYR Orig	FYR	YTD	FYR Orig
	Actual	Actual	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual	Actual	Budget
	2010	2011	2011	2010	2011	2011	2010	2011	2011	2010	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME from continuing operations:												
Revenues												
Rates & Annual Charges	113,935	119,550	119,518	76,447	80,276	79,888	12,332	13,615	14,649	14,038	25,156	24,980
User Charges & Fees	51,713	11,031	14,282	29,655	6,691	8,088	20,772	4,250	5,838	23,351	1,286	356
Interest and Investment Revenue	8,522	2,567	2,119	5,203	1,126	972	1,409	711	755	3,020	1,909	392
Other	5,700	722	676	2,062	564	404	3,484	110	234	720	154	48
Grants & Contributions Operating	23,330	1,179	3,476	21,865	1,270	3,406	802	(91)	70	970	662	(0)
Grants & Contributions Capital	29,423	14,461	8,990	10,284	4,130	1,943	17,826	10,214	6,647	26,600	1,314	400
Gain from the Disposal of Assets	677	117	(1,072)	677	117	(1,072)	(0)	(0)	(0)	(0)	(0)	(0)
Total Income from continuing operations	233,301	149,627	147,989	146,194	94,175	93,629	56,627	28,809	28,193	68,699	30,481	26,166
EXPENSES from continuing operations:												
Employee Costs	76,462	17,834	19,529	61,974	14,337	15,522	7,990	1,850	2,190	8,762	6,498	1,817
Borrowing Costs	9,621	2,915	3,177	1,699	59	54	6,454	2,514	2,719	10,881	1,469	404
Materials and Contracts	47,214	8,469	11,695	22,708	2,923	5,922	13,657	2,466	3,800	15,207	10,848	1,973
Depreciation	59,902	12,920	14,876	31,678	5,887	7,271	14,577	3,545	3,934	15,742	13,647	3,671
Other	39,924	8,424	10,561	35,880	7,597	9,376	2,056	290	636	2,545	1,988	550
Loss from the Disposal of Assets	745	118	0	745	118	0	0	0	0	0	0	0
Total expenses from continuing operations	233,868	50,680	59,838	154,684	30,921	38,144	44,735	10,665	13,279	53,137	34,450	8,414
NET OPERATING RESULT FOR YEAR	(567)	98,947	88,151	(8,490)	63,253	55,484	11,892	18,144	14,914	15,562	(3,969)	17,752
Net operating result before capital grants and contributions	(29,991)	84,486	79,161	(18,773)	59,123	53,542	(5,934)	7,929	8,267	(11,036)	(5,283)	17,352
Attributable to:												
WYONG SHIRE COUNCIL	(567)	98,947	88,151									
Commentary:												
Rates & Annual Charges - YTD includes the full year income which is payable in four installments (Aug, Nov, Feb, May), balance remaining will be raised based on supplementary rating of new properties.												

BALANCE SHEET - BY FUND
SEPTEMBER 2010

YTD % Elapsed: 25%

	CONSOLIDATED			GENERAL FUND			WATER FUND			SEWER FUND				
	Actual 2010 \$'000	Actual 2011 \$'000	YTD Move \$'000	Actual 2010 \$'000	Actual 2011 \$'000	YTD Move \$'000	Actual 2010 \$'000	Actual 2011 \$'000	YTD Move \$'000	Actual 2010 \$'000	Actual 2011 \$'000	YTD Move \$'000	FYR Orig Budget \$'000	FYR Orig Budget \$'000
CURRENT ASSETS														
Cash & cash equivalents	952	36,062	35,109	938	36,062	(35,124)	7	0	7	7	0	7	25,723	20,103
Investment Securities	122,226	79,664	(42,562)	63,100	29,848	33,253	34,974	22,766	12,208	24,151	27,050	(2,899)	0	0
Receivables	37,593	109,100	71,508	14,544	63,530	(48,985)	20,209	26,318	(6,109)	2,839	19,253	(16,413)	14,226	2,840
Inventories	2,164	2,012	(151)	1,791	1,639	151	373	373	0	0	0	0	295	450
Other	393	26	(366)	1,321	954	367	0	0	0	(28)	(28)	0	0	0
TOTAL CURRENT ASSETS	163,327	226,865	63,538	81,694	132,033	(50,339)	55,564	49,458	6,106	26,970	46,274	(19,305)	40,244	23,393
NON-CURRENT ASSETS														
Investment Securities	4,164	4,164	0	2,886	2,886	0	639	639	0	639	639	0	0	0
Receivables	1,330	1,225	(106)	706	651	55	585	574	11	39	0	39	670	38
Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intangible Assets	3,267	3,192	(75)	2,372	2,317	55	562	549	13	333	326	8	741,756	431,999
Infrastructure, Property, Plant & Equipment	1,917,685	1,935,788	18,103	774,586	776,919	(2,332)	737,862	755,916	(18,053)	405,236	402,954	2,282	742,426	402,954
TOTAL NON-CURRENT ASSETS	1,926,446	1,944,368	17,923	780,549	782,772	(2,223)	739,649	757,678	(18,029)	406,248	403,919	2,329	742,426	432,037
TOTAL ASSETS	2,089,773	2,171,233	81,461	862,243	914,805	(52,562)	795,213	807,136	(11,923)	433,217	450,193	(16,976)	782,670	455,430
CURRENT LIABILITIES														
Payables	52,587	37,539	15,048	34,978	24,553	(10,426)	(16,525)	(11,948)	(4,577)	(1,985)	(1,956)	(29)	0	0
Borrowings	10,708	10,708	0	901	901	0	(8,162)	(8,162)	0	(1,646)	(1,646)	0	162,191	21,656
Provisions	32,486	30,615	1,870	27,816	25,945	(1,870)	(2,025)	(2,025)	0	(2,645)	(2,645)	0	742	626
TOTAL CURRENT LIABILITIES	95,781	78,863	16,919	63,695	51,398	(12,296)	(26,711)	(22,134)	(4,577)	(6,276)	(6,247)	(29)	162,933	22,282
NON-CURRENT LIABILITIES														
Payables	40	0	40	40	0	(40)	0	0	0	0	0	0	0	0
Borrowings	163,812	161,893	1,919	2,899	2,886	(64)	(142,579)	(140,972)	(1,607)	(18,333)	(18,085)	(248)	0	0
Provisions	35,219	37,133	(1,914)	34,183	36,097	1,914	(715)	(715)	0	(320)	(320)	0	0	0
TOTAL NON-CURRENT LIABILITIES	199,071	199,026	45	37,123	38,933	1,810	(143,294)	(141,687)	(1,607)	(18,654)	(18,406)	(248)	0	0
TOTAL LIABILITIES	294,852	277,888	16,964	100,818	90,331	(10,487)	(170,006)	(163,821)	(6,184)	(24,930)	(24,653)	(276)	162,933	22,282
NET ASSETS	1,794,921	1,893,345	98,425	761,425	824,473	(63,048)	625,207	643,314	(18,107)	408,288	425,540	(17,252)	945,603	477,712

CASHFLOW STATEMENT - BY FUND
SEPTEMBER 2010

YTD % Elapsed: 25%

	CONSOLIDATED			GENERAL FUND			WATER FUND			SEWER FUND		
	YTD Actual 2011	YTD Budget 2011	Full Year Actual 2010	YTD Actual 2011	YTD Budget 2011	FYR Orig Budget 2011	YTD Actual 2011	YTD Budget 2011	FYR Orig Budget 2011	YTD Actual 2011	YTD Budget 2011	FYR Orig Budget 2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES												
Receipts												
Receipts from customers	59,179	133,800	164,491	38,036	87,976	114,027	11,767	20,487	37,389	9,375	25,336	28,917
Interest Revenue	2,054	2,119	5,980	948	973	3,900	674	755	3,020	431	392	1,568
Grants & Contributions	15,640	12,466	51,602	5,400	5,349	28,329	10,123	6,717	27,570	117	400	2,298
Other Revenue	1,281	(396)	15,972	1,103	(668)	17,064	123	234	720	55	38	153
Payments												
Employee costs	(17,834)	(19,529)	(78,440)	(14,337)	(15,522)	(62,408)	(1,850)	(2,190)	(8,762)	(1,646)	(1,817)	(7,270)
Materials & Contracts	(23,389)	(11,695)	(44,010)	(13,236)	(5,922)	(16,661)	(7,043)	(3,800)	(15,207)	(3,109)	(1,973)	(12,142)
Interest Expense	(2,915)	(3,177)	(8,340)	(58)	(54)	(215)	(2,514)	(2,719)	(10,881)	(342)	(404)	(1,615)
Other Expense	(8,499)	(10,561)	(50,386)	(7,672)	(9,376)	(27,760)	(290)	(636)	(2,545)	(637)	(550)	(2,199)
Net cash from Operating Activities	25,517	103,027	97,290	10,183	62,756	56,276	10,990	18,848	31,304	4,344	21,422	9,710
INVESTING ACTIVITIES												
Receipts												
Sale of Investments	0	0	118,524	0	0	0	0	0	0	0	0	0
Sale of IPP&E	0	0	2,450	0	0	0	0	0	0	0	0	0
Payments												
Purchase of Investments			(112,862)									
Purchase of IPP&E	(31,050)	(50,719)	(124,778)	(8,246)	(21,990)	(59,697)	(21,599)	(25,087)	(50,506)	(1,206)	(3,643)	(14,576)
Net cash from Investing Activities	(31,050)	(50,719)	(124,778)	(8,246)	(21,990)	(59,697)	(21,599)	(25,087)	(50,506)	(1,206)	(3,643)	(14,576)
FINANCING ACTIVITIES												
Net movement in Borrowings	(1,919)	6,166	18,794	(63)	1,858	1,554	(1,607)	4,756	19,032	(248)	(448)	(1,792)
Dividends	0	0	0	0	0	0	0	0	0	0	0	0
Net cash from Investing Activities	(1,919)	6,166	18,794	(63)	1,858	1,554	(1,607)	4,756	19,032	(248)	(448)	(1,792)
Net increase/decrease in cash/investments held	(7,452)	58,474	(8,694)	1,874	42,624	(1,867)	(12,216)	(1,483)	(170)	2,890	17,331	(6,658)
Cash & Investments at beginning of period	127,342	127,342	127,342	66,924	66,924	66,924	35,620	35,620	35,620	24,797	24,797	24,797
Cash & Investments at end of period	119,890	185,816	118,648	68,798	109,548	65,057	23,404	34,137	35,450	27,687	42,128	18,139

REPORTABLE BUSINESS ACTIVITIES

September 2010

YTD % Elapsed: 25%

	WASTE MANAGEMENT			HOLIDAY PARKS			CHILD & EDUCATION CARE		
	FYR Actual 2010 \$'000	YTD Actual 2011 \$'000	FYR Budget 2011 \$'000	FYR Actual 2010 \$'000	YTD Actual 2011 \$'000	FYR Budget 2011 \$'000	FYR Actual 2010 \$'000	YTD Actual 2011 \$'000	FYR Budget 2011 \$'000
INCOME from continuing operations:									
Revenues									
Rates & Annual Charges	19,849	21,590	20,907	0	0	0	0	0	0
User Charges & Fees	9,980	2,541	3,045	8,070	1,629	1,788	3,777	1,048	1,015
Interest and Investment Revenue	107	21	27	0	0	0	0	0	0
Other	5,469	0	1	0	0	0	0	0	0
Grants & Contributions Operating	1,206	0	0	0	0	0	462	136	131
Grants & Contributions Capital				0	0	0	0	0	0
Gain from the Disposal of Assets	0	0	0	0	0	0	0	0	0
Total Income from continuing operations	36,611	24,152	23,980	8,070	1,629	1,788	4,240	1,184	1,147
EXPENSES from continuing operations:									
Employee Costs	1,361	329	379	211	63	46	3,847	930	940
Borrowing Costs	0	0	0	1	66	33	0	0	0
Materials and Contracts	13,261	1,031	2,575	5,219	665	1,188	1,240	79	144
Depreciation	2,706	263	519	2,588	232	304	137	34	39
Other	20,638	2,259	4,891	2,648	573	644	62	6	16
Loss from the Disposal of Assets									
Total expenses from continuing operations	37,966	3,882	8,364	10,666	1,599	2,214	5,285	1,049	1,139
NET OPERATING RESULT FOR YEAR	(1,356)	20,271	15,616	(2,596)	30	(426)	(1,046)	135	8
Net Operating Result Before Capital Grants and Contributions	(1,356)	20,271	15,616	(2,596)	30	(426)	(1,046)	135	8

These reports currently exclude TER entries

Attachment 4: September Quarter Budget Review - Proposed Budget Adjustments

Variation Description		General Fund	General Fund - Restricted Funding	Water Fund	Sewer Fund	Reason for Adjust.	Impact
Operating		(\$12,890,700)	(\$1,200,000)	\$218,750	\$68,750		(\$13,803,200)
Capital		\$1,215,000	(\$874,684)	\$800,000	\$5,828,000		\$6,968,316
Funding - Reserve Adjustments / Impacts - Working Capital		(\$997,000)	\$1,000,000	\$0	\$0		\$3,000
Funding - Reserve Adjustments / Impacts - Section 94 / Section 64		\$0	(\$2,006,629)	\$600,000	\$0		(\$1,406,629)
Funding - Reserve Adjustments / Impacts - Land Reserves		\$0	(\$2,870,000)	\$0	\$0		(\$2,870,000)
Funding - Reserve Adjustments / Impacts - Waste Management		\$0	\$1,200,000	\$0	\$0		\$1,200,000
Funding - Reduction Loan Borrowings		\$0	\$0	(\$1,400,000)	\$0		(\$1,400,000)
Operating Income - New Capital Grants		\$0	\$4,751,313	\$0	\$0		\$4,751,313
Funding - Reserve Adjustments / Impacts - Balance General Fund / Water / Sewer Funds		\$12,672,700	\$0	(\$218,750)	(\$5,896,750)		\$6,557,200
General Manager - Operating							
Federal Assistance Grant increased allocation		\$799,800				EXT	OP
Land Sales - Warnervale - Delayed due to approvals		(\$15,500,000)				EXT	OP
Corporate wide - Salaries & Employee Oncosts - Lower than Budget Award Increase		\$137,500		\$68,750	\$68,750	EXT	OP
Corporate Services - Operating							
Reduce Fees for External Investment Advisors - SDR Initiative		\$45,000				INT	OP
Interest Income - Reforecast				(\$500,000)		EXT	OP
Environment & Planning - Operating							
Development Assessment Unit - Salary savings year to date		\$230,000				INT	OP
Infrastructure Management - Operating							
Water Operations - Savings in Bulk Water Security Program \$202K, Hunter Water Purchases \$800K, reduced Electricity \$100K, and Mardi Sludge Dewatering \$250K.				\$1,350,000		EXT	OP
Water Operations - Hunter Water Main - Sparkes Road and Link Road intersection - Repair works \$1.1M to the intersection due to leaks, contractual recourses being investigated, joint water project with GCC, net cost to WSC \$550K.				(\$700,000)		EXT	OP
RTA Reserve Funding - no longer available		(\$997,000)				INT	EQUITY
Roads - Reduce Roads Work Programs - Heavy Patching \$200K (reduce service levels)		\$200,000				INT	OP
Waste - Tip Unwinding of Discount			(\$1,200,000)				OP
Waste Reserves - Transfer From			\$1,200,000				EQUITY
Community & Recreation - Operating							
Community & Recreation Operations - Various Budget reductions due to funding constraint (refer below)		\$988,000					OP
Community Buildings Maintenance - reduction	Additional \$648K Federal funding received therefore	\$140,000				INT	OP
Reduction Toilet Cleaning	Reduced levels of service	\$45,000				INT	OP
Community Pride Program	Reallocate staff to RTA works for two years	\$250,000				INT	OP
Reduce Overtime		\$50,000				INT	OP
Aquatic Wrack Collection - proposed expansion of works	Leave Aquatic Weed Harvesting at previous levels based on recurrent funding of \$400K.	\$137,000				INT	OP
Street Tree Management	Reduce number of trees planted	\$116,000				INT	OP
Reduction in Buildings Maintenance on S355	Maintenance to be conducted by S355 committees	\$250,000				INT	OP
C&CS - Employee cost savings		\$209,000					OP
Gen Fund, Water & Sewer Operating Adjustments - Transfer From +ve / To Reserve (-ve)		\$13,887,700		(\$218,750)	(\$68,750)		EQUITY
Property & Economic Development - Capital							
Land Sales - Warnervale - Defer Construction costs due to delays in approvals and sale			\$2,000,000			EXT	CAP
Land Sales - Warnervale - Reduce Transfer From Reserves			(\$2,000,000)			EXT	CAP
Infrastructure Management - Capital							
Construction Link Road, Warnervale - Northern Section - Increased costs due to soil conditions funded by Section 94			(\$1,600,000)			EXT	CAP
Transfer from Section 94 - Link Road			\$1,600,000			EXT	S94
Construction Link Road, Warnervale - Northern Section - Water & Sewer Sleeves & Replace Water Main				(\$600,000)		EXT	CAP

Variation Description		General Fund	General Fund - Restricted Funding	Water Fund	Sewer Fund	Reason for Adjust.	Impact
Transfer from Section 64 - Link Road Associated Works for Water & Sewer Sleeves and Replacement of AC Water Main				\$600,000		EXT	S64
General Fund - Capital Purchase of Land from Section 94 (Margaret Street, Wyong - valuation to be confirmed)			(\$1,000,000)			EXT	EQUITY
General Fund Transfer From Land Reserves - Purchase of Land from Section 94			\$1,000,000			EXT	EQUITY
Section 94 - Sale of Asset			\$1,000,000			EXT	S94
Transfer to Section 94 Reserves- Funds from Sale of Land (Margaret Street, Wyong - Valuation to be confirmed)			(\$1,000,000)			EXT	S94
Roads - Reduce Capital Work Programs - Reseals \$1.5M (reduce Service Levels)		\$1,500,000				INT	CAP
Water Capital Works Program - Deferrals & Adjustments				\$1,400,000		INT	CAP
WEZ Water Supply Infrastructure	Deferral of works until 2011/12 or when the Developer Activity commences requiring the infrastructure.			\$1,200,000		INT	CAP
750mm Water Trunk Main - Mardi to Warnervale Trunk Main	Deferred design and land acquisition with infrastructure construction commencing 2015, deferred to reduce borrowing requirement.			\$200,000		INT	CAP
Reduction in Water Loans - due to reduced Capital Works Program				(\$1,400,000)		INT	LOANS
Sewer Capital Works Program - Deferrals					\$5,828,000		CAP
Charmhaven Sewerage Treatment Plant	Defer for two years based on the physical demands subject to organisational review of long term financial plans (external contract).				\$3,000,000	INT	CAP
Sewer Pump Station C-16 - Blue Haven & Rising Main	Defer for 2011/12 subject to organisational review of long term financial plans (external contract)				\$1,003,000	INT	CAP
Bateau Bay Inlet Works	Defer for two years subject to organisational review of long term financial plans (external contract)				\$1,000,000	INT	CAP
WEZ Sewer	Reduce current year allocation from \$1M to \$500K due to lower levels of developer activity. With balance of works deferred to 2011/12 (\$500K), due to reviews of organisational long term financial planning requirements.				\$500,000	INT	CAP
Gravity Sewer Pump Station C16 - Blue Haven	Defer for 2011/12 subject to organisational review of long term financial plans (external contract)				\$75,000	INT	CAP
Sewer Capital Works Program - Unallocated (Reactive)	Reduce unallocated works budget from \$450K to \$200K, in line with budget restraint. Balance is required to meet urgent and reactive works as they occur.				\$250,000	INT	CAP
Sewer Transfer from Reserves	Reduce Transfer from Sewer Reserves due to reduction in Sewer Capital Works program				(\$5,828,000)	INT	EQUITY
Roads & Drainage - Bridge Construction		(\$335,000)					CAP
Hidden Valley	Critical works	(\$210,000)				INT	CAP
Hornes Bridge Ourimbah	Critical works	(\$125,000)				INT	CAP
Community & Recreation - Capital							
Recurrent Oval Upgrade Funds		\$50,000				INT	CAP
Surf Club Grant Funding - Dept of Infrastructure Transport Regional Dev			\$0				CAP
Shelly Beach Surf Club	New Grant		(\$2,376,407)			EXT	CAP
Shelly Beach Surf Club	New Grant		\$2,376,407			EXT	CAP INCOME
Soldiers Beach Surf	New Grant		(\$2,374,906)			EXT	CAP
Soldiers Beach Surf	New Grant		\$2,374,906			EXT	CAP INCOME
Hamlyn Terrace Playing Fields - Reduction Construction Budget funded by Section 94			\$2,596,629			INT	CAP
Reduce Transfer From Section 94 - Hamlyn Terrace Playing Fields Section 94			(\$2,596,629)			INT	EQUITY
Section 94 - Deferred Capital Program due to funding requirements for Northern Link Road			\$2,010,000				EQUITY
Warnervale Town Centre Knowledge Centre			\$150,000			INT	CAP
Embellish Halekulani Hall			\$200,000			INT	CAP
Public Art Commission			\$60,000			INT	CAP
Wadalba Environmental			\$140,000			INT	CAP
Wyong Carpark Investigations			\$60,000			INT	CAP
Roads - designs and			\$50,000			INT	CAP

Variation Description		General Fund	General Fund - Restricted Funding	Water Fund	Sewer Fund	Reason for Adjust.	Impact
<i>Drainage - designs and estimates</i>			\$50,000			INT	CAP
<i>Warnervale Road</i>			\$1,300,000			INT	CAP
General Fund - Reduce Transfers From Reserves for Capital Works		(\$1,215,000)				INT	EQUITY
Reduce Transfers From Section 94			(\$2,010,000)			INT	EQUITY
Playground Construction	Defer works - originally funded by Land Reserves however insufficient reserve funds to proceed pending sale of land		\$370,000			INT	CAP
Reduce Transfer from Land Reserve - Playground Construction	Defer works - originally funded by Land Reserves however insufficient reserve funds to proceed pending sale of land		(\$370,000)			INT	EQUITY
Access to Sohler Park	Defer works - originally funded by Land Reserves however insufficient reserve funds to proceed pending sale of land		\$500,000			INT	CAP
Reduce Transfer from Land Reserve	Defer works - originally funded by Land Reserves however insufficient reserve funds to proceed pending sale of land		(\$500,000)			INT	EQUITY