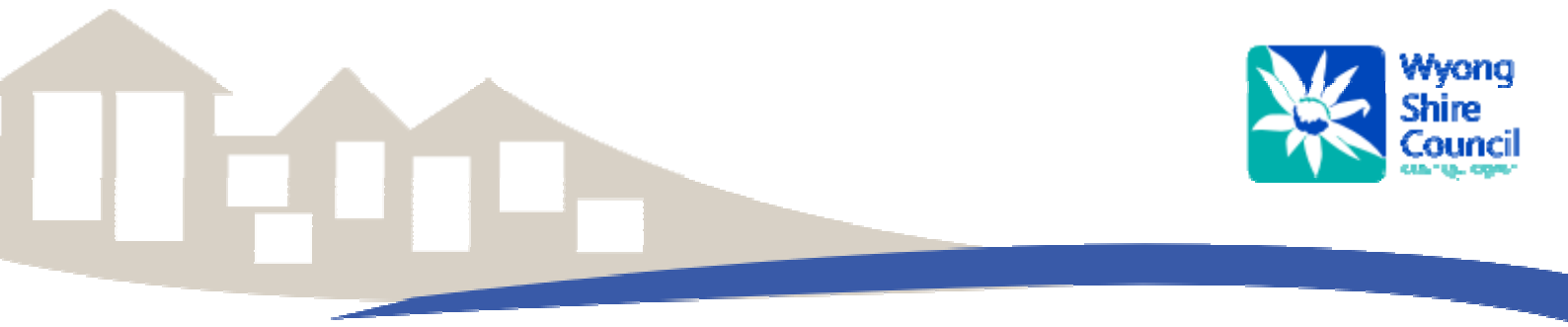


Wyong Shire Council

ORDINARY COUNCIL MEETING

ENCLOSURES

Wednesday, 23 May, 2012



WYONG SHIRE COUNCIL
ENCLOSURES TO THE
ORDINARY COUNCIL MEETING
TO BE HELD IN THE COUNCIL CHAMBER,
WYONG CIVIC CENTRE, HELY STREET, WYONG
ON WEDNESDAY, 23 MAY 2012 ,
COMMENCING AT 5:00 PM

INDEX

4.8	2011-15 Strategic Plan - March Quarter Review	
	Attachment 1: Business Report Q3 - March 2012	3
4.9	One Association - Wyong Shire Council Voting Delegates	
	Attachment 2: Correspondence from Presidents of the Associations	54
5.2	Proposed Major Transport Infrastructure Projects	
	Attachment 1: Key Infrastructure Study - DRAFT Interim Report 2 - 23 April 2012	93
5.8	Outstanding Questions on Notice and Notices of Motion	
	Attachment 1: Table of Outstanding Questions on Notice and Notices of Motion - 23 May 2012.....	160



Business Reporting 2011-12

Q3

1. Overview

Financial Performance January – March 2012

The third quarter of 2011-2012 has seen Council's financial position continue to be challenged and closely monitored.

The overall operating result year to date (YTD) is a surplus of \$39.6m against a budget of \$39.8m, a variation of \$0.2m.

The YTD net operating result before capital grants and contributions is a surplus of \$32.1m against a budget of \$30.0m.

These results include Rates & Annual Charges income of \$128.9m which represents the full year income. Of this only 3/4 represents funding of Council's YTD operations.

Q3 Financial Forecast

The March quarter budget review is forecast to year end to have a budget deficit of \$14.7m, which is the same as what was predicted in the December quarter review. Tight budgetary control has continued in Q3 to reaffirm Council's commitment to the target of a (\$15m) deficit at year end - despite significant budget challenges.

The majority of service levels are being maintained within the fiscal target, and ensure Council remains on track to reverse the operating short-falls and return to a break-even position by 2014-2015.

Capital Expenditure

YTD expenditure totals \$37.4m, against the YTD budget of \$61.7m, and represents 39.4% of the full year capital budget. Budget variations totalling \$22.3m are included in this Q3 budget review and are detailed later in this report.

Financial Performance Year to Date (YTD)

	Actual YTD \$'000	Adopted YTD Budget \$'000
Income	204,232	210,801
Expenses	164,586	171,028
Net Operating Result	39,646	39,772
Net Operating Result before capital grants & contributions	32,079	29,954

Financial Position

	Actual YTD \$'000	Adopted Full Year Budget \$'000
Assets	2,253,479	2,148,443
Liabilities	312,104	308,532
Position	1,941,375	1,839,911

Council's financial position shows \$1.9b net equity. The improved position over budget is due to new assets in particular the Mardi to Mangrove Pipeline and a favourable cash position due to the timing of the capital works program.

2. Highlights

Wyong Lifeguards Win Cook Cup Challenge

The annual Cook Cup Challenge was held in January at Shelly Beach with Lifeguards from Wyong and Gosford Council's competing for the trophy. Lake Macquarie Council Lifeguards were also invited to join in the fun which provided additional excitement for both competitors and spectators.

Wyong took the trophy for first place, coming first in every team event and Wyong Lifeguard Scott Higgins received the trophy for the Individual Mission.

A very large crowd attended the Challenge with the recently opened Shelly Beach Surf Life Saving Club reaching capacity after the event which was a great opportunity to showcase the venue.

Sporting stalwart is leading citizen



Margaret Beardslee, pictured with Mayor Bob Graham, of Killarney Vale, was named Citizen of the Year as part of Wyong Shire Council's Australia Day Awards. The honour recognising her contribution to the community.

Twice named a duathlon world age champion and the winner of the half marathon in the over 50 division of the 2009 World Masters Games, Margaret has an outstanding sporting pedigree.

However, she has worked just as hard coaching and mentoring junior and senior athletes, working as the

honorary secretary of the Mingara Athletics Club and raising money to help athletes travel to events throughout Australia and overseas.

Margaret, has also contributed to Wyong Shire's small business community as a co-owner of the 'Coast Runners Shop'. In this capacity, she was well known for her generosity in donating goods for community fund-raising.

Lynette Smith, of Kanwal, was highly commended in the Citizen of the Year section for her dedication to the Candles Cancer Support Group; Friendship Angels network; and Wyong Community Cancer Network.

In other awards, the popular Blue Light Disco was recognised for its contribution to the local community and Margaret Beardslee also received a second award in the sporting category.

Toukley Business Owner, Dawn Bailey, who founded and volunteered at Toukley Greater Vision, and is a Life Member of the Toukley & District Chamber of Commerce, received the award for contribution to business.

Budgewoi's Olive Nowland, who was a founding member of the Budgewoi Ladies Choir in 1963, was given the cultural award; while Felicity Pyke of The Entrance received the Volunteer award for her contribution to many groups including 'Wrap with Love', which knits wraps for the disadvantaged and elderly.

The environmental award was given to Allan Browne, of Chain Valley Bay, for his voluntary activities with Budgewoi Dunecare.

Council's support of tourism bears fruit

Council's support of Central Coast Tourism was rewarded in February with more than \$64,000 in funding for four projects in the Shire granted as part of the State Government's tourism development grants.

Overall, nine projects on the Central Coast received funding support from Destination NSW, with almost half the projects located in the Shire.

The Destination NSW funding is part of a wider package of \$250,000 to develop tourism across the Central Coast, under the \$5 million Regional Tourism Product Development Funding Program.

The projects in Wyong Shire to receive funding to enhance visitor experiences and boost tourism to the local area include:

- \$20,000 for the Norah Head Lighthouse and Reserve Trust for interpretive signage
- \$12,750 for Lakes Beach United Dunecare CoastCare Inc to purchase three beach access wheelchairs
- A total of \$32,250 for Tuggerah Lakes Reserve Trust for two projects: the Pioneer Dairy/Central Coast Wetlands interpretive signage and to upgrade the pathway from the historic Pioneer Dairy Cottage tea room to the newly constructed wetland.

Mayor Bob Graham said he was delighted with the funding announcement. The tourism product development grants provided by the NSW State Government through Central Coast Tourism will have a significant impact on key tourism attractions in Wyong Shire, and will fast track several projects that otherwise would possibly have taken years to implement.

Family history research room

In February Council opened a new purpose built Family and Local History Research Room at the Tuggerah Library. Mayor, Bob Graham and Manager of Public Access of State Records, Christine Yeats, officially opened the room.

Tuggerah Library has one of the best local studies and family history collections in the state and now there is

a dedicated room with computers, microfiche and microfilm so people can have access to the latest equipment and resources to research their family or local history.

The digitalisation of records has made it much easier for people to research their family history. The dedicated room at the library makes it even easier, with free access to *ancestry.com* and *findmypast.com*, access to historical records on microfilm and a reading room to read social history books or historic newspapers to compliment their research.

On-Line Building Inspection Bookings

In February Council's Building Certification and Health Unit introduced On-Line Inspection Bookings for building inspections. The service is accessed through Council's website where customers are able to complete an inspection request form.

The key benefits of the system include the ability to book inspections from remote locations and to book inspections at any time of the day or on weekends. Feedback on the system to date has been very positive and further enhancements to the system are now being investigated to increase the user-friendliness and to further streamline the overall process.

Council successful in graffiti funding

Council has received \$88,500 in funding for two hotspot locations – Colongra Bay Hall and Wadalba Amenities Block, for the provision of perimeter lighting and external building works, including anti-graffiti coatings and mural design.

In addition, Council is still providing FREE graffiti removal buckets to residents and FREE chemicals for community groups.

Clean up Australia Day

Clean Up Australia Day was held on Sunday March 4. This year over 23 sites were registered and supported by Council. Over 22 schools participated in the day. Registered sites were provided with site signs, bags, gloves and risk assessments. The sites were also promoted via Shirewide in the Central Coast Express advocate and the Clean up Australia Day website.

International Women's Day

International Women's Day was celebrated on March 8. This year's theme was "Supporting Women's Economic Empowerment". Celebrations involved over 120 women who attended a breakfast at Council Chambers. Highlights included meeting last year's Telstra Business Women of the Year and the announcement of the Wyong Shire Status of Women's Committee. Guests listened to stories of international programs which offer education and opportunities for economic empowerment for the women of India. They were also entertained by the "Singing Hands Choir" ensemble.

Council announces Status of Women Advisory Committee

The newly formed Status of Women Advisory Committee is made up of community members, Councillors and staff who will focus on empowering and engaging women in our local area.

The main aims of the Committee will be to:

- Promote the status of women in the Wyong Local Government Area (LGA)
- To foster active participation from women in the Wyong LGA to link with established networks
- To encourage and support the community to conduct and participate in organised women's events
- To promote a regional focus on the status of women.

Turning a light on energy-saving

In a move that will save about \$27,000 a year, lights in Wyong's civic centre and council administration office are being replaced by new ones that use less electricity.

The project involves the replacement of about 1,700 fluorescent tubes and 149 downlight bulbs.

The retrofit program demonstrates that replacing energy-hungry bulbs and older fluorescent tubes will bring significant savings in the long term.

The Council's up-front investment is about \$15,000. There are also plans for similar lighting upgrades at other facilities such as Wyong Shire libraries and Little Coast Kids child care centres.



Seniors Week

Seniors Week was held in March. With a theme of "Live Life", events commenced with a morning concert in Council's Function Centre on 19 March. Other activities included information expo, laughter workshops, bus tours and concerts.

Sports field usage

Council is supplying quality sporting facilities for over 26,500 hours of sporting activities for the 2012 winter season across 10 different sporting associations. These hours do not include school usage or personal trainers.

Council's Lifeguards

Although the weather this summer was one of the worst on record, Council's Lifeguards still had plenty of work to do in ensuring the safety of all beach users. Our Lifeguards were involved in treating a number of serious first-aid cases which required hospitalisation. These ranged from broken legs to spinal injuries and heart disorders. Rescue numbers have been down; however they still occurred, usually outside the patrolled areas.

The Lifeguards have assisted a large number of local schools by participating in their school sports programs. Topics included "Providing Surf Awareness", "Rip Identification" and "Beach Education". The programs were carried out on a weekly basis and resulted in some students attaining their OSSA, or Surf Survival Certificates. Lifeguards also visited a number of pre-schools and day care centres over summer to provide "Beach Education".

In the coming winter months, some of the permanent Lifeguards will be involved in delivering Vocational Educational and Training and Accreditation Board (VETAB) first aid courses to Council staff.

Lake Haven Library

Lake Haven Library has developed a partnership with the Break Thru community group to deliver routine literacy sessions as part of the Connect Links to Learning Program.

Break Thru operates Links to Learning from Gravity Youth Centre at Lake Haven. This program is for young people aged 16 to 24 years who are early school leavers.

This nurturing of the relationship between students and local librarians is characteristic of a new approach to quality service provision through the library service. In partnering with Break Thru, the library service is effectively taking services beyond the walls of the library buildings, into the community itself

where our capacity to affect positive change and make a difference to literacy levels in the Shire is maximised.



3. Progress on Principal Activities

Council's Delivery Plan

Council's 2011-15 Strategic Plan details the main activities Council will deliver from 2011-12 through to 2014-15.

The Local Government (Planning and Reporting) Amendment Act 2009 has replaced the Management Plan and Social Plan requirements that previously guided Council's corporate planning processes. As a result of these changes, Council now prepares a 4 Year Strategic Plan and reports quarterly on progress against it.

Council's Strategic Plan contains the:

- **4 Year Delivery Plan**

The 4 Year Delivery Plan outlines the Principal Activities plus the capital investment to be undertaken by Council in the medium term. It also includes actions for delivering the objectives and strategies within the Community Strategic Plan.

- **Annual Plan**

The Annual Plan is a subset of the 4 Year Delivery Plan and describes the activities to be undertaken by Council in the 2011-12 financial year. The Annual Plan includes the Capital and Operational Expenditure Budgets for the coming financial year.

Council's Principal Activities

Council has the following 12 Principal Activities that are the core services it provides to the community:

1. Community & Education
2. Community Recreation
3. Economic & Property Development
4. Council Enterprises
5. Regulatory
6. Environment & Land Use
7. Waste Management
8. Roads
9. Drainage
10. Sewerage Services
11. Water Supply
12. Administration

Assessing Council's Progress

In assessing Council's progress in implementing the 2011-2015 4 Year Delivery Plan and the 2011-2012 Annual Plan, a range of qualitative and quantitative performance measures are used.

Within the Strategic Plan there are Key Performance Indicators (KPIs) which focus on overall organisational performance and Service Performance Indicators (SPIs) which focus on the individual services and products Council provides to the community through its Principal Activities. There are also details of relevant actions that Council has decided to take to achieve required outcomes for the community. The organisational KPIs have been allocated to relevant Units and are reported together with the other Unit specific indicators. This report details the progress against the relevant performance indicators and actions from the Strategic Plan. Where targets have not been achieved or actions are not on track, comment is provided as to how this will be addressed in future quarters.

The table below is a summary of the overall progress, see Attachment 7 for a detailed report on progress for the third quarter.

Status	Number	%
On Track	107	67
Not On Track	15	10
KPI Achieved	13	8
Project Completed	14	9
Project Deferred	10	6

Major Projects

The Strategic Plan also identifies 10 Council projects as "**Major Projects**". These are high-priority projects that are designated by the General Manager as being of critical importance to improving service delivery to the community.

Responsibility for completion of these critical projects in accordance with their approved work program usually rests with Operational Units or Departments. A Major Projects Unit in the General Manager's Department supports and monitors progress as well as being directly responsible for delivery of the remainder of the Projects. The table below lists the overall status of each Major Project. Further details on progress of specific actions related to the Major Projects are also contained within the relevant Principal Activity in Attachment 7.

Wyong Shire Council Designated Major Projects			
Project Name	Responsible Unit	YTD Progress	Service Number
Shire-wide Comprehensive LEP and DCP	Land Use Planning & Policy Development	Project On Track	6.3.1
*Estuary Management Program	Environment & Planning Services Directorate	Project On Track	6.4.1
Sustainability within Council	Environment & Planning Services Directorate	Project On Track	6.5.1
Warnervale Town Centre	Major Projects Unit	Project On Track	3.2.1
Aged Care Centre of Excellence	Major Projects Unit	Project On Track	3.2.1
Water Corporation Establishment	Water & Sewerage Services	Project On Track	11.1.3
Procurement Review	Contract & Project Management Unit	Project On Track	12.2.1
** Review of Emergency Services	Plant, Fleet & Depots Unit	Project Not on Track	12.9.6
"Councils on Line" Computer System	Information Management Unit	Project on Track	12.6.3
Community Facilities Review	Community & Cultural Development Unit	Project on Track	1.1.4

*The EMP is on track for works being carried out under Caring for our Country Funding. This program however delivers on part of the EMP only. Until funding is expended other activities are not receiving priority

** Project on track excluding timeframe

4. Financial Report

FINANCIAL PERFORMANCE

Operating Result and Forecast

The March quarter review is forecast to year end to have a reduced full year budget deficit of (\$14.7m) which is the same as what was predicted in the December quarter. Overall the majority of service levels can be maintained within the fiscal target, and ensure Council remains on track to reverse the operating short-falls and return to a break-even position by 2014-2015.

The third quarter of 2011-2012 has seen Council's financial position continue to be monitored and rigorously reviewed.

The significant change in WSC's organisational activity to long term sustainability has been achieved by a focus on maintaining tight fiscal control over expenditure through monthly budget reviews, strict internal controls over labour costs and the implementation of a Project Assessment Team to review alignment and project scopes prior to commencement. WSC has continued to focus on identifying and implementing cost savings and productivity improvements to operations resulting in identified programs to improve the business and service delivery.

The Quarter 3 financial result is slightly unfavourable to budget, with income under budget by \$6.6m and expenditure under budget by \$6.4m, net \$0.2m unfavourable result YTD, however remain on track to achieve the year end fiscal target of (\$15.0m) deficit.

The following pages provide an analysis of operating income and expenditure as at 31 March 2012 and summary of significant proposed budget variations for Q3.

Income Analysis

As at 31 March 2012, income is \$6.6m under budget.

	CONSOLIDATED			
	Last Year	YTD	YTD	FYR
	Actual	Actual	Adopted	Adopted
	2011	2012	Budget	Budget
	\$'000	\$'000	\$'000	\$'000
INCOME from continuing operations:				
Revenues				
Rates & Annual Charges	119,622	128,935	129,430	129,238
User Charges & Fees	53,712	40,149	44,908	60,163
Interest and Investment Revenue	8,906	6,733	5,607	7,411
Other	2,680	2,316	1,830	2,445
Grants & Contributions Operating	23,547	17,585	18,912	27,339
Grants & Contributions Capital	43,405	7,567	9,818	19,728
Gain from the Disposal of Assets	495	946	298	410
Total Income from continuing operations	252,366	204,232	210,801	246,734

Analysis of this variation has uncovered the following issues and risks:

Rates and Annual Charges

Rates and Annual Charges are levied in full at the beginning of the year and payable in four instalments in August, November, February and May. Analysis of this area is best concentrated on full year projections. YTD actuals are \$303K under the full year budget projection. This impact relates primarily to the Water business.

User Charges and Fees

YTD actuals for User Charges and Fees are \$4.8m unfavourable to budget, the notable variances include:

- Waste Management fees are below budget by \$2.1m but are tracking on par with 2010/11 income. Offsetting this is reduced YTD operating expenses.
- Water Usage charges continues to lag budget by \$1.4m due to lower consumption levels. Water consumption may increase relative to budget in Q4 with restrictions being eased to Level 1, subsequent to the close off of this report.
- Improved revenue generation from Community Facilities and rental income above budget by \$0.7m.
- Sewer Usage and Trade Waste Usage unfavourable by \$0.5m
- RTA charges are down against budget by \$0.5m

Interest and Investment Revenue

Interest revenue of \$6.8m is ahead of budget by \$1.1m reflecting increased cash holdings due to delays in capital works programs and loan borrowings being drawn down in March 2012. A budget adjustment of \$1.4m has been included in this budget review. The recent drop in the official interest rate by the Reserve Bank of Australia will have a negative impact on the Q4 portfolio yield, however it is expected that the 2011/12 income will achieve revised budget expectations.

Grants & Contributions Operating

Operating Grants are unfavourable to budget \$1.4m and relates to the Estuary Management Plan. A budget adjustment of \$1.4m is included in this review to reflect a reduction in operating grant income and expense for this program.

Grants and Contributions Capital

YTD actuals for Capital Grants and Contributions are \$2.3m unfavourable to budget, the notable variances include:

- S94 Developer Contributions are tracking behind budget by \$0.2m, and S64 Developer Contributions by \$1.4m in alignment with current market development activity levels.
- The YTD budget includes \$1.9m for Joint Water Supply projects that will be equalised with Gosford City Council prior at year end.

Significant proposed budget variations (over \$0.1m)

The following is a summary of the proposed operating income budget variations included in the Q3 review, over \$0.1m:

Description	Increase or Decrease Budget	Amount
Adjustment to operating income in Rural Fire budgets to reflect the approved 2011/12 allocations under the NSW Rural Fire Fighting Fund	Increase	\$0.3m
Roads program, increase in operating grants, offset by additional expenditure	Increase	\$0.5m
Temporary increase in cash holdings, leading to increased interest on investments	Increase	\$1.4m
Reduction in flood study grant revenue offset by reduction in expenditure	Decrease	(\$0.2m)
Estuary Management Plan reduction in operating grant income and associated expenditure for the 2011/12 financial year	Decrease	(\$1.4m)

Expenditure Analysis

As at 31 March 2012, expenditure is \$6.4m under budget. Analysis of this variation is as follows:

	CONSOLIDATED			
	Last Year	YTD	YTD	FYR
	Actual	Actual	Adopted	Adopted
	2011	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000
EXPENSES from continuing operations:				
Employee Costs	74,876	54,386	55,947	79,293
Borrowing Costs	12,259	10,345	9,617	14,012
Materials and Contracts	43,830	31,216	38,130	57,692
Depreciation	53,594	43,691	42,013	56,509
Other	39,778	24,837	25,013	33,772
Loss from the Disposal of Assets	1,988	112	309	420
Total expenses from continuing operations	226,326	164,586	171,028	241,698

Employee Costs

Employee costs account for Council's largest expenditure type and are closely monitored on a regular basis. Employee costs are favourable to YTD budget by \$1.6m. Council has continued to maintain strict internal controls over labour expenditure which represents 33% of total operating expenses. Controls include an internal approvals process to ensure budget is achieved and targeted leave reduction programs. The favourable YTD position is consistent with the tight controls on labour during the first half of the year. It is anticipated that recruitment activities in Q3 will slow the budget advantage gained to date and in some areas costs savings have been offset by external resources.

Borrowing Costs

Borrowing costs are unfavourable YTD to budget by \$0.7m, primarily due to borrowing costs on new loans and interest paid on deposits and bonds. The borrowing environment remains difficult to forecast in the long term.

Materials and Contract

Materials and contracts are \$6.9m under budget YTD, the majority of which is due to normal timing variations. Close scrutiny of expenditure in this area will continue across the remainder of the year. A wide range of expenses are captured in this category. The largest YTD variation is in materials purchases which are under budget by \$4.0m. Council continues to improve the budgetary control framework including refinement of accruals on goods and services which have already been received and ongoing review of budget phasing.

Depreciation

YTD depreciation is unfavourable to budget by \$1.7m and a budget adjustment has been included in this review. A review of Council's full year depreciations budgets was completed in Q3. The review considered areas such as planned capital expenditure and targeted useful lives. The largest area impacted by the review was the acceleration of library book depreciation (\$1.1m).

In addition as part of the Division of Local Government's rolling revaluation requirements Council's Water and Sewer assets will be re-valued prior to year end. This will impact on full year depreciation figures. The magnitude of the impact cannot be determined until the revaluation is complete in Q4.

Significant proposed budget variations (over \$0.1m)

The following is a summary of the proposed operating expenditure budget variations included in the Q3 review, over \$0.1m:

Description	Increase or Decrease Budget	Amount
Estuary Management Plan reduction in operating expenditure for the 2011/12 financial year	Decrease	(\$1.4m)
Reduction in flood study expenditure	Decrease	(\$0.3m)
Correction of budget duplication for The Entrance SLSC Upgrade	Decrease	(\$0.1m)
Adjustment to operating income in Rural Fire budgets to reflect the approved 2011/12 allocations under the NSW Rural Fire Fighting Fund	Increase	\$0.2m
Roads Program, additional grant funded works	Increase	\$0.2m
Q3 full year review of depreciation budgets	Increase	\$0.8m
Recognition of the revised amortisation discount on the waste remediation provision.	Increase	\$1.2m

The detailed financial reports can be found on pages 28 to 35 of this report and include a full list of the proposed budget amendments in the Q3 Review.

Operating Results and Forecast - by Fund

Net operating results by fund are detailed below and show contrasting performances.

- General Fund is ahead of budget by \$7.4m with revenue on par and the surplus largely explained by the under spend in Materials & Contracts of \$6.1m – further analysis is required.
- Water fund is under budget by \$5.8m due to lower water usage fees and capital contributions noted in the revenue commentary. Overall expenses for Water are on budget.
- Sewer fund is under budget by \$1.8m due also to lower usage fees and capital contributions. Overall expenses for Sewer are on budget.

Operating results and forecast by fund

	Full Year 2011 \$000	Q3 Actual \$000	Q3 Adopted Budget \$000	Q3 Variance \$000	FYR Adopted Budget 2012 \$000	Proposed Budget Changes \$000	Proposed Adopted 2012 Budget \$000
Net operating result before capital grants and contributions:							
General Fund	(1,957)	32,891	27,709	5,182	(559)	1,071	512
Water	(9,569)	(3,343)	(1,092)	(2,251)	(8,571)	(811)	(9,382)
Sewer	(5,838)	2,531	3,337	(806)	(5,562)	(265)	(5,827)
Consolidated	(17,364)	32,079	29,954	2,125	(14,693)	(5)	(14,698)
Including capital grants and contributions:							
General Fund	10,117	39,143	31,696	7,447	7,068	1,581	8,649
Water	20,956	(2,256)	3,538	(5,794)	95	(800)	(705)
Sewer	(5,032)	2,759	4,538	(1,780)	(2,127)	(265)	(2,392)
Net operating result	26,041	39,646	39,772	(127)	5,036	516	5,552

Operating results by Reportable Business Unit

	Full Year 2011 \$000	Q3 Actual \$000	Q3 Adopted Budget \$000	Q3 Variance \$000	FYR Adopted Budget 2012 \$000
Waste Management	7,553	17,599	18,785	(1,186)	7,647
Holiday Parks	1,079	480	(274)	754	(682)
Children's Care & Education	(659)	(484)	(426)	(59)	(592)

Waste Management

- Waste Management is under budget expectations by \$1.2m, with user charges and fees under budget by \$2.1m, while operating expenses are under budget by \$0.9m.

Holiday Parks

- Holiday Parks are ahead of budget expectations by \$0.7m, with user fees under budget by \$0.3m due to wetter summer months and expenses under budget by \$1.0m. Finalisation of a business strategy is currently underway which will support increasing utilisation.
- In 2010/11 Holiday Parks made a \$1.1m profit. In 2011/12 The full year adopted budget is a loss of \$0.7m. This turnaround is primarily due to Cluster Plan contributions. In 2010/11 the cluster plan was not approved until June 11, therefore contributions from Holiday Parks for works undertaken in the Shire on Crown lands were only \$0.3m. In 2011/12 the budget for these contributions is \$1.5m. In addition depreciation on fixed assets has increased \$0.3m.

Children's Care and Education

- Children's Care and Education are under budget by \$0.1m, with income under budget by \$0.4m and expenditure under budget by \$0.3m. Budgeted utilisation levels have not been met at each individual centre. A reduction in utilisation also reduces expenditure due to reduced staffing requirements. A marketing strategy is being developed to assist in increasing utilisation.
- During 2011/12 a communication strategy has been in place that focuses on positive media releases, emphasising the high quality of our centres and staff, proactive adjustment to the new National Quality Standards (NQS), effective implementation of the Early Years Learning Framework (EYLF) as well as highlighting our unique features such as Speech Pathology and the not-for-profit approach of Wyong Shire Council's Care and Education.
- A number of budget savings have been introduced in 2011/12, including reductions in labour costs, reduced expenditure on materials including food and nappies, a three stage fee increase methodology and the introduction of several new fees to reduce the funding shortfall in this Business Unit.

CENTRAL COAST WATER CORPORATION

Gosford City and Wyong Shire Councils are working together to create the Central Coast Water Corporation.

The Councils are currently investigating options for a proposed operating model of the new Corporation taking into account costs, impacts on the Councils and community benefits. The decision to transfer the Council's functions will be subject to ensuring the financial impacts on the Councils can be managed.

A project team and associated budgets have been adopted by the Councils to manage the establishment of the CCWC.

The following table provides a high level summary of expenditure to date. It is split between expenditure incurred by the Councils and expenditure incurred by the Board of CCWC. Expenditures are on track against budget over the total project timeframe.

	Total Project				2011-2012	
	Total Budget (to 30 June 2013)	Current Estimated Final Cost (To 30 June 2013)	Total Expended and Committed	Total Expenditure to date	2011-2012 Budget	2011-2012 Expenditure to date
CCWC - Councils' Expenditure						
External Resources						
Consultants	1,988	1,988	864	742	900	365
Internal Resources						
Project Management Team	1,613	1,613	482	482	750	330
Accommodation	300	176	134	77	150	77
Delivery Team	810	810	0	0	0	0
Subtotal	4,711	4,587	1,480	1,301	1,800	772
CCWC - Corporation Expenditure						
Board Expenses	500	500	88	48	250	48
Subtotal	500	500	88	48	250	48
Total	5,211	5,087	1,568	1,349	2,050	820

CAPITAL EXPENDITURE

Council's capital expenditure program is always subject to changes caused by reviews of priorities, weather, availability of support funding and the speed of many development projects. This year the program has been affected substantially with expenditure to 31 March 2012 amounting to \$37.4m, against a YTD budget of \$61.7m, representing 39.4% of the current full year Adopted Budget of \$94.9m.

By their very nature, large capital projects can involve substantial lead times to finalise detailed designs and obtain all necessary approvals and permits before work can commence. There can also be changes (increases or decreases) in the final costs of the work, compared with original preliminary cost estimates, as detailed design proceeds.

As outlined in a report to Council on 28 March 2012 there will be significant underspend on Council's adopted capital works program for 2011-12, of approximately \$22m. This is due to a combination of savings on completed works and delays or deferrals in proceeding with other projects. Delays to the projects in the Warnervale area translate to deferment of works. A number of projects were approved to be brought forward from future years to take advantage of the current under expenditure, including:

- \$1.5m road pavement renewal,
- \$0.36m for The Entrance Town Centre Masterplan,
- \$0.28m for the Toukley Town Centre Masterplan,
- \$0.25m for streetscape improvements on the Central Coast Highway through Long Jetty and
- \$0.2m for the Playground Management Program.

The budget adjustments reflect the Council resolution of 28 March 2012 and will result in a revised Full Year Adopted of \$72.7m.

A full listing of the budget changes can be found at Attachment 6.

The following table provides a summary of the 2011-12 Capital Works budget, subject to Council approval.

Capital Works

<i>Details</i>	<i>Amount \$ 000</i>
Q2 Full Year Adopted Budget	103,590
Gosford Contribution for Joint Projects	(8,690)
Total Q2	94,900
Q3 Capital Works Budget Adjustments	(22,250)
Q3 Proposed Full Year Adopted Budget	72,650

Details of major capital projects (greater than adopted budget of \$1.5m) to 31 March 2012 are as follows.

Significant Capital Projects

	<i>Expenditure YTD \$'000</i>	<i>Adopted Budget \$'000</i>	<i>Variance \$'000</i>	<i>% Spent</i>
Minnesota Road	1,978	2,500	522	79.1%
Bitumen Resurfacing 2011/12	924	3,657	2,733	25.3%
Warnervale Town Centre Access Road	18	1,706	1,688	1.1%
Mardi to Mangrove Pipeline Link project	6,684	14,000	7,316	47.7%
Construct Civil Mechanical Telemetry & Electrical Work at SPS TO 22	67	2,200	2,133	3.0%
Extension of Rising Main B9-B1 Meet STD and Eliminate Existing Problem with Gravity Sewer	2,441	4,500	2,059	54.2%
Upgrade Inlet Work Bateau Bay STP	35	1,500	1,465	2.3%
Construct New Sewerage Pumping Station C16 at Blue Haven	23	2,000	1,977	1.2%
Hamlyn Terrace Playing Fields	1,995	2,128	133	93.8%

A summary of capital expenditure by Council Service is provided in the financial reports at Attachment 5.

INVESTMENT AND DEBT MANAGEMENT

Cash Flow Analysis

Cash levels increased in the third quarter by \$22.9m predominantly due to borrowings of \$18.1m being drawn down and rates instalments received during the quarter.

Closing cash and investments were \$162.3m.

Cash flow analysis

Cash and Investments:	Original Budget* \$'000s	Year to Date \$'000
Outgoings		
Employees	(80,304)	(56,484)
Materials and contracts	(56,581)	(41,071)
Borrowing	(14,012)	(11,544)
Other	(38,375)	(25,232)
Incomings		
Rates & User charges	190,543	144,973
Interest	7,751	6,097
Grants and contributions	45,183	33,206
Other (incl land sales)	2,445	317
Capital		
Borrowings	8,275	10,773
Purchases of Assets	(73,007)	(37,006)
Other		-
Net Cash/Investment Movement	(8,082)	24,029
Opening Balance	114,000	138,237
<i>Closing Balance:</i>		
General	45,529	94,958
Water	36,450	28,122
Sewerage	23,939	39,185
Closing Balance	105,918	162,266