

Budget and Operational Plan 2010/11



Mayor's Message



The 2010/11 budget is the most significant budget in 130 years of local government in our magnificent region.

For Moreton Bay Regional Council, it is without a doubt the "line in the sand" budget - the budget that heralds our coming of age as one true council.

Besides containing plenty of region-building capital works, projects, programs and initiatives, the 2010/11 highlights the strong financial credentials of Moreton Bay Regional Council - and our commitment to provide ratepayers with value-for-money.

As part of the 2010/11 budget, Moreton Bay Regional Council has been able to deliver what all Moreton Bay ratepayers have been eagerly and patiently awaiting since amalgamation - one rating policy for the entire region.

When the State Government released new land valuations in March 2010, Moreton Bay

Regional Council was finally able to cast off the shackles of the former councils' rating policies. In just four months, we have managed to achieve this important amalgamation milestone two years before the State Government's deadline for councils across Queensland.

Since day one, Moreton Bay Regional Council has been committed to ensuring amalgamation works for the Moreton Bay community. One of our immediate priorities was to start driving savings by reducing bureaucracy and duplication, streamlining our processes and achieving the efficiencies we knew amalgamation would deliver. At the same time, we made it very clear these savings would need to be achieved without compromising the service council provided to the community.

To date, we have slashed \$20 million per annum from Moreton Bay Regional Council's operating costs. This is \$20 million that would have been spent as a matter of course by the three former councils and funded by their ratepayers.

However, when it comes to savings, Moreton Bay Regional Council will not be resting on its achievements so far. The 2010/11 budget and the following two years contains in total \$75 million in savings - savings that ultimately benefit the hip pockets of our ratepayers.

From 1 July 2010, the way water services are provided to the Moreton Bay community will change forever. A new local water authority, Unitywater, will now be responsible for these services

under reforms introduced by the State Government. To help our community adapt to the new water arrangements, Moreton Bay Regional Council's 2010/11 budget contains a special two-year subsidy for all Moreton Bay water customers. To date, we are the only council in Queensland providing such a subsidy to its community.

While developing the 2010/11 budget, council was extremely conscious of the impact spiralling goods and service costs are having on household budgets. It is for this very reason that council will continue to drive the organisation harder, to ensure your rate dollars go even further so you receive the best possible value-for-money.

I commend my fellow councillors for their cooperation, commitment and contributions throughout the budget process. Our hard work, and willingness to work in partnership with the community and other levels of government, has resulted in a budget that will help grow and build our beautiful Moreton Bay region. It is also a budget that achieves one of the best rating outcomes for residential ratepayers anywhere in Queensland.

I also thank all council staff for their support, as well as their determination to make the Moreton Bay region even better for residents.



Allan Sutherland
Mayor

Moreton Bay Regional Council Divisional Map

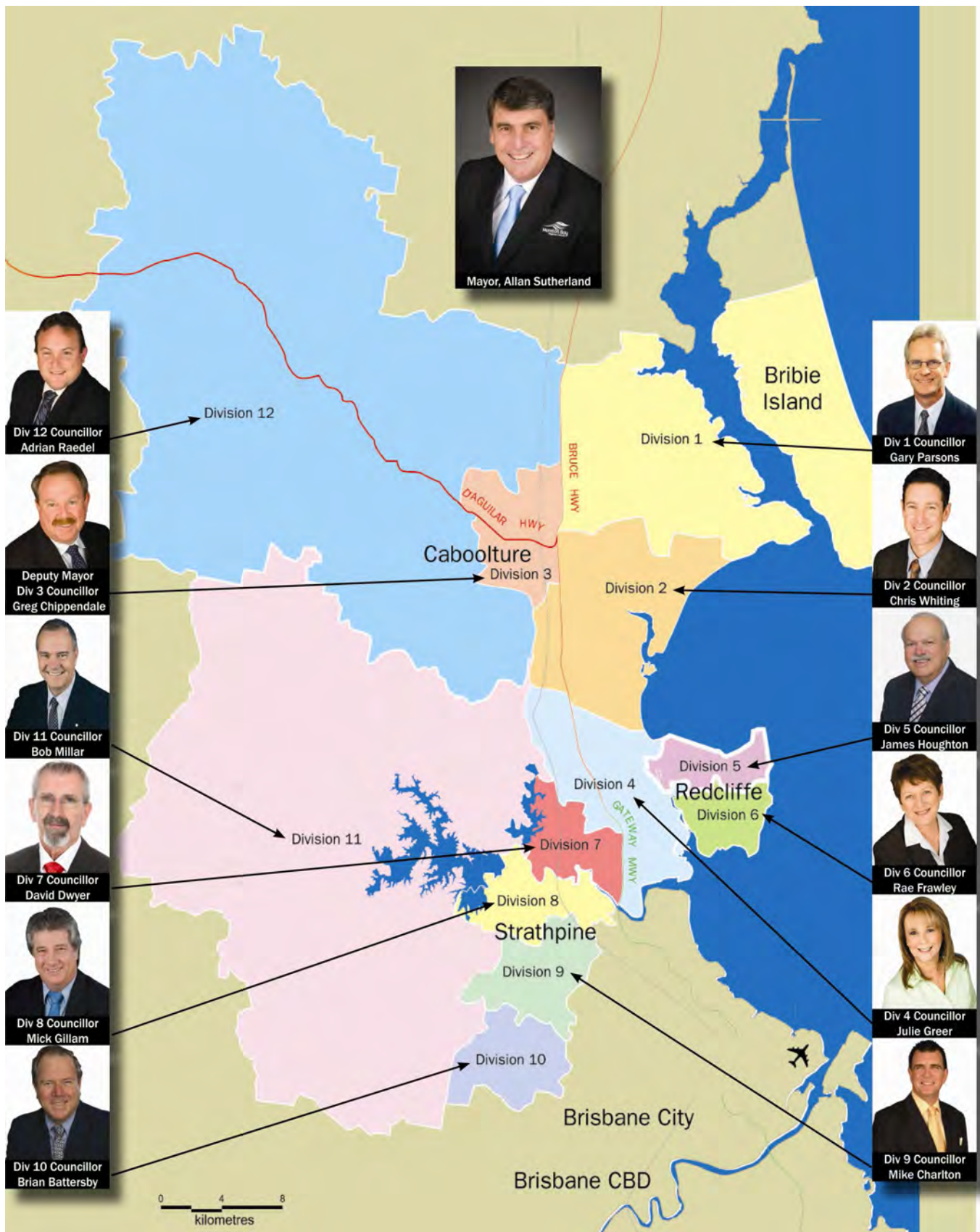


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Budget 2010/11

The Council's Budget outlines the Council's projected revenues and expenses for the 2010/11 financial year. In accordance with legislative requirements, the document also provides indicative budget figures for a further two financial years (2011/12, 2010/13). The Budget is the Council's key financial planning tool that links to the organisation's Operational and Corporate Plans. The links between these corporate documents are summarised below.

The Budget also includes a brief budget synopsis for 2010/11 accompanied by key graphical representations, and the following financial statements:

- Operating and capital budget;
- Balance sheet;
- Statement of changes in equity;
- Cash flow statement; and
- Forecast financial position for the financial year 2009/10.

Key measures of financial sustainability then follow the financial statements.

Operational Plan

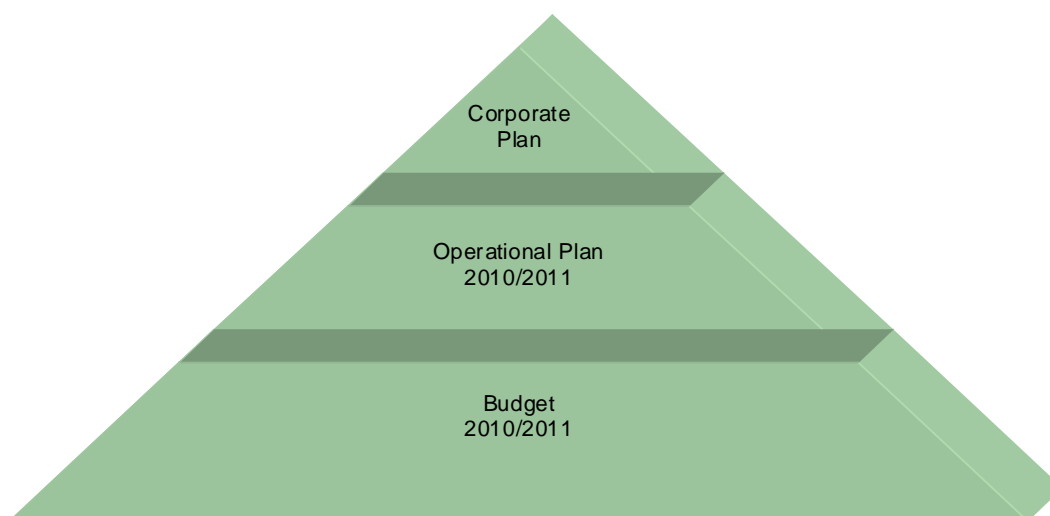
The Council is to prepare and adopt an Operational Plan each financial year as prescribed under the *Local Government Act 2009 section 104(3)*. The plan is to be consistent with the Council's vision and outcomes as stated in the Corporate Plan. Furthermore, the plan is to describe the outputs, activities and associated performance measures that Council will deliver in 2010/11.

The purpose of the Operational Plan is to ensure the efficient, effective and economical use of the resources available to Council in delivering outputs to the community. In fulfilling the requirements of this plan, the Council is able to report on its performance in achieving the vision for the region.

Council's performance in delivering these outputs is measured by key performance indicators. These key performance indicators have been developed to measure the effective, efficient and economical delivery of outputs. The plan is subject to quarterly reviews and used as a tool for the Council and senior management to monitor and evaluate corporate performance.

Corporate Planning Framework

The diagram below illustrates the linkages between Council's Corporate Plan, Operational Plan and Budget.



The Council has undertaken a review of the current Corporate Plan outcomes and strategies to improve the alignment and integration of Council's Corporate, Operational Plan and Budget. This amended Corporate Plan will be on display in June 2010 and adopted in August 2010.

Council has commenced the development of various planning and accountability documents including the Community Plan, Long Term Financial Plan and Long Term Asset Management Plan as per the *Local Government Act 2009*. During 2010/11, a new corporate planning framework will be developed to link these documents with the Corporate, Operational Plan and Budget.

Corporate and Operational Plans

The Corporate Plan has 4 themes consistent with the Quadruple Bottom Line (QBL) framework. Under each of these themes are outcomes that the Council will work towards over the period of the Corporate Plan. These outcomes are listed in the Corporate Plan that will be on display in June 2010 and are summarised below.

| Theme | Social and community wellbeing | Our environment | Regional and economic development | Governance and leadership |
|----------|--|---|--|--|
| Outcomes | Safe and harmonious communities with high public health standards | Sustainable management and protection of the natural environment | Business, investment and tourism opportunities to support the growing region | Responsive and accessible customer services to the community |
| Outcomes | Connected and active communities with high quality facilities and support services | Sustainable development through high quality planning and building outcomes | Infrastructure to support the growing region | Strong leadership and governance that upholds corporate values and builds trust within the community |
| Outcomes | Vibrant and creative communities where culture, diversity and heritage are valued | Sustainable and innovative waste management practices | Balanced regional planning to support the growing region | Efficient and effective management of Council's operations |

Key Performance Indicators

Key performance indicators have been developed to measure the effective, efficient and economical delivery of outputs associated with the outcomes identified above under each theme. These indicators have been integrated with the budget information to follow. This approach provides the Council and community with both financial and non-financial performance reporting information in relation to each output.

Managing Operational Risks

Council currently has various policies, procedures and systems in place that manage operational risks. During 2010/11 Council will be developing a corporate risk management framework to fulfil the relevant legislative requirements under the *Local Government (Finance, Plans and Reporting) Regulation 2010*.

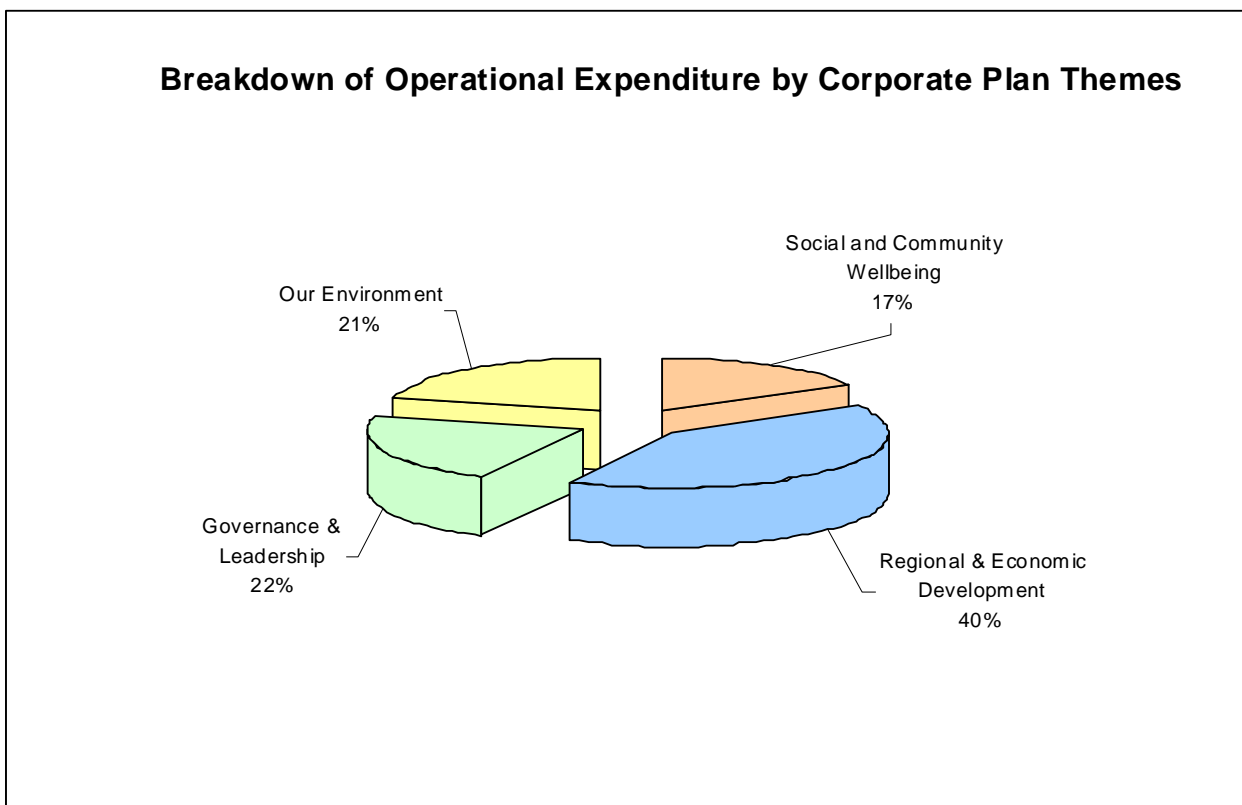
Budget Synopsis 2010/11

This section provides information relating to the Budget for 2010/11. It must be noted that Water and Sewerage revenue and expenses no longer form part of the Council's Budget as this service function is now the responsibility of a new entity called Unitywater, which is jointly owned between Moreton Bay Regional Council and Sunshine Coast Regional Council.

Some key highlights for the 2010/11 Budget are as follows;

- Total operating revenue of \$350.5 million.
- Total Operating Expenses (including depreciation) of \$356 million.
- Operating deficit of \$5.5 million returning to surplus in 2011/2012 financial year.
- Operational reserves used to fund the operating deficit.
- Gross rate and utility charge revenue represents \$199.6 million or 57% of total operating revenue.
- Employee expenses, materials and services and operational projects represent \$269 million or 75% of total operating expenses.
- Total capital revenue of \$79 million.
- Capital expenditure of \$181.9 million.
- New loan borrowings of \$61 million.

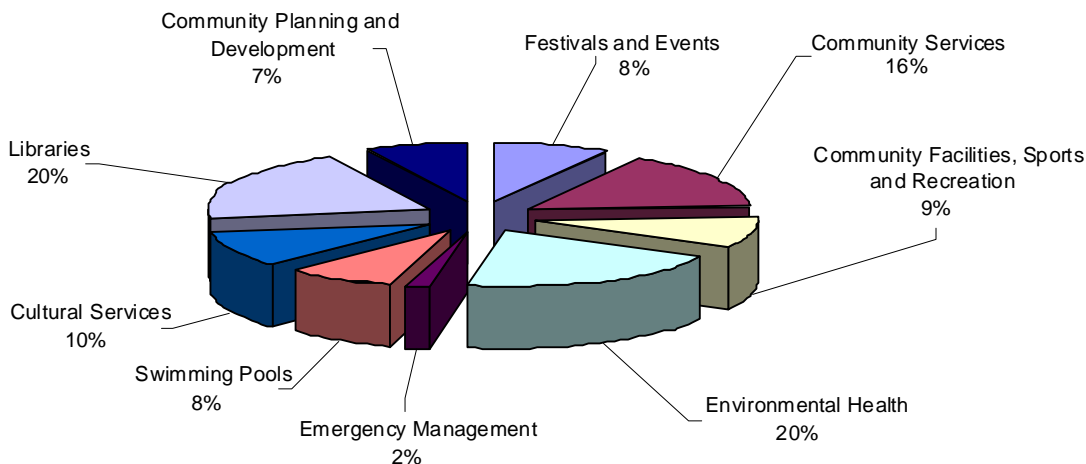
Operational expenditure is presented below graphically to illustrate the percentage of expenses allocated in the budget according to the four themes outlined in Council's Corporate Plan.



The following four graphs break down each theme into outputs and the percentage of expenditure these outputs represent within each theme.

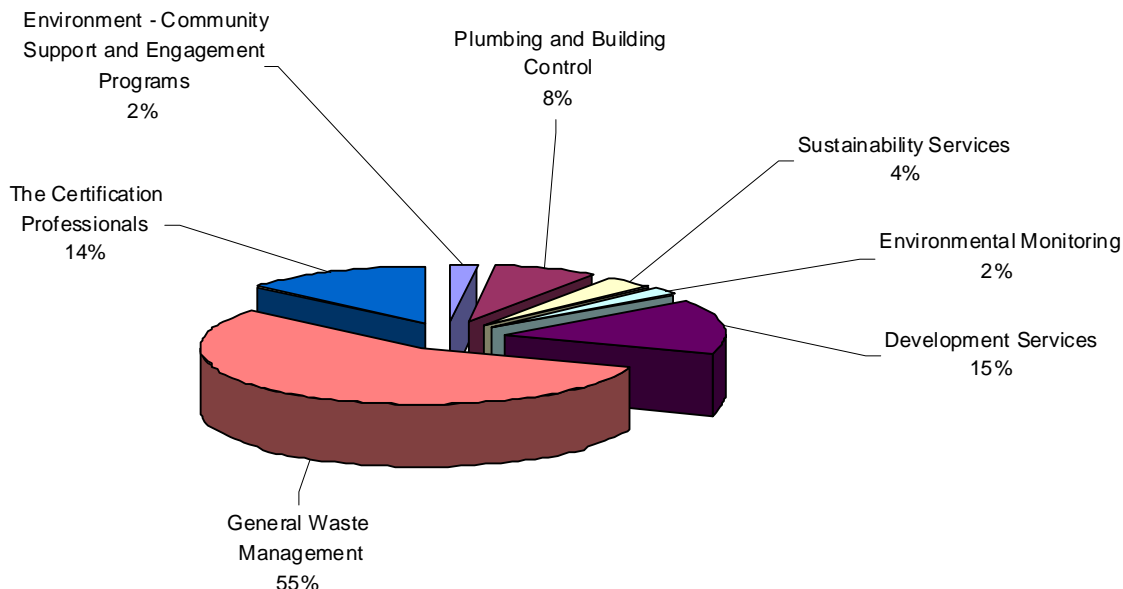
Social & Community Wellbeing Operational Expenditure

- Safe and harmonious communities with high public health standards
- Connected and active communities with high quality facilities and support service
- Vibrant and creative communities where culture, diversity and heritage are valued



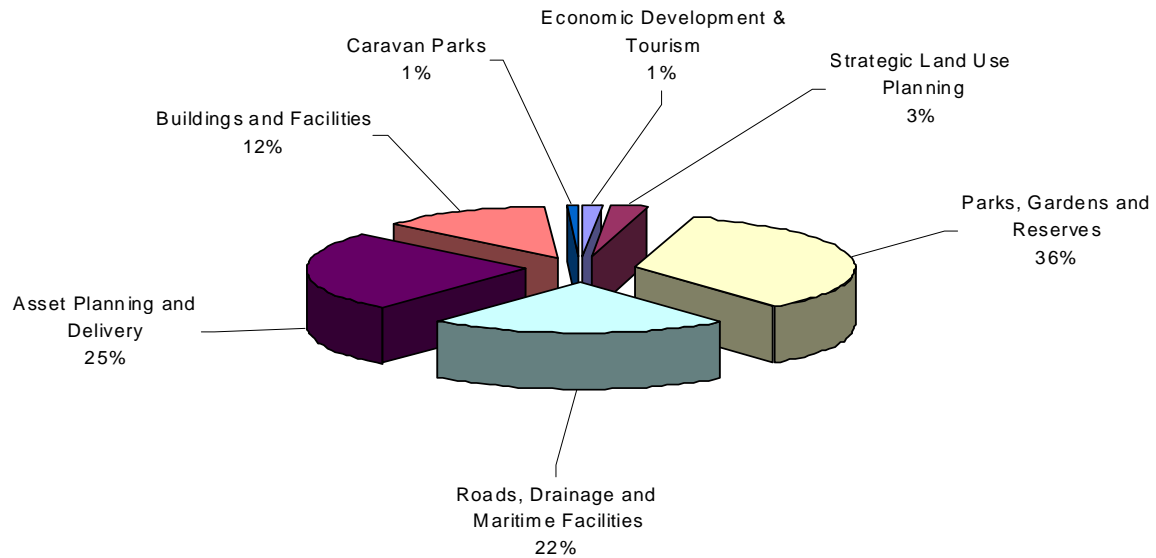
Our Environment Operational Expenditure

- Sustainable management and protection of the natural environment
- Sustainable development through high quality planning and building outcomes
- Sustainable and innovative waste management practices



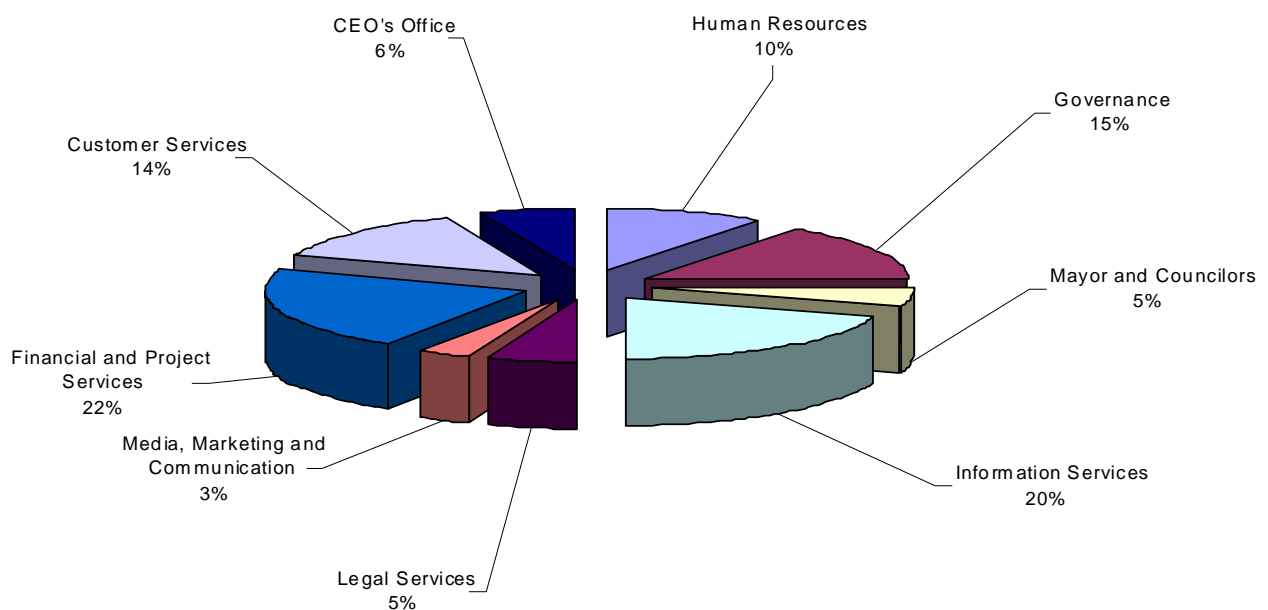
Regional and Economic Development Operational Expenditure

- Business, investment and tourism opportunities to support the growing region
- Infrastructure to support the growing region
- Balanced regional planning to support the growing region



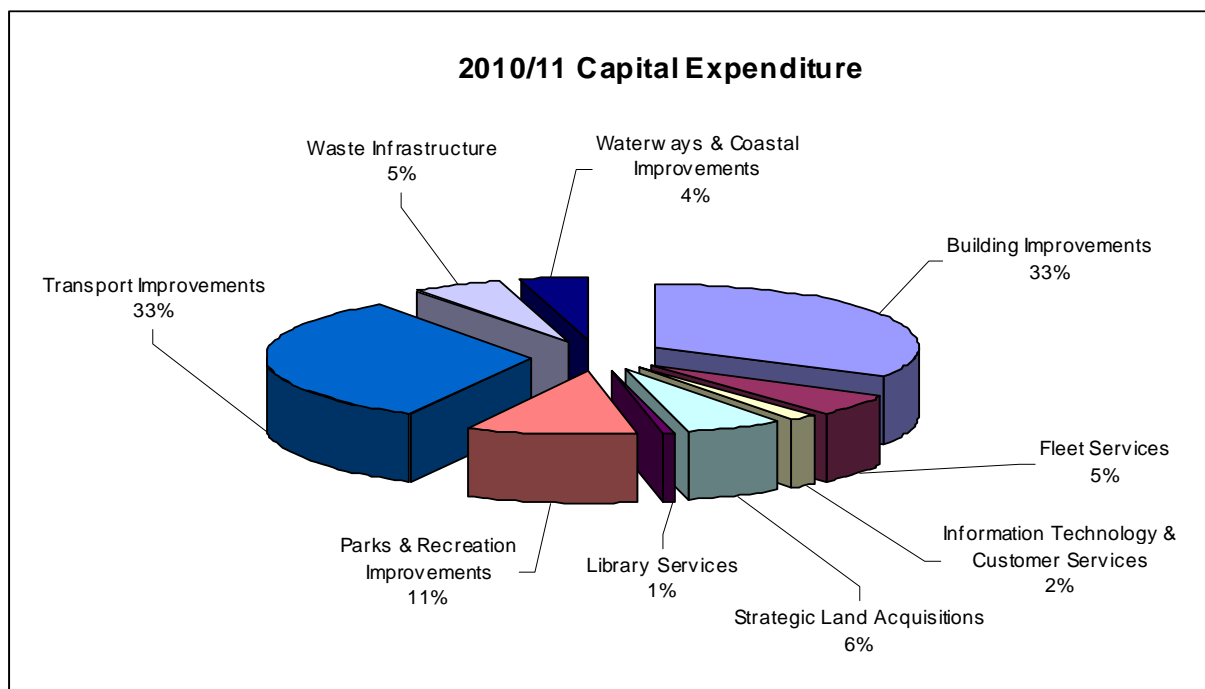
Governance and Leadership Operational Expenditure

- Responsive and accessible customer services to the community
- Strong leadership and governance that upholds corporate values and builds trust within the community
- Efficient and effective management of Council's operations



Capital Expenditure

The budget for capital expenditure in 2010/11 is \$181.9 million. This graph illustrates the percentage of expenditure allocated to the key asset categories of Council.



Capital Expenditure Funding Sources

