

Submission No. 9

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Contact: Karen Vought
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Your Reference: FN334/375/- (P5)
Our Reference: #14076010



Ms Judy Middlebrook
Secretary, Standing Committee on Procedure
Suite R1 43
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Ms Middlebrook

House of Representatives Standing Committee on Procedure - Estimates Inquiry

Please find attached a summary of the budget preparation processes used by the Gold Coast City Council for preparation of its 2002/03 budget as requested in your correspondence of 15 August 2002.

In addition to the information provided, there are key initiatives currently being progressed as elements of enhanced corporate governance in Gold Coast City Council which include budgeting, financial planning and corporate and operational planning and performance reporting. These will have an impact on the budget estimates and expenditure processes. Other imperatives arising from National Competition Reform agenda and the focus on internal efficiencies have also necessitated changes in the way that Council operates and in turn these have and will continue to affect the resource allocation framework and supporting processes. The attachment outlines the current processes but also provides some commentary on proposals under consideration for enhancements to the existing processes, however these have yet to be finalised and then implemented.

Should you require any additional information please don't hesitate to contact Ms Karen Vought, Manager Value Management on (07) 55828199 or Mr Garry Webb, Manager Accounting Services on (07) 55816397.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Paul Stevens'.

Paul Stevens
CHIEF EXECUTIVE OFFICER

Encl

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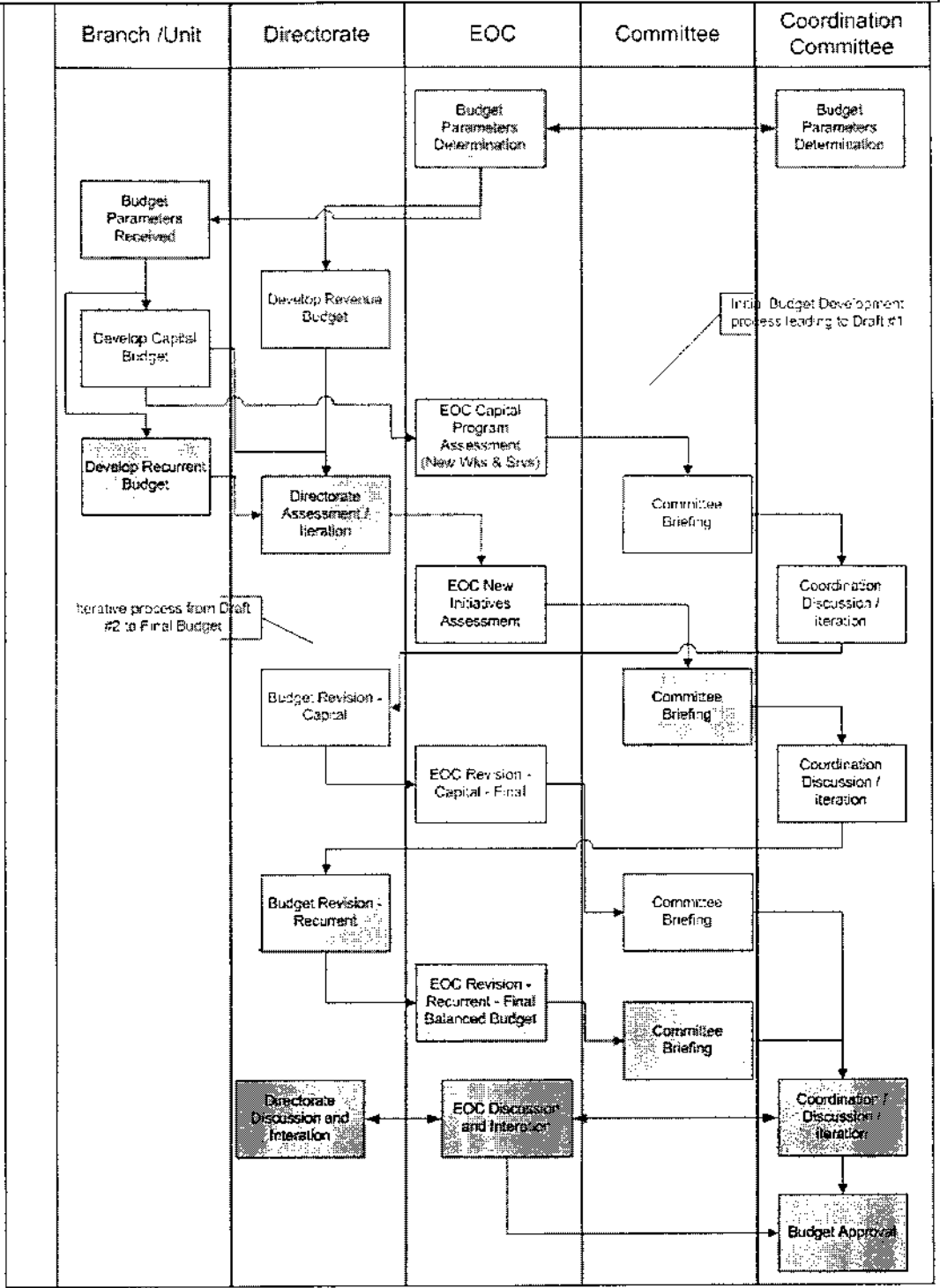
GOLD COAST CITY COUNCIL BUDGET PROCESSES

The current budget process and cycle is characterised by the following broad elements. Council is in the process of refining its budget process which will impact on some the processes (and timing) used for the preparation of future budgets.

December	Broad budget parameters for the forthcoming budget year are established at the commencement of the process.
December	The capital program is currently undertaken (currently as a separate exercise) predominantly to meet the requirements of Loan Council approvals but is then further scrutinised and finalised during the initial stages of the budget process.
February - March	Directorates undertake a bottom-up approach to budget development.
April - May	The Executive Officers Committee (CEO and each Director) is the primary informal budget assessment, scrutiny and prioritisation forum of the Council. This is an iterative process which essentially focuses on balancing the requests for expenditure against the available revenues in an effort to present Council with a 'balanced' draft budget as the basis for its deliberations.
May	Directors brief the Special Budget Committee in respect of their respective parts of the proposed budget.
June	The Special Budget Committee receives the draft of the budget following sign-off from the Executive Officers Committee and is the formal Council budget approval forum prior to full Council.
Quarterly	Budget performance is assessed quarterly and formally endorsed by the Finance Committee, prior to consideration by Council. Operational plan performance is assessed quarterly and formally endorsed by Finance Committee, prior to consideration by Council.
Annually	Annual report is prepared to assess performance of corporate and operational plans. It is a public document that is legislatively required to be prepared under the LGA by 30 November of each year. Annual financial statements are prepared as part of this process to assess actual versus planned budget performance and reported to Council.

The budget deliberations and priorities are influenced by many things including community needs, infrastructure requirements and asset replacement and maintenance. All budget meetings are open to the public. The attached flow chart maps out the current high-level budget process.

Gold Coast City Council – Current Budget Process



Many aspects of the current process are being improved via key corporate initiatives during 2002/03 and beyond. These include:

- More effective integration of planning, resource allocation and performance monitoring supported by more efficient information capture and an associated repository;
- An increased focus on budget assessment in the context of corporate plan priorities by the Executive Officers Committee and the Coordination Committee;
- Broadening of budget deliberations to include identification of significant future budget trends and an analysis of current and expected performance for the year within that context;
- Inclusion of long term financial planning implications as a key element in the budget planning process. This work has already commenced with the development of a long term financial plan including a long term financial model capable of encompassing various scenarios and assumptions, including growth projections, price increases and priorities for new works and services;
- A shift towards a more program management based and performance oriented budget process.