



President's and Chief Executive Officer's report for 2011 AGM

Introduction

Members will find attached the President's, Chief Executive Officer's and Financial Report for 2011. These reports are published at the same time as our full financial statements for the 2010 – 2011 year which can be found here.

The attached reports and the financial statements will be voted on at the AGM.

It has been our practice to publish the reports and a concise financial statement in an Annual Report that covers the initiatives and programs of the organisation.

Members will be aware that there has been significant change over this last year for the organisation and in order to reflect that appropriately in the full 2011 Annual Report we have postponed its publication until December 2011.

Members will be informed when the full Annual Report for 2011 is available for download from our website.

Next year we aim to return to our regular schedule and publish the full 2012 Annual Report by 1 October 2012 which will be in time for the full report to be available for the 2012 AGM.

From the Chair

No successful organisation can stand still. 2011 has been a year of significant milestones in the history of our organisation.

We were delighted that the Administrative Appeals Tribunal confirmed that we are a charitable institution. In the words of the Australian Tax Office who challenged our status at the AAT 'The Tribunal held that a purpose of promoting cycling in all its forms for the overall purpose of promoting fitness benefitted the general community, and was charitable'. The benefits that flow from this confirmation are varied and valuable.

We have published an updated organisational strategy. Over many years as part of the Board's strategic development work, the principles on which the organisation is founded have been debated, stated and evolved. This work of development, confirmation and recasting has put us in the position of being able to publish an overarching strategy. The Board of 2012 will carry this work forward again.

Other changes during the year reflect the determination of the Board to ensure that the organisation is modern, agile and equipped to tackle the challenges of the contemporary operating environment: our new name, new corporate identity and new office location are major steps that will extend our prominence and public recognition.

The 2010 Board continued through 2011 when the standing Board members were returned at the election. It has been pleasing each year to see a number of members put themselves forward to stand for election to the Board. The readiness of so many people to commit their time and skills to the work of the organisation gives me great hope for the future.

The 2011 Board continued to work hard at developing the role and processes of the Board to ensure that the organisation has a high standard of governance and appropriate structures to meet the challenges ahead. The motion that will be put to the 2011 AGM on co-opted Board members is part of this process.

The financial statements show that the organisation made an operating loss of \$110,407 for the financial year.

During the year the Board agreed to some initiatives that had not been included in the budget for the year. Significant among those was a management restructure that established a Leadership Team in the organisation. The Board felt that it was important that the additional responsibilities that accompany a growing organisation were shared across a wider group than had been the case.

These additional expenses combined with a disappointing return from the Great Western Australian Bike Ride to produce a negative result for the year.

The organisation remains in a strong financial position overall but is not complacent and I can assure everybody that appropriate steps are being taken both on our multi-day rides outside Victoria and in our operations overall.

The reports that we will publish in the full Annual Report – of which this report will be a part – will show that the organisation continues to have a strong impact on the level of bike riding, and therefore the level of health, in the community.

As our Strategy outlines, the development of bicycle facilities, the implementation of measurable and cost effective population scale behaviour change programs, the successful events and member engagement projects that we run continue to shape the development of bike riding.

It is appropriate to reflect on the scale of work that is accomplished by people volunteering their time and skills to the cause. More than a thousand people counted bike riders on Super Tuesday, more than three thousand people made a contribution as work place coordinators in the Ride to Work program in 2010, more than a thousand people acted as road marshals and in other support roles across our events. This large scale mobilisation is a tribute to the commitment of our supporters to bringing about change and it is my pleasure and privilege to thank you all.

The volunteers are supported by a great team of dedicated people employed in our organisation, thank you for your continued work.

In that light I would like to end by thanking the members who volunteer their time to serve the organisation on the Board. The responsibilities are significant. Each Board member has made an important contribution to the healthy future of our organisation.

Of course all the supporters of the organisation are each in their own way contributing in order to bring about the higher goal of a healthy community that recognises that...*Life is better on a bike.*

Simon Crone, President

From the Chief Executive Officer

The mission of our organisation is to promote the health of the community through the prevention and control of disease by *More People Cycling More Often.*

Physical activity levels in our community have dropped so low that inadequate physical activity is now ranked second only to smoking as the most important issue affecting our

health. Around 80% of the community protect their health by avoiding tobacco but only 46% protect their health by taking adequate levels of physical activity.

As in the early days of the anti-smoking campaign, government and public awareness of this threat is low. We were delighted that this year, after sixteen years of preparation, the Commonwealth Government established the Australian National Preventive Health Agency which among other aims will try to increase the number of people in our community who get enough physical activity to prevent disease.

This is the context in which we are working to increase the participation in bike riding.

There is no doubt we can make a strong contribution to physical activity levels. Around 40% of the population rides a bike every year – half of that number ride every week. Collectively the riding we do is mainly for recreation but one in three of the regular trips is for transport.

We work with both these domains of riding – to introduce more people to the well-known pleasures of riding for recreation and to develop the exciting possibilities of large scale riding for transport with all the spin off benefits that will bring in climate, pollution, cost and congestion reduction.

As the World Health Organisation points out – health is more than heartbeats. The structures need to be right – when the primary schools are connected to the paths and there is bike parking at offices, more people ride. Legislation needs to favour healthy behaviours – planning requirements that mandate bicycle parking in offices and apartments help drive participation. People need to take part in the solution encouraging their governments and employers to make it easier to do the right thing. We can also encourage each other, helping new riders overcome those barriers that seem small once you have stepped over them but look so daunting from the other side. These health promotion principles lie behind the work we do.

The reports that we will publish in the full Annual Report – of which this report will be a part – will show how everything we do is connected to and focused on developing increased participation in bike riding – *more people cycling more often* in the now well-known phrase.

The President has outlined some of the key changes that the organisation has gone through this year in our evolution.

The formal title of charity will make it easier for people to understand why we do all the things we do. It will also help dissolve the common confusions that we are ‘the government’ or a union of self-interested cyclists.

It took some time to articulate and pressure-test a strategy that defines our activities. The strategy will help with communication, coordination and the prioritisation of opportunity.

Our new name of Bicycle Network Victoria now sits alongside our ‘national’ brand of Bicycle Network. Our centre of gravity will always be in Victoria but the new name will allow the network to grow in many other places, where we will be known as Bicycle Network. Again the name will help communicate that we want to link up with people who want increase participation in bike riding – wherever they are.

The new office is an outward reflection of these changes. It is appropriate to be based above Swanston Street, Australia’s busiest on-road bike route.

The organisation made an operating loss in the 2010-2011 financial year. As the President has noted, a number of changes are being made in response; in particular to the cost of our multi- day rides outside Victoria. We like to keep the price of our rides as low as possible to enable as many people as possible to attend. The lower the price per person, the more participants we have to enrol to cover the costs of the event. We did not get this balance

right on the Great West Australian Bike Ride and delivered a disappointing result. Members will note that the price for the New Zealand Ride in the 2011 – 2012 year is significantly higher. This will reduce the number of participants but, based on the feedback we get, many people will appreciate a ‘smaller’ ride and be prepared to pay for it.

The past year has been a difficult one for the economy, and consumers continue to be cautious, placing pressure on our income stream. But our projects have always experienced financial peaks and troughs and we are confident that we can manage our way through the current dip and maintain our financial strength.

Finally I want to say a special thank you to all our 50,000 members, the riders who support our events and the thousands of volunteers who each year make the events like the Great Vic, projects like Super Tuesday and programs like Ride2School happen.

An organisation exists in order to be a lens that can focus the energy of the supporters in order to bring about change. Bicycle Network Victoria is a lens for everyone who is passionate about promoting the health of the community by More People Cycling More Often. It will be your support that will bring the change we all want to see.

Harry Barber, CEO

Financial Commentary

The financial statements and specific disclosures included in this financial commentary, which will be included in the full Annual Report for 2010 – 2011, have been derived from the full financial report for Bicycle Victoria Incorporated (Bicycle Network Victoria) for the year ended 30 June 2011 (registration No. A0008607J, ABN 41 026 835 903).

Readers will recognise that the full financial report is the most appropriate document to use to develop a full understanding of the financial performance, position and investing activities of the organisation. The full financial report of the organisation and Auditor’s Report is available on our website – search financial report.

Discussion and Analysis of the Financial Statements

Statement of Comprehensive Income

Bicycle Victoria has realised a deficit of (\$110,407) from operating activities throughout the year, down from a surplus of \$116,864 in the previous year.

The total comprehensive income, that includes the net result on revaluation of financial assets, was (\$27,776) down from a surplus of \$274,243 last year.

Compared to the previous year, the organisation’s revenue increased by \$1,643,884 to a total of \$13,239,708. Total expenses increased by \$1,936,724.

An increase in the market value of the share portfolio amounting to \$82,631 was brought directly to equity and an amount of \$20,000 was moved to accumulated surplus from the insurance reserve, reflecting the reduction in the possible liability for insurance excesses.

Rides revenue increased this year due to an additional event and increased number of ride participants than in prior years. The additional multi-day event also increased promotion, supply and service costs.

Membership fees grew, reflecting our efforts to grow member numbers and the related increase in promotion costs. The higher levels of recruitment increased our fulfilment costs including printing and office costs.

The revenue from other products and services also increased by \$311,807 mainly due to strong Bike Parking sales and a new workplace riding initiative. The increase in campaign revenue is largely due to the increase in consulting services and the growth of the Bike Futures program.

Sponsorship and grant revenue for our behaviour change programs, Ride to Work and Ride to School, declined by \$318,034.

Some of the increased expenditure noted above was the result of modest salary increases and increased staffing levels. Costs increased in audit, legal and consultancy costs which increased as a result of the legal expenses incurred in the dispute over our status as a charity. We bore some increased expenditure related to the move to our new premises.

Statement of Financial Position

The total Current Assets have reduced by \$1,447,412. This decrease in current assets was matched by a decrease in trade and other payables of \$825,637.

The decrease in current assets is mainly due to a decrease in both cash and cash equivalents by \$1,169,078. This amount reflects a substantial up-front expenditure on the new office fit out which will be reimbursed in November 2011.

Trade and other receivables fell by \$312,820 as there were less prepaid ride expenses than the same time last year.

On the other hand, non-current financial assets have increased. Plant and equipment increased by \$367,261 due to the new office costs and, due to the growth of our share portfolio, financial assets increased by \$146,232.

The year saw a decline in our unearned revenue of \$1,097,915 and in our total liabilities of \$906,143. It is our practice to identify event revenue as unearned until the event takes place. Most of the decline in total liabilities relates to lower than expected sales for events by the end of the financial year.

Leaving aside the particular issues behind the deficit, overall the organisation has held a strong position, with only a decrease in net assets (assets less liabilities) of less than one per cent.

Equity reduced by \$27,776 to \$3,141,352 as a result of two factors: the operating deficit of \$110,407; a net gain of \$82,631 in financial assets.

As at 30 June 2011, the total amount provided in insurance reserve stands at \$45,000. This reflects reduced the self-insurance excesses in the Association's liability policies.

Statement of Cash Flows

The statement reports \$545,837 cash used in operating activities. This is an increase of \$407,438 from the previous year.

The amount of \$623,241 was applied in investing activities, up by \$299,707 applied to investing activities in the previous year.

In total, the net decrease in cash held during the year was \$1,169,078 (as noted above) resulting in cash held at the end of the financial year of \$2,451,671.

Summary Profit and Loss Statement for the year ended 30 June 2011

	2011	2010
	\$ million	\$ million
Operating revenue	13.24	11.60
Investment revenue	0.26	0.19
Total revenue	13.50	11.79
Expenses	13.61	11.67
(Deficit)/surplus for the year	(0.11)	0.12
Other comprehensive income		
Net gain/(loss) on revaluation of financial assets	0.08	0.16
Comprehensive (deficit)/income for the year	(0.03)	0.28

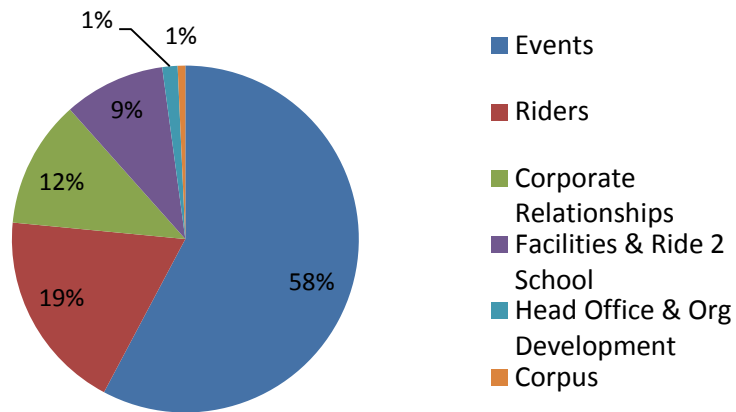
Summary Balance Sheet as at 30 June 2011

	2011	2010
	\$ million	\$ million
Current assets	4.61	6.06
Non-current assets	3.24	2.72
Total assets	7.85	8.78
Current liabilities	4.65	5.47
Non-current liabilities	0.06	0.14
Total liabilities	4.71	5.61
Net assets	3.14	3.17
Member's equity	3.14	3.17

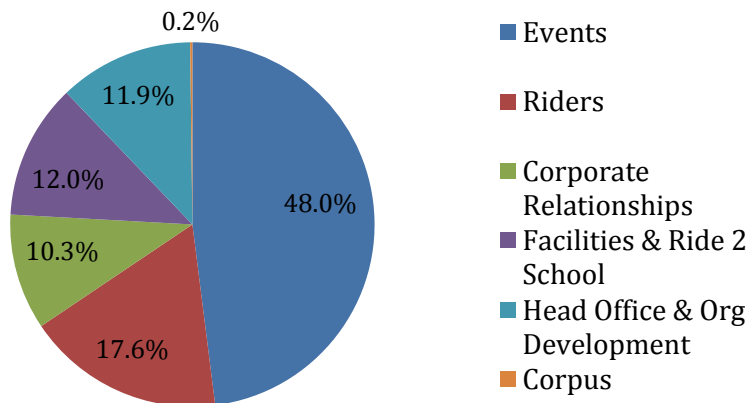
Summary Statement of Cash Flows for year ended 30 June 2011

	2011	2010
	\$ million	\$ million
Net cash used in operating activities	(0.55)	(0.14)
Net cash used in investing activities	(0.62)	(0.32)
Net decrease in cash & cash equivalents	(1.17)	(0.46)
Cash & cash equivalents at beginning of financial year	3.62	4.08
Cash & cash equivalents at end of the financial year	2.45	3.62

Revenue by Source



Expenditure by Source



Surplus Contribution

