



AGENDA

FOR BUDGET AND FINANCE COMMITTEE MEETING TO BE HELD ON 15 FEBRUARY 2016 AT CONCLUSION OF POLICY AND PLANNING COMMITTEE IN THE COUNCIL CHAMBER, 12 JAMES STREET, SALISBURY

MEMBERS

Cr D Pilkington (Chairman)
Mayor G Aldridge
Cr D Balaza
Cr S Bedford (Deputy Chairman)
Cr D Bryant
Cr C Buchanan
Cr G Caruso
Cr L Caruso
Cr R Cook
Cr E Gill
Cr D Proleta
Cr S Reardon
Cr G Reynolds
Cr B Vermeer
Cr S White
Cr J Woodman
Cr R Zahra

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager City Development, Mr T Sutcliffe
General Manager Community Development, Ms J Trotter
General Manager City Infrastructure, Mr M van der Pennen
Manager Governance, Ms T Norman
Manager Communications and Customer Relations, Mr M Bennington
Team Leader Corporate Communications, Mr C Treloar
Governance Coordinator, Ms J Rowett
Governance Support Officer, Ms K Boyd

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Budget and Finance Committee Meeting held on 18 January 2016.

Presentation of the Minutes of the Confidential Budget and Finance Committee Meeting held on 18 January 2016.

REPORTS

Administration

- 6.0.1 Future Reports for the Budget and Finance Committee..... 9
- 6.0.2 Minutes of the Program Review Sub Committee meeting held on Monday 8 February 2016..... 11

Finance

- 6.1.1 Council Finance Report - January 2016 17

Budget Review

- 6.5.1 Second Budget Review 2015/2016 23

OTHER BUSINESS

CLOSE



**MINUTES OF BUDGET AND FINANCE COMMITTEE MEETING HELD IN THE
COUNCIL CHAMBER, 12 JAMES STREET, SALISBURY ON**

18 JANUARY 2016

MEMBERS PRESENT

Cr D Pilkington (Chairman)
Mayor G Aldridge
Cr D Balaza
Cr D Bryant
Cr C Buchanan
Cr G Caruso
Cr L Caruso
Cr R Cook
Cr E Gill
Cr S Reardon
Cr G Reynolds
Cr B Vermeer
Cr S White
Cr J Woodman
Cr R Zahra

STAFF

Acting Chief Executive Officer, Ms J Trotter
Acting General Manager Business Excellence, Ms L Rattigan
General Manager City Development, Mr T Sutcliffe
Acting General Manager City Infrastructure, Mr M Purdie
Manager Governance, Ms T Norman
Manager Communications and Customer Relations, Mr M Bennington
Governance Coordinator, Ms J Rowett
Governance Support Officer, Ms K Boyd

The meeting commenced at 7:24pm

The Chairman welcomed the members, staff and the gallery to the meeting.

APOLOGIES

Apologies were received from Cr S Bedford and Cr D Proleta.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr R Zahra

Seconded Cr D Balaza

The Minutes of the Budget and Finance Committee Meeting held on 07 December 2015, be taken and read as confirmed.

CARRIED

Moved Cr E Gill

Seconded Cr R Cook

The Minutes of the Confidential Budget and Finance Committee Meeting held on 07 December 2015, be taken and read as confirmed.

CARRIED

REPORTS

Administration

6.0.1 Future Reports for the Budget and Finance Committee

Moved Cr R Zahra

Seconded Cr B Vermeer

1. The information be received.

CARRIED

*Business Units***6.7.1 Standard Customer Sales Contract - Salisbury Water Retail Service**

Moved Mayor G Aldridge
Seconded Cr J Woodman

1. The information be received.
2. The Standard Customer Sales Contract for Salisbury Water's Retail Service, as provided in Attachment A, be endorsed as Council's standard terms for its water retail service for existing and new **residential** customers and for new or renewing **non-residential** customers with a standard water retail service.
3. Pursuant to Section 36 of the Water Industry Act 2012, the proposed revised Standard Customer Sales Contract, as provided in Attachment A, be published in the next available edition of the Government Gazette.
4. The Water Supply Agreement Schedule, as provided in Attachment B, be adopted for non-residential customers with a non-standard service.
5. Delegate authority to the Chief Executive Officer to authorise future amendments to the Standard Customer Sales Contract to maintain Council's interests and reflect any future regulatory changes.

CARRIED

OTHER BUSINESS

Nil

CONFIDENTIAL ITEMS

6.9.1 Red Jam Pty Ltd - Legal Costs

Moved Cr J Woodman

Seconded Cr R Zahra

1. *Pursuant to Section 90(2) and (3)(d)(i) and (d)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and*
 - *commercial information of a confidential nature (not being a trade secret) the disclosure of which would, on balance, be contrary to the public interest.*
2. *In weighing up the factors related to disclosure,*
 - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
 - *Non-disclosure of the matter and discussion of this item in confidence would protect commercial and contractual information contained within this report, the disclosure of which would adversely affect the business interests of Red Jam Pty Ltd.*

*On that basis the public's interest is best served by not disclosing the **Red Jam Pty Ltd - Legal Costs** item and discussion at this point in time.*
3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CARRIED

The meeting moved into confidence at 7:25pm.

The meeting moved out of confidence and closed at 8:15pm.

CHAIRMAN.....

DATE.....

ITEM	6.0.1
	BUDGET AND FINANCE COMMITTEE
DATE	15 February 2016
HEADING	Future Reports for the Budget and Finance Committee
AUTHOR	Joy Rowett, Governance Coordinator, CEO and Governance
CITY PLAN LINKS	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
SUMMARY	This item details reports to be presented to the Budget and Finance Committee as a result of a previous Council resolution. If reports have been deferred to a subsequent month, this will be indicated, along with a reason for the deferral.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 Historically, a list of resolutions requiring a future report to Council has been presented to each committee for noting.

2. CONSULTATION / COMMUNICATION

2.1 Internal

- 2.1.1 Report authors and General Managers.

2.2 External

- 2.2.1 Nil.

3. REPORT

- 3.1 The following table outlines the reports to be presented to the Budget and Finance Committee as a result of a Council resolution:

Meeting Item	- Heading and Resolution	Officer
29/04/2013 6.4.4	Fees and Charges Report - Waste Transfer Station 3. Subject to endorsement of the creation of the Program Review Sub Committee, the Program Review Sub Committee consider the cost structure and fee structure for residents/commercial vs. non-Salisbury residents/commercial accessing services at the Waste Transfer Station.	Lyall Thomas
Due:	May 2016	

4. CONCLUSION / PROPOSAL

- 4.1 Future reports for the Budget and Finance Committee have been reviewed and are presented to Council for noting.

CO-ORDINATION

Officer: Executive Group

Date: 08/02/2016

ITEM	6.0.2
	BUDGET AND FINANCE COMMITTEE
HEADING	Minutes of the Program Review Sub Committee meeting held on Monday 8 February 2016
AUTHOR	Charles Mansueto, General Manager Business Excellence, Business Excellence
CITY PLAN LINKS	4.5 To apply business and resource management that enables excellent service delivery and financial sustainability
SUMMARY	The minutes and recommendations of the Program Review Sub Committee meeting held on Monday 8 February 2016 are presented for Budget and Finance Committee's consideration.

RECOMMENDATION

- The information contained in the Program Review Sub Committee Minutes of the meeting held on 8 February 2016 be received and noted and that the following recommendations contained therein be adopted by Council:

PRSC1 Appointment of Deputy Chairman - Program Review Sub Committee

- Cr E Gill be appointed as Deputy Chairman of the Program Review Sub Committee for a term of 1 year, commencing 01/03/2016.

PRSC2 Program Review Update - Waste Transfer Station

- The information be received.

PRSC3 Program Review Brief - Public and Environmental Health Services

- Information be received.
- The Public and Environmental Health Services Program Review Project Brief and Background Paper as set out in Attachment 1 and 2 to this report be endorsed.

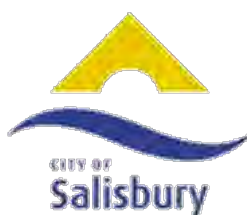
ATTACHMENTS

This document should be read in conjunction with the following attachments:

- Minutes of the Program Review Sub Committee meeting held on Monday 8 February 2016

CO-ORDINATION

Officer: GMBE
Date: 10/02/2016



**MINUTES OF PROGRAM REVIEW SUB COMMITTEE MEETING HELD IN
COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY ON**

8 FEBRUARY 2016

MEMBERS PRESENT

Cr R Zahra (Chairman)
Mayor G Aldridge
Cr D Bryant
Cr G Caruso
Cr L Caruso
Cr E Gill (Deputy Chairman)
Cr D Proleta
Cr B Vermeer
Cr J Woodman (as Deputy Member for Cr Bedford)

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager City Infrastructure, Mr M van der Pennen
Manager Civil and Waste, Mr L Thomas
Manager Governance, Ms T Norman

The meeting commenced at 7:59 pm.

The Chairman welcomed the members, staff and the gallery to the meeting.

APOLOGIES

Apologies were received from Cr Bedford.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr G Caruso
Seconded Cr E Gill

The Minutes of the Program Review Sub Committee Meeting held on 30 November 2015, be taken and read as confirmed.

CARRIED

REPORTS**PRSC1 Appointment of Deputy Chairman - Program Review Sub Committee**

Moved Cr L Caruso
Seconded Cr B Vermeer

1. Cr E Gill be appointed as Deputy Chairman of the Program Review Sub Committee for a term of 1 year, commencing 01/03/2016.

CARRIED

Change of order of consideration of items

Moved Cr J Woodman
Seconded Cr B Vermeer

That item PRSC3 – Program Review Brief – Public and Environmental Health Services be brought forward on the agenda for consideration.

CARRIED

PRSC3 Program Review Brief - Public and Environmental Health Services

Moved Cr B Vermeer
Seconded Mayor G Aldridge

1. Information be received.
2. The Public and Environmental Health Services Program Review Project Brief and Background Paper as set out in Attachment 1 and 2 to this report be endorsed.

CARRIED

PRSC2 Program Review Update - Waste Transfer Station

Cr J Woodman declared an interest due to being a member of the NAWMA Board

Cr E Gill declared an interest due to being a deputy member of the NAWMA Board

Moved Cr E Gill
Seconded Cr D Proleta

1. The information be received.

CARRIED

OTHER BUSINESS

Nil

CLOSE

The meeting closed at 9:16 pm.

CHAIRMAN.....

DATE.....

Minutes - Program Review Sub Committee Meeting - 8 February 2016

Item 6.0.2 - Attachment 1 - Minutes of the Program Review Sub Committee meeting held on Monday 8 February 2016

ITEM	6.1.1
	BUDGET AND FINANCE COMMITTEE
DATE	15 February 2016
HEADING	Council Finance Report - January 2016
AUTHOR	Tim Aplin, Senior Accountant, Business Excellence
CITY PLAN LINKS	4.5 To apply business and resource management that enables excellent service delivery and financial sustainability
SUMMARY	This report provides some key financial data as at 31 January 2016 for the information of Council as part of its stewardship role and in accordance with Council's Treasury Policy.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 Council's Treasury Policy requires that a report be prepared detailing fixed borrowings and variable borrowings at the end of the preceding month, together with all investments held, their terms and interest rates. Also included is a summary of Reserve Balances and Rates and Debtor Information. The policy requires that the timing of these reports be November, February and May, with the end of year report as soon as practical as part of the end of financial year reporting.

2. CONSULTATION / COMMUNICATION

- 2.1 Internal
 - 2.1.1 N/A
- 2.2 External
 - 2.2.1 N/A

3. REPORT

3.1 Investments as at 31 January 2016

Date	Institution	%	Term-Days	Maturity	Value
06-Jan-2016	LGFA	2.05%	30 Days	05-Feb-2016	2,500,000
21-Jan-2016	LGFA	2.05%	30 Days	22-Feb-2016	2,500,000
31-Jan-2016	LGFA	2.00%	At Call	31-Jan-2016	599,773
31-Jan-2016	NAB	2.50%	At Call	31-Jan-2016	11,630,332
31-Jan-2015	\$13,230,089				17,230,105

3.2 Council funds that are not immediately required for operational needs, and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings are invested in accordance with Council's Treasury Policy. These investments are split between short term deposits with the Local Government Finance Authority or at call with the National Australia Bank. Investments are selected taking into account which delivers the best value, having regard to investment returns, transaction costs and other relevant factors.

3.3 Reserves as at 31 January 2016

	Opening Balance 1 July 2015	Transfer to Reserves YTD	Transfer From Reserves YTD	Current Balance
Plant Replacement Reserve	1,564,799	0	563,142	1,001,657
Mausoleum Perpetual Care Fund	636,184	24,426	0	660,610
Open Space Reserve	1,294,162	274,928	0	1,569,090
Car Parking Reserve	906,758	29,577	0	936,335
Business Unit Reserve	995,892	0	0	995,892
Property Disposal Reserve	1,330,213	0	0	1,330,213
Subdivision Reserve	1,339,339	240,886	80,000	1,500,225
Cemetery Maintenance Reserve	849,187	10,055	0	859,242

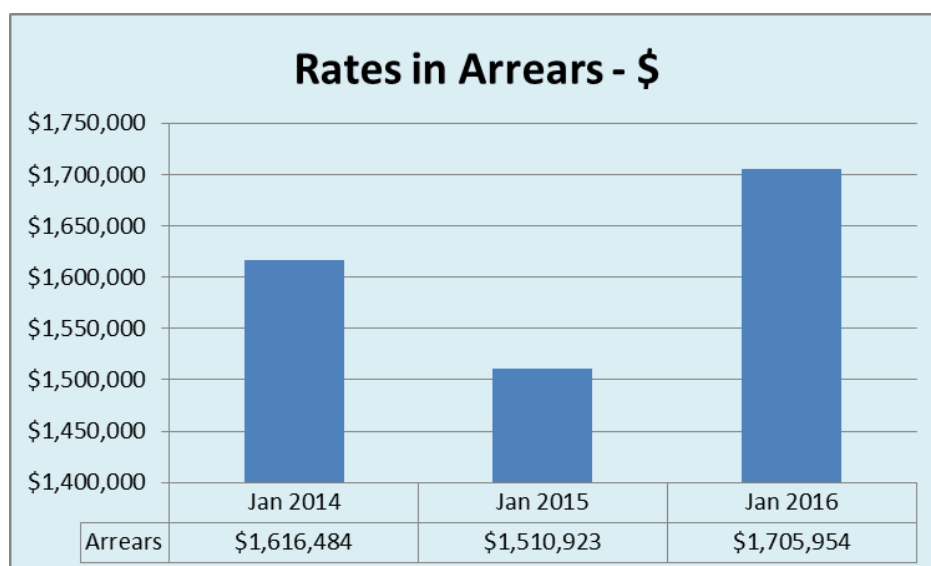
3.4 Reserves are a device used to ensure that Council has sufficient funds allocated for specific purposes. Transfers to Reserves represent amounts received as contributions, indicative interest adjustments and property disposal proceeds. Transfers from the Reserves represent the funding being applied to specific projects.

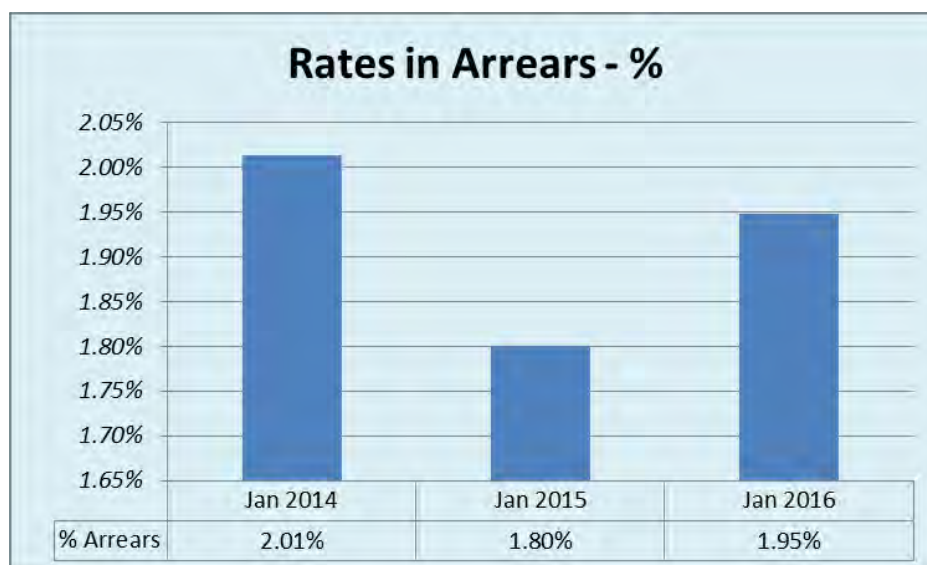
3.5 At 31 January 2016 the most significant movements are the transfers from the Plant Replacement Reserve \$563k, being allocations for purchases of replacement items of Fleet, and Subdivision Works \$80k for Developer Footpath and Street Tree programs.

- 3.6 Other significant movements include amounts transferred to the Open Space Reserve of \$274k (contributions received of \$258k and interest allocated of \$16k) and amounts transferred to the Subdivision Works Reserve of \$241k (contributions received of \$224k and interest allocated of \$17k) representing developer contributions received. Interest is apportioned on the balances of the Reserves on a monthly basis, with the Plant Replacement, Property Disposal and the Business Unit Reserves being the only exceptions.

3.7 Recovery of Rates

	No of Accounts	\$	%
Outstanding Balance as at 31 January 2016		35,044,343	40.03
Outstanding Balance as at 31 January 2015		32,500,069	38.72
Outstanding Rates Arrears as at 31 January 2016	4,701	1,705,954	1.95
Outstanding Rates Arrears as at 31 January 2015	4,153	1,510,923	1.80





- 3.8 The level of Council Rates in arrears at 31 January 2016 is 1.95%. The aim is to have a maximum level for Rates Arrears of 2.5% and the current level is below this. Rates Arrears are followed up on a daily basis and quarterly files are sent to Councils debt collection agency.

3.9 Other Debtors as at 31 January 2016

Debtor Type	Current	30 – 60 Days	60 – 90 Days	Over 90 Days	Total
Sundry	369,757	87,533	13,234	66,319	536,843
Salisbury Water	0	2,665	0	0	2,665
Inflammable Undergrowth	3,521	1,549	0	0	5,070
Additional Bins	6,082	450	808	92	7,432
Health Licensing Fees	4,615	2,759	952	1,768	10,094
Property Management	23,696	28,325	11,524	15,904	79,449
Total	407,671	123,281	26,518	84,083	641,553

- 3.10 The above aged analysis represents Councils debts outstanding as at 31 January 2016. Debts outstanding greater than 90 days account for 13.11% of the total outstanding balance. Debts that are outstanding for greater than 30 days are subject to council's debt collection procedures, which could include internal follow up and ultimately legal action through Councils debt collection agency.

3.11 Loan Schedule as at 31 January 2016

Debenture Loans	\$
Principal Outstanding as at 1 July 2015	19,539,344
Loans Raised Year To Date	0
Repayment of Principal Year to Date	1,180,033
Loan Principal Outstanding	18,359,311
Comparative amount as at 31 January 2015	20,943,505
Cash Advance Debentures (CAD's)	
Total CAD's available	28,747,000
Current Drawdowns YTD	0
Interest Payments - Debenture Loans and CAD's	650,506

3.12 The above Loan Schedule summarises payments that have been made on Council's existing Fixed Term Borrowings. As at 31 January 2016 there have been no drawdowns in relation to CAD's due to Council's working capital and cash position associated with the early receipt of the 2015/16 Financial Assistance Grant funding on 30 June 2015, and Property Sales at the Walpole, Ryans and Diment Road Developments that occurred during 2014/15 and 2015/16.

4. CONCLUSION / PROPOSAL

4.1 The analysis above demonstrates that Council is in a sound financial position with appropriate levels of debt and investments.

CO-ORDINATION

Officer: Executive Group
Date: 08/02/2016

ITEM	6.5.1
	BUDGET AND FINANCE COMMITTEE
DATE	15 February 2016
HEADING	Second Budget Review 2015/2016
AUTHOR	Kate George, Manager Financial Services, Business Excellence
CITY PLAN LINKS	4.5 To apply business and resource management that enables excellent service delivery and financial sustainability

RECOMMENDATION

- The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) be endorsed and net operating \$122,200, net capital \$135,500 be debited to the Sundry Project Fund. This will bring the balance to **\$257,700**.
- Funds be allocated for the following non-discretionary net bids:

OPERATING

▪ Community Information Booklet	\$ 17,300
▪ Shandong Delegation and Visit to Linyi City	\$ 10,000

CAPITAL

▪ Underdown Park Upgrade	\$ 450,000
▪ Wilkinson Rd P/Hills Bus Pads and Minor Works	\$ 10,000
▪ Salisbury Bowling Club Land Acquisition	\$ 710,000
▪ Replacement of Basketball backboards at Parafield Gardens	\$ 24,000
▪ TOTAL	\$1,221,300

NB: This will bring the balance of the Sundry Projects Fund to (\$963,600).

- The following transfers be approved:
 - Transfer \$15,000 from the Innovation to Business Program to the Economic Regional Collaboration to match contribution of City of Playford for the employment of a Northern Adelaide Manufacturing Development Officer.
 - Transfer \$100,000 from Bicycle Networks Improvement Program to the Minor Traffic Improvements Program, to deliver two new pedestrian crossings at Warner Rd/ Hollywood Blvd & Metro St/ Hollywood Blvd, as per Council Resolution 0847/2016.
 - Transfer \$30,000 savings on the OCI / LSI program through insourcing to fund an additional trainee, as per Council Resolution 0514/2015.
 - Transfer \$15,000 from Building Control to Planning to align Encumbrance Fees budget with actuals.
 - Transfer \$37,400 from Community Health & Wellbeing to Fleet for the provision of three new buses for Home Assist transport service.
 - Transfer of \$22,600 from Wages & Salaries to Fleet budgets due to the allocation of vehicles as part of Managers salary packaging.
 - Transfer of \$22,600 from Fleet to Wages & Salaries budgets due to the cessation of vehicles as part of Managers salary packaging.

- h. Transfer of \$57,500 from Parks and Landscape City Growth to various Parks and Landscape Contractual Services to allow for parks growth in the 2015/16 financial year.
 - i. Transfer of \$53,500 from Civil and Waste City Growth to various Civil and Waste Contractual Services to allow for civil growth in the 2015/16 financial year.
- 4. Decrease investments in 2015/16 by a net \$1,563,600.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

- 1. Second Quarter Budget Review 2015/16

1. BACKGROUND

- 1.1 In accordance with Part 2 of the Local Government (Financial Management) Regulations 2011, Financial Accountability, the attached Second Budget Review for the financial year 2015/16 has been prepared.

2. CONSULTATION / COMMUNICATION

2.1 Internal

- 2.1.1 The processes of preparing the budget review requires extensive internal consultation to ensure that commentary reflects the operations of Council, and to identify funding needs, which typically have been subject of various council reports leading up to the review.

2.2 External

- 2.2.1 N/A

3. REPORT

- 3.1 The forecast surplus of \$509k at the First Quarter Budget Review has further improved at the Second Quarter Review to a surplus of \$764k with a number of favourable declarations and transfers, offset by slightly higher operating bids.
- 3.2 Budget Review Operating Bids total net \$27k and are both non-discretionary, including the production of a Community Information Booklet \$17k and the Shandong Delegation and visit to Linyi City \$10k. Capital Bids total \$1.2M, with all being non-discretionary, with all having been subject of separate reports to Council with recommendations to refer to the Budget Review.
- 3.3 The original budget was for no borrowings 2015/16, which resulted from having a higher budgeted surplus, and utilising property development proceeds to negate borrowings. The First Quarter Budget Review increased investments to \$1,852k and the Second Quarter Budget Review results in a reduction in investments of \$1,564k, which offsets the favourable impact at the First Quarter.
- 3.4 The original expenditure budget for the capital program was \$38.7M and has been increased by carry forwards and grant funds to become \$55.2M. The table below provides percentage completed details, and the actual spend to December plus commitments at that time, and is 43.9% of the revised budget.

		% of Original Budget (\$38.7M)	% of Revised Budget (\$55.2M)
Spent to Date	\$17.2M	44.6%	31.2%
Spend + Commitments	\$24.2M	62.2%	43.9%

The program is being monitored closely, with measures being taken to remove barriers to delivery. Additionally we are considering options for delivering this significant program, including additional resources and outplacing works. Project and procurement strategy reviews have commenced to help inform future works by incorporation of lessons learnt.

4. CONCLUSION / PROPOSAL

- 4.1 It is proposed that Council consider the Second Budget Review 2015/16 report attached and endorse the Recommendations as detailed on pages 13 and 14, and above.

CO-ORDINATION

Officer: GMBE
Date: 10/02/2016



SECOND QUARTER BUDGET REVIEW 2015/16 REPORT

For the period ended
31 December 2015

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1. Executive Summary

We commenced 2015/16 with a budgeted operating surplus of \$1,986k, which was adversely impacted by \$4.065M at the First Quarter Budget Review as a result of the Federal Financial Assistance Grant Funding being received in the preceding year and required to be brought to account in 2014/15 end of year results. As this is a timing impact only there is no “real” impact on our financial sustainability.

Consolidated Funding Statement

This statement (Section 3.3) details the movement between the original budget and our budget position following the adoption of this review. We are reviewing our operating budget from an original budget position of \$1,986k surplus, to a surplus of \$764k.

2015/16 Operating Budget Forecast		\$
Original Budgeted Operating Surplus		1,986
Early Receipt of FAG and ULR in 2014/15		(4,065)
2014/15 Operating Carry Forward Projects		(1,448)
2015/16 Operating Carry Forward Projects - Estimated		1,200
First Quarter Budget Review Adjustments (Resolution 0757/2015)		2,836
Second Quarter Budget Review		255
Forecast Operating Surplus / (Deficit)		764

This year's operating budget has been significantly impacted by the early receipt of the first two quarters of the Federal Financial Assistance Grant and Untied Local Roads funding, resulting in a reduction in the current year income of \$4.065M. These funds were unexpectedly received last financial year in June, and although related to this financial year had to be brought to account in 2014/15 financial year as required by the Local Government Act and Accounting Standards. This had a favourable impact on our cash and surplus for the previous financial year, with an equal reduction in our income and surplus in 2015/16. From a forecast perspective it is appropriate to be conservative and therefore we have not included any financial assistance payments due for 2016/17 in this year's operating results.

Also impacting the operating budget is the carry forward of prior year projects of \$1,448k into the current year. These projects were funded in last year's operating budget and are being spent during 2015/16. Similarly we have estimated that there will be carry forwards of \$1,200k from this year into 2016/17, which is reflective of historical trends of operating carry forwards. These impacts bring the operating result to a deficit of \$2,327k. Adjustments at the First Quarter Budget Review adjustments were \$2,836k (reflecting additional road funding of \$1M), with a further improvement of \$255k inclusive of proposed bids as a result of the Second Quarter Budget Review, bringing the forecast to a surplus of \$764k.

Capital Works Program

The Capital Works spend to date is \$17.2M or 44.6%, and inclusive of commitments is \$24.2M or 62.2% of the original capital budget of \$38.7M. The original capital expenditure budget of \$38.7M has been increased by carry forwards of \$17M, which includes budgets for property development projects of \$6M. Carry forwards together with changes resulting from grant funded projects brings the revised capital expenditure budget to \$55.2M, with the year to date spend of \$17.2M being 31.2% of the revised budget and \$24.2M or 43.9% inclusive of commitments. Details of the capital program are contained in Appendix 4.

Sundry Projects Fund

The overall impact of budget variations is a favourable \$258k as detailed in Appendix 1. New budget bids total \$1.2M, with all having been subject of separate reports to Council. This budget review results in a reduction in investments of \$1,564k. Further details are contained in Section 3.2.

Loan Borrowings / Investments

The original budget was for no loan borrowings required for 2015/16, which resulted from having a higher budgeted surplus, and utilising property development proceeds to negate borrowings. Council adopted this approach to increase capacity to fund significant future projects. This budget review results in a reduction in investments from \$1,852k to \$288k. Further details are contained in Section 4.

2. New Bid Proposals

New/Additional Operating Bids	Expenditure \$	Funding \$	Net Bid \$
NON DISCRETIONARY - OPERATING BIDS			
Community Information Booklet (Resolution 2152) In accordance with PRSC3, Item 1.0.2, 24 February 2014, Resolution 2152, 2014 savings were made by the decision for the Community Information Directory to be published in alternate years and produced in black and white. The Community Information Directory was scheduled and produced in December 2015, however, there is no budget allocation in the 2015/16 budget. Therefore a non-discretionary second quarter budget review bid of \$17,300 is made to allocate funds for the purpose of producing and printing the Community Information Directory.	17,300		17,300
Shandong Delegation and Visit to Linyi City (Resolution 0839/2016) In accordance with Policy and Planning Report, Item 1.2.1, 25 January 2016, Resolution 0839/2016, Council endorsed a non-discretionary second quarter budget review bid of \$10,000 for the purpose of delegate participation in the State Government Delegation to Shandong and the associated visit to Linyi City, including all staff travel costs and meal/ incidental costs for Elected Member delegates, noting that until such time as details of the Delegation requirements are finalised, actual costs will not be known and additional funding may be required at a later date.	10,000		10,000
TOTAL - NON-DISCRETIONARY - OPERATING BIDS	27,300		27,300
TOTAL OPERATING BIDS	27,300		27,300

New/Additional Capital Bids	Expenditure \$	Funding \$	Net Bid \$
NON DISCRETIONARY – CAPITAL BIDS			
Underdown Park Upgrade (Resolution 0847/2016) In accordance with Works and Services Report, Item 2.6.1, 18 January 2016, Resolution 0847/2016, additional \$450,000 budget allocation is required for electrical upgrade at Underdown Park. This funding is in addition to the current allocation and that scheduled for 2016/17.	450,000		450,000
Wilkinson Road P/Hills Bus Pads and Minor works (Resolution 0847/2016) In accordance with Works and Services Report, Item 2.6.1, 18 January 2016, Resolution 0847/2016, allocate \$20,000 non-discretionary funding towards the construction of new bus pads and minor associated works along Wilkinson Road, Para Hills. This work is as a result of a bus reroute.	20,000	10,000	10,000
Salisbury Bowling Club Land Acquisition (Resolution 0867/2016) In accordance with Works and Services Report, Item 2.9.2, 18 January 2016, Resolution 0867/2016, allocation of a capital \$710,000 non-discretionary budget for the purchase of a portion of land (4550sqm) from the Salisbury Bowling Club, Orange Avenue, Salisbury. It is anticipated the land will be acquired for \$680,000, plus \$30,000 has been allowed for sundry costs to complete this transaction and is subject to further report to Council.	710,000		710,000
Replacement of Basketball Backboards - Parafield Gardens (Resolution 0844/2016) In accordance with Works and Services Report, Item 2.1.1, 18 January 2016, Resolution 0844/2016, the basketball backboards in the Multi-Purpose Room at the Parafield Gardens Recreation Centre has been temporarily replaced with a portable Basketball Backboard, as the backboards are currently affixed to unreinforced cavity masonry walls which are cracking and unable to support the dynamic load of the basketball backboards when in operation. It is recommended that the two wall affixed backboards be replaced with roof retracting backboards.	24,000		24,000
TOTAL - NON-DISCRETIONARY - CAPITAL BIDS	1,204,000	10,000	1,194,000
TOTAL CAPITAL BIDS	1,204,000	10,000	1,194,000

3. Budget Review

3.1 Policy and Context

In considering the various aspects of this review, Council should be mindful of the following policy in relation to the Sundry Projects Fund, contained within the Treasury Policy.

1. Any surplus contained within the Sundry Projects Fund following adjustments for variations to existing estimates is applied in the first instance to a reduction in borrowings.
2. Any new bids/projects arising through the year are to be referred to the budget planning process for the subsequent year unless they are of sufficient urgency, in which case Council may finance such project by reducing/cancelling an existing budgeted project or approving an increase to the borrowing or reducing investments.
3. The Surplus Community Land Policy requires that net property development proceeds be offset against current or future borrowings.

As part of establishing the 2015/16 budget Council determined a need to build capacity to fund future significant projects, and consequently sought to minimise loan borrowings through a higher operating surplus and the utilisation of property development proceeds to keep debt levels low. This budget review results in a reduction in investments of \$1,564k, which offsets the favourable impact at the first quarter.

3.2 Sundry Projects Fund

The Sundry Projects Fund (SPF) represents a mechanism or 'clearing house' for dealing with budget variations and urgent bids. In a sense its balance represents the projected surplus for the year but it must be remembered that there are variations throughout the budget which are too numerous or immaterial to consider. The final result will be a combination of the Sundry Projects Fund and these other variations. The current status of the Sundry Projects Fund as a result of the considerations of this review is represented below:

Original Budget 1st July 2015	-
Additions:	
First Quarter Budget Review (Resolution 0757/2015)	3,384,300
Allocations:	
First Quarter Budget Review (Resolution 0757/2015)	(1,532,300)
Impact on Loan Borrowings:	
Increase in Investments - First Quarter (Resolution 0757/2015)	(1,852,000)
Balance prior to the consideration of bids	-
Recommendations - Second Quarter Budget Review:	
Variations to Sundry Projects Fund - Appendix 1 Budget Variation Summary/ (Recommendation 1)	
Operating Variations	122,200
Capital Variations	135,500
Balance after Variations to the Sundry Projects Funds	257,700
Allocations arising from bids contained in Section 2	(1,221,300)
Adjustment to Depreciation (Borrowing impact deferred from the First Quarter Budget Review)	(600,000)
Movements in General Loan Borrowings / Investments:	
Decrease in Investments due to bids offset by Operating & Capital Variations	1,563,600
Net Decrease in Investments	1,563,600
Balance Remaining (subject to review)	-

As part of establishing the 2015/16 budget Council determined a need to build capacity to fund future significant projects, and consequently sought to minimise loan borrowings through a higher operating surplus and the utilisation of property development proceeds to keep debt levels low. This budget review results in a reduction in investments of \$1,564k, which offsets the favourable impact of the first quarter review.

3.3 Consolidated Funding Statement

Consolidated Funding Statement	Second Quarter Revised Budget 2015/2016	Original Budget 2015/2016
	\$'000	\$'000
PART 1 - OPERATING		
Operating Revenue - Original Budget	109,761	109,761
First Quarter Budget Review Adjustments (Resolution 0757/2015)	(1,424)	
Proposed Second Quarter Adjustments:		
Operating Income Gains (Appendix 1)	171	
Operating Income Losses (Appendix 1) including timing difference in Financial Assistance Grant	(103)	
Operating Income Budget Variations (Appendix 1)	81	
Interest on Reserves	20	
Developer Contributions		
Operating Revenue	108,506	109,761
Operating Expenditure - Original Budget	107,775	107,775
First Quarter Budget Review Adjustments (Resolution 0757/2015)	1,253	
Proposed Second Quarter Adjustments:		
Operating Expenditure Savings and Declarations (Appendix 1)	(54)	
Operating Expenditure Budget Variations (Appendix 1)	81	
Operating New Bids (Considered as part of this Review)	27	
Operating Expenditure transferred to Capital (First Quarter Budget Review)	(140)	
Operating Carry Forwards		
Operating Expenditure	108,942	107,775
Estimated 2013/14 Operating Carry Forwards	1,200	
Operating Surplus/(Deficit)	764	1,986
PART 2 - CAPITAL AND OTHER ADJUSTMENTS		
Capital Revenue - Original Budget	15,846	15,846
First Quarter Budget Review Adjustments (Resolution 0757/2015)	(496)	
Proposed Second Quarter Adjustments:		
Capital Income Gains (Appendix 1)	36	
Other Capital Income Budget Variations (Appendix 1)	(50)	
Capital New Bids (Considered as part of this Review)	10	
Capital Revenue	15,346	15,846
Net Surplus/(Deficit) Resulting From Operations	16,110	17,832
Capital Expenditure - Original Budget	38,672	38,672
First Quarter Budget Review Adjustments (Resolution 0757/2015)	17,549	
Proposed Second Quarter Adjustments:		
Capital Expenditure Savings and Declarations (Appendix 1)	(100)	
Capital Carry Forwards		
Capital New Bids (Considered as part of this Review)	1,204	
Other Capital Expenditure Budget Variations (Appendix 1)	(50)	
Capital Expenditure transferred from Operating Budgets	140	
Capital Expenditure	57,415	38,672
Principal Repayments	(2,399)	(2,399)
Net Transfers to and from Reserves	(1,787)	(1,278)
Prior Year Carry Forward Funds	18,997	
Timing Difference in Financial Assistance Grant	4,065	
Estimated Current Year Operating Carry Forward Funds	(1,200)	
Add Back Depreciation of Non-Current Assets	23,917	24,517
Cash Surplus/(Deficit)/Borrowings	288	0
Proposed / Investment Balance/(Loan Borrowings)	288	

The Consolidated Funding Statement (CFS) above provides comparison between the original budget and the revised position following the adoption of the First Quarter Budget Review. The statement identifies the projected Operating Surplus / (Deficit) which is a primary indicator of financial sustainability. The original budget was for an operating surplus of \$1,986k, which has been revised to a forecast surplus of \$764k. Timing differences of \$4,065k are a significant impact in the current year, and are caused by the Financial Assistance Grant and Untied Local Roads grant for the first two quarters of 2015/16 being received in 2014/15. This early receipt was reflected in our operating result for 2014/15, and in our cash holdings at the end of financial year, so is purely a timing issue, rather than an operating concern, and has no impact on our financial sustainability.

Also impacting on the deficit are 2014/15 Carry forwards of \$1,448k, which is largely offset by our estimate of 2015/16 operating carry forward projects of \$1,200k. Other adjustments resulted in a surplus of \$2,836k at the First Quarter Budget Review with a further improvement of \$255k as part of this Review. It should be noted that the final result for the year will be further impacted through other variations throughout our operations.

2015/16 Operating Budget Forecast		\$
Original Budgeted Operating Surplus		1,986
Early Receipt of FAG and ULR in 2014/15		(4,065)
2014/15 Operating Carry Forward Projects		(1,448)
2015/16 Operating Carry Forward Projects - Estimated		1,200
First Quarter Budget Review Adjustments (Resolution 0757/2015)		2,836
Second Quarter Budget Review		255
Forecast Operating Surplus / (Deficit)		764

The Consolidated Funding Statement provides a summary of changes to capital income and capital expenditure, with the most significant impact being Capital Carry Forwards of \$17M. Other impacts on cash are also considered, to arrive at the overall projected borrowings / investment balance. As this is a snapshot for the financial year, it shows that there is a decrease in cash requirements, with investments balance of \$288k as a result of this review.

3.4 Transfer of Funds - (Chief Executive Officer Delegation)

There has been Wages and Salaries savings of \$198k identified in the December quarter, with these savings being transferred to the Wages and Salaries Provision Account. There has been a total allocation of \$207k in the December quarter, with the significant amounts being the allocation of \$101k within Development Services which supports additional revenue of \$167k and is the reallocation of prior declarations, and \$67k within People and Culture for backfilling of vacancies which is also the allocation of prior declarations. The balance of the Wages & Salaries Provision Account is \$212k.

3.5 Transfer of Funds Requests

It is proposed that the following transfer of budgets be incorporated as part of this review:-

1. Transfer \$15,000 from the Innovation to Business Program, to the Economic Regional Collaboration Program to match contribution of City of Playford for the employment of a Northern Adelaide Manufacturing Development Officer.
2. Transfer \$100,000 from Bicycle Networks Improvement Program to the Minor Traffic Improvements Program, to deliver two new pedestrian crossings at Warner Rd/ Hollywood Blvd & Metro St/ Hollywood Blvd, as per Council Resolution 0847/2016.
3. Transfer \$30,000 savings on the OCI / LSI program through insourcing to fund an additional trainee, as per Council Resolution 0514/2015.
4. Transfer \$15,000 from Building Control to Planning to align Encumbrance Fees budget with actuals.
5. Transfer \$37,400 from Community Health & Wellbeing to Fleet for the provision of three new buses for Home Assist transport service.
6. Transfer of \$22,600 from Wages & Salaries to Fleet budgets due to the allocation of vehicles as part of Managers salary packaging.
7. Transfer of \$22,600 from Fleet to Wages & Salaries budgets due to the cessation of vehicles as part of Managers salary packaging.
8. Transfer of \$57,500 from Parks and Landscape City Growth to various Parks and Landscape Contractual Services to allow for parks growth in the 2015/16 financial year.

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9. Transfer of \$53,500 from Civil and Waste City Growth to various Civil and Waste Contractual Services to allow for civil growth in the 2015/16 financial year.

For reference there has been no utilisation in the second quarter of the delegation provided to General Managers to transfer funds between projects contained within the same category and type of spend, consequently there is no associated report.

4. Loan Borrowings/Investments and Reserves

Loan Borrowings/Investments

Details of the movement in the current year investments / borrowings:

	\$
Original Budget 1st July 2015	-
First Quarter Budget Review 2015/16	
Variation to General Borrowing / (Investments) Requirements (Resolution 0757/2015)	(1,852,000)
Second Quarter Budget Review 2015/16	
Variation to General Borrowing Requirements/(Investments) recommended	1,563,600
Revised Borrowings/(Investments) 2015/16 Subject to this Review	(288,400)

We had originally budgeted for no new borrowings or new investments in 2015/16, with adjustment as part of the first quarter budget review being an investment increase of \$1,852k and offset by a reduction of \$1,564k at the second quarter budget review. As part of establishing the 2015/16 budget Council determined a need to build capacity to fund future significant projects, and consequently sought to minimise loan borrowings through a higher operating surplus and the utilisation of property development proceeds to keep debt levels low.

Reserves

Details	Year to Date	Full Year	
	Actual \$000's	Rev.Bud \$000's	Orig.Bud \$000's
Transfers to Reserves	528	7,995	7,486
Transfers from Reserves	80	6,208	6,208
Total	448	1,787	1,278

The above table summarises movements within Council's Reserve Accounts e.g. Drainage Reserve, Open Space, Property Disposals Reserve etc., and are in line with budget expectations. Details of balances of Reserves are contained in periodic Finance Reports. The Year to Date Budget represents the Full Year Revised Budget, although the funds will be transferred from the Reserves when required by individual projects.

5. Recommendations

1. The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) be endorsed and net operating \$122,200, net capital \$135,500 be debited to the Sundry Project Fund. This will bring the balance to **\$257,700**.
2. Funds be allocated for the following **non-discretionary** net bids:

OPERATING

▪ Community Information Booklet	\$ 17,300
▪ Shandong Delegation and Visit to Linyi City	\$ 10,000

CAPITAL

▪ Underdown Park Upgrade	\$ 450,000
▪ Wilkinson Rd P/Hills Bus Pads and Minor Works	\$ 10,000
▪ Salisbury Bowling Club Land Acquisition	\$ 710,000
▪ Replacement of Basketball backboards at Parafield Gardens	\$ 24,000
▪ TOTAL	\$1,221,300

NB: This will bring the balance of the Sundry Projects Fund to (\$963,600).

3. Council approve the following transfers:
 1. Transfer \$15,000 from the Innovation to Business Program to the Economic Regional Collaboration to match contribution of City of Playford for the employment of a Northern Adelaide Manufacturing Development Officer.
 2. Transfer \$100,000 from Bicycle Networks Improvement Program to the Minor Traffic Improvements Program, to deliver two new pedestrian crossings at Warner Rd/ Hollywood Blvd & Metro St/ Hollywood Blvd, as per Council Resolution 0847/2016.
 3. Transfer \$30,000 savings on the OCI / LSI program through insourcing to fund an additional trainee, as per Council Resolution 0514/2015.
 4. Transfer \$15,000 from Building Control to Planning to align Encumbrance Fees budget with actuals.
 5. Transfer \$37,400 from Community Health & Wellbeing to Fleet for the provision of three new buses for Home Assist transport service.
 6. Transfer of \$22,600 from Wages & Salaries to Fleet budgets due to the allocation of vehicles as part of Managers salary packaging.
 7. Transfer of \$22,600 from Fleet to Wages & Salaries budgets due to the cessation of vehicles as part of Managers salary packaging.

8. Transfer of \$57,500 from Parks and Landscape City Growth to various Parks and Landscape Contractual Services to allow for parks growth in the 2015/16 financial year.
9. Transfer of \$53,500 from Civil and Waste City Growth to various Civil and Waste Contractual Services to allow for civil growth in the 2015/16 financial year.
4. Decrease investments in 2015/16 by a net \$1,563,600.

Appendix 1 – Budget Variation Summary

Budget Variation Summary as at 31 December 2015

Item	Details	Expense Increase/ (Decrease)	Revenue Increase/ (Decrease)	Net Increase/ (Decrease)
			Includes Expenditure Recoveries	Sundry Projects Fund
OPERATING VARIATIONS				
	Expenditure Savings			
1	Insurance - Insurance Premiums	(10,000)		10,000
2	Fleet - Fuel expenditure savings relating to lower consumption and anticipated prices	(40,000)		40,000
3	Inspectorial Services - By-Law Review	(4,000)		4,000
	Income Gains			
4	Development Services - Planning Assessment Income		40,000	40,000
5	Development Services - Building Lodgement Fees		50,000	50,000
6	Environmental Health - Fines		5,000	5,000
7	Environmental Health - Reimbursements		4,500	4,500
8	Inspectorial Services - Dog Fines from Prosecutions		25,000	25,000
9	Computing - Insurance Claim Lightning Damage		12,000	12,000
10	Insurance - LGA Asset Mutual Fund Special Distribution		20,800	20,800
11	Waste Management - Reimbursement of NAWMA costs from Tea Tree Gully Council - Kara Crescent Service		5,800	5,800
12	Property Management - Advertising Revenue Bus Shelters		8,000	8,000
	Income Losses			
13	Inspectorial Services - Dog Registration / Licence Income		(17,900)	(17,900)
14	Inspectorial Services - Dog Expiration Fees		(85,000)	(85,000)
	Adjustments - Nil Effect			
15	Adult Learners Week *****	950	950	0
16	Salisbury Talented Athletes *****	10,900	10,900	0
17	Matsuri on Mobarra *****	7,300	7,300	0
18	Blizz Kids *****	31,800	31,800	0
19	Development Services - Advertising Fees reimbursed	10,000	10,000	0
20	Brahma Lodge Sports Building (successful grant application from Office for Recreation & Sport)	20,000	20,000	0
21	Strategic Property:- Project Delivery Coordinator, funded within Strategic Property Projects (Capital) (a)	63,600	63,600	0
	Net Impact to Operating Result - Transfer to Sundry Projects Fund	90,550	212,750	122,200
CAPITAL VARIATIONS				
	Deferred Projects			
22	NA			
	Expenditure Savings			
23	Bicycle Network Improvement Program (Unsuccessful grant application, Resolution 0847/2016) Refer:- No. 26	(50,000)		50,000
	Income Gains			
24	NA			0
	Income Losses			
25	NA			0
	Adjustments - Nil Effect			
26	Bicycle Network Improvement Program (Unsuccessful grant application, Resolution 0847/2016) Refer:- No. 23	(50,000)	(50,000)	0
	Net Impact to Capital Program	(100,000)	(50,000)	50,000
PROPERTY DEVELOPMENT VARIATIONS				
	Expenditure Savings			
27	Para Vista Residential In-Fill Development - to be funded within Strategic Land Review Feasibilities	(50,000)		50,000
	Income Gains			
28	Strategic Property:- Ryans Road - Emerald Green (Resolution 804/2015)		16,500	16,500
29	Strategic Property:- Diment Road - The Reserve (Resolution 804/2015)		19,000	19,000
	Income Losses			
30	NA			0
	Nil Effect			
31	NA			0
	Net Impact to Property Development Program	(50,000)	35,500	85,500
Transfer To / (From) Sundry Project Fund				257,700

NB ***** Adjustment to budgets already processed

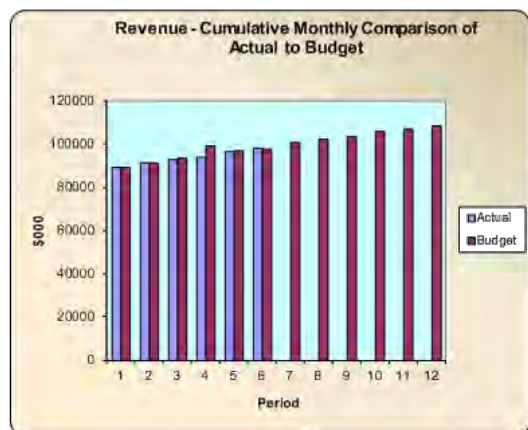
(a) Strategic Property Development Sub Committee, SPDSC1 8 February 2016:- Due to the future pipeline of projects in Tranche 2 and the balance of work remaining on Tranche 1, we are needing to provide and extension to the Project Delivery Coordinator role as the original contract terms are coming to an end. As this role is funded from within existing Strategic Development projects there is no additional expenditure requirements.

Appendix 2 –Statement of Comprehensive Income



City Of Salisbury Statement of Comprehensive Income For the Period Ending 31 December 2015

	Year to Date			Full Year	
	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000	Original Budget \$000
INCOME					
Rates	87,549	87,584	(35)	87,684	87,684
Statutory Charges	1,851	1,791	59	2,612	2,642
User Charges	2,615	2,618	(3)	5,316	5,354
Grants, Subsidies & Contributions	4,641	4,527	114	10,953	12,469
Investment Income	246	360	(115)	668	616
Reimbursement	211	84	126	158	201
Other Revenue	844	814	30	1,016	795
Total Income	97,956	97,779	177	108,409	109,761
EXPENSES					
Employee Costs	18,550	19,049	499	35,868	35,592
Materials, Contracts and Other Expenses	21,474	22,753	1,279	46,944	45,456
Finance Costs	651	967	316	2,100	2,100
Depreciation, amortisation & impairment	12,025	12,013	(12)	24,027	24,627
Total Expenses	52,700	54,781	2,081	108,939	107,775
Operating Surplus/(Deficit) before Capital Amounts	45,256	42,998	2,258	(530)	1,986
Net gain (loss) on disposal or revaluation of assets	63	0	63	0	0
Amounts specifically for new or upgraded assets	0	84	(84)	792	1,416
Physical resources received free of charge	0	0	0	5,000	5,000
Other Comprehensive Income	0	0	0	0	0
Total Comprehensive Income	45,320	43,082	2,238	5,262	8,402



The Operating Surplus / (Deficit) before Capital Amounts reflects the Original Budget, revised for Council endorsed budget revision contained in First Quarter Budget Review, and also includes the impact of 2014/15 operating carry forwards of \$1.4M, and whilst provision is made in the consolidated funding statement for the potential carry forward from 2015/16 into 2016/17, this will not be reflected in the Operating Surplus until the end of Financial Year, when specific projects and budget lines are known. Also included are some Second Quarter "nil effect" adjustments as indicated in Appendix 1- Budget Variation Summary. Following Council endorsement the revised budget will reflect all changes contained in this review.

Commentary – Statement of Comprehensive Income

Year to Date: Actual v Revised Budget

The commentary on the Statutory Report is designed to explain the variations appropriate to this 'view' but no actions are required as, where necessary, they are picked up elsewhere in the report. Comment is made only to variances greater than \$50k unless there are significant issues that need to be brought to members' attention.

Revenue**Grants, Subsidies & Contributions – Favourable Variance \$114k**

The favourable variance predominately resulting from advanced payment of the third quarter instalment for the Disability Program - The Shed Project of \$35k and additional funding for the Library Operations Subsidy of \$35k.

Investment Income– Unfavourable Variance \$115k

The unfavourable variance is primarily the result of lower than anticipated Interest received on investment activity.

Reimbursement Income– Favourable Variance \$126k

The favourable variance is primarily associated with Recreation Services \$96k which represents the payment of electricity and water accounts and the subsequent reimbursement from Belgravia.

Expenditure**Employee Costs - Favourable Variance \$499k**

The favourable variance primarily represents Wages & Salaries savings from various divisions that have been allocated to the Wages & Salaries Provision \$212k.

Materials, Contracts and Other Expenses – Favourable Variance \$1,279k

The favourable variance is predominately the result of the timing of payments and the timing of the delivery of various programs. The most significant variance is within contractual services with Maintenance – Linemarking of \$131k, Footpath Maintenance - Pavers of \$119k and Park Maintenance of \$105k. Also, Salisbury Water Internal Water Supply of \$223k and Electricity of \$161k.

Finance Costs - Favourable Variance \$316k

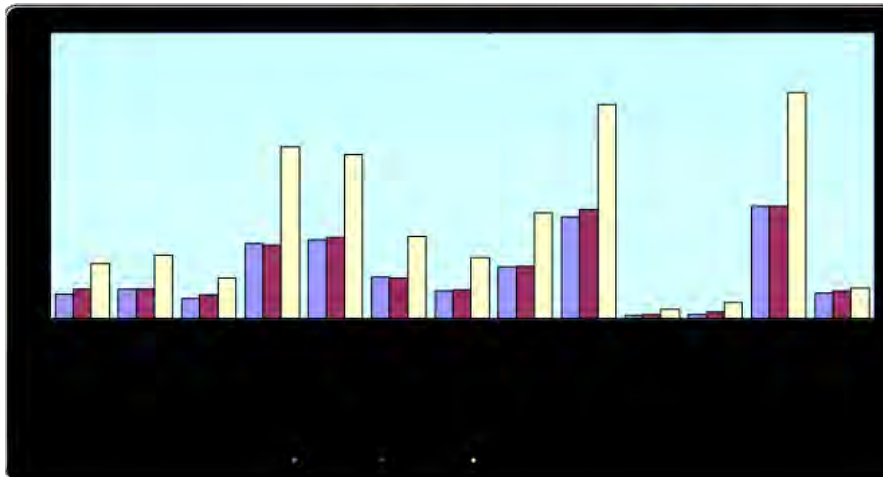
The favourable variance relates to timing of cash receipts and disbursements, with the budget allowing for the drawdown of cash advance debentures, but this not being required during the first half of 2015/16.

Appendix 3 –Statement of Financial Performance – Key Directions



City of Salisbury Statement of Financial Performance by Key Direction For the Period Ending December 2015

	Year to Date			Full Year	
	Actual \$000's	Budget \$000's	Variance \$000's	Revised Budget \$000's	Original Budget \$000's
NET OPERATING RESULT					
Surplus/(Deficit)	45,320	43,082	2,238	5,262	8,402
Represented By:					
KEY DIRECTION REVENUE					
The Prosperous City:					
Transport	323	323	(0)	3,806	3,856
City Planning & Economic Development	939	776	163	1,403	1,320
The Sustainable City:					
Water Management	877	961	(84)	2,365	2,365
Waste Management	700	667	13	1,287	1,369
Parks & Landscape	50	46	2	65	65
The Living City:					
Recreation, Education & Leisure	704	561	143	632	600
Public Health & Safety	1,136	1,261	(125)	1,640	1,670
Community Development	2,127	2,042	85	3,706	3,403
Achieving Excellence:					
Corporate Support	1,222	1,145	77	1,527	1,400
Governance	1	0	1	2	2
Treasury	246	360	(115)	668	616
Grants Commission	1,574	1,575	(1)	3,149	5,590
Rates	87,549	87,584	(35)	87,684	87,684
Other Miscellaneous Revenue	508	457	51	457	0
Total Operating Revenue	97,956	97,779	177	108,409	108,761
Capital Contributions	63	84	(21)	5,792	6,416
Total Revenue	98,020	97,863	156	114,201	116,177
KEY DIRECTION EXPENDITURE					
The Prosperous City:					
Transport	2,194	2,603	410	4,883	4,848
City Planning & Economic Development	2,601	2,641	39	5,570	5,073
The Sustainable City:					
Water Management	1,763	2,132	348	3,571	3,556
Waste Management	6,829	6,457	(172)	15,044	15,109
Parks & Landscape	6,960	7,116	155	14,390	14,706
The Living City:					
Recreation, Education & Leisure	3,844	3,572	(272)	7,193	7,204
Public Health & Safety	2,463	2,552	90	5,342	5,389
Community Development	4,554	4,656	102	9,330	8,749
Achieving Excellence:					
Corporate Support	8,846	9,606	661	18,763	17,801
Governance	356	412	56	818	792
Treasury	384	635	250	1,478	1,478
Depreciation	9,926	9,926	(0)	19,853	20,453
Other Miscellaneous Expenditure	2,260	2,474	215	2,704	2,511
Total Expenditure	52,700	54,781	2,081	108,939	107,775

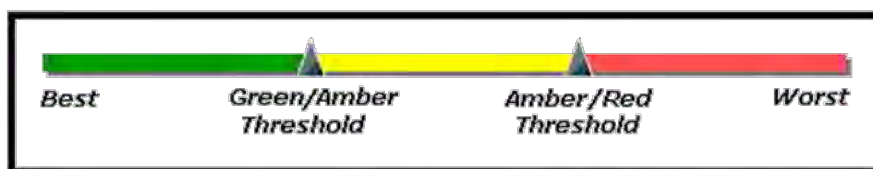


Full Year revised budget includes revisions to expenditure budgets for funds carried forward from 2014/15 into 2015/16. We anticipate a carry forward from 2015/16 into 2016/17, however, at this time specific programs cannot be identified, and this will be brought to account at the end of financial year.

How to interpret the performance indicator gauges

The performance indicators and explanations provide non-financial information supporting the variance analysis commentary contained within the Statement of Financial Performance – Key Directions.

PIs - Values

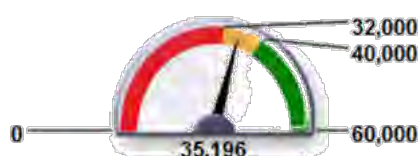


Green:- OK - Performance above target - denotes current value is between the amber/green threshold and the best value.

Amber:- Warning - Performance below target (within 20% of target) - denotes current value is between the amber/red threshold and the amber/green threshold.

Red:- Alert - Performance significantly below target - denotes current value is between the amber/red threshold and the worst value.

Cumulative result for 2009/10 as of Q3 2009/10



Minimum/Maximum Value

These are the values shown at the extreme ends of the scale on the gauge; they do not represent quarterly or annual target values.

eg. The minimum value of 0 is on the left hand side of the gauge and the maximum value of 60,000 is on the right hand side of the gauge.

Red/Amber Thresholds

The Red/ Amber Threshold are set at 20% below the quarterly target.

eg. The quarterly target is 40,000 units therefore the Red/Amber Threshold is 32,000 units (ie 20% below the quarterly target.)

Quarterly Target

The quarterly target is shown on the gauge at the Green/Amber Threshold.

eg the quarterly target value is 40,000 units.

Performance Indicator Result

The performance indicator result for the period is shown by the needle on the gauge with the value recorded at the bottom of the gauge.

eg The performance indicator value is 35,196 which is represented in the amber range of the gauge as the value is lower than but within 20% of the quarterly target of 40,000.

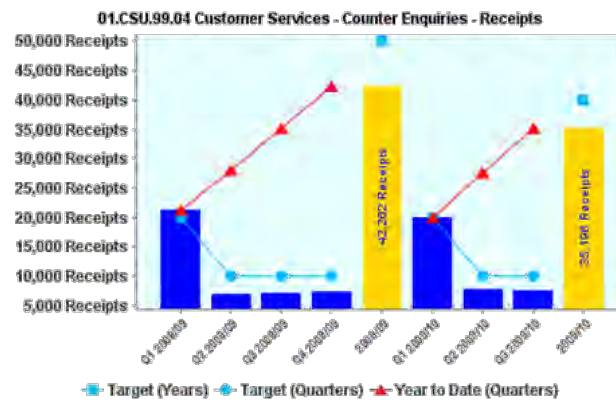
Annual Target

The annual target is not represented on the gauge until the fourth quarter when it becomes the quarterly target.

Nb: - Sometimes the gauges are inverted depending whether the best result is to maximize or minimize the outcome.

How to interpret the trend graphs

Trend Chart



The trend chart is a graphical and historical view of a performance indicator.

Blue Bar

The Blue Bar represents the Quarterly result for the relevant period, which is measured on the left hand side of the chart.

Yellow Bar

The Yellow Bar represents the Annual result for the relevant period and is an aggregation of the relevant Quarterly Blue Bars.

Target (Years)

The Target (Years) appears above the Yellow Bar on the chart and represents the Annual Target for the Performance Indicator as outline within initial Business Plans.

Target (Quarters)

The Target (Quarters) appears above each Blue Bar on the chart and represents the Quarterly Target for the Performance Indicator. The Target (Quarterly) is also joined by a light blue line to each subsequent quarter within the relevant year. In this particular example, the level of activity is higher in the first quarter than subsequent quarters and this is also reflected in the Target (Quarterly).

Year to Date (Quarters)

The Year to Date (Quarters) is a red line that appears above the Blue Bars on the chart and represents the aggregation of the Quarterly Result.

Commentary – Key Direction

The Prosperous City - Net Favourable Variance \$612k

Transport - Net Favourable Variance \$410k

Revenue Favourable Variance \$0k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
				No significant variances to report.	Nil

Expenditure - Favourable Variance \$410k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Roads	GMCI	257		<p>The favourable variance is primarily related to the timing of contractual expenditure within Maintenance – Linemarking \$131k. It is anticipated that the program will meet budget by the end of the financial year.</p> <p>In addition, the favourable variance is also due to the timing of payments for Road Seal of \$69k and Repair of Potholes of \$37k</p>	Nil
Signs	GMCI	66		The favourable variance is primarily related to the timing of contractual expenditure within Etched Street Name Maintenance \$30k and Regulatory Signs of \$23k which is reactive maintenance. It is anticipated that the program will meet budget by the end of the financial year.	Nil
Footpath Maintenance	GMCI	112		The favourable variance is primarily related to the timing of contractor works associated with Footpath Paver Maintenance \$119k, which has been delayed until the results of the last audit are available. It is anticipated that the program will meet budget by the end of financial year.	Nil

City Planning & Economic Development - Net Favourable Variance \$202k**Revenue - Favourable Variance \$163k**

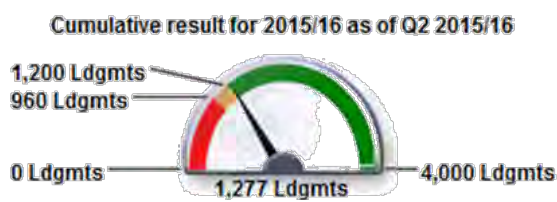
Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Planning Assessment	GMCID	50	40	The favourable variance is related to higher than anticipated lodgements, with 1,277 applications being received, as at 31 December 2015, compared to 1,205 at the same time last financial year.	Debit \$40,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 4</i>
Building Control	GMCID	57	50	The favourable variance is due to a higher percentage of fees with greater development value being received.	Debit \$50,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 5</i>
Building Rules Certification Unit	GMCID	41		The favourable variance is due to an increase in lodged external applications above Business Plan predictions, as well as a change in full dwelling applications lodged that generate higher fee levels, away from sheds/verandahs. External applications assessed are currently 8.1% above year to date Business Plan estimates and will be continually monitored with any adjustments required to be made as part of the Third Quarter Budget Review.	Nil

Expenditure - Favourable Variance \$39k

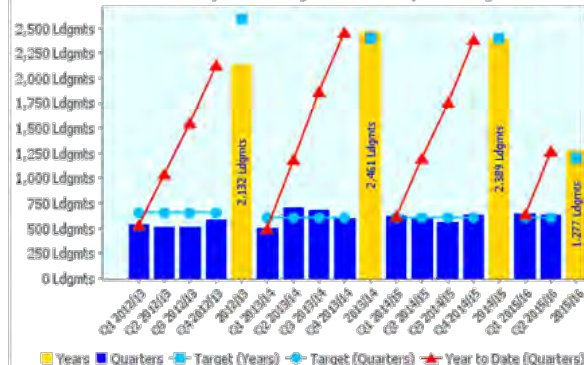
Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Strategic Development Projects	GMCID	47		The favourable variance relates to the operating components of capital which is within the annual budget and is currently being reviewed	Nil
Economic Development	GMCID	(22)		No significant variance to report.	Nil

05.DS.99.01 Development Management - Development Lodgements

Development Lodgements



05.DS.99.01 Development Management - Development Lodgements



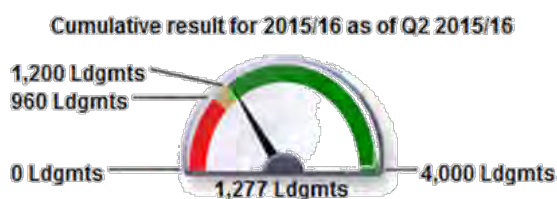
Notes

Tracking as per business plan targets (slightly up but not significantly)

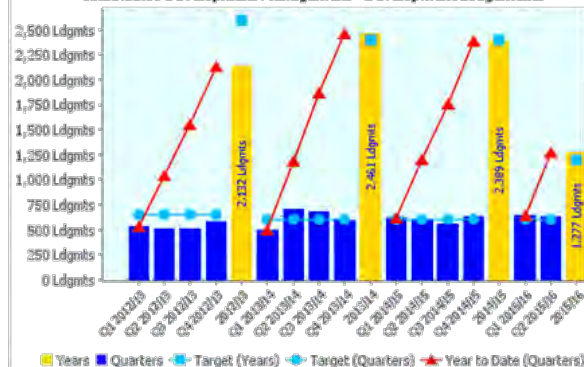
28/01/2016

05.DS.99.01 Development Management - Development Lodgements

Development Lodgements



05.DS.99.01 Development Management - Development Lodgements



Notes

Increase in application value due to several unexpected applications having higher construction cost than originally anticipated

28/01/2016

The Sustainable City - Net Favourable Variance \$262k**Water Management - Net Favourable Variance \$264k****Revenue – Unfavourable Variance \$84k**

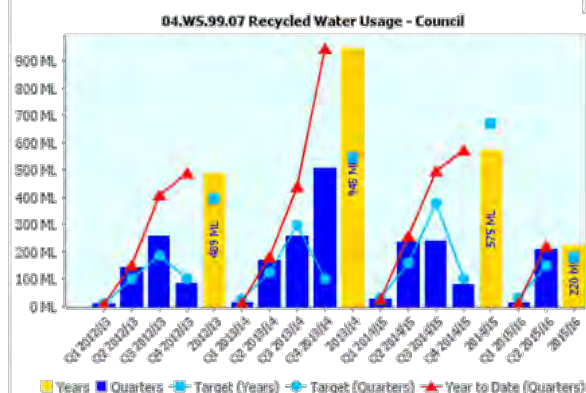
Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Salisbury Water Retail	GMBE	(66)		The unfavourable variance is related to the timing of external sales income, which is slightly down. The budget allocated to end of December is 39.7% or \$884k of the annual budget of \$2.2M. The actual external sales income was 36.8% or \$819k.	Nil

Expenditure – Favourable Variance \$348k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Salisbury Water Production	GMBE	153		The favourable variance is related to the timing of contractual services of \$36k and electricity charges of \$58k attributable to the lower harvest due to below average rainfall.	Nil
Salisbury Water Distribution	GMBE	92		The favourable variance is related to the timing of electricity charges of \$91k and chlorine cost of \$50k.	Nil
Salisbury Water Retail Marketing	GMBE	167		The favourable variance is related to the timing of internal income. The budget allocated to the end of December is 30% or \$762k of the annual budget of \$2.5M. The actual internal charges were 39% or \$985k. This is the result of dry conditions associated with below average rainfall which has resulted in higher usage.	Nil
Drainage Systems	GMCI	(109)		The unfavourable variance mainly relates to contractual expenditure of \$95k on underground drainage maintenance. This expenditure is reactive and seasonal and is expected to decrease through the warmer months and is currently being monitored with any potential adjustment to be reviewed at the Third Quarter Budget Review. The expenditure to December 2015 is \$222k compared to the annual budget of \$284k.	Nil

04.WS.99.07 Recycled Water Usage - Council

Recycled Water Usage - Council



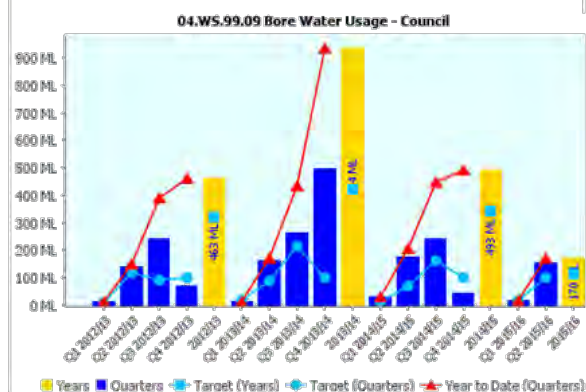
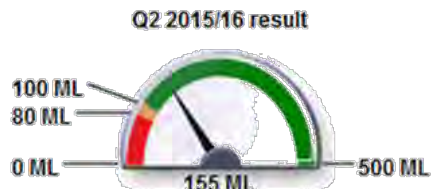
Notes

Usage is up on budget due to extremely hot quarter

22/01/2016

04.WS.99.09 Bore Water Usage - Council

Bore Water Usage - Council



Notes

Usage up on target due to hotter than expected weather

22/01/2016

Waste Management - Net Unfavourable Variance \$159k**Revenue - Favourable Variance \$13k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Transfer Station Operations	GMCI	21		No significant variances to report.	Nil

Expenditure – Unfavourable Variance \$172K

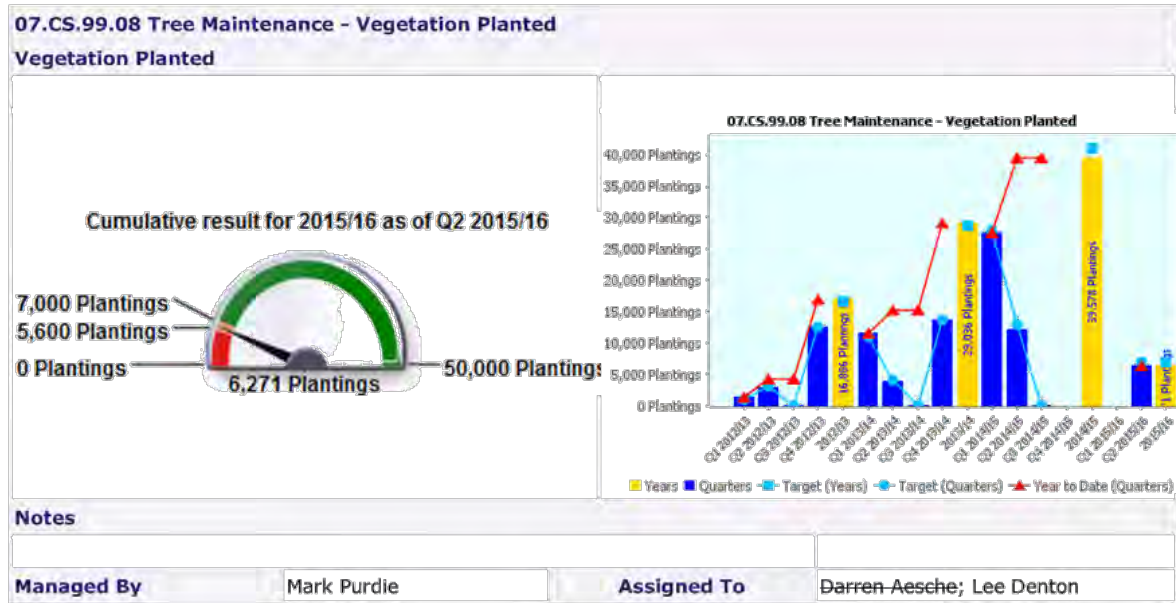
Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Roads	GMCI	(112)		<p>The unfavourable variance relates to Dumped Rubbish Collection of \$61k with higher level of activity which is offset by a favourable recovery in Transfer Station operations.</p> <p>Also, contributing to the unfavourable variance is Roadsweeping of \$49k which is due to the timing of contractor payments with a lower level of activity allocated to December 2015.</p>	Nil
Transfer Station Operations	GMCI	(66)		The unfavourable variance largely relates to weekend overtime labour allocated for bin compaction works at the Transfer Station. The Budget was allocated based on casual labour rates however, due to the skills required the work has been undertaken by existing staff and overtime applies to weekend work as a result. Engagement of additional fixed term and permanent staff is on hold pending the program review.	Nil

Parks & Landscape - Net Unfavourable Variance \$157k**Revenue - Favourable Variance \$2k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Tree Management	GMCI	14		No significant variances to report.	Nil

Expenditure – Unfavourable Variance \$155k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Wetlands and Biodiversity	GMCI	(60)		The unfavourable variance is related to internal labour with higher activity in this program which is offset within Parks and Landscape Administration.	Nil
Public Toilets	GMCI	33		The favourable variance is due to the timing of General Building and Compliance Maintenance. It is anticipated that the program will meet budget by the end of the financial year.	Nil
Turf and Irrigation	GMCI	(83)		The unfavourable variance is mainly due to materials for Irrigation Maintenance of \$71k. It is anticipated that the program will be within budget by the end of the financial year.	Nil
Parks and Landscape Administration	GMCI	99		The favourable variance is primarily resulting from a higher recovery of staff time of 231k into Parks and Landscapes Program areas which show unfavourable internal labour variances. There is no overall increase in cost.	Nil
Feature Landscapes	GMCI	23		No significant variances to report.	Nil
Park Maintenance	GMCI	37		The favourable variance is largely due to the timing of contractual services payments of \$101k and lower water consumption of external supply of \$48k, offset by higher water consumption of internal supply \$141k.	Nil
Fire Prevention	GMCI	33		The favourable variance is due to the timing of contractual services payments. It is anticipated that the program will meet budget by the end of the financial year.	Nil
Verges (Road Reserves)	GMCI	36		The favourable variance is due to the timing of contractual services payments for Verge Mowing of Residential Roads with six cuts undertaken to December 2015. It is anticipated that the program will meet budget by the end of the financial year.	Nil



The Living City - Net Favourable Variance \$224k**Recreation, Education and Leisure - Net Favourable Variance \$71k****Revenue - Favourable Variance \$143k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Recreation Centres	GMCD	119		<p>The favourable variance is mainly associated with the reimbursement of expenses from Belgravia as part of management of Recreation Services \$96k.</p> <p>In addition, the favourable variance relates to unbudgeted income of \$23k at the St Jays Recreation Centre which is offset by additional expenditure.</p>	Nil

Expenditure - Unfavourable Variance \$72k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Community Sport and Club Facilities	GMCD	(74)		The unfavourable variance is within Turf and Irrigation due to higher water consumption with internal supply of \$106k, offset by lower water consumption of external supply of \$26k.	Nil
Community Capacity & Learning	GMCD	29		The favourable variance is associated with Wages & Salaries and the timing of annual leave and back-filling arrangements.	Nil
Recreation Centres	GMCD	(27)		<p>The favourable variance is mainly associated with the timing of contractual payment for December \$30k and building maintenance \$45k.</p> <p>Also, the unbudgeted expenditure of \$30k at St Jays Recreation Centre which is offset by additional income.</p> <p>These variances are offset by the reimbursement of expenses from Belgravia as part of management of Recreation Services \$96k.</p>	Nil

Public Health and Safety - Net Unfavourable Variance \$35k**Revenue – Unfavourable Variance \$125k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Dog Control	GMCID	(107)	(18)	The unfavourable variance is partly the result of a decline in the number of dogs registered. As at 31 December 2015 there were 23,005 dogs registered compared to 23,566 at the same time last financial year, with a total of 25,073 dogs registered in 2014/15. Further impacting this variance is the nature of registrations with more people claiming concessional rebates. These two factors have resulted in a permanent variance of \$57k (noting that \$30k has already been declared at the First Budget Review)	Credit \$17,900 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 13</i>
			(85)	Further contributing to the unfavourable variance is an income loss of \$85k relating to Expiation Fees. Whilst this is a significant variance it is primarily the result of expiations being unpaid and consequently the debt is sent to the Fines Enforcement Recovery Unit (FERU). At this stage the recovery of the expiation is not controlled by Council resulting in the income loss. However income is still expected to be received in the future (potentially across financial years) however Council loses control of the timing and recovery.	Credit \$85,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 14</i>
			25	Offsetting these unfavourable variances is a favourable variance relating to Dog Fines from Prosecution \$25k.	Debit \$25,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 8</i>

Expenditure – Favourable Variance \$90k

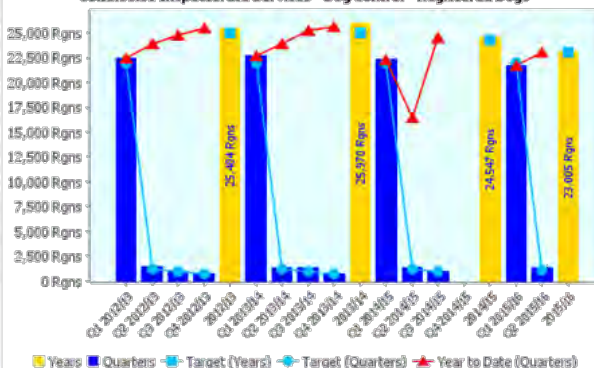
Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Crime Prevention & Repair	GMCID	45		The favourable variance is related to Insurance for vandalism of \$26k and graffiti building maintenance of \$18k.	Nil
Food & Health Regulation	GMCID	23		No significant variances to report.	Nil
Dog Control	GMCID	27		No significant variances to report.	Nil

05.IS.99.01 Inspectorate Services - Dog Control - Registered Dogs

Dog Control - Registered Dogs



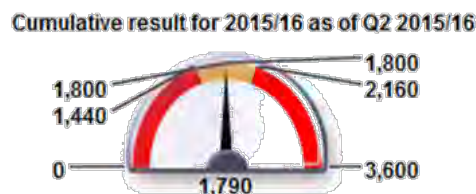
05.IS.99.01 Inspectorate Services - Dog Control - Registered Dogs



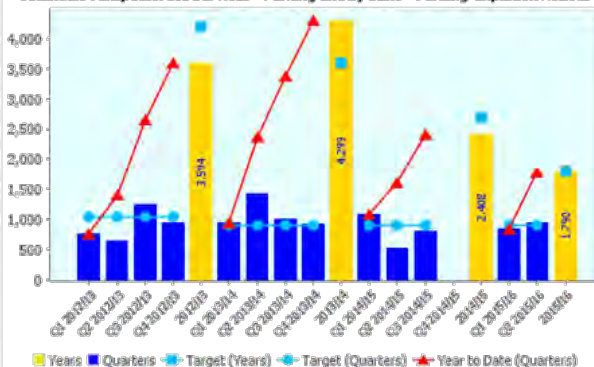
Notes

05.IS.99.04 Inspectorate Services - Parking and By Laws - Parking Expiation Notices

Parking and By Laws - Parking Expiation Notices



05.IS.99.04 Inspectorate Services - Parking and By Laws - Parking Expiation Notices



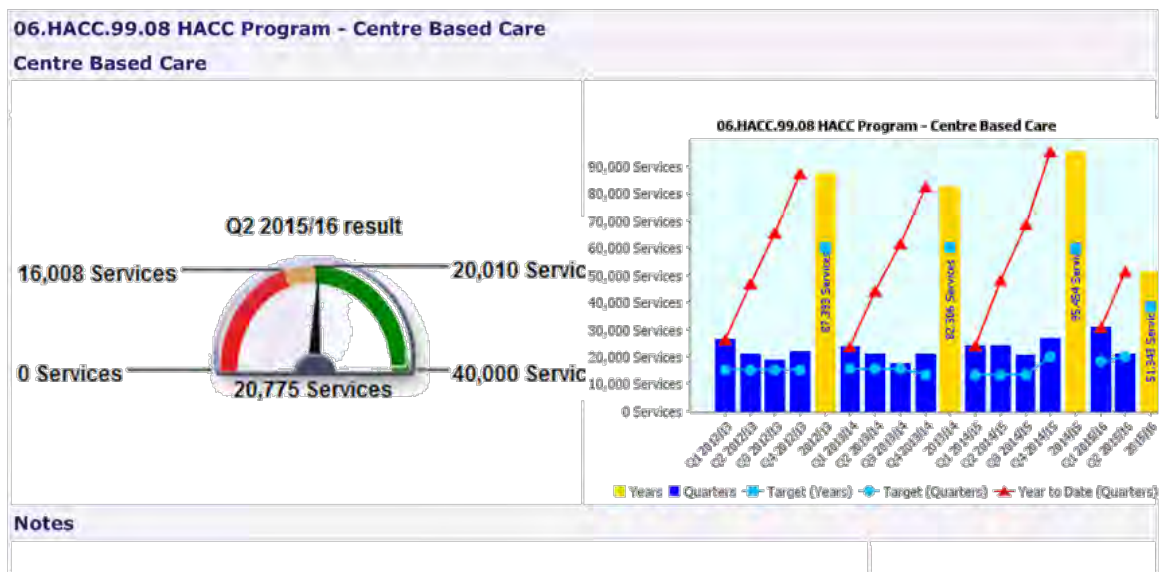
Notes

Community Development - Net Favourable Variance \$188k**Revenue - Favourable Variance \$86k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Cemetery	GMCD	(22)		The unfavourable variance reflects a slowing in new leases, interment and inurnment sales in the second quarter of 2015/2016 compared to 2014/2015.	Nil
Community Development	GMCD	21		No significant variance to report.	Nil
Positive Ageing	GMCD	69		The favourable variance is predominately the result of the advance payment of the third instalment of the Disability Program – The Shed Project of \$35k and other miscellaneous timing variances.	Nil

Expenditure – Favourable Variance \$102k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Community Development	GMCD	74		The favourable variance relates to the timing of expenditure payments for OPAL \$53k, Drug & Alcohol Framework \$15k and other minor variances.	Nil
Positive Ageing	GMCD	110		The favourable variance is associated with Wages & Salaries of \$58k due to vacancies within the Home Assist grant funded program and the timing of Age-friendly Retail Pilot Project of \$15k and other minor miscellaneous variances.	Nil
Community Centres	GMCD	(51)		The unfavourable variance mainly relates to programs within Twelve25 - \$37k, being the timing of Bizkids \$9k and Saturday Chill Sessions / Thus Skill \$7k. In addition, the timing of building maintenance of \$17k.	Nil



Achieving Excellence – Net Favourable Variance \$1,160k**Corporate Support – Net Favourable Variance \$738k****Revenue – Favourable Variance \$77k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		Timing \$000	Permanent \$000		
Business Excellence	GMBE	44	21	The favourable variance predominately relates to LGA Asset Mutual Fund Surplus Distribution of \$28k.	Debit \$20,800 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 10</i>
City Infrastructure	GMCI	34	8	The favourable variance is mainly associated with Property Management of \$34k, which includes addition Advertising Revenue for Bus Shelters of \$15k and other minor miscellaneous variances. A declaration of \$6k was made at the First Quarter Budget Review with a further \$8k being made as part of this Budget Review.	Debit \$8,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 12</i>

Expenditure - Favourable Variance \$661k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		Timing \$000	Permanent \$000		
Business Excellence	GMBE	426		The favourable variance is attributable to timing variances across various divisions, with larger impacts being; People & Culture \$118k related to Training and Organisational Development \$73k and Corporate Occupational Health and Safety \$57k. Information Technology \$106k, primarily related to Capital Projects \$57k and other minor variances. Financial Services \$172k, which includes Rates Administration \$39k and timing of expenditure payment for the Emergency Services Levy \$54k and other minor variances.	Nil
City Infrastructure	GMCI	203	40	The favourable variance is in part due to a significant variance in Fleet Administration \$133k resulting from favourable fuel and maintenance costs that will continue to be monitored for potential future declaration. The balance results from a number of timing variances across the department.	Debit \$40,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 2</i>

Governance – Net Favourable Variance \$57k**Revenue – Favourable Variance \$1k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
				No significant variance to report.	Nil

Expenditure – Favourable Variance \$56k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Council	CEO	56		The favourable variance is due to the timing of expenditure payments to State Electoral Commission of \$24k and Civic and Ceremonial \$14k.	Nil

Treasury – Net Favourable Variance \$135k**Revenue – Unfavourable Variance \$115k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Treasury	GMBE	(115)		The unfavourable variance is primarily the result of lower than anticipated interest received on investment activity.	Nil

Expenditure – Favourable Variance \$250k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Treasury	GMBE	250		The favourable variance relates to a reduction in the need for the drawdown of cash advance debentures as a result of the timing of cash receipts and disbursements.	Nil

Rates and other Miscellaneous – Net Favourable Variance \$231k**Revenue – Favourable Variance \$16k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Staff Oncosts and Recovery	GMBE	41		The favourable variance comprises payments from other Councils for the continuity of service of employee entitlements for Salisbury employees whom have transferred to Salisbury from other Council's.	Nil
Rates	GMBE	(43)		The unfavourable variance is primarily associated with objections and revaluations of rate revenue of \$56k together with other minor variations associated with compulsory rate rebates and costs for late payments.	Nil

Expenditure – Favourable Variance \$215k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Salaries & Wages Provision	GMBE	212		The favourable variance represents Wages & Salaries savings from various divisions that have been allocated to the Provision, offset by allocations from the Provision.	Nil
Staff Oncosts and Recovery	GMBE	(22)		No significant variance to report.	Nil
Rates	GMBE	25		No significant variance to report.	Nil

Appendix 4 – Capital Expenditure Report

Capital Works Program Report as at December 2015

	Original Budget	Revised Budget	YTD Actuals	Commitments	Balance Remaining
EXPENDITURE					
Information Technology	157,000	1,009,100	330,398	189,964	488,738
Transportation	13,093,400	12,515,103	5,649,724	471,734	6,393,645
Property & Buildings	6,247,200	8,958,549	2,130,221	1,525,496	5,302,831
Drainage & Waterways	2,447,500	4,198,320	1,723,455	579,822	1,895,043
Parks & Streetscapes	3,328,000	6,098,739	2,770,931	1,097,776	2,230,032
Salisbury Water Business	2,254,000	2,011,537	970,732	292,639	748,166
Fleet	2,555,310	4,293,529	956,094	321,571	3,015,864
Strategic Projects	2,240,000	3,748,534	217,276	957,376	2,573,883
Strategic Property	6,350,000	12,339,460	2,480,352	1,532,258	8,326,849
	38,672,410	55,172,870	17,229,182	6,968,637	30,975,051
INCOME					
Transportation	966,000	1,104,000	-	-	1,104,000
Property & Buildings	111,000	30,750	20,000	-	10,750
Drainage & Waterways	100,000	714,021	5,568	-	708,453
Parks & Streetscapes	-	-	750	-	750
Salisbury Water Business	350,000	165,000	-	-	165,000
Fleet	483,445	483,445	-	-	483,445
Strategic Property	13,836,000	24,146,974	4,239,758	-	19,907,217
	15,846,445	26,644,190	4,266,076	-	22,378,114
NET	22,825,965	28,528,679	12,963,106	6,968,637	8,596,937

Note: In accordance with the delegation to transfer program budgets within Asset Categories: there have been no transfer requests in the second quarter of 2015/16.

CAPITAL EXPENDITURE

As at the end of the Second Quarter the revised capital expenditure budget for 2015/16 was \$55.2M including carry forward funds, with \$17.2M / 31.2% spend to date and \$24.2M / 43.9% inclusive of commitments. This result can be attributed to significant efforts and continuous improvement elements implemented to improve project delivery and minimise carry forward for the organisation.

It should be noted, however, that this percentage will change slightly following budget adjustments resulting from this Budget Review.

Information Technology (32.7% Spent / 51.6% inclusive of commitments)

- The Private Wi-Fi Network is nearing completion and will benefit from the new Communications tender through increased bandwidth at most locations.
- Testing for Mobile Expiations and the Mobile Inspection is complete and training is underway with an expectation to go live next quarter.

Transportation (45.1% Spent / 48.9% inclusive of commitments)

- Road Reseal Program is continuing to be progressively delivered across the City. A significant road construction this coming quarter is the stabilisation and asphalt surfacing of Cross Keys Road, Cavan.
- As part of the Footpath Program, 17 footpaths have been completed this financial year. The Footpath Program continues to deliver new amenities for the community.
- This quarter, funds were returned in relation to construction of a bicycle path, Diment Road, Bicycle Network Improvement Program, due to unsuccessful grant funding. Works will be reconsidered next year. Also as part of this program the construction of a new path along Spains Road was deferred to 2016/17 to align with the reseal of the roadway.
- The drainage upgrade design for Diment Road was completed this quarter. This work is part funded by the Special Local Roads Program. It is anticipated this work will be constructed by the City of Salisbury Construction Crew early in 2016.
- Within the School Zones and Pedestrian Crossings Program, Gloucester Avenue, Salisbury East, was determined to be the priority for 2015/16. Design and construction will be delivered in 2016.
- Minor Traffic Improvements Program, the construction of a new passing lane along The Strand, Mawson Lakes, was recently completed, improving traffic flow in the area.

Property & Buildings (23.8% Spent / 40.8% inclusive of commitments)

- Capital Upgrade Program for Sports and Recreation, with successful award of contract, construction of the new clubroom facilities at North Pines has commenced. Demolition of the existing building is now complete and civil works commencing on the new facility. Temporary facilities are in place for the duration of construction. This work is expected to continue into the fourth quarter.
- The redevelopment of Underdown Park has continued to progress. Detail design for the new building is now complete and scheduled for tender release in February 2016. Additional \$450k funding was sought this quarter with the requirement of an electrical upgrade now determined.
- Resource Recovery Park, Stage 3, reconstruction of western side of facility is near complete. These works have been able to successfully occur without closing the facility to the public.
- Designs for the 2015/16 Building Renewal Program is now complete and expected to be released for tender early 2016. Construction will then follow progressively across the various sites.
- The design for the upgrade of the Salisbury Grand Stand remains on hold pending the Salisbury Precinct Master Plan.

- Club/Sport Facility Upgrades Program (Minor Capital Works), Brahma Lodge Soccer Club, air conditioning works have commenced, Brahma Lodge Sports Club, floor renewal is complete, Pooraka Sports & Social Club discussions are underway to commence their building works in accordance with endorsed grant allocation.

Drainage & Waterways (41.1% Spent / 54.9% inclusive of commitments)

- Renewal of Montague Road Stormwater infrastructure is now complete. The project was able to be effectively managed within minimal impact to the community.
- Flood Mitigation, landscape and play space works at Lake Windemere are now complete, which will be followed by a capital 12 month plant and landscape establishment period.
- Kesters Road, Major Flooding Program, commenced construction late 2015. The project was able to utilise material from the Watercourse Management Program, Cobblers Creek.
- Barker Road, Major Flooding Program, will commence directional boring in 2016 to connect to the newly acquired pump station.
- The Local Flooding Program has shifted into predominantly construction this quarter, enabling works to be undertaken during drier weather conditions. Recently, Morey Drive, Salisbury Heights, localised flooding rectification works were completed.
- The Watercourse Management Plan Program is a combination of construction, landscape and maintenance. Erosion control works along Dry Creek, Pooraka, will be a priority in 2016.
- Burton West Industrial Drain, landscape works are now complete and commenced plant establishment period.

Parks & Streetscape (45.4% Spent / 63.4% inclusive of commitments)

- Play Space / Playground Program, design is near completion with installation works to be coordinated outside school holiday periods.
- Kentish Green Reserve Upgrade and Play Space Renewal reached Practical Completion, resulting in a space which the community can admire and enjoy.
- St Kilda Celebrates event, 22 November 2015, saw a heightened level of activity with the community able to enjoy the newly completed play space. Further works are soon to commence on the adjacent carpark.
- Irrigation Renewal Program is well advanced, with Pitman Park and Dry Creek Linear Upper already complete. Design work will soon commence for 16/17.
- Following public consultation, the City Pride Street Program is expected to be released for tender early in 2016, with planting to following in cooler climate.
- The upgrade of Strowan Park, Salisbury, has commenced. Works on this site include fencing, sports court and play space renewal, new picnic furniture and shelter.

- Renewal of Feature Landscape Program is directly in alignment with the City Pride Key Direction. This program has been able to deliver revived landscape in key locations. This year works have occurred at Stockman Place Reserve, Elder Smith Road/ Salisbury Highway, and Shearwater Lake Reserve, Mawson Lakes. Over time, the plants will establish and provide new colour to the areas.

Salisbury Water Business (48.3% Spent / 62.8% inclusive of commitments)

- The Bridgestone Flood Mitigation/Stormwater Harvesting project continues to be the main capital project for Salisbury Water this year. New reticulation and flood mitigations works on Frost Road and Bridgestone Park reserve are complete and operational. Installation of stormwater harvesting infrastructure is progressing on schedule with the installation of a new ASR well, distribution pump station shed, new electrical transformer, associated ASR pipework, tanks and electrical/communication conduits completed so far. Work has commenced on the last 2 major components of work including mechanical/electrical installation and PLC programming. The project is on schedule for completion by 30 June 2016.
- Disinfection systems have been rolled out and successfully commissioned at 3 major stormwater harvesting schemes - Parafield, Kaurna Park and Edinburgh South. Similar systems have been rolled out to Bushman Ct, Bennett Rd, Andrew Smith Drive schemes and are being commissioned.

Fleet (22.3% Spent / 29.8% inclusive of commitments)

- Procurement of vehicles as part of the Fleet Purchase Program (as opposed to leasing) is continuing to be delivered.
- Plant and Fleet Replacement Program is being delivered in alignment with the approved Acquisition Plan. Business needs may need reconsideration as Program Reviews progress and given the lead times to deliver there is a risk that a number of items may necessarily carry forward.

Strategic Projects (5.8% Spent / 31.3% inclusive of commitments)

- Negotiations with DPTI – Infrastructure Division continue regarding a new pedestrian link at Mawson Lakes. Construction timetable will be communicated when established.
- Bridgestone Park Redevelopment, civil and landscape is scheduled to be released for tender early 2016. This will be closely followed by the scope of works associated with the installation of a new play space.
- Stage 2 – Paddocks Community Centre is currently out for tender, with the expectation a Contract will be awarded March 2016, for the development of the Concept Plan.

Strategic Property (20.1% Spent / 32.5% inclusive of commitments)

- Tranche 1 projects (Ryans Road, Walpole Road Stage 1 and 2 and Diment Road) are well progressed and all construction aside from minor streetscape works and final landscaping at Ryans Road are complete and reflected in the committed expenditure. Sales within these developments are solid and revenue from settlements within all four projects is flowing. A Tranche 1 program revenue reconciliation to inform Budget Review 2 was reported through the Strategic Property Development Sub-committee on 30 November 2015. This report included declaration of additional project revenue across two of the four projects reflecting sales revenue uplift for 19739 Ryans Road and 18802 Diment Road resulting in a revenue increase across the Tranche 1 program of \$35,536.

CAPITAL INCOME

The capital works income revised budget for 2015/16 is \$26.6M which mainly comprises \$24.1M (project life) for Strategic Property, with commentary provided above under “Strategic Property”.

Appendix 5 – Savings from New Initiative Bids

During the preparation of the 2015/16 budget the following bids were approved which had associated savings. These operational savings have been included into the 2015/16 budget.

New Initiative Bid	2015/16 Saving
22839 Salisbury Water Mobara Park Lake Fill Automation	\$2,000
22850 Replacement of Email Archiving System	\$5,500
22802 Fleet Purchase	\$11,969
TOTAL	\$19,469

Appendix 6 – Business Units

Salisbury Memorial Park

Details	Year to Date			Full Year		
	Actual \$'000s	Budget \$'000s	Variance \$'000s	Rev. Bud \$'000s	Orig. Bud \$'000s	Forecast \$'000s
Revenue	216	238	(22)	442	452	442
Expenditure	288	283	(5)	402	402	402
Surplus/(Deficit)	(72)	(45)	(27)	40	50	40

The overall net result for Salisbury Memorial Park as at December 2015 shows a deficit of \$72k compared to the budgeted deficit of \$45k. This is primarily due to operating revenue being \$22k less than year to date budget and reflects a slowing in new leases, interment and inurnment sales in the second quarter of 2015/2016 compared to 2014/2015.

The soon to be completed water feature upgrade, Rotunda / Niche Wall development and surrounding garden bed upgrade is expected to provide increased revenue opportunities going forward and plans are underway to promote/market these services as they come online.

The revenue outlook for end of June 2016 is expected to be \$442k and expenditure \$402k resulting in a net favourable variance of \$40k and this will be closely monitored.

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Building Rules Certification Unit

Details	Year to Date			Full Year		
	Actual \$'000s	Budget \$'000s	Variance \$'000s	Rev. Bud \$'000s	Orig. Bud \$'000s	Forecast \$'000s
Revenue	297	256	41	459	459	459
Expenditure	160	194	34	362	334	362
Surplus/(Deficit)	137	62	75	97	125	97

Actual income to the end of the Second Quarter has exceeded budget by 16.1% due mainly to an increase in lodged external applications above Business Plan predictions, as well as a change in full dwelling applications lodged that generate higher fee levels, away from sheds/verandahs. In addition, YTD expenditure is \$34k favourable due to a slowing of service provision to Roxby Downs Council, and Levies to the State Government payable at the beginning of the Third Quarter.

External applications assessed year to date by the Building Rules Certification Unit are currently approximately 8.1% above the YTD Business Plan estimates.

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Salisbury Water Business

Details	Year to Date			Full Year		
	Actual \$'000s	Budget \$'000s	Variance \$'000s	Rev.Bud \$'000s	Orig.Bud \$'000s	Forecast \$'000s
External Income	820	885	(65)	2,228	2,228	2,228
Internal Income	985	762	223	2,539	2,539	2,539
Total Income	1,805	1,647	158	4,767	4,767	4,767
Expenditure	2,062	2,252	190	4,841	4,811	4,841
Surplus/(Deficit)	(257)	(605)	348	(74)	(44)	(74)

The Salisbury Water Business Unit completed the Second Quarter of the 2015/16 financial year with a favourable variance against the revised budget of \$348k.

A total of 741ML of water was distributed to internal and external customers during the Second Quarter of which the external sales volume was 376ML.

External sales volumes for the first half of the 2014/15 financial year is 64ML lower than originally predicted. This is a result of decreased consumption by one large bulk water customer. This has been offset by increased consumption by other sectors including internal consumption which is 44ML higher than originally forecast. Rainfall for August to December has been well below average resulting in an early start to the irrigation season and steady demand during the second quarter from irrigation based customers.

Income totalling \$1,805k has been received which is \$158k above the YTD budget expectation. Final forecast remains at \$4,767k. This will be reviewed following Third Quarter as this will provide a more accurate reflection of income from the irrigation season.

Operational expenditure is \$190k below the YTD budget expectation. Lower contractual services, financial services and electricity charges for the period contribute to this saving and can be attributed to timing of invoices, lower interest rates and a credit received for an overcharged electricity account. It is anticipated that this variance will be reduced during the third quarter peak irrigation supply period.

The full year outlook is for a deficit of \$74k, although this is heavily dependent on weather conditions and sales volumes in the third and fourth quarters.

Waste Transfer Station (excluding Hard Waste Collection Service)

Details	Year to Date			Full Year		
	Actual \$'000s	Budget \$'000s	Variance \$'000s	Rev. Bud \$'000s	Orig. Bud \$'000s	Forecast \$'000s
External Income	657	591	73	1,187	1,269	1,187
Internal Income	244	216	28	429	449	429
Total Income	901	807	101	1,616	1,718	1,616
Expenditure	763	670	(93)	1,487	1,544	1,487
Surplus/(Deficit)	138	137	1	129	174	129

The Transfer Station has completed the first half of 2015/2016 with a favourable variance of \$1k.

Revenue for the first 6 months was \$901k which when compared to the year to date budget of \$807k was \$101k more than budgeted. The majority of this is a result of general gate revenue which was \$54k favourable. Voucher income was \$22k favourable largely due to the timing (vouchers expire in December) and internal dumped rubbish income was \$5k favourable. Scrap metal sales were favourable by \$10k largely due drop in scrap metal prices being milder than expected. The future of scrap metal prices remains uncertain and will continue to be monitored and reported.

Expenditure for the corresponding period was \$763k against the year to date budget of \$670k resulting in an over expenditure of \$93k. As previously reported, this variance relates to weekend overtime labour allocated for bin compaction works. Overtime is \$30k over expended. Budget was allocated for additional staffing at normal rates but engagement of additional fixed term and permanent staff is on hold pending the Transfer Station review. Both internal field staff and labour hire casual staff are used to backfill vacancies at the site during the week and on weekends and unbudgeted overtime applies for weekend work as a result.

The Transfer Station variances will be monitored and it is anticipated that the forecast net position for 2015/16 will be realised.

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Appendix 7 – Budgeted Financial Statements and associated Financial Indicators

Statements presented in this Appendix are as originally budgeted, varied for the First Quarter Budget Review and for reserve transfers and Nil Effect budget adjustments (Appendix 1). Adopted recommendations resulting from this review will be incorporated subsequently.

BUDGETED BALANCE SHEET

YEAR ENDING 30 JUNE	2016 Revised Budget \$000's
ASSETS	
Current Assets	
Cash & Cash Equivalents	19,776
Trade & Other Receivables	4,933
Inventories	7,558
Total Current Assets	32,267
Non-Current Assets	
Financial Assets	1,006
Equity Accounted Investments in Council Businesses	3,323
Infrastructure, Property, Plant & Equipment	1,322,140
Other Non-Current Assets	30,170
Total Non-Current Assets	1,356,639
TOTAL ASSETS	1,388,906
LIABILITIES	
Current Liabilities	
Trade & Other Payables	12,890
Borrowings	2,560
Provisions	6,506
Total Current Liabilities	21,956
Non-Current Liabilities	
Trade & Other Payables	1,573
Borrowings	14,580
Provisions	79
Total Non-Current Liabilities	16,232
TOTAL LIABILITIES	38,188
NET ASSETS	1,350,718
EQUITY	
Accumulated Surplus	308,089
Asset Revaluation Reserve	1,014,000
Other Reserves	28,629
TOTAL EQUITY	1,350,718

BUDGETED STATEMENT OF CHANGES IN EQUITY

	2016 Revised Budget \$000's
YEAR ENDING 30 JUNE	
ACCUMULATED SURPLUS	
Balance at end of previous reporting period	296,352
Net Result for Year	12,453
Transfers to Other Reserves	(7,486)
Transfers from Other Reserves	6,770
Balance at end of period	308,089
ASSET REVALUATION RESERVE	
Land	307,669
Land Improvements	17,320
Buildings	35,286
Infrastructure	650,205
Library Books	2,338
Joint Ventures - Other comprehensive income	1,181
Balance at end of period	1,014,000
OTHER RESERVES	
Balance at end of previous reporting period	27,913
Transfers from Accumulated Surplus	7,486
Transfers to Accumulated Surplus	(6,770)
Balance at end of period	28,629
TOTAL EQUITY AT END OF REPORTING PERIOD	1,350,718

BUDGETED CASH FLOW STATEMENT

	2016 Revised Budget \$000's
YEAR ENDING 30 JUNE	
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Operating Receipts	107,574
Investment Receipts	667
Payments	
Operating Payments to Suppliers and Employees	(84,420)
Finance Payments	(2,094)
Net Cash provided by (or used in) Operating Activities	21,727
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts	
Amounts Specifically for New /Upgraded Assets	792
Sale of Real Estate Developments	18,417
Repayments of Loans by Community Groups	3
Payments	
Expenditure on Renew al/Replacement of Assets	(18,438)
Expenditure on New /Upgraded Assets	(13,436)
Expenditure - Real Estate developments	(6,350)
Net Cash Provided by (or used in) Investing Activities	(19,012)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments	
Repayments of Borrowings	(2,399)
Net Cash provided by (or used in) Financing Activities	(2,399)
Net Increase/(Decrease) in cash held	316
Cash & Cash Equivalents at Beginning of Period	19,460
Cash & Cash Equivalents/Movements in Borrowings at End of Period	19,776

UNIFORM PRESENTATION OF FINANCES

	2016 Revised Budget \$000's
YEAR ENDING 30 JUNE	
Operating Revenues	108,409
less Operating Expenses	108,939
Operating Surplus/(Deficit) before Capital Amounts	(530)
Less: Net Outlays on Existing Assets	
Capital Expenditure on Renew al/Replacement of Existing Assets	18,438
less Depreciation, Amortisation & Impairment	24,027
less Proceeds from Sale of Replaced Assets	0
	(5,589)
Less: Net Outlays on New and Upgraded Assets	
Capital Expenditure on New /Upgraded Assets	13,436
less Amounts Specifically for New /Upgraded Assets	792
	12,644
Net Lending / (Borrowing) for Financial Year	(7,585)

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CITY OF SALISBURY	
ESTIMATED FINANCIAL INDICATORS	
For the year ending 30 June 2016	
Revised for the 2nd Quarter Budget Review	
These Financial Indicators have been calculated in accordance with Information Paper 9 – Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.	
Operating Surplus	\$0.53M
<i>Being the operating surplus (deficit) before capital amounts</i>	
Operating Surplus Ratio	
<u>Operating Surplus</u>	(0.60%)
Rates – general & other less NRM levy	
<i>This ratio expresses the operating surplus/(deficit) as a percentage of general and other rates, net of NRM levy</i>	
Net Financial Liabilities	
<u>Total Liabilities</u>	\$12.491M
Net Financial Liabilities are defined as total financial liabilities less financial assets (excluding equity accounted investments in Council businesses)	
Net Financial Liabilities Ratio	
<u>Net Financial Liabilities</u>	11.5%
Total Operating Revenue less NRM levy	
<i>Indicates the extent that council can meet its net financial liabilities out of operating revenue.</i>	
Asset Sustainability Ratio	
<u>Net Asset Renewals</u>	100%
Depreciation Expense	
<i>Indicates whether capital assets are being renewed or replaced at the same rate as these assets are wearing out.</i>	

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