



AGENDA

**FOR BUDGET AND FINANCE COMMITTEE MEETING TO BE HELD ON
21 MARCH 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
Acting General Manager City Development, Mr G Ratsch
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 15 February 2016.

REPORTS

Administration

- 6.0.1 Future Reports for the Budget and Finance Committee..... 11
- 6.0.2 Minutes of the Program Review Sub Committee meeting held on Tuesday
15 March 2016..... 13

Budget Review

- 6.5.1 Salisbury Water Budget 2016/17 Report 19
- 6.5.2 Building Rules Certification Unit Budget 2016/2017 Report 29
- 6.5.3 Waste Transfer Station Budget 2016/2017 Report..... 35
- 6.5.4 Salisbury Memorial Park Budget 2016/2017 Report 49

Rating Matters

- 6.6.1 Mawson Central Car Parking Separate Rate 59

OTHER BUSINESS

CONFIDENTIAL ITEMS

6.9.1 Request for Extension of Confidentiality Order: SA Water Expression of Interest

Pursuant to section 83(5) of the *Local Government Act 1999* the Chief Executive Officer has indicated that, if Council so determines, this matter may be considered in confidence under Part 3 of the *Local Government Act 1999* on that grounds that:

1. Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) and (d)(i) and (d)(ii) and (h) 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 information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
 - information the disclosure of which would, on balance, be contrary to the public interest; and
 - 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; and
 - legal advice.
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 this information will protect legal advice provided to the Council along with commercial information regarding the operations of Salisbury Water.

*On that basis the public's interest is best served by not disclosing the **Request for Extension of Confidentiality Order: SA Water Expression of Interest** 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.

CLOSE



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

15 FEBRUARY 2016

MEMBERS PRESENT

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 S Reardon
Cr G Reynolds
Cr B Vermeer
Cr S White
Cr J Woodman
Cr R Zahra

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
Governance Coordinator, Ms J Rowett
Governance Support Officer, Ms K Boyd

The meeting commenced at 8:52 pm.

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

APOLOGIES

An apology has been received from Cr D Proleta.

LEAVE OF ABSENCE

Nil.

PRESENTATION OF MINUTES

Moved Cr B Vermeer
Seconded Cr D Bryant

The Minutes of the Budget and Finance Committee Meeting held on 18 January 2016, be taken and read as confirmed.

CARRIED

Moved Cr B Vermeer
Seconded Cr D Bryant

The Minutes of the Confidential Budget and Finance Committee Meeting held on 18 January 2016, be taken and read as confirmed.

CARRIED

REPORTS

Administration

6.0.1 Future Reports for the Budget and Finance Committee

Moved Cr D Balaza
Seconded Cr R Zahra

1. The information be received.

CARRIED

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

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

6.0.2-PRSC1 Appointment of Deputy Chairman – Program Review Sub Committee

Moved Cr G Caruso

Seconded Cr E Gill

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

6.0.2-PRSC2 Program Review Update - Waste Transfer Station

Cr D Balaza declared an interest due to being on the NAWMA Board.

Moved Cr G Caruso

Seconded Cr E Gill

1. The information be received.

CARRIED

6.0.2-PRSC3 Program Review Brief - Public and Environmental Health Services

Moved Cr G Caruso

Seconded Cr E Gill

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

Finance

6.1.1 Council Finance Report - January 2016

Cr S Reardon entered the meeting at 8:57pm.

Moved Cr R Zahra
Seconded Cr S Bedford

1. The information be received.

CARRIED

Budget Review

6.5.1 Second Budget Review 2015/2016

Moved Mayor G Aldridge
Seconded Cr G Caruso

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 Road 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. The following transfers be approved:
 - a. 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.
 - b. 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.

- c. Transfer \$30,000 savings on the OCI / LSI program through insourcing to fund an additional trainee, as per Council Resolution 0514/2015.
 - d. Transfer \$15,000 from Building Control to Planning to align Encumbrance Fees budget with actuals.
 - e. Transfer \$37,400 from Community Health & Wellbeing to Fleet for the provision of three new buses for Home Assist transport service.
 - f. Transfer of \$22,600 from Wages & Salaries to Fleet budgets due to the allocation of vehicles as part of Managers salary packaging.
 - g. 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.

CARRIED

OTHER BUSINESS

Nil.

The meeting closed at 8:59 pm.

CHAIRMAN.....

DATE.....

ITEM	6.0.1
	BUDGET AND FINANCE COMMITTEE
DATE	21 March 2016
HEADING	Future Reports for the Budget and Finance Committee
AUTHOR	Michelle Woods, Projects Officer Governance, 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	GMCI
Date:	11/03/2016	09/03/2016

ITEM	6.0.2
	BUDGET AND FINANCE COMMITTEE
HEADING	Minutes of the Program Review Sub Committee meeting held on Tuesday 15 March 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 Tuesday 15 March 2016 are presented for Budget and Finance Committee's consideration.
RECOMMENDATION	<p>1. The information contained in the Program Review Sub Committee Minutes of the meeting held on 15 March 2016 be received and noted and that the following recommendations contained therein be adopted by Council:</p> <p>PRSC1 Program Review Brief - Property and Buildings</p> <ol style="list-style-type: none"> 1. The information be received. 2. The Property and Buildings Program Review Background Paper and Project Brief as set out in Attachments 1 and 2 to this report (Item No. PRSC1, Program Review Sub Committee, 15/03/2016) be endorsed. <p>PRSC2 Program Review Brief - Business Support</p> <ol style="list-style-type: none"> 1. The information be received. 2. The Business Support Program Review Project Brief and Background Paper as set out in Attachments 1 and 2 to this report (Item No. PRSC2, Program Review Sub Committee, 15/03/2016) be endorsed. <p>PRSC3 Projects Division Program Review Update</p> <ol style="list-style-type: none"> 1. That the information be received. <p>PRSC4 Technical Services Program Review Update</p> <ol style="list-style-type: none"> 1. That the information be received.

ATTACHMENTS

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

1. Minutes of the Program Review Sub Committee Meeting held on Tuesday 15 March 2016

CO-ORDINATION

Officer: GMBE
Date: 16/03/2016



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

15 MARCH 2016

MEMBERS PRESENT

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

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager City Infrastructure, Mr M van der Pennen
Manager Property & Buildings, Mrs K Pepe
Manager Governance, Ms T Norman
Manager Business Support, Mr K Stewart
Manager Projects, Mr J Hutton
Manager Technical Services, Mr D Roy

The meeting commenced at 6.56pm.

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

APOLOGIES

Apologies have been received from Cr S Bedford and Cr E Gill, with Cr J Woodman and Cr D Balaza in attendance as deputy members respectively.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr D Bryant
Seconded Cr D Proleta

The Minutes of the Program Review Sub Committee Meeting held on 08 February 2016, be taken and read as confirmed.

CARRIED**REPORTS****PRSC1 Program Review Brief - Property and Buildings**

Cr D Balaza left the meeting at 07:08 pm.

Moved Cr G Caruso
Seconded Cr L Caruso

1. The information be received.
2. The Property and Buildings Program Review Background Paper and Project Brief as set out in Attachments 1 and 2 to this report (Item No. PRSC1, Program Review Sub Committee, 15/03/2016) be endorsed.

CARRIED**PRSC2 Program Review Brief - Business Support**

Cr D Balaza returned to the meeting at 07:12pm

Moved Cr G Caruso
Seconded Cr D Proleta

1. The information be received.
2. The Business Support Program Review Project Brief and Background Paper as set out in Attachments 1 and 2 to this report (Item No. PRSC2, Program Review Sub Committee, 15/03/2016) be endorsed.

CARRIED**PRSC3 Projects Division Program Review Update**

Cr D Bryant left the meeting at 07:37 pm.

Cr D Bryant returned to the meeting at 07:38 pm.

Moved Cr G Caruso
Seconded Cr J Woodman

1. That the information be received.

CARRIED

PRSC4 Technical Services Program Review Update

Moved Cr L Caruso
Seconded Cr D Proleta

1. That the information be received.

CARRIED

OTHER BUSINESS

Nil.

CLOSE

The meeting closed at 08:16pm.

CHAIRMAN.....

DATE.....

Minutes - Program Review Sub Committee Meeting - 15 March 2016

Item 6.0.2 - Attachment 1 - Minutes of the Program Review Sub Committee Meeting held on Tuesday 15 March 2016

ITEM	6.5.1
	BUDGET AND FINANCE COMMITTEE
DATE	21 March 2016
HEADING	Salisbury Water Budget 2016/17 Report
AUTHORS	Bruce Naumann, Manager Salisbury Water, Business Excellence Roseanne Irvine, Special Projects Officer, Business Excellence
CITY PLAN LINKS	2.4 To deliver sustainable water management and improve water security for the city 4.5 To apply business and resource management that enables excellent service delivery and financial sustainability
SUMMARY	The following report details the performance of the Salisbury Water Business Unit (SWBU) in the 2015/16 financial year. The report also outlines the budget and fees and charges, proposed for 2016/17 for consideration by Council.
RECOMMENDATION	
	1. The Salisbury Water 2016/17 Budget, including New Initiative Bids and Fees and Charges, be endorsed for consideration in the 2016/17 Council Budget.
ATTACHMENTS	
	There are no attachments to this report.
1. BACKGROUND	
	1.1 As part of the budget deliberations of council, each business unit reports its year to date results for the current year, and the proposed budget for the coming year.
2. CONSULTATION / COMMUNICATION	
	2.1 Internal
	2.1.1 Salisbury Water Management Advisory Board and Finance staff
	2.2 External
	2.2.1 N/A
3. REPORT	
	3.1 <u>2015/16 Review</u>
	3.1.1 Financial Results for the 7 months to 31st January 2016 and the forecast result for the full financial year are provided in the tables below.

Financial Results for the 7 months to 31st January 2016

Details	YTD Actual	YTD Budget	Favourable/ (Unfavourable) Variance	Variance %
Revenue				
Sale of Water	819,045	884,640	(65,595)	-7.41%
Water Connections	768	0	768	100.00%
Internal Water Supply	984,502	761,760	222,742	29.24%
Reimbursements	1,431	0	1,431	100.00%
Salisbury Water Rebate	(50,197)	(30,000)	(20,197)	67.32%
Total Revenue	1,755,549	1,616,400	139,149	8.61%
Expenditure				
Wages & Salaries	301,516	273,152	(28,364)	-10.38%
Contractual Services	370,132	416,378	46,246	11.11%
Materials	228,702	431,995	203,293	47.06%
Depreciation	1,092,058	1,092,058	0	0.00%
Other Expenses	394,043	436,448	42,405	9.72%
Total Expenditure	2,386,451	2,650,031	263,580	9.95%
Net Position	(630,902)	(1,033,631)	402,729	38.96%

Note: A favourable variance within the table above indicates an increase in income or a decrease in expense. An unfavourable variance indicates a decrease in income or an increase in expense.

Forecast Financial Results for the year ended 30th June 2016

Details	Revised Budget	Original Budget	Forecast EOY	Favourable/ (Unfavourable) Variance	Variance %
Revenue					
Sale of Water	2,226,600	2,226,600	2,226,600	0	0.00%
Water Connections	1,000	1,000	1,000	0	0.00%
Internal Water Supply	2,539,200	2,539,200	2,739,200	200,000	7.88%
Reimbursements	0	0	0	0	0.00%
Salisbury Water Rebate	(75,000)	(75,000)	(75,000)	0	0.00%
Total Revenue	4,691,800	4,691,800	4,891,800	200,000	4.26%
Expenditure					
Wages & Salaries	535,819	566,519	548,119	18,400	3.25%
Contractual Services	841,100	781,100	841,100	(60,000)	-7.68%
Materials	741,750	741,750	696,750	45,000	6.07%
Depreciation	1,872,100	1,872,100	1,872,100	0	0.00%
Other Expenses	752,440	752,440	712,440	40,000	5.32%
Total Expenditure	4,743,209	4,713,909	4,670,509	43,400	0.92%
Net Position	(51,409)	(22,109)	221,291	243,400	1100.91%

Note: A favourable variance within the table above indicates an increase in income or a decrease in expense. An unfavourable variance indicates a decrease in income or an increase in expense.

- 3.1.2 The SWBU completed the 7 months to the end of January 2016 with a favourable variance against budget of \$403k, with a full year outlook of \$221k surplus. For comparison, the original budget is a \$22k deficit for the year.

- 3.1.3 A total of 904ML of water was distributed to internal and external customers during the first half of the financial year, of which the external sales volume was 512ML. This was a good result for the second quarter period. Analysis demonstrates solid demand by irrigation based customers due to below average rainfall for the period.
- 3.1.4 Internal consumption for the period was slightly higher than anticipated and can be attributed to below average rainfall from August through to December 2015. Irrigation demand is anticipated to remain strong throughout the third quarter period, which is typically the highest irrigation demand period for both internal and external irrigation customers.
- 3.1.5 Income of \$1,756k was received, which is \$139k above budget expectations. This favourable variance is expected to be \$200k above budget by year-end, given continued dry weather conditions during January and February 2016.
- 3.1.6 Operational expenditure was \$264k below budget expectations as a result of:
- lower electricity charges for the period, attributed to timing of invoices and slightly lower than anticipated harvest yields. In addition, a review of Council electricity accounts identified an incorrect unit rate for the Greenfields Wetlands ASR scheme resulting in the SWBU being overcharged by \$45k spanning over a 12 month period. This has been refunded and included in this year's financials.
 - lower than anticipated chlorine purchase costs associated with the staged commissioning of schemes resulting in lower than predicted usage and a lower unit supply price that was secured through a competitive tendering processes. Usage is expected to increase significantly over the peak summer irrigation season during Quarter 3.
 - finance charges for loan borrowings being lower than anticipated due to continued low interest rates. It is anticipated that this may result in approximately \$40k savings if rates remain low for the remainder of the financial year.
- 3.1.7 Water consumption during the January to March period is anticipated to be slightly higher than predicted given continued dry weather conditions during January and early February. An intense summer storm event was recorded in late January, however this is expected to have minimal impact on irrigation schedules. The impact of current weather conditions will not be fully realised until the fourth quarter.
- 3.1.8 The forecast result for the full financial year is a net surplus of \$221k. This result includes a \$1,872k allowance for depreciation.
- 3.1.9 Excluding depreciation, the Salisbury Water Business Unit should maintain a positive cash position for 2015/16 of **\$2,093,391.**

3.2 2016/17 Business Plan

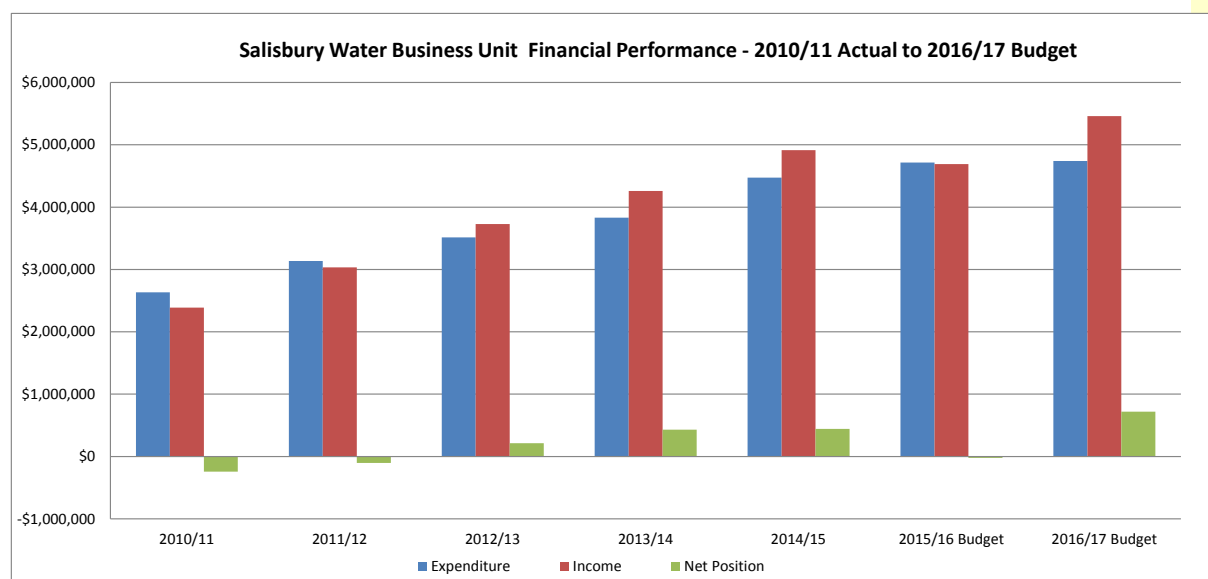
- 3.2.1 The 2016/17 financial year will see a continued focus on sales and marketing targets, with significant contractual negotiations continuing in order to secure new high volume consumers.
- 3.2.2 The Salisbury Water Business Unit - Strategic Business Review 2016-2020 which will advise the direction, structure and focus of the SWBU for the next 5 years, will be completed by June 2016. Hence, for 2016/17 budgeting, as presented in this report, a 'business as usual' approach has been adopted.
- 3.2.3 The 2016/17 financial year will be the first year since 2007 that the SWBU will not be involved in constructing significant large scale harvesting/distribution capital works projects. The last Commonwealth 'Water for the Future' funded project, Bridgestone Park, will be completed by June 2016. The SWBU will be focused on optimising the performance of existing schemes and maximising the utilisation of existing infrastructure.
- 3.2.4 The introduction of the Water Industry Act and various other changes within the water regulatory environment has resulted in increased monitoring and reporting requirement on water retailers. The SWBU will focus on developing systems to streamline reporting processes and improve administration efficiencies in compiling the required reports.
- 3.2.5 New operating initiatives have been proposed:
- Market Garden Credit Trading Options Assessment – This involves hydrogeological modelling and market assessments to determine the scope and opportunities for injection credit trading as a low cost water supply alternative for market gardeners.
 - Northern Urban Catchments Stormwater Yield Review – Stage 2 to focus on the engineering and financial modelling of potential new stormwater schemes to support the Northern Adelaide Irrigation Scheme (NAIS). Note, subject to the SAWater response to the initial Stage 1 concept work currently being carried out, this proposal is expected to commence in 2017/18.
 - Food Industry Water Desalinated Groundwater Demonstration Trial – This trial would demonstrate the cost effectiveness of brackish groundwater desalination as a source of very high quality water and secure regulatory approval for brine disposal from the desalination process.
 - New capital initiatives have been proposed to address water security issues, water quality, expand the distribution network to supply new Council reserves, and minor asset renewals.

3.3 Financial Analysis**2016/17 Draft Budget (Including impact of New Initiatives)**

Details	2015/16 Budget	2016/17 Budget	Favourable/ (Unfavourable) Variance	Variance %
Revenue				
Sale of Water	2,226,600	2,807,200	580,600	26.08%
Water Connections	1,000	1,000	0	0.00%
Salisbury Water Rebate	(75,000)	(75,000)	0	0.00%
Internal Water Supply	2,539,200	2,725,600	186,400	7.34%
Total Revenue	4,691,800	5,458,800	767,000	16.35%
Expenditure				
Wages & Salaries	566,519	574,050	(7,531)	-1.33%
Contractual Services	624,100	844,100	(220,000)	-35.25%
Materials	734,250	921,450	(187,200)	-25.50%
Depreciation	1,872,100	1,601,800	270,300	14.44%
Other Expenses	752,440	699,920	52,520	6.98%
Total Expenditure	4,549,409	4,641,320	(91,911)	-2.02%
Net Position	142,391	817,480	675,089	474.11%
New Initiatives - Operating	164,500	100,000	64,500	39.21%
Net Position including 16/17 New Initiatives	(22,109)	717,480	739,589	3345.19%
CASH POSITION	1,849,991	2,319,280	469,289	25.37%

Note: A favourable variance within the table above indicates an increase in income or a decrease in expense. An unfavourable variance indicates a decrease in income or an increase in expense.

- 3.3.1 The 'Other Expenses' expenditure category includes: Interest on borrowings, legal expenses, water licences, vehicle hire, internal maintenance charges, finance overhead charges, advertising, insurance and telephone costs.



3.4 Commentary on 2016/17 Budget (including impact of New Initiatives)

- 3.4.1 The 2016/17 budget for the SWBU will result in a net surplus of \$717k. This result includes a \$1,601,800 allowance for depreciation. Excluding depreciation the Salisbury Water Business Unit should maintain a positive net cash position of \$2,319,280 for 2016/17.
- 3.4.2 The cash surplus each year is used to pay down the business unit borrowings.
- 3.4.3 Revenue forecast has assumed commencement of supply to a major new customer at 350ML/yr. This increases business volume and will help keep prices stable.
- 3.4.4 Sales volumes are predicted to reach 2,920 million litres, an increase of 520 million litres in comparison to the budgeted 2015/16 volumes.
- 3.4.5 Revenue forecast excludes any water price increases for the following reasons:
- SA Water pricing pressure resulting from the ESOSCA draft regulatory report is likely to see significant reductions in mains water prices, with announcements expected in June this year. Mains water prices usually flow on to their recycled water prices.
 - Water Pricing is a key component of the current SWBU Strategic Business Review 2016-2020 which will set the direction of the business for the next 5 years. It is considered prudent to budget on current prices, until this review is completed.
 - Price stability for customers has been a very important marketing tool.
 - This consistent pricing approach will send the right signals to the market regarding Salisbury's ability to provide fit for purpose water at an affordable price. It should also minimize the potential market risk given the high likelihood of reductions in SA Water's pricing structure for 16/17.
 - The substantive retail price of Salisbury Water is recommended to remain at its current price of \$2.55 for 2016/17.
 - If prices were to be increased by 1%, this would result in a \$40k uplift in income projections.
- 3.4.6 New operating initiatives of \$100k relating to research and development projects are proposed.
- 3.4.7 Total capital initiatives of \$1.76M are proposed, of this \$891k is a continuation of bids approved in previous years and \$873k is related to new bids proposed for 2016/17.

3.5 Fees and Charges

3.5.1 Council provides recycled stormwater to a range of customers including local business, schools, residential properties, and for use on its own reserves. These fees are set in accordance with Section 188 of the Local Government Act 1999 and in line with National Water Initiative (NWI) pricing guidelines.

3.5.2 The following proposed fees and charges are proposed for 2016/17.

Fees	2015/16 \$	2016/17 \$	Commentary
Non-Residential Properties			
Substantive Retail Water Supply (per kL)	2.55	2.55	No change proposed
Day Time Supply to Tank Only *	2.32	2.32	No change proposed
Water Banking & Licenced Transfer of Credits (per kL)	1.90	1.90	No change proposed
Community Based Not for Profit Organisation (upon application) (per kL)s	1.65	1.65	No change proposed
Bulk Water Supply (negotiated) (per kL)	1.65	1.65	No change proposed
Supply Charge (to cover meter reading, cross connection audits etc) per annum	50.00	50.00	No change proposed
Residential Properties			
Substantive Retail Water Supply - allotment sizes over 300m2 (per kL)	2.55	2.55	No change proposed
Supply Charge (to cover meter reading, cross connection audits etc) per annum	50.00	50.00	No change proposed
Fixed Annual Charge - allotment size up to 300m2 (External Supply Only)	103.00	103.00	No change proposed
Fixed Annual Charge - allotment size up to 300m2 (Internal/External supply)	123.00	123.00	No change proposed
Other			
Non Payment – Flow Restrictor	184.00	184.00	No changed proposed
Disconnection – non payment - Plumbing works + plus - Administration costs	Actual contractor cost + \$177	Actual contractor cost + \$177	No changed proposed
Connection Fee - 20mm meter / 50 mm meter	Fee to be quoted per connection	Fee to be quoted per connection	No change proposed

* This is an off-peak/tank incentive offered to customers to compensate for their investment in tanks or dams and pumps. They receive a reduced sized connection, limiting the distribution pressure impact on the Salisbury Water network. Their consumption volume does not entitle them to the lower bulk water supply price.

3.5.3 Negotiated Price Scheme (for upfront Capital Contribution)

Council may offer an Industry, a Commercial Enterprise, Business, Sporting Complex, or Community Organisation (i.e. non-residential user) that is a major user of mains water, an incentive to become a Salisbury Water user. In return for the Non-Residential Entity partially or completely funding the costs to install Salisbury Water infrastructure to their property, Council may by agreement offer a conditional discounted price on Salisbury Water to that customer for a limited discount period.

Any negotiated price offered to a non-residential user must be justified and approved by the Chief Executive Officer.

3.5.4 Who Should Pay?

Public Benefit v Private Benefit

Provision of recycled water for irrigation of open space provides improved amenity to the suburbs. This improves the image of the City and makes this a very important part of the City Pride agenda.

High levels of community irrigation are now seen as increasingly important in combatting the ‘urban heat island effect’ where research has shown that urban temperatures can be up to 10 degrees higher than neighbouring rural areas. Irrigation has a significant impact on local climate by supporting the growth of shade trees and lawns. This improves evapo-transpiration rates and can reduce the local temperature by several degrees. This, in turn, reduces the energy required to run air-conditioners in homes and offices.

Establishing high quality turf for sports facilities and school ovals has flow-on benefits to the community by facilitating sport and active play, helping to support a healthy lifestyle and combat obesity. This helps to reduce health costs associated with obesity, diabetes etc. It also encourages social inclusion by encouraging group sports and the strong social connections developed in sporting clubs. Active sports participation, especially by youth, has been shown to dramatically reduce negative social issues such as graffiti and vandalism.

Provision of recycled water to local business and industry can help to attract and sustain these businesses, keeping them in the area, where they provide jobs for local residents. This has a significant flow-on effect to the local economy, generating more job opportunities.

However, all levels of government support the ‘user-pays’ principle for water pricing ie the general ratepayer should not be required to subsidise water consumers.

Therefore, in accordance with guidelines from the National Water Initiative (NWI), which are endorsed by the Essential Services Commission of SA (ESCOSA), water prices are set at a level to reflect the full cost of providing the service.

3.5.5 Competitive Forces / Market Forces

Comparison with Competitors

The only current market competitor for Salisbury Water is mains water supplied by SA Water. Larger customers pay a tier 2 price for mains water. The tier 2 mains water price (\$3.36) is currently higher than Salisbury Water by 81c/kl. There is a strong market perception that the price difference between mains water and recycled water should be greater to reflect the difference in quality.

The Salisbury Water retail water price in 2011/12 was \$2.48/kl. This price was maintained for 3 years, providing existing and prospective customers confidence in the price stability of our water and the maintenance of a significant differential to mains water. For 2014/15 the price was adjusted to \$2.55/kl in line with CPI expectations and considering the increases in power costs, and increases in mandatory testing and reporting, that occurred over the preceding 3 year period when the water price was fixed. For 2015/16 the price was held at \$2.55 and again for 2016/17 it is proposed that the price be retained at \$2.55/kl to maintain a 3 year fixed price outcome. This will emphasise our price stability to customers.

Our current major customers are engaged under pre-existing contracts, with a wide range of substantially discounted prices. Therefore, the \$2.55/kl price to new customers has only a modest impact on the overall performance of the business unit.

While sales will continue to be grown by conventional marketing, this will be a steady and incremental improvement. The success of the Salisbury Water Business Unit has been built on a history of working closely with industry/community partners to provide 'tailored' outcomes. This process continues and remains the best path for expanding the customer base and to improve our financial position.

Pricing needs to be managed carefully. Our network infrastructure has expanded over recent years and is reaching a stage of maturity. With this in mind, our objective is to maximise sales volumes. Significantly higher sales volumes will create the potential to maintain extended periods of fixed pricing in the future. However, we need to be mindful that competition not only comes from SA Water but also from the use of bore water, rainwater tanks, dams and technological innovation to reduce the need for water. Capacity to pay is also a factor.

3.5.6 Cost Structure

The Cost Structure reflects the following

Variable Costs:

- Maintenance (pumps, pipe flushing, desilting etc)
- Repairs (pumps, pipe bursts, blocked meters etc)
- Electricity (harvest and distribution pumping power demand will fluctuate depending on harvest/distribution volumes which is rainfall dependent)
- Water Quality and Environmental Monitoring
- Licensing

Fixed Costs:

- Wages
- Financing Costs (loan borrowings to fund asset construction)
- Depreciation (impacts of increasing Assets due to the various projects eg WNA/SSH/WFF)
- Rental Charges (to Parafield Airport Limited)

3.6 New Initiative Bids

3.6.1 Operating Bids

Bid No	Project Title	'000's		
		Exp	Inc	Net
23446	Market Garden Credit Trading Options Assessment	25	0	25
23448	Northern Adelaide Stormwater Yield Analysis Study – Stage 2	0	0	0
23449	Food Industry Water - Desalinated Groundwater Demonstration Trial	150	75	75
TOTAL WATER BUSINESS UNIT OPERATING		175	75	100

3.6.2 Capital Bids

Bid No	Project Title	'000's		
		Exp	Inc	Net
21482	Water Business Unit Program - Planning Program	10	0	10
21486	Salisbury Water - Water Licence Purchase	100	0	100
22159	Salisbury Water Disinfection System	100	0	100
22161	Groundwater Community Bores - Tank & Booster Pump System	100	0	100
22828	Salisbury Water Recycled Water Signage – New / Renewal	10	0	10
23447	New - Salisbury Water Distribution Main Linkages	225	0	225
23453	New - Salisbury Water Emergency Backup Power Supply	20	0	20
23457	New Kiekebusch Reserve - Pumping Station	510	0	510
23472	New - Council Reserve Upgrades – Recycled Water Connections	118	8	110
20874	Salisbury Water - Minor Asset Renewal	579	0	579
TOTAL NEW WATER BUSINESS UNIT		1,772	8	1,764

4. **CONCLUSION / PROPOSAL**

- 4.1 The Salisbury Water Business Unit will continue its steady growth approach in 2016/17 by supplying the local community and businesses with over 2,900 million litres of recycled stormwater and will continue to pursue contractual negotiations with a number of high volume consumers in order to secure the long term viability of the business.
- 4.2 The business continues to move forward with improved performance.
- 4.3 Council is asked to endorse for consideration in the 2016/17 Council budget, the Salisbury Water 2016/17 operating budget, new initiatives and fees and charges.

CO-ORDINATION

Officer: Executive Group
 Date: 11/03/2016

ITEM	6.5.2
	BUDGET AND FINANCE COMMITTEE
DATE	21 March 2016
HEADING	Building Rules Certification Unit Budget 2016/2017 Report
AUTHOR	Jeff Shillabeer, Acting Manager Development Services, City Development
CITY PLAN LINKS	4.5 To apply business and resource management that enables excellent service delivery and financial sustainability
SUMMARY	<p>The Development Services Division delivers building approval services through its statutory role as the Development Authority under the Development Act for development within the City of Salisbury, and through a business unit that provides a fee-for-service for building rules certification to clients undertaking development outside the City of Salisbury.</p> <p>Despite a small decline in application numbers lodged in 2015/16 compared with Business Plan projections within the city, an increase in applications outside the city boundaries is expected to result in an increase in total projected income for the Building Rules Certification Unit for 2015/16.</p> <p>The 2016/17 Certification Unit Business Plan projects a small increase in total applications lodged, with a corresponding increase in income. Continued business and community conservatism in relation to investment in building construction may dissipate as long as interest rates remain relatively low.</p>
RECOMMENDATION	<ol style="list-style-type: none">1. The Building Rules Certification Unit Budget be endorsed for consideration in the 2016/17 Council Budget.
ATTACHMENTS	There are no attachments to this report.
1. BACKGROUND	<ol style="list-style-type: none">1.1 The Building Rules Certification Unit was established to provide Building Rules Consent for development applications within the City of Salisbury, as well as outside the boundaries of the City as a Private Certifier under the Development Act. This service is provided by the Certification Unit to clients that include builders, Roxby Downs Council, and support services on an ad-hoc basis for other Councils.

2. CONSULTATION / COMMUNICATION**2.1 Internal**

2.1.1 Consultation with representatives of the Financial Services division was undertaken in the formulation of the Draft Budget.

2.2 External

2.2.1 N/A

3. REPORT

2015/2016 Review

Financial Results for the 7 months to 31st January 2016

Details	YTD Actual	YTD Budget	Favourable/ (Unfavourable) Variance	Variance %
Revenue				
Building Fees	323,775	266,400	57,375	21.54%
Roxby Downs	4,637	14,583	(9,946)	-68.20%
Total Revenue	328,412	280,983	47,429	16.88%
Expenditure				
Wages & Salaries	147,408	156,132	8,724	5.59%
Contractual Services	13,082	34,999	21,916	62.62%
Other Expenses	15,412	25,885	10,473	40.46%
Total Expenditure	175,902	217,016	41,114	18.95%
Net Position	152,510	63,967	88,543	138.42%

Note: A favourable variance within the table above indicates an increase in income or a decrease in expense. An unfavourable variance indicates a decrease in income or an increase in expense.

Income from the Building Rules Certification Unit for the current year is trending above Business Plan projections, and will be captured through budget reviews.

Forecast Financial Results for the year ended 30th June 2016

Details	Revised Budget	Original Budget	Forecast EOY	Favourable/ (Unfavourable) Variance	Variance %
Revenue					
Building Fees	434,400	434,400	434,400	0	0.00%
Roxby Downs	25,000	25,000	20,000	(5,000)	-20.00%
Total Revenue	459,400	459,400	454,400	(5,000)	-1.09%
Expenditure					
Wages & Salaries	249,915	222,600	249,915	(27,315)	-12.27%
Contractual Services	60,000	60,000	60,000	0	0.00%
Other Expenses	51,660	51,660	51,660	0	0.00%
Total Expenditure	361,575	334,260	361,575	(27,315)	-8.17%
Net Position	97,825	125,140	92,825	(32,315)	-25.82%

Note: A favourable variance within the table above indicates an increase in income or a decrease in expense. An unfavourable variance indicates a decrease in income or an increase in expense.

It is anticipated that expenditure will closely align with Budget projections.

- 3.1 Revenue from services provided to Roxby Downs Council is anticipated to be below budget due to reduced building activity in the area.

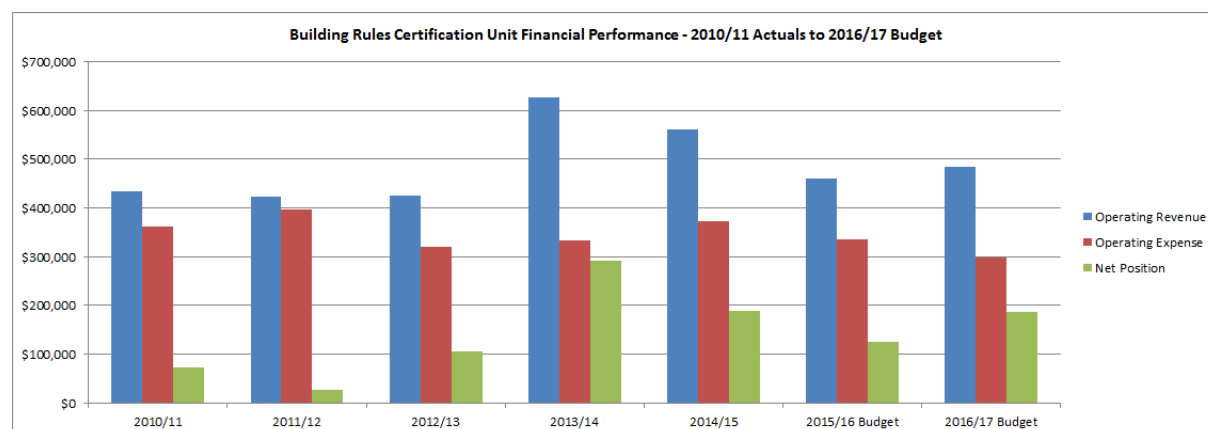
2016/17 Business Plan

- 3.2 The 2016/17 Business Plan projects a small increase in applications lodged, with a corresponding increase in income. Continued business and community conservatism in relation to investment in building construction may dissipate as long as interest rates remain relatively low, but broader economic factors in northern Adelaide and South Australia generally may impact building activity. This will need to be monitored during the year.

2016/17 Draft Budget (Excluding impact of New Initiatives)

Details	2015/16 Budget	2016/17 Budget	Favourable/ (Unfavourable) Variance	Variance %
Revenue				
Building Fees	434,400	474,400	40,000	9.21%
Roxby Downs	25,000	10,000	(15,000)	-60.00%
Total Revenue	459,400	484,400	25,000	5.44%
Expenditure				
Wages & Salaries	222,600	208,500	14,100	6.33%
Contractual Services	60,000	43,000	17,000	28.33%
Other Expenses	51,660	45,660	6,000	11.61%
Total Expenditure	334,260	297,160	37,100	11.10%
Net Position	125,140	187,240	62,100	49.62%

Note: A favourable variance within the table above indicates an increase in income or a decrease in expense. An unfavourable variance indicates a decrease in income or an increase in expense.

**Commentary on 2016/17 Budget**

- 3.3 The 2016/17 Business Plan projects very slight increase in applications lodged, with a corresponding increase in income.
- 3.4 It is anticipated that the cost of Contractual Services, utilising specialist consultants such as structural engineers, will be reduced from 2015/16 levels as councils Building Surveyors will pick up this additional work load and associated risk.
- 3.5 It is anticipated that services provided to Roxby Downs Council will be reduced from 2015/16 budget levels.

- 3.6 Statutory application fees are to be set by the State Government as part of the State Budget, and are expected to be known in June. Building Business Unit Private Certification fees will be set at that time, having regard to budget projections for 2016/17 and industry trends.

Fees & Charges

Who Should Pay?

- 3.7 All applicants are required by regulation to pay fees, to a maximum as established by the State Government, to obtain the required Building Rules Consent.

Competitive Forces/Market Forces

- 3.8 As fees are set by the State Government, all Councils are limited in charging no more than the gazetted fees for statutory building rules certification services within the Council area. In relation to fees for private certification services, the statutory fees do not determine the private certification fees but are a factor for consideration in setting those fees.

Cost Structure

- 3.9 Fees are established by the State Government and Gazetted in late June annually. These are fixed for the 2016/17 financial year.
- 3.10 The Building Rule Certification Unit provides Private Certification services, by means of issuing Building Rules Consents under the Development Act 1993, for development applications for projects outside the boundaries of the City of Salisbury. Subject to the nature, size and complexity of the application fees vary and will be set having regard to market rates, our cost base, and the State Government's statutory fees when they are set in June 2016.

4. CONCLUSION / PROPOSAL

- 4.1 Despite a small decline in application numbers lodged within the City compared with Business Plan projections, a small increase in applications outside the City boundaries has enabled an increase in projected income for 2016/17.
- 4.2 The 2016/17 Business Plan projects a small increase in applications lodged, with a corresponding increase in income.

CO-ORDINATION

Officer: EXECUTIVE GROUP
Date: 11.03.16

ITEM	6.5.3
	BUDGET AND FINANCE COMMITTEE
DATE	21 March 2016
HEADING	Waste Transfer Station Budget 2016/2017 Report
AUTHORS	Lyall Thomas, Manager Civil & Waste, City Infrastructure Sam Kenny, Deputy Manager Civil & Waste, City Infrastructure
CITY PLAN LINKS	2.3 To reduce resource consumption and minimise waste generation
SUMMARY	<p>The Transfer Station continues to provide a facility to the community and a surplus to Council. Patronage of the site is about 40,000 paying customers per annum.</p> <p>Surplus in 2015/16 is forecast to be \$98,360, compared to a revised budget of \$128,360. The reduction in surplus is related to temporary higher wage costs whilst the program review is underway and the maintaining of skills over the 7 day operations.</p> <p>Capital works to develop the site have substantially been completed at the time of this report and are expected to be completed fully in the current financial year.</p> <p>Projections for the 2016/17 budget note a surplus of \$100,935 compared to the \$128,360 (revised budget) forecast in 2015/16. The reduction in surplus in 2016/17 is primarily due to additional plant costs and the reduction in the scrap metal income due to lower international steel prices.</p> <p>Fees have been increased by an average of 2.4%.</p> <p>The program review of the Waste Transfer Station commenced in November 2015 and is expected to be completed by the latter part of 2016. The review will provide future direction for the site, resident and non-resident fee structures and management arrangements.</p>
RECOMMENDATION	<ol style="list-style-type: none"> 1. The Waste Transfer Station 2016/17 Budget including the New Initiative Bid and Fees and Charges be endorsed for consideration in the 2016/17 Council Budget.

ATTACHMENTS

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

1. Waste Transfer Station Fees and Charges

1. BACKGROUND

- 1.1 As part of the budget deliberations of Council, each business unit reports its results for the current year, and the proposed budget for the coming year including proposed fees and charges.

2. CONSULTATION / COMMUNICATION**2.1 Internal**

2.1.1 General Manager City Infrastructure

2.1.2 Finance staff in the Business Excellence Department

2.2 External

2.2.1 NAWMA

3. REPORT**3.1 2015/2016 Review****Financial Results for the 7 months to 31st January 2016**

Details	YTD Actual	YTD Budget	Favourable/ (Unfavourable) Variance	Variance %
Revenue				
Garbage Fees	744,643	720,600	24,043	3.34%
Internal Income	275,759	251,414	24,345	9.68%
Sundry Income	39,451	25,173	14,278	56.72%
Total Revenue	1,059,853	997,186	62,667	6.28%
Expenditure				
Wages & Salaries	359,326	260,561	(98,765)	-37.90%
Contractual Services	444,491	467,293	22,802	4.88%
Materials	9,338	9,733	395	4.06%
Depreciation	6,358	6,358	(0)	0.00%
Other Expenses	74,424	59,975	(14,449)	-24.09%
Total Expenditure	893,937	803,921	(90,017)	-11.20%
Net Position	165,916	193,266	(27,350)	-14.15%

Note: A favourable variance within the table above indicates an increase in income or a decrease in expense. An unfavourable variance indicates a decrease in income or an increase in expense.

Forecast Financial Results for the year ended 30th June 2016

Details	Revised Budget	Original Budget	Forecast EOY	Favourable/ (Unfavourable) Variance	Variance %
Revenue					
Garbage Fees	1,138,900	1,196,900	1,138,900	(58,000)	-4.85%
Internal Income	428,500	448,500	428,500	(20,000)	-4.46%
Sundry Income	48,100	72,100	48,100	(24,000)	-33.29%
Total Revenue	1,615,500	1,717,500	1,615,500	(102,000)	-5.94%
Expenditure					
Wages & Salaries	450,300	450,300	480,300	(30,000)	-6.66%
Contractual Services	908,400	964,900	908,400	56,500	5.86%
Materials	18,240	18,240	18,240	0	0.00%
Depreciation	10,900	10,900	10,900	0	0.00%
Other Expenses	99,300	99,300	99,300	0	0.00%
Total Expenditure	1,487,140	1,543,640	1,517,140	26,500	1.72%
Net Position	128,360	173,860	98,360	(75,500)	-43.43%

Note: A favourable variance within the table above indicates an increase in income or a decrease in expense. An unfavourable variance indicates a decrease in income or an increase in expense.

- 3.1.1 The EOY forecast of \$98,360 for this financial year is \$75,500 below the original budgeted surplus \$173,860 and \$30,000 below the revised budget of \$128,360.
- 3.1.2 In considering the forecast outcome the following matters need to be taken into account;
- Wages and salaries are expected to be overspent by \$30,000. This relates to the temporary use of internal skilled staff on weekends due to vacant positions not being filled whilst the program review is underway.
 - The original budgeted revenue was reduced by \$58,000 due to the removal of charges for e-waste shortly after the 2015/16 budget was adopted.
 - Contractual services expenditure was reduced by \$56,500 as a result of Council's ability to participate in the National Television and Computer Recycling Scheme (due to removal of the e-waste fees).
 - Scrap metal income forecast was reduced by \$24,000 following decline in the international scrap metal price but actual income is almost in line with the original forecast due to increased recycling volume.
 - Internal income has reduced as a result of a forecast reduction in income from the hard waste voucher service.
 - Patronage of the 8x5 trailer size introduced in 2015/16 has been high. This has brought the fees for this trailer size more in line with other recycling facilities in the vicinity. The fees are fairer and more equitable for customers but at the cost of a reduction in income.

3.2 2016/17 Business Plan

- 3.2.1 To ensure the ongoing safe operation of the Waste Transfer Station there is a need for existing provision of yard staff resources and machinery to be maintained.
- 3.2.2 Work to construct new bulk storage bays and sheds on the western side of the site have been completed. Provision of a new cashier hut, landscaping improvements and traffic flow improvement works are expected to be completed in 2015/16. This will complete the works required to develop the site into a Resource Recovery Park (RRP).
- 3.2.3 Market research of recyclable material outlets will be ongoing to ensure best value for money is achieved in the disposal of recyclables.
- 3.2.4 A customer origin survey has historically been undertaken in April. A further survey is scheduled to be undertaken in April this year.
- 3.2.5 Synergies between the NAWMA facility and the Salisbury RRP will continue to be sought to take advantage of economies of scale and reduced administrative costs.
- 3.2.6 The Waste Management Program Review is underway and will make recommendations for options available to Council concerning future ownership, management and usage of the site.
- 3.2.7 The Review will take into consideration the ownership and lease costs for the Transfer Station which will be used in financial comparisons with alternative proposals.
- 3.2.8 At the Council meeting of the 29th April 2013 item 6.4.4 Council requested that the Program Review Sub Committee consider the cost structure and fee structure for resident/Salisbury commercial customers versus non-resident/non-Salisbury commercial customers accessing the Transfer Station. This matter will be addressed in the Program Review.

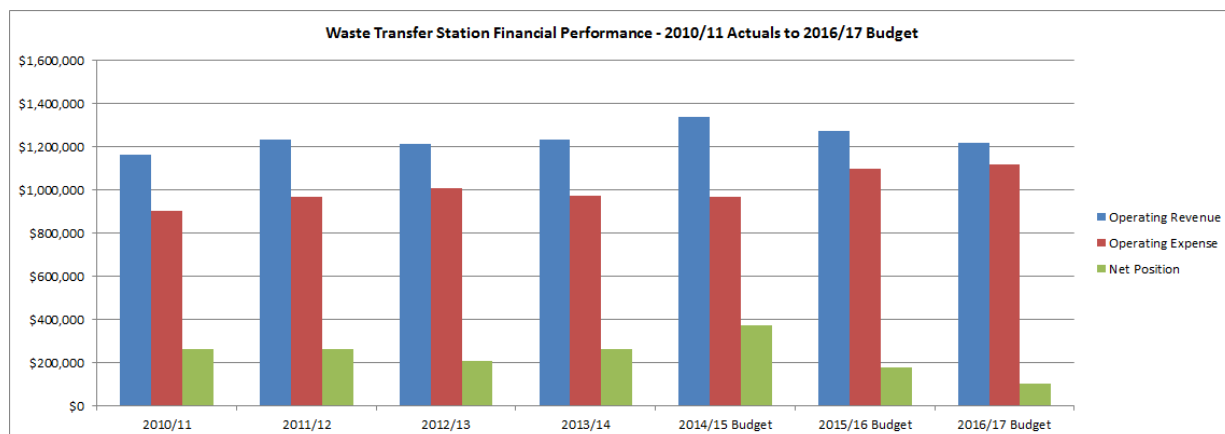
3.3 Financial Analysis

2016/17 Draft Budget (Excluding impact of New Initiatives)

Details	2015/16 Budget	2016/17 Budget	Favourable/ (Unfavourable) Variance	Variance %
Revenue				
Garbage Fees	1,196,900	1,181,900	(15,000)	-1.25%
Internal Income	448,500	425,500	(23,000)	-5.13%
Other Revenue	72,100	33,600	(38,500)	-53.40%
Total Revenue	1,717,500	1,641,000	(76,500)	-4.45%
Expenditure				
Wages & Salaries	450,300	466,025	(15,725)	-3.49%
Contractual Services	964,900	921,200	43,700	4.53%
Materials	18,240	18,240	0	0.00%
Depreciation	10,900	10,900	0	0.00%
Other Expenses	99,300	123,700	(24,400)	-24.57%
Total Expenditure	1,543,640	1,540,065	3,575	0.23%
Net Position	173,860	100,935	(72,925)	-41.94%

Note: A favourable variance within the table above indicates an increase in income or a decrease in expense. An unfavourable variance indicates a decrease in income or an increase in expense.

*2015/16 Budget is the Original Budget



3.4 Commentary on 2016/17 Budget

- 3.4.1 Fees have been increased by 2.4% (CPI) and are detailed in the table below.
- 3.4.2 Forecast revenue is higher in real terms than the original 2015/16 budget (which included income from e-waste which did not proceed as an income stream in 2015/16).

- 3.4.3 Scrap metal prices are expected to remain at lower levels for the foreseeable future. Actual 2015/16 income from scrap metal is tracking higher than the revised budget and will continue to be monitored however there is uncertainty regarding the future returns from this area.
- 3.4.4 Internal income has decreased due to a minor reduction in the forecast uptake of the hard waste voucher service.
- 3.4.5 Currently labour hire staff are filling a number of vacant positions at the site. Internal field staff are being engaged at the site on weekends to ensure skills and management of the site are maintained for the operations.
- 3.4.6 Contractual services costs have reduced due to the adjustment to e-waste mentioned in 3.1.1. There are still costs (cartage and disposal charges) which apply for this waste stream and therefore the reduction does not match the full budget allocation for e-waste.
- 3.4.7 Other expenditure has increased in 2016/17 as a result of higher vehicle recovery costs due to a new backhoe and forklift at the site.
- 3.4.8 Substantial site improvements have been carried out at the site since 2014/15. Currently the cost of depreciation of the new infrastructure is not included within the transfer station budget. This is currently being reviewed.
- 3.4.9 The Waste Transfer Station shows a net surplus of \$100,935 next financial year in comparison to the \$173,860 predicted in the current financial year. This is a similar result to the \$98,360 budget surplus forecast to be achieved in 2015/16.
- 3.5 Fees and Charges – Refer to attachment for details of proposed fees.
 - 3.5.1 Fees at the Waste Transfer Station are structured to provide incentive for patrons to separate recyclable and general waste streams. Considerations of the cost structure and fee structure for resident/Salisbury commercial customers versus non-resident/non-Salisbury commercial customers accessing the Transfer Station are part of the Program Review.
 - 3.5.2 Concessions are provided for Salisbury residents who dispose of green waste. This concession reduces income to the Transfer Station by \$58,000 per annum which, unlike the hard waste voucher service, is not recovered through internal transfer of funds. Salisbury residents have access to free disposal of household hard waste via the voucher scheme.
 - 3.5.3 As the Waste Transfer Station is a business unit it is appropriate that its operation is not subsidised by the general rate.
- 3.6 Competitive Forces/Market Forces
 - 3.6.1 The transfer station remains competitive in the northern region with most of its fees comparable to neighboring transfer stations. It is currently not known what fee increases are proposed at these sites for the 2016/17 financial year. In considering the fee base of other sites it is noted that direct comparisons are often not possible due to the variety of load type definitions.

3.6.2 The completion of the RRP will complement demand for improved recycling facilities and should assist in providing a competitive advantage.

3.7 New initiative bids

3.7.1 Nil

4. CONCLUSION / PROPOSAL

4.1 The Waste Transfer Station operations have been reviewed and modified to ensure safe procedures are in place. Waste continues to be deposited on the tarmac and placed mechanically into waste bins. The requirement for additional staffing at the site compared to historical staffing is ongoing.

4.2 Taking into account the additional operating costs and reduced external income due to lower scrap metal prices, the anticipated surplus of \$98,360 in 2015/16 is considered to be a favourable result.

4.3 Works to develop the site into a Resource Recovery Park are expected to be completed in 2015/16.

4.4 The program review of Waste Services including the Waste Transfer Station commenced in November 2015 and will give direction to the continued use of the site, fee structures and management arrangements.

4.5 Fees have been adjusted by an average of 2.4% in the ensuing financial year

CO-ORDINATION

Officer: Executive Group
Date: 11/03/2016

Transfer Station Operations

Fee Type	16/17 Fee (Incl GST)	15/16 Fee (Incl GST)	Variance	% Variance	16/17 Volume	15/16 Volume	Variance	16/17 Income (Excl GST)	15/16 Income (Excl GST)	Fee Income Variance
Sorted Loads										
Green Waste Disposal - All other vehicles, over 2 metres	\$64.00	\$63.00	\$1.00	2%	0	0	0	\$0.00	\$0.00	\$0.00
Green Waste Disposal - All other vehicles, up to 1 metre	\$36.00	\$35.00	\$1.00	3%	18	26	-8	\$600.00	\$800.00	-\$200.00
Green Waste Disposal - All other vehicles, up to 2 metres	\$55.00	\$54.00	\$1.00	2%	12	0	12	\$600.00	\$0.00	\$600.00
Green Waste Disposal - Trailer over 7' x 4', up to 10' x 6', over 2 metres	\$45.00	\$44.00	\$1.00	2%	2	0	2	\$100.00	\$0.00	\$100.00
Green Waste Disposal - Trailer over 7' x 4', up to 10' x 6', up to 2 metres	\$28.00	\$27.00	\$1.00	4%	830	704	126	\$21,100.00	\$17,300.00	\$3,800.00
Green Waste Disposal - Trailer up to 7' x 4'	\$21.00	\$21.00	\$0.00	0%	3594	3476	118	\$68,600.00	\$66,400.00	\$2,200.00
Mulch - Sale of mulch per cubic metre (7' x 4' trailer)	\$28.00	\$27.00	\$1.00	4%	332	408	-76	\$8,500.00	\$10,000.00	-\$1,500.00
Sorted Vans - Commercial	\$40.00	\$39.00	\$1.00	3%	2	10	-8	\$100.00	\$400.00	-\$300.00
Sorted Vans - Passenger	\$31.00	\$30.00	\$1.00	3%	30	24	6	\$800.00	\$700.00	\$100.00
Trailer - Sorted - 8' x 5' level	\$38.00	\$37.00	\$1.00	3%	940	724	216	\$32,500.00	\$24,400.00	\$8,100.00
Trailer - Sorted - 8' x 5' over 2m high	\$57.00	\$56.00	\$1.00	2%	6	4	2	\$300.00	\$200.00	\$100.00
Trailer - Sorted - 8' x 5' up to 1m high	\$44.00	\$43.00	\$1.00	2%	2040	1526	514	\$81,600.00	\$59,700.00	\$21,900.00
Trailer - Sorted - 8' x 5' up to 2m high	\$50.00	\$49.00	\$1.00	2%	394	211	183	\$17,900.00	\$9,400.00	\$8,500.00
Trailers - Sorted - 7' x 4' level	\$31.00	\$30.00	\$1.00	3%	2890	2606	284	\$81,400.00	\$71,100.00	\$10,300.00
Trailers - Sorted - 7' x 4' over 2 metres high	\$48.00	\$47.00	\$1.00	2%	4	0	4	\$200.00	\$0.00	\$200.00
Trailers - Sorted - 7' x 4' up to 1 metre high	\$36.00	\$35.00	\$1.00	3%	2034	2122	-88	\$66,600.00	\$67,500.00	-\$900.00
Trailers - Sorted - 7' x 4' up to 2 metres high	\$40.00	\$39.00	\$1.00	3%	146	140	6	\$5,300.00	\$5,000.00	\$300.00
Trailers - Sorted - over 10' x 6' Tray Trucks over 2 metres	\$72.00	\$71.00	\$1.00	1%	2	0	2	\$100.00	\$0.00	\$100.00
Trailers - Sorted - over 10' x 6' Tray Trucks to 1metre	\$58.00	\$57.00	\$1.00	2%	86	60	26	\$4,500.00	\$3,100.00	\$1,400.00
Trailers - Sorted - over 10' x 6' Tray Trucks to 2 metres	\$69.00	\$68.00	\$1.00	1%	54	38	16	\$3,400.00	\$2,300.00	\$1,100.00
Trailers - Sorted - up to 10' x 6' level	\$40.00	\$39.00	\$1.00	3%	66	310	-244	\$2,400.00	\$11,000.00	-\$8,600.00
Trailers - Sorted - up to 10' x 6' over 2 metres	\$59.00	\$58.00	\$1.00	2%	4	2	2	\$200.00	\$100.00	\$100.00
Trailers - Sorted - up to 10' x 6' to 1 metre	\$49.00	\$48.00	\$1.00	2%	66	654	-588	\$2,900.00	\$28,500.00	-\$25,600.00
Trailers - Sorted - up to 10' x 6' to 2 metres	\$57.00	\$56.00	\$1.00	2%	32	91	-59	\$1,700.00	\$4,600.00	-\$2,900.00
Vehicle - Sorted - Car Boot/Single Item (TV, fridge, stereo etc)	\$14.00	\$14.00	\$0.00	0%	1008	1194	-186	\$12,800.00	\$15,200.00	-\$2,400.00
Vehicle - Sorted - Drop down ute - Level Only	\$40.00	\$39.00	\$1.00	3%	338	262	76	\$12,300.00	\$9,300.00	\$3,000.00
Vehicle - Sorted - Panel Vans - solid side utes	\$31.00	\$30.00	\$1.00	3%	308	340	-32	\$8,700.00	\$9,300.00	-\$600.00
Vehicle - Sorted - Station Wagon all sizes	\$30.00	\$29.00	\$1.00	3%	34	46	-12	\$900.00	\$1,200.00	-\$300.00
Unsorted Loads										
Miscellaneous Items - Gas Cylinder	\$10.00	\$10.00	\$0.00	0%	82	108	-26	\$700.00	\$1,000.00	-\$300.00
Miscellaneous Items : Car/motorcycle, tyres off rim (per tyre)	\$6.00	\$6.00	\$0.00	0%	268	400	-132	\$1,500.00	\$2,200.00	-\$700.00
Miscellaneous Items : Car/motorcycle, tyres on rim (per tyre)	\$9.00	\$9.00	\$0.00	0%	218	128	90	\$1,800.00	\$1,000.00	\$800.00
Miscellaneous Items : Ensemble base (if not part of general load)	\$12.00	\$12.00	\$0.00	0%	258	312	-54	\$2,800.00	\$3,400.00	-\$600.00
Miscellaneous Items : Fluoro tubes	\$1.00	\$1.00	\$0.00	0%	954	52	902	\$900.00	\$0.00	\$900.00
Miscellaneous Items : Mattresses (all sizes)	\$22.00	\$22.00	\$0.00	0%	1076	1016	60	\$21,500.00	\$20,300.00	\$1,200.00
Miscellaneous Items : Other than listed	\$0.00	\$0.00	\$0.00	0%	0	246	-246	\$0.00	\$0.00	\$0.00
Miscellaneous Items : Skips (2 cubic metres) - per skip	\$97.00	\$95.00	\$2.00	2%	0	0	0	\$0.00	\$0.00	\$0.00
Miscellaneous Items : Skips (3 cubic metres) - per skip	\$122.00	\$120.00	\$2.00	2%	0	0	0	\$0.00	\$0.00	\$0.00
Miscellaneous Items ; Truck, tyre off rim (per tyre)	\$15.00	\$15.00	\$0.00	0%	10	0	10	\$100.00	\$0.00	\$100.00
Miscellaneous Items ; Truck, tyre on rim (per tyre)	\$26.00	\$25.00	\$1.00	4%	0	0	0	\$0.00	\$0.00	\$0.00
Trailer - Unsorted - 7' x 4' level	\$55.00	\$54.00	\$1.00	2%	2340	2338	2	\$117,000.00	\$114,800.00	\$2,200.00
Trailer - Unsorted - 7' x 4' over 2 metres high	\$108.00	\$106.00	\$2.00	2%	2	0	2	\$200.00	\$0.00	\$200.00
Trailer - Unsorted - 7' x 4' up to 1 metre high	\$63.00	\$62.00	\$1.00	2%	3776	3764	12	\$216,300.00	\$212,200.00	\$4,100.00
Trailer - Unsorted - 7' x 4' up to 2 metres high	\$93.00	\$91.00	\$2.00	2%	184	132	52	\$15,600.00	\$10,900.00	\$4,700.00
Trailer - Unsorted - 8' x 5' level	\$73.00	\$72.00	\$1.00	1%	596	549	47	\$39,600.00	\$35,900.00	\$3,700.00
Trailer - Unsorted - 8' x 5' over 2m high	\$144.00	\$141.00	\$3.00	2%	2	0	2	\$300.00	\$0.00	\$300.00
Trailer - Unsorted - 8' x 5' up to 1m high	\$85.00	\$83.00	\$2.00	2%	1404	924	480	\$108,500.00	\$69,700.00	\$38,800.00
Trailer - Unsorted - 8' x 5' up to 2m high	\$124.00	\$122.00	\$2.00	2%	130	56	74	\$14,700.00	\$6,200.00	\$8,500.00
Trailer - Unsorted - Light load to 10' x 6'	\$72.00	\$71.00	\$1.00	1%	18	130	-112	\$1,200.00	\$8,400.00	-\$7,200.00
Trailer - Unsorted - Light load to 7' x 4'	\$46.00	\$45.00	\$1.00	2%	1126	1326	-200	\$47,100.00	\$54,200.00	-\$7,100.00
Trailer - Unsorted - over 10' x 6' Tray Trucks over 2 metres	\$197.00	\$175.00	\$22.00	13%	2	0	2	\$400.00	\$0.00	\$400.00
Trailer - Unsorted - over 10' x 6' Tray Trucks to 1metre	\$130.00	\$127.00	\$3.00	2%	86	116	-30	\$10,200.00	\$13,400.00	-\$3,200.00
Trailer - Unsorted - over 10' x 6' Tray Trucks to 2 metres	\$152.00	\$149.00	\$3.00	2%	22	66	-44	\$3,000.00	\$8,900.00	-\$5,900.00
Trailer - Unsorted - up to 10' x 6' level	\$78.00	\$76.00	\$2.00	3%	78	235	-157	\$5,500.00	\$16,200.00	-\$10,700.00
Trailer - Unsorted - up to 10' x 6' over 2 metres	\$165.00	\$162.00	\$3.00	2%	0	0	0	\$0.00	\$0.00	\$0.00
Trailer - Unsorted - up to 10' x 6' to 1 metre	\$99.00	\$97.00	\$2.00	2%	150	396	-246	\$13,500.00	\$34,900.00	-\$21,400.00

Trailer - Unsorted - up to 10' x 6' to 2 metres	\$137.00	\$134.00	\$3.00	2%	46	24	22	\$5,700.00	\$2,900.00	\$2,800.00
Unsorted Vans - Commercial	\$69.00	\$68.00	\$1.00	1%	90	116	-26	\$5,600.00	\$7,200.00	-\$1,600.00
Unsorted Vans - Passenger	\$55.00	\$54.00	\$1.00	2%	70	158	-88	\$3,500.00	\$7,800.00	-\$4,300.00
Vehicle - Unsorted - Car Boot/Single Item (TV, fridge, stereo etc)	\$29.00	\$28.00	\$1.00	4%	1544	1436	108	\$40,700.00	\$36,600.00	\$4,100.00
Vehicle - Unsorted - Drop down ute - Level Only	\$69.00	\$68.00	\$1.00	1%	360	292	68	\$22,600.00	\$18,100.00	\$4,500.00
Vehicle - Unsorted - Panel Vans - solid side utes	\$55.00	\$54.00	\$1.00	2%	478	372	106	\$23,900.00	\$18,300.00	\$5,600.00
Vehicle - Unsorted - Station Wagon all sizes	\$42.00	\$41.00	\$1.00	2%	516	356	160	\$19,700.00	\$13,300.00	\$6,400.00
Wheelie Bins - General Waste	\$20.00	\$20.00	\$0.00	0%	92	200	-108	\$1,700.00	\$3,600.00	-\$1,900.00

ITEM	6.5.4
	BUDGET AND FINANCE COMMITTEE
DATE	21 March 2016
HEADING	Salisbury Memorial Park Budget 2016/2017 Report
AUTHORS	Kevin Stewart, Manager Business Support, City Infrastructure Kate George, Manager Financial Services, Business Excellence 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 an overview of the performance of the Salisbury Memorial Park (SMP) against the 2015/16 budget for the seven months to the 31 st January, 2016 and proposes a new operating budget and fees and charges for 2016/17.
RECOMMENDATION	<ol style="list-style-type: none"> 1. The Salisbury Memorial Park 2016/17 Budget and Fees and Charges be endorsed for consideration in the 2016/17 Council Budget. 2. The General Manager City Infrastructure be given delegated authority to vary fees up to a maximum of \$300 (+/-) on the approved Salisbury Memorial Park fee schedule for special circumstances.
ATTACHMENTS	There are no attachments to this report.
1. BACKGROUND	<ol style="list-style-type: none"> 1.1 The Salisbury Memorial Park (SMP) provides a range of “pre-need” and “at-need” burial services to the community on a fee for service basis. The year to date results for 2015/16 are provided along with the proposed budget and fees and charges for the coming 2016/17 year
2. REPORT	<ol style="list-style-type: none"> 2.1 2015/2016 Review <ol style="list-style-type: none"> 2.1.1 SMP actual performance to the 31st January 2016 indicates an unfavourable variance of \$13k against original budget deficit of \$30k. Primarily this position is due to reduced income compared to budgeted position. 2.1.2 Total licence sales (inclusive of Pre-need) in 2014/2015 were 129, the total number of licences sold as at January were 59 while burials are at 53. The current position suggests a further 31 burials remain to achieve budgeted the amount of 84 for 2015/2016.

- 2.1.3 There are no major expenditure variances. It should be noted that in excess of \$160k of internal charges have been fully attributed during first quarter of 2015/2016 whereas in previous years these costs were amortised over the full year. Accordingly these cost centres are now fully expended in line with budget allocation and will not impact SMP expenditure in the second half of 2015/2016.

Financial Results for the 7 months to 31st January 2016

Details	YTD Actual	YTD Budget	Favourable/ (Unfavourable) Variance	Variance %
Revenue				
Cemetery Fees	245,429	256,353	(10,925)	-4.26%
Residential Rent	14,196	13,999	196	1.40%
Total Revenue	259,625	270,353	(10,728)	-3.97%
Expenditure				
Wages & Salaries	73,929	69,312	(4,618)	-6.66%
Contractual Services	27,419	33,622	6,203	18.45%
Materials	8,599	8,208	(391)	-4.76%
Depreciation	9,625	9,625	(0)	0.00%
Other Expenses	183,663	180,465	(3,198)	-1.77%
Total Expenditure	303,236	301,232	(2,004)	-0.67%
Net Position	(43,612)	(30,879)	(12,733)	41.23%

Note: A favourable variance within the table above indicates an increase in income or a decrease in expense. An unfavourable variance indicates a decrease in income or an increase in expense.

- 2.1.4 Based on current financial year figures, revenue is predicted to be \$442k and expenditure is expected to be \$402k for the financial year providing a full year outlook of a reduced operating surplus of \$40k compared to original \$50k. The \$10k revenue reduction reflects lower than budgeted shrub garden income which will be closely monitored and reported at the third quarter budget review.

Forecast financial results for the end 30th June 2016

Details	Revised Budget	Original Budget	Forecast EOY	Favourable/ (Unfavourable) Variance	Variance %
Revenue					
Cemetery Fees	417,600	427,600	417,600	(10,000)	-2.34%
Residential Rent	24,000	24,000	24,000	0	0.00%
Total Revenue	441,600	451,600	441,600	(10,000)	-2.21%
Expenditure					
Wages & Salaries	119,800	119,800	119,800	0	0.00%
Contractual Services	52,000	52,000	52,000	0	0.00%
Materials	14,000	14,000	14,000	0	0.00%
Depreciation	16,500	16,500	16,500	0	0.00%
Other Expenses	199,200	199,200	199,200	0	0.00%
Total Expenditure	401,500	401,500	401,500	0	0.00%
Net Position	40,100	50,100	40,100	(10,000)	-19.96%

Note: A favourable variance within the table above indicates an increase in income or a decrease in expense. An unfavourable variance indicates a decrease in income or an increase in expense.

2.2 Operational Achievements

- 2.2.1 Following Program Review and expression of interest process it was resolved the SMP would continue to operate as an internal business unit. This includes monitoring the lease and managing the contractual relationship with Mausoleum. Work undertaken includes regular monthly meetings; conducting periodic Workplace Safety Inspections and ensuring Perpetual Care Fund (PCF) payments and reporting are provided within 7 days of the beginning of each month.
- 2.2.2 The Mausoleum has provided audited financial statements for the end of 2015 financial year.
- 2.2.3 New cladding, garden renovation work and improved functioning of the Water Feature has provided a much improved appearance.
- 2.2.4 Rotunda development work, on-hold during the review period is now complete providing a location for people to rest when visiting the SMP. This location also provides future revenue opportunities which can now be promoted to the community.
- 2.2.5 Burial and Cremation Act 2014; staff have maintained compliance with the requirements of the new legislation.
- 2.2.6 Cemetery services staff have been recognised by the organisation for providing excellent customer and community service.
- 2.2.7 The SMP benefitted from approximately 1,318 hours of support provided by a dedicated group of volunteers. The volunteers assist with general garden/maintenance activities such as pruning roses, sweeping pine needles, waste paper pick up and removal of dead flowers. Volunteers enjoy flexible arrangements and are present only when Council staff are rostered.

2.3 Market Environment and Pricing Strategy

- 2.3.1 SMP operates in a sensitive market and while it does not provide the full and extensive range of services provided by some of the larger Cemeteries, it fulfils an important role within the community. Care needs to be taken when considering upgrades or new service development to ensure the needs of the community are reflected.
- 2.3.2 Pricing of services is undertaken with the intention to balance affordability with the need to generate funds to ensure long term financial sustainability and pricing strategies include reflecting cost of provision, going market rates and incentives, e.g. keeping rates lower to promote sales.
- 2.3.3 The option of burial in perpetuity is rather unique to SMP with the industry at large not providing this option but providing lease options for specified periods and where a longer term of lease is required some Cemeteries allow the customer to purchase an additional lease term over the site. Our current specified periods for interment rights are as follows;
- 25 year lease – Cremated remains
 - 50 year lease – Burial sites
 - 50 year lease – Vault section, and
 - 99 year lease – Vault section
- 2.3.4 The longest currently available lease 99 years in the vault section has not had a sale since 2008. The 50 year vault option from a volume perspective is only taken up by a relatively small group of customers, the lease fee is \$13,600 and the 99 year vault option costs \$23,000 possibly making this option unattractive and beyond the reach of some.
- 2.3.5 The current policy position of Council is one of no re-use. This position results in lessees effectively retaining their site beyond the term of initial lease. Where a lease is nearing an end, staff request additional ‘extension’ of lease payments (for 5 years at a time) to support the long term sustainability of the Cemetery.
- 2.3.6 Staff have assessed the service offering and fee structure and determined that the ‘in perpetuity’ option is not offered by Centennial Park, Enfield, Smithfield, West Terrace, Cheltenham, Dudley Park, Payneham, Willaston, North Brighton and St Jude’s Cemeteries. In terms of fee structures, the ‘in perpetuity’ option essentially transfers ownership of the grave site to the lessee. While this is consistent with Council’s no re-use policy, from a financial perspective it limits the capacity to continue to recover fees on a grave site.

Accordingly, the in perpetuity fee has been removed from the fee structure. Where customers wish to secure a longer initial lease period, the option of a 50 year lease for Cremated remains or a 99 year lease for lawn section burial is available by making a double payment at the commencement of the lease. Staff will continue to promote the option for five year lease extensions.

- 2.3.7 The proposed approach is consistent with the industry, however, also provides a point of difference with many in the industry who are moving toward shorter (25 year) lease periods.
- 2.3.8 The SMP faces challenges such as managing pricing carefully to ensure pricing does not become a disincentive or barrier for the community while still generating the best long term value from the services provided.
- 2.3.9 The SMP maintains a number of important relationships with funeral industry service providers such as Funeral Directors and the Monumental Masons. These two groups have a significant role in supporting the flow of business to the Cemetery.

2.4 2016/2017 Business Plan

- 2.4.1 Cemetery staff will continue to maintain service levels and returns to Council and will continue their focus on providing high quality customer service and cemetery grounds maintenance.
- 2.4.2 When considering the issue of performance data and benchmarking it has proved difficult to obtain a clear comparison of service provision / cost of services with other Cemeteries. Staff will continue to monitor industry service offerings and cost to ensure our products and services remain competitive.
- 2.4.3 Improved marketing of SMP services to funeral directors and broader community. This will include engaging with stakeholders to understand how our services can be made more attractive. In addition to the use of traditional media, staff will conduct an event / open day to emphasize recent service additions.
- 2.4.4 In the coming year, SMP will revisit development opportunities primarily focused around low cost / easy to implement options. This will be considered in line with the “Closing the Gates” report to determine best options to maintain SMP longevity.
- 2.4.5 Better alignment of costs to service offerings and income streams and maintaining a balanced focus on finance / service development.

2016/17 Draft Budget (Excluding impact of New Initiatives)

Details	2015/16 Budget	2016/17 Budget	Favourable/ (Unfavourable) Variance	Variance %
Revenue				
Cemetery Fees	427,600	453,700	26,100	6.10%
Residential Rent	24,000	24,000	0	0.00%
Total Revenue	451,600	477,700	26,100	5.78%
Expenditure				
Wages & Salaries	119,800	123,800	(4,000)	-3.34%
Contractual Services	52,000	52,000	0	0.00%
Materials	14,000	14,000	0	0.00%
Depreciation	16,500	16,500	0	0.00%
Other Expenses	199,200	190,400	8,800	4.42%
Total Expenditure	401,500	396,700	4,800	1.20%
Net Position	50,100	81,000	30,900	61.68%

Note: A favourable variance within the table above indicates an increase in income or a decrease in expense. An unfavourable variance indicates a decrease in income or an increase in expense.

*2015/16 Budget is the Original Budget

2.5 Commentary of 2016/17 Budget

- 2.5.1 The above budget for 2016/17 illustrates an \$81k net position for SMP which is 61% improvement on 2015/16. It is inclusive of all proposed fees and charges increases. The projection suggests improved service levels based on budget projection, reflecting a better alignment and structuring of fees and volumes for services.
- 2.5.2 The revenue proposed in 2016/17 reflects an overall increase to Cemetery fees, improved identification of fees and allocation / recovery of service costs. Staff are confident that contract services and materials costs can be retained at 2015/2016 rates.

2.6 Service Levels

- 2.6.1 As illustrated in the following table burial service level actuals for 2014/15 significantly exceeded projections. Current figures indicate a slowing of the burial rate to more closely align with 2015/16 budgeted levels which is also reflected in budgeted figures for 2016/17. The reduction in burials in 2015 compared to 2014 has been generally reflected across the industry.

	2012/13	2013/14	2014/15	2016 (as at end February)	2015/16 Projection	2016/17 Budgeted
Burials	72	81	103	53	84	80
Inurnment	86	79	89	57	85	84

Total Licences sold 2014-2015 = 129

Total Licences 2015 -2016 as at end February 2016 = 59

2.7 Fees and Charges

2.7.1 The following fees and charges listed reflect the actual fees and charges provided to the broader community. The listed fees and charges align with income development templates used to set the annual budget.

Fees	2015/16 \$	2016/17 \$	Commentary
Cemetery Fees / Surcharges			
<i>Funerals - after 3pm</i>	450	465	<i>Increased CPI and Rounding</i>
<i>Funerals - Saturday</i>	550	570	<i>Increased CPI and Rounding</i>
<i>Funerals - Short Notice (less than 24 hours' notice)</i>	500	570	<i>Increased CPI and Rounding</i>
<i>Lift & Lower - 0-9 years since burial</i>	2500	2575	<i>Increased CPI</i>
<i>Lift & Lower - 10-15 years since burial</i>	1700	1750	<i>Increased CPI and Rounding</i>
<i>Lift & Lower - 16 years and more</i>	1200	1240	<i>Increased CPI and Rounding</i>
<i>Oversized Coffin</i>	220	230	<i>Increased CPI and Rounding</i>
<i>American Box type/metal caskets</i>	720	740	<i>Increased CPI and Rounding</i>
<i>Ledger removal / replacement</i>	620	640	<i>Increased CPI and Rounding</i>
<i>Concrete Floor removal / replacement</i>	620	640	<i>Increased CPI and Rounding</i>
<i>Soil Removal</i>	475	490	<i>Increased CPI and Rounding</i>
<i>Extension of existing lease (5yr increments)</i>	360	370	<i>Increased CPI and Rounding</i>
<i>Reservation Fees 2yr no right of renewal</i>	350	360	<i>Increased CPI and Rounding</i>
<i>Transfer of Right of Burial</i>	100	105	<i>Increased CPI and Rounding</i>
<i>Scattering of Ashes</i>	155	160	<i>Increased CPI and Rounding</i>
<i>Insertion of ashes in coffin at time of burial</i>	150	160	<i>Increased CPI and Rounding</i>
<i>Burial/removal of Ashes into an existing grave</i>	400	415	<i>Increased CPI and Rounding</i>
<i>Exhumation</i>	6000	6200	<i>Increased CPI and Rounding</i>
Children's Section			
<i>Children's Section (to 10 years) Burial Fee</i>	490	500	<i>Increased CPI and Rounding</i>
<i>Children's Section (to 10 years) lease</i>	360	370	<i>Increased CPI and Rounding</i>
Stillborn Section			
<i>Stillborn Section Burial Fee & Perpetual Lease</i>	320	320	<i>No change</i>
<i>Stillborn Section - Plaque</i>	200	200	<i>No change</i>
Lawn Section			
<i>Interment adult - Single</i>	1800	1850	<i>Increased CPI and Rounding</i>
<i>Interment adult - Double</i>	1950	2000	<i>Increased CPI and Rounding</i>
<i>Interment adult - Triple</i>	2200	2200	<i>No change</i>
<i>Lawn Section Lease</i>	3700	3800	<i>Increased CPI and Rounding</i>
Niche Wall			
<i>Niche Wall Lease 25 yrs.</i>	330	330	<i>No change</i>
<i>Donnybrooke Sandstone - lease 25 yrs. single</i>	600	600	<i>No change</i>

Fees	2015/16 \$	2016/17 \$	Commentary
<i>Donnybrooke Sandstone - lease 25yrs double</i>	<i>1100</i>	<i>1100</i>	<i>No change</i>
Cremation leases			
<i>Rose & Shrub Gardens 25 Year Lease</i>	<i>1030</i>	<i>1060</i>	<i>Increased CPI and Rounding</i>
<i>Moss Rock - 25 Year lease</i>	<i>1030</i>	<i>1060</i>	<i>Increased CPI and Rounding</i>
<i>Water Feature Lease</i>	<i>1000</i>	<i>1000</i>	<i>No change to encourage sales</i>
<i>Bedrock</i>	<i>1030</i>	<i>1060</i>	<i>Increased CPI and Rounding</i>
<i>Garden 19 - 25 yr. lease</i>	<i>1030</i>	<i>1060</i>	<i>Increased CPI and Rounding</i>
<i>Garden 20 & 21 - 25 yr. lease</i>	<i>830</i>	<i>850</i>	<i>Increased CPI and Rounding</i>
<i>Garden 28 - 25 yr. lease (single only)</i>	<i>830</i>	<i>850</i>	<i>Increased CPI and Rounding</i>
Inurnments			
<i>Rose & Shrub Gardens 1st Inurnment</i>	<i>1000</i>	<i>1000</i>	<i>Reflects cost allocation</i>
<i>Rose & Shrub Gardens 2nd Inurnment</i>	<i>530</i>	<i>380</i>	<i>Reflects cost allocation</i>
<i>Rose Garden 20 & 21</i>	<i>530</i>	<i>620</i>	<i>Reflects cost allocation</i>
<i>Rose Garden 28</i>	<i>420</i>	<i>590</i>	<i>Reflects cost allocation</i>
<i>Water Feature Placement & Plaque</i>	<i>650</i>	<i>660</i>	<i>Reflects cost allocation</i>
<i>Bedrock 1st Inurnment</i>	<i>870</i>	<i>1080</i>	<i>Reflects cost allocation</i>
<i>Bedrock 2nd Inurnment</i>	<i>525</i>	<i>370</i>	<i>Reflects cost allocation</i>
<i>Moss Rock 1st Inurnment</i>	<i>1320</i>	<i>1230</i>	<i>Reflects cost allocation</i>
<i>Garden 19 1st Inurnment</i>	<i>1330</i>	<i>1270</i>	<i>Reflects cost allocation</i>
<i>Garden 19 2nd Inurnment</i>	<i>525</i>	<i>470</i>	<i>Reflects cost allocation</i>
<i>Red Brick Inurnment</i>	<i>280</i>	<i>490</i>	<i>Reflects cost allocation</i>
<i>Donnybrooke Sandstone - 1st Inurnment</i>	<i>400</i>	<i>400</i>	<i>No change</i>
<i>Donnybrooke Sandstone - 2nd Inurnment</i>	<i>380</i>	<i>380</i>	<i>No change</i>
Vaults			
<i>Vault plot lease 50yrs</i>	<i>13600</i>	<i>14000</i>	<i>Increased CPI and Rounding</i>
<i>Vault plot lease 99 yrs.</i>	<i>23000</i>	<i>23700</i>	<i>Increased CPI and Rounding</i>
<i>Reopen/Close Vaults Existing Vault</i>	<i>1800</i>	<i>1850</i>	<i>Increased CPI and Rounding</i>
Headstone Permits			
<i>New Headstone</i>	<i>200</i>	<i>210</i>	<i>Increased CPI and Rounding</i>
<i>Additional Inscription</i>	<i>100</i>	<i>105</i>	<i>Increased CPI and Rounding</i>
<i>Vault Headstone Permit</i>	<i>600</i>	<i>620</i>	<i>Increased CPI and Rounding</i>

2.8 Who Should Pay Public Benefit v Private Benefit?

- 2.8.1 SMP operates within business principles providing services on a user pays basis, covering todays operating costs and contributing to the future maintenance fund. As such it offers a 100% private benefit, and there is no basis for subsidising from the broader community.

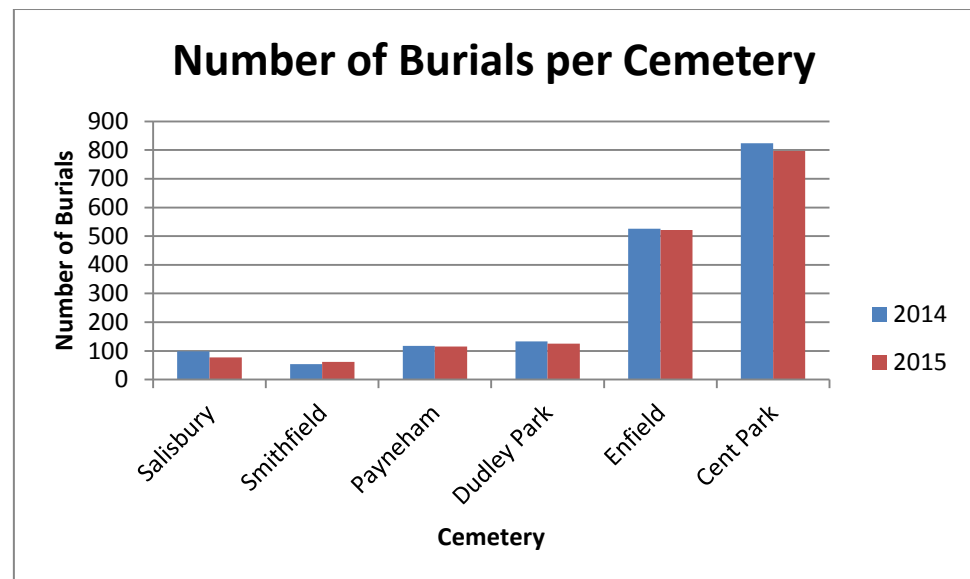
2.9 Competitive Forces/Market Forces

- 2.9.1 SMP operates in a competitive and sensitive environment necessitating care when directing effort to satisfy customer needs. SMP's customers include direct members of the public as well as the various funeral

directors, who supply services to their customers, and with whom it is very important to have a close relationship. A direct comparison of fees / services is not always possible with “competitor”, cemeteries given the differing service offerings. The following table provides a service fee comparison of proposed 2016/17 fees against current 2015/16 fees from competitor cemeteries for information.

Burial Site	SMP	Smithfield	Enfield	Centennial Park
<i>Interment adult - Single</i>	<i>\$1,850</i>	\$1,914	\$1,914	\$1,790
<i>Interment adult - Double</i>	<i>\$2,000</i>	\$2,123	\$2,123	\$1,790
<i>Interment adult – Triple</i>	<i>\$2,200</i>	\$2,266	\$2,266	\$1,790
<i>Lawn Section Lease</i>	<i>\$3,800</i>	\$3,575	\$3,575	\$3,700

- 2.9.2 It should be noted that each provider allows a different amount of cremated ashes to be placed into the grave site; Enfield does not charge a digging fee for burial of ashes however they do charge a fee for a memorial plaque. Enfield also allows several options for lawn burials ranging from an entry level \$3,575 to \$8,327.
- 2.9.3 The following graph provides a comparison of burials compared to other Cemeteries, although SMP is clearly not of the same operational scale as Enfield or Centennial Park.



2.10 Cost Structure

- 2.10.1 The Cost structure reflects the following:

Variable Costs:

- Contractual Services
- Materials and Supplies

Fixed Costs:

- Wages and Salaries
- Non Routine Maintenance
- Internal Charges (Depreciation, HR, IT, Finance etc.)

2.11 New Initiative Bids

- 2.11.1 It is not proposed to submit any Business Unit bids for consideration in the 2015/16 year

3. CONCLUSION / PROPOSAL

- 3.1 The 2016/17 budget reflects. The fees and charges included in the body of this report were used in conjunction with service level records to develop an accurate projection of the business over the next twelve months.

CO-ORDINATION

Officer: Executive Group
Date: 11/03/2016

ITEM	6.6.1
	BUDGET AND FINANCE COMMITTEE
DATE	21 March 2016
HEADING	Mawson Central Car Parking Separate Rate
AUTHOR	Charles Mansueto, General Manager Business Excellence, Business Excellence
CITY PLAN LINKS	1.2 To enhance and create quality urban areas with high amenity and integrated infrastructure 4.5 To apply business and resource management that enables excellent service delivery and financial sustainability Choose an item.
SUMMARY	This report provides the background behind the establishment of the Mawson Central Car Parking Separate Rate and how it is currently being administered.

RECOMMENDATION

1. Council notes the report
2. Council ceases to collect the Mawson Central Car Parking Separate Rate effective from the 2016/17 rating period
3. Mawson Central Car Parking Separate Rate funds collected for the period up to and concluding 30 June 2016, and any accumulated interest, be applied to the ongoing purpose of maintaining, renewing and developing carparking facilities within the area defined as the Mawson Central Area (for the purpose of application of the Mawson Central Car Parking Separate Rate) and as set out in Attachment 1 to this report (Budget and Finance Committee, Item No. 6.6.1, 21/03/2016).

ATTACHMENTS

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

1. Mawson Central Plan

1. BACKGROUND

- 1.1 At the 22 June 2015 Council meeting, Council resolved that,

“A report be brought back to provide information on the basis of the Mawson Central Car Parking separate rate including details of its application, service levels, contributions made by businesses, and comparison with arrangements for maintenance of other car parks within the city.”

- 1.2 This report responds to the above resolution.

2. HISTORY TO THE SEPARATE RATE

- 2.1 In August 2001 Council agreed to establish a rate levy on properties in the Mawson Central area (refer Attachment 1) for the purpose of funding on-going maintenance and upgrading of carparking areas within Mawson Central area.
- 2.2 At that time Council had been working with the Mawson Lakes Joint Venture in developing concepts for the Mawson Lakes Town Centre and “Mixed Use Area” adjacent. The two areas together were known as Mawson Central Area and shared similar issues in relation to vehicle access and parking.
- 2.3 The approach to the design was to create a village atmosphere with buildings fronting the streets and essential carparking on-site with significant use of the streets for public and customer parking. On-street parking is taken into account in the assessment of development applications when determining parking requirements for proposed developments, and on-site parking requirements are reduced as a result.
- 2.4 The greater use of the road for parking was expected to create a higher need for upgrading and maintenance which would eventually become the responsibility of Council once the area was handed over to Council. Further the wider roads, angle parking and higher level of streetscape would be higher to maintain than traditional parallel parking.
- 2.5 To address this issue discussion occurred with the Joint Venture to develop an approach to equitably address future funding of the increased maintenance. The outcome was an agreement to establish a separate rate (at the time was \$180 per \$1.0m in capital value) which can be varied as required to ensure sufficient funds are available.
- 2.6 It was also estimated that the rate be set to collect sufficient funds to provide a reseal every 20 years for 900 carparks (approximately \$176,000 at that time).
- 2.7 Along with Council resolving to establish the rate levy, Council also resolved to establish a Mawson Central Area Reference Group of stakeholders to advise on the rate levy. No information has been found to confirm if such a group was established.
- 2.8 It is understood that due to limited property development at that time the resolution of an actual levy was not implemented by Council.
- 2.9 In 2008 Council considered a further report that sought to commence applying the separate rate levy as although not completely developed there was sufficient development to warrant application of the separate rate.
- 2.10 The 2008 report noted that the requirement of the separate rate is identified in the encumbrance at the point of sale of the property. The encumbrance highlights the levy as being simply ‘for the purpose of establishing a car parking fund’.
- 2.11 A recent review of two titles within the Mawson Central area has not identified the specific wording as noted above and also notes that the encumbrance to Urban Renewal Authority (now Renewal SA) expired on the 1 January 2015.
- 2.12 The extinguishing of the encumbrance does not impact on the ability for Council to set the separate rate as this is legislated through the Local Government Act 1999.

- 2.13 The separate rate is only for commercial properties as it was intended that the carpark were predominately to serve the commercial sector.
- 2.14 In the 2008 report it was also recommended to Council that the purpose of the fund be expanded to include development of additional parking. Council resolved in that manner.
- 2.15 This separate rate should not be confused with the ability under Section 50 of the Development Act to either provide actual carpark needs of a proposed development or contribute funds (in lieu) to Council to create additional carparks.
- 2.16 Council has also resolved separately to review the Parking Contributions Fund under the Development Act for Mawson Lakes and Salisbury City Centre, with a report due by February 2017 (resolution 0105/2015).

3. FUNDS COLLECTED

- 3.1 The collection of the separate rate has accumulated funds totaling \$122,173.25 to date broken down as follows:

Year	Funds Collected
2008/09	\$11,032.10
2009/10	\$12,736.90
2010/11	\$12,775.60
2011/12	\$15,603.60
2012/13	\$15,700.10
2013/14	\$17,841.90
2014/15	\$17,830.95
2015/16	\$18,652.10
Total	\$122,173.25

- 3.2 Additional to the above figure approximately \$18,000 of interest (as of February 2016) would have accrued bringing the total available to approximately \$140,000.
- 3.3 To date no funds have been allocated out of the fund.

4. WORKS CARRIED OUT SINCE ESTABLISHMENT OF FUND

- 4.1 Work is currently being undertaken to identify expenditure that can be allocated against the fund in line with its purpose.

5. OTHER CAR PARK FUNDS COLLECTED BY SEPARATE RATES

- 5.1 There are no current car parking funds established using a separate rate across the Council area.

- 5.2 Previously a similar separate rate was collected for the Salisbury Town Centre but was ceased in 1985 and replaced with the current levy collected on behalf of the Salisbury City Centre Association. These funds are used for the promotion and marketing of the Salisbury City Centre on behalf of the traders who contribute to the levy.

6. MAINTENANCE OF OTHER CARPARKS

- 6.1 Other carpark owned by Council are maintained directly by Council. These carpark are funded by general rate revenue.
- 6.2 There are no private carpark that Council has any responsibility or arrangements to collect funds for the purpose of developing or maintaining.

7. USE OF FUNDS

- 7.1 The funds collected must be used for the purpose intended, which is to maintain, renew and develop carparking in the Mawson Central area.
- 7.2 If there are surplus funds or if Council determines not to put into effect the funds to the agreed purpose, Council will be required by resolution to either credit against future liabilities for rates or refund the funds.
- 7.3 Refunding of any surplus funds creates difficulties in allocating the funds given ownership of properties would have changed since 2008.

8. MATTERS FOR CONSIDERATION

- 8.1 In considering the information provided in this report, Council may consider various options in regard to the Mawson Central Car Parking Separate Rate. These options are summarised below:
- 8.1.1 Continue collecting the separate rate as currently occurs and utilise funds for the purpose as resolved by Council in establishing the fund.
- 8.1.2 Cease collecting the separate rate and resolve to either
- i. use the balance collected to undertake works as resolved by Council in establishing the fund
 - ii. credit the funds against future liabilities for rates, or
 - iii. refund the funds collected.
- 8.2 Should Council determine that it ceases the collection of the separate rate it should in determining how to administer the funds collected to date, consider the implications of the three options noted under paragraph 8.1.2.
- 8.3 Staff recommend that if Council resolves to cease collecting the separate rate then the use of the balance to undertake works resolved by Council in establishing the fund should be the preferred option.
- 8.4 The preferred option takes into account the difficulty in administering a refund of the funds or applying it to future rate liabilities given the change in ownership of properties.

9. CONCLUSION / PROPOSAL

- 9.1 In conclusion Council appropriately established a separate rate to address ongoing management of an area that had a higher level of maintenance due to manner in which it was designed and developed.
- 9.2 This approach although sound in practice can be considered no longer needed given the various developments that occur across the council area with various ongoing maintenance needs.
- 9.3 It is also the only area where a separate rate for the purpose of maintaining, renewing and developing carparking is collected within the Council area.
- 9.4 It is proposed that Council in considering the information tabled in this report, should consider the cessation of the separate rate and also resolve to utilise the funds collected to date for the purpose resolved by Council until the fund is fully expended.

CO-ORDINATION

Officer: Executive Group
Date: 11/03/2016

