



## **AGENDA**

**FOR BUDGET AND FINANCE COMMITTEE MEETING TO BE HELD ON  
21 NOVEMBER 2016 AT CONCLUSION OF POLICY AND PLANNING  
COMMITTEE**

**IN THE COUNCIL CHAMBER, 12 JAMES STREET, SALISBURY**

### **MEMBERS**

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

### **REQUIRED STAFF**

Chief Executive Officer, Mr J Harry  
General Manager Business Excellence, Mr C Mansueto  
General Manager City Development, Mr T Sutcliffe  
General Manager City Infrastructure, Mr M van der Pennen  
General Manager Community Development, Ms P Webb  
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

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**APOLOGIES**

An apology has been received from Cr D Bryant.

**LEAVE OF ABSENCE**

**PRESENTATION OF MINUTES**

Presentation of the Minutes of the Budget and Finance Committee Meeting held on 17 October 2016.

Presentation of the Minutes of the Confidential Budget and Finance Committee Meeting held on 17 October 2016.

**REPORTS**

*Administration*

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*Finance*

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**OTHER BUSINESS**

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## CONFIDENTIAL ITEMS

### 6.9.1 Strategic Review of the Salisbury Water Business Unit

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) 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.
2. In weighing up the factors related to disclosure,
  - disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations
  - Non-disclosure of the matter and discussion of this item in confidence would protect confidential information provided by consultants, Aither Pty Ltd, related to commercial opportunities regarding the Salisbury Water Business Unit and Council's commercial position.

*On that basis the public's interest is best served by not disclosing the **Strategic Review of the Salisbury Water Business Unit** 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**

**17 OCTOBER 2016**

**MEMBERS PRESENT**

Cr D Pilkington (Chairman)  
Mayor G Aldridge  
Cr D Balaza  
Cr S Bedford (Deputy Chairman)  
Cr D Bryant  
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

**STAFF**

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

The meeting commenced at 6:55 pm.

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

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**APOLOGIES**

There were no apologies received.

**LEAVE OF ABSENCE**

Nil.

**PRESENTATION OF MINUTES**

Moved Mayor G Aldridge  
Seconded Cr D Bryant

The Minutes of the Budget and Finance Committee Meeting held on 19 September 2016, be taken and read as confirmed.

**CARRIED**

Moved Cr L Caruso  
Seconded Cr R Zahra

The Minutes of the Confidential Budget and Finance Committee Meeting held on 19 September 2016, be taken and read as confirmed.

**CARRIED**

**REPORTS**

*Administration*

**6.0.1 Future Reports for the Budget and Finance Committee**

Moved Cr B Vermeer  
Seconded Cr G Caruso

1. The information be received.

**CARRIED**

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**6.0.2 Minutes of the Program Review Sub Committee meeting held on Monday 10 October 2016**

*Cr D Bryant declared a material conflict of interest on the basis of being Managing Director of his company that uses the facilities at the Polaris Centre, and due to currently being in the process of applying for a new business grant through the Economic Development Policy.*

*Cr D Bryant left the meeting at 06:56 pm.*

**6.0.2-PRSC1 Economic Development and Urban Policy Program Review Update**

Moved Cr G Caruso  
Seconded Cr S White

1. That the update report be noted, and the matters identified in the report and arising in consideration of the report by the Sub-Committee be addressed in the final draft report to the Program Review Sub-Committee in December 2016 on the Economic Development and Urban Policy Program Review.

**CARRIED**

*Cr D Bryant returned to the meeting at 06:57 pm.*

*Annual Plan and Budget*

**6.4.1 Budget Timetable 2017/18**

Moved Cr G Caruso  
Seconded Cr J Woodman

1. Information be received.
2. Council endorse the timetable for the preparation and presentation of the 2017/18 budget, subject to adoption of meeting schedule by Council at the November Council meeting.

**CARRIED**

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*Business Units***6.7.1 Salisbury Water Head Tank Infrastructure - Hedgerow Reserve (upper Barker Gully Reserve)**

Moved Mayor G Aldridge  
Seconded Cr G Caruso

1. Council endorse the utilisation of Council land on the upper portion of Hedgerow Reserve, Gulfview Heights for the purpose of constructing a recycled water Head Tank and associated piping infrastructure.

**CARRIED****OTHER BUSINESS**

Nil

**CONFIDENTIAL ITEMS****6.9.1 Minutes of the Confidential Program Review Sub Committee meeting held on Monday 10 October 2016**

Moved Cr J Woodman  
Seconded Cr S White

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) and (d)(i) and (d)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
  - *it relates to 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.*
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*
  - *Disclosure of this information in advance of a decision as to which course of action Council would prefer to take could compromise Council's commercial position in relation to ongoing operation of the Waste Transfer Station.*



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*On that basis the public's interest is best served by not disclosing the **Minutes of the Confidential Program Review Sub Committee meeting held on Monday 10 October 2016** item and discussion at this point in time.*

3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

**CARRIED**

The meeting moved into confidence at 6:58 pm.

The meeting moved out of confidence and closed at 7:00 pm.

CHAIRMAN.....

DATE.....



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<b>ITEM</b>	6.0.1
	<b>BUDGET AND FINANCE COMMITTEE</b>
<b>DATE</b>	21 November 2016
<b>HEADING</b>	Future Reports for the Budget and Finance Committee
<b>AUTHOR</b>	Michelle Woods, Projects Officer Governance, CEO and Governance
<b>CITY PLAN LINKS</b>	4.3 Have robust processes that support consistent service delivery and informed decision making.
<b>SUMMARY</b>	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.
<b>RECOMMENDATION</b>	
	1. The information be received.
<b>ATTACHMENTS</b>	
	There are no attachments to this report.
<b>1. BACKGROUND</b>	
	1.1 Historically, a list of resolutions requiring a future report to Council has been presented to each committee for noting.
<b>2. CONSULTATION / COMMUNICATION</b>	
	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	<b>Fees and Charges Report - Waste Transfer Station</b> 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. <b>Due:</b> November 2016 <b>Deferred to:</b> June 2017 <b>Reason:</b> Will be considered after the Waste Transfer Station Program Review outcomes are implemented.	Sam Kenny
26/04/2016 6.1.1	<b>Project Budget Delegations</b> 4. The Project Budget Delegation be reviewed during the 2017/18 Budget process. <b>Due:</b> April 2017	Kate George
24/10/2016 6.0.2_PRSC1	<b>Minutes of the Program Review Sub Committee meeting held on Monday 10 October 2016 (PRSC1: Economic Development and Urban Policy Program Review Update)</b> 1. That the update report be noted, and the matters identified in the report and arising in consideration of the report by the Sub-Committee be addressed in the final draft report to the Program Review Sub-Committee in December 2016 on the Economic Development and Urban Policy Program Review. <b>Due:</b> December 2016	Greg Ratsch

### 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	GMCID	GMBE
Date:		9/11/16		10/11/2016

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<b>ITEM</b>	6.0.2
	<b>BUDGET AND FINANCE COMMITTEE</b>
<b>HEADING</b>	Minutes of the Program Review Sub Committee meeting held on Monday 14 November 2016
<b>AUTHOR</b>	Charles Mansueto, General Manager Business Excellence, Business Excellence
<b>CITY PLAN LINKS</b>	4.3 Have robust processes that support consistent service delivery and informed decision making.
<b>SUMMARY</b>	The minutes and recommendations of the Program Review Sub Committee meeting held on Monday 14 November 2016 are presented for Budget and Finance Committee's consideration.

### RECOMMENDATION

- The information contained in the Program Review Sub Committee Minutes of the meeting held on 14 November 2016 be received and noted and that the following recommendations contained therein be adopted by Council:

#### **PRSC1 Program Review Brief - Inspectorate Services**

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

#### **PRSC2 Program Review Update**

- That the Program Review Update report be noted.
- A further report be brought back this financial year regarding the future of the Program Review Sub Committee, including alternative approaches to enable future reviews of levels of service.
- Following the conclusion of the current schedule of program review activity a report outlining the status of work undertaken by the Program Review Committee, including achievements, benefits and issues encountered through the course of the program review process be prepared.

### ATTACHMENTS

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

- Minutes Program Review Sub Committee - 14 November 2016

### CO-ORDINATION

Officer: GMBE  
Date: 16/11/2016





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

**14 NOVEMBER 2016**

**MEMBERS PRESENT**

Cr R Zahra (Chairman)  
Cr J Woodman  
Cr D Bryant  
Cr D Proleta  
Cr G Caruso  
Cr L Caruso  
Cr E Gill (Deputy Chairman)

**STAFF**

Chief Executive Officer, Mr J Harry  
General Manager Business Excellence, Mr C Mansueto  
General Manager City Development, Mr T Sutcliffe  
Manager Environmental Health and Safety, Mr J Darzanos  
Manager Governance, Ms T Norman

The meeting commenced at 7.24 pm.

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

**APOLOGIES**

Apologies were received from Mayor G Aldridge, Cr S Bedford, Cr C Buchanan and Cr B Vermeer. Proxy members were in attendance for Cr Bedford (Cr Woodman) and Cr Buchanan (Cr Proleta).

**LEAVE OF ABSENCE**

Nil

## **PRESENTATION OF MINUTES**

Moved Cr G Caruso  
Seconded Cr J Woodman

The Minutes of the Program Review Sub Committee Meeting held on 10 October 2016, be taken and read as confirmed.

**CARRIED**

Moved Cr G Caruso  
Seconded Cr L Caruso

The Minutes of the Confidential Program Review Sub Committee Meeting held on 10 October 2016, be taken and read as confirmed.

**CARRIED**

## **REPORTS**

### **PRSC1 Program Review Brief - Inspectorate Services**

Moved Cr G Caruso  
Seconded Cr E Gill

1. Information be received.
2. The Inspectorate Services Program Review Project Brief and Inspectorate Services Background Paper as set out in Attachments 1 and 2 to this report be endorsed.

**CARRIED**

### **PRSC2 Program Review Update**

Moved Cr E Gill  
Seconded Cr L Caruso

1. That the Program Review Update report be noted.

With leave of the meeting and consent of the seconder Cr E Gill  
VARIED the MOTION as follows:

1. That the Program Review Update report be noted.
2. A further report be brought back this financial year regarding the future of the Program Review Sub Committee, including alternative approaches to enable future reviews of levels of service.
3. Following the conclusion of the current schedule of program review activity a report outlining the status of work undertaken by the Program Review Committee, including achievements, benefits and issues encountered through the course of the program review process be prepared.

**CARRIED**



**OTHER BUSINESS**

Nil

**CLOSE**

The meeting closed at 8.14 pm.

CHAIRMAN.....

DATE.....



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<b>ITEM</b>	6.1.1
	<b>BUDGET AND FINANCE COMMITTEE</b>
<b>DATE</b>	21 November 2016
<b>HEADING</b>	Council Finance Report - October 2016
<b>AUTHOR</b>	Kate George, Manager Financial Services, Business Excellence
<b>CITY PLAN LINKS</b>	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making.
<b>SUMMARY</b>	This report provides some key financial data as at 31 October 2016 for the information of Council.

### **RECOMMENDATION**

1. The information be received.

### **ATTACHMENTS**

There are no attachments to this report.

## **1. BACKGROUND**

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

## **2. CONSULTATION / COMMUNICATION**

N/A

## **3. REPORT**

Council funds that are not immediately required for operational needs, and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings are invested in accordance with Council's Treasury Policy. These investments are split between short term deposits with the Local Government Finance Authority (with variable maturity dates from 30-60 days) or at call with the National Australia Bank. Investments are selected taking into account which delivers the best value, having regard to investment returns, transaction costs and other relevant factors.

## 3.1 Investments as at 31 October 2016

Date	Institution	%	Term-Days	Maturity	Value
22-Sep-2016	LGFA	1.75%	60 Days	22-Nov-2016	4,000,000
22-Sep-2016	LGFA	2.00%	90 Days	22-Dec-2016	2,000,000
24-Oct-2016	LGFA	1.75%	60 Days	23-Dec-2016	1,500,000
31-Oct-2016	LGFA	1.50%	At Call	31-Oct-2016	399,204
31-Oct-2016	NAB	2.00%	At Call	31-Oct-2016	19,313,624
<b>31 Oct 2015</b>	<b>19,135,002</b>				<b>27,212,828</b>

The high level of investments reflects first quarter rate receipts, with some accounts being paid in full, property development sales, and timing of capital works.

## 3.2 Reserves as at 31 October 2016

	Opening Balance as at 1/07/2016 \$	Transfer to Reserves YTD \$	Transfer from Reserves YTD \$	Current Balance \$
Plant Replacement	928,584	-	36,295	892,289
Open Space	1,771,322	6,282	810,000	967,604
Car Parking Fund	943,714	3,773	-	947,487
Business Units	1,881,424	-	-	1,881,424
Property Disposal	4,418,098	-	-	4,418,098
Subdivision Works	1,586,767	75,378	-	1,662,145
Cemetery Maintenance Fund	866,013	4,570	-	870,583
Mausoleum Perpetual Care Fund	690,412	16,653	-	707,065

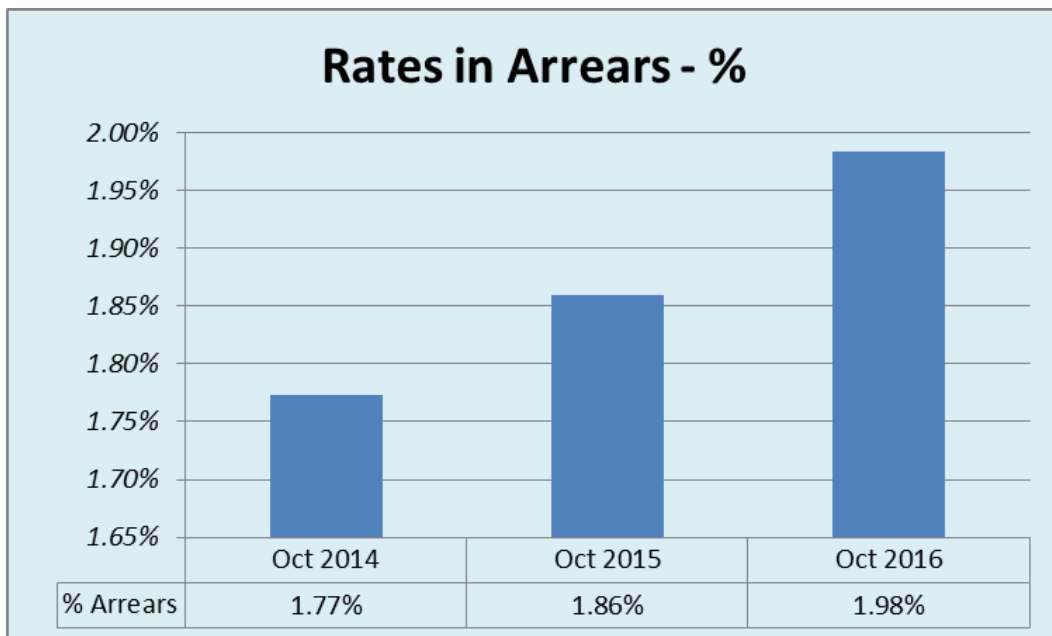
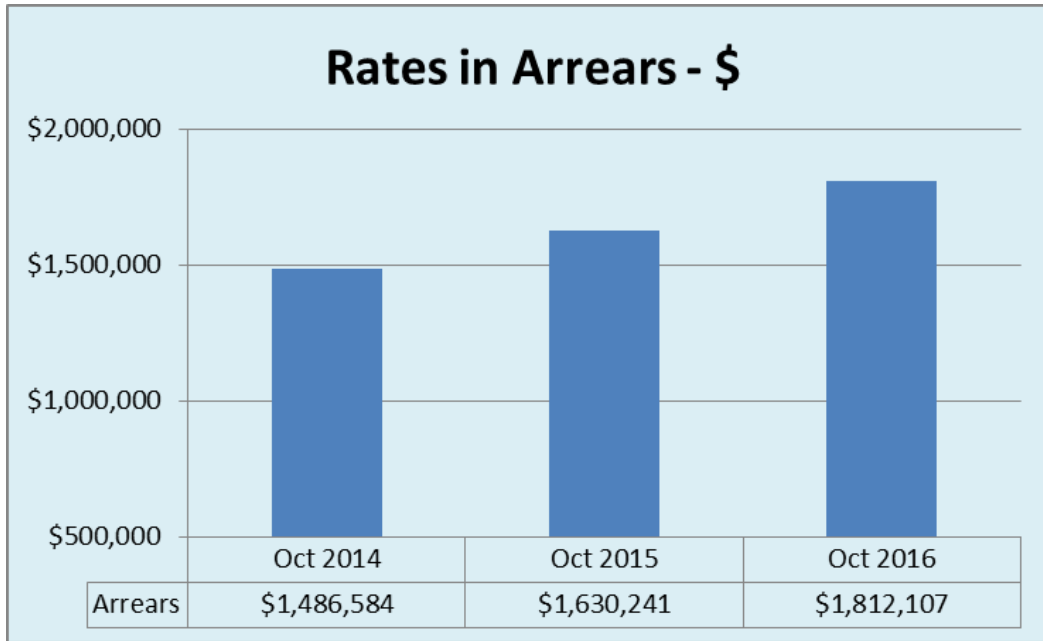
3.3 Reserves are a device used to ensure that Council has sufficient funds allocated for specific purposes. Transfers to the Reserves represent amounts received as contributions, indicative interest adjustments and property disposal proceeds. Transfers from the Reserves represent the funding being applied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

3.4 At 31 October 2016 the most significant movements are the transfers from the Plant Replacement Reserve \$36k for replacement items purchased and transfers from the Open Space Reserve totaling \$810k for New Initiative Bids relating to Underdown Park Salisbury North \$350k, The Paddocks Para Hills West \$60k and Mawson Lakes Interchange \$400k, all endorsed as part of the 2016/17 Budget.

3.5 Other significant movements include amounts transferred to the Subdivision Works Reserve of \$75k (contributions received of \$67k and interest allocated of \$8k) representing developer contributions received. Interest is apportioned on the balances of the Reserves on a monthly basis, with the Plant Replacement, Property Disposal and the Business Unit Reserves being the only exceptions.

3.6 Recovery of Rates

	No of Accounts	\$	%
Outstanding Balance as at 31 October 2016		56,299,958	61.64%
Outstanding Balance as at 31 October 2015		54,091,760	61.79%
Outstanding Rates Arrears as at 31 October 2016	4,326	1,812,107	1.98%
Outstanding Rates Arrears as at 31 October 2015	4,571	1,630,241	1.86%



ITEM 6.1.1

Item 6.1.1

3.7 The level of Council Rates in arrears at 31 October 2016 is 1.98%. The aim is to have a maximum level for Rates Arrears of 2.5% and the current level is below this. The standard process is that rates arrears are followed up on a daily basis and quarterly files are sent to Council's debt collection agency.

3.8 Other Debtors as at 31 October 2016

Debtor Type	Current	30 - 60 days	60 - 90 days	Over 90 days	Total
Sundry	\$ 650,894	79,676	13,838	23,330	767,738
Salisbury Water	\$ 0	1,301	0	0	1,301
Inflammable Undergrowth	\$ 0	0	0	0	0
Additional Bins	\$ 2,101	0	393	0	2,494
Health Licensing Fees	\$ 5,849	1,154	941	982	8,926
Property Management	\$ 5,600	36,627	14,851	20,291	77,369
<b>TOTAL</b>	<b>\$ 664,444</b>	<b>118,758</b>	<b>30,023</b>	<b>44,603</b>	<b>857,828</b>

3.9 The above aged analysis represents Councils other debtors as at 31 October 2016. In the Current Sundry debtors (\$650,894) there are two large amounts, one being SA Power Networks in the amount of \$297k for a rebate for the Boardwalk Development, the other being \$220k for the Department of State Development for Digital Growth Program Funding.

3.10 Amounts outstanding greater than 90 days account for 5.2% of the total outstanding balance. Debts that are outstanding for greater than 30 days are subject to Council's standard debt collection procedures, which include internal follow up and ultimately legal action through Council's debt collection agency.

3.11 Loan Schedule as at 31 October 2016.

<b>Debenture Loans</b>	\$
Principal Outstanding as at 1/07/2016	17,140,315
Loans Raised Year to Date	0
Less Repayments of Principal Year to Date	0
 Loan Principal Outstanding - Debenture Loans	 <u>17,140,315</u>
<i>Comparative figure – 31 Oct 2015 - \$19,539,344</i>	

<b>Cash Advance Debenture Borrowings (CADs)</b>	\$
Total CADs Available	28,747,000
Current Drawdown Amount Year to Date	0

<b>Interest Payments (Debenture Loans and CADs)</b>	
Total Interest Payments	<u>385,167</u>

3.12 The above Loan Schedule summarises the position on loans taken for Council purposes. Fixed Term Borrowings details total movements this financial year, with payments to be made half yearly in December 2016 and June 2017. As at 31 October 2016 there have been no drawdowns in relation to CAD's primarily due to Council's working capital and cash position associated with Property Sales at the Walpole, Ryans and Diment Road Developments that occurred during 2014/15, 2015/16 and 2016/17.

#### **4. CONCLUSION / PROPOSAL**

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

#### **CO-ORDINATION**

Officer: GMBE  
Date: 10.11.16





<b>ITEM</b>	6.1.2
	<b>BUDGET AND FINANCE COMMITTEE</b>
<b>DATE</b>	21 November 2016
<b>HEADING</b>	First Quarter Budget Review 2016/17
<b>AUTHOR</b>	Kate George, Manager Financial Services, Business Excellence
<b>CITY PLAN LINKS</b>	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making.

### RECOMMENDATION

- The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) be endorsed and net operating \$736,200, net capital \$732,900 be debited to the Sundry Project Fund. This will bring the balance to **\$1,469,100**.
- Funds be allocated for the following **non-discretionary** net bids:

#### OPERATING

▪ Multicultural Event – September 2017	\$ 10,000
▪ Cat Management	\$ 7,500
▪ Waste Levy Fee	\$ 400,000
▪ Military Museum Contribution	\$ 53,800
▪ Repairs to Mangrove Trail Boardwalk (Northern Loop)	\$ 50,000
▪ Salisbury Secret Garden	\$ 83,700
▪ Verge Cutting – additional resources to meet scheduled timeframes	\$ 50,000

#### CAPITAL

▪ Tranche 1 - Walpole Road 1, Greentree Walk	\$ 33,300
▪ Tranche 1 - Diment Road, The Reserve	\$ 99,700
▪ Salisbury Water Distribution Linkages – Connection of Daniel Ave	\$ 75,000
▪ St Kilda Wave Slide	\$ 75,000
<b>TOTAL</b>	<b>\$ 938,000</b>

*(NB: If parts 1 & 2 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to \$531,100.)*

- Funds be allocated for the following **discretionary** net bids:

#### OPERATING

▪ Ant / Mosquito Control	\$ 10,000
▪ Verge Cutting – additional residential verge cut February 2017	\$ 140,000

**CAPITAL**

▪ Minor Traffic Improvements Program – Bardsley Ave / Oldfield St	\$ 16,500
▪ St Kilda Flood Mitigation	\$ 110,000
<b>TOTAL</b>	<b>\$ 276,500</b>

*(NB: If parts 1,2 & 3 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to \$254,600.)*

## 4. Not Recommended Bids:

▪ St Kilda Guard Rail	\$ 172,300
▪ School Message Board Program	\$ 12,000

## 5. Council approve the following transfers:

1. Transfer \$100,000 for the Crime Prevention Grant from Community Centres to Community Capacity and Learning, where the Crime Prevention Grant is now managed.
2. Transfer \$81,680 for the Building Safe Communities Grant from Community Centres to Community Capacity and Learning, where the Building Safe Communities Grant is now managed.
3. Transfer \$12,100 from the Watershed Urban Sustainability Centre to Watershed - Building Maintenance to consolidate budgets.
4. Transfer \$100,000 capital from the Road Reseal / Reconstruction Program to Diment Road, Burton/Direk – Upgrade to cover the increased scope and contract value. (Works and Services – November, Item 2.6.1.)
5. Transfer \$190,000 capital from the Salisbury Recreation Precinct for Pool Remedial Works to the Pool Filtration System to replace the current ceramic filtration system to a sand filtration system, with the Pool Remedial Works to be reconsidered in 2017/18. (Resolution 1290/2016)
6. Transfer \$22,500 operating from within City Development Administration and a further \$30,000 operating from within Employment Pathways to Economic Development for the EDUP China Engagement.

## 6. Investments / Borrowings be varied to reflect the bids and transfers endorsed by Council detailed in parts 1 to 5 of this resolution.

*(NB: If parts 1 to 5 of this resolution are moved as recommended investments in 2016/17 will increase by \$254,600.)*

**ATTACHMENTS**

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

1. First Quarter Budget Review 2016/17

**1. BACKGROUND**

- 1.1 In accordance with Part 2 of the Local Government (Financial Management) Regulations 2011, Financial Accountability, the attached First Budget Review for the financial year 2016/17 has been prepared.

**2. CONSULTATION / COMMUNICATION****2.1 Internal**

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

**2.2 External**

- 2.2.1 N/A

**3. REPORT**

- 3.1 The original budget was for an operating surplus of \$3,189k, which has been revised to a forecast surplus of \$2,973k at this review predominately due to 2015/16 carry forwards, which are largely offset by 2016/17 estimated carry forwards. It should be noted that the final result for the year will be further impacted through other variations throughout our operations.
- 3.2 Budget Review Operating Bids total \$805k, with Capital Bids totaling \$410k. All bids except three operating bids, being Waste Levy Fee \$400k, Verge Cutting \$190k and Ant / Mosquito Control \$10k, have been subject of separate reports to council with recommendations to refer to this Review.
- 3.3 The original budget was for no new borrowings with Council determining during the budget process to build the capacity of the organisation to fund future strategic projects. This budget review results in a small increase in investments of \$255k, noting also that there is an improved position for the property disposal reserve.
- 3.4 The original expenditure budget for the capital program was \$45M and has been increased by carry forwards and grant funds to become \$61M. The table below provides percentage completed details.

		% of Original Budget (\$45M)	% of Revised Budget (\$61M)
Spent to Date	\$5.7M	12.8%	9.4%
Spend + Commitments	\$13.4M	29.9%	21.9%

- 3.5 Further detail is provided in the attached report.

**4. CONCLUSION / PROPOSAL**

- 4.1 It is proposed that Council consider the First Budget Review 2016/17 Report attached and endorse the Recommendations as detailed on pages 16 and 17 of the attached document, and above.

**CO-ORDINATION**

Officer: GMBE  
Date: 17/11/2016



FIRST QUARTER BUDGET REVIEW  
2016/17 REPORT

For the period ended  
30 September 2016

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## 1. Executive Summary

We commenced 2016/17 with a budgeted operating surplus of \$3,189k and as a result of this budget review we are reviewing our operating budget surplus to \$2,973k.

### Consolidated Funding Statement

This statement (Section 3.3) details the movement between the original budget and our budget position following the adoption of this review, with the summary of operating surplus detailed below:-

<b>2016/17 Operating Budget Forecast</b>	<b>\$</b>
Original Budgeted Operating Surplus	3,189
2015/16 Operating Carry Forward Projects	(1,385)
2016/17 Operating Carry Forward Projects - Estimated	1,200
First Quarter Budget Review Adjustments	(31)
<b>Forecast Operating Surplus / (Deficit)</b>	<b>2,973</b>

This year’s operating budget has been impacted by the carry forward of prior year projects of \$1,385k into the current year. These projects were funded in last year’s operating budget and are being spent during 2016/17. Similarly we have estimated that there will be carry forwards of \$1,200k from this year into 2017/18, which is reflective of historical trends of operating carry forwards. These impacts bring the operating result to a surplus of \$3,004k. Adjustments totalling \$31k included in this Budget Review will bring the surplus to \$2,973k.

### Capital Works Program

The Capital Works spend to date is \$5.7M or 12.8%, and inclusive of commitments is \$13.4M or 29.9% of the original capital budget of \$44.7M. The original capital expenditure budget of \$44.7M has been increased by carry forwards of \$17.3M, which includes budgets for property development projects of \$4.9M. Carry forwards together with changes resulting from grant funded projects brings the revised capital expenditure budget to \$61.1M with the year to date spend of \$5.7M being 9.4% of the revised budget and \$13.4M or 21.9% inclusive of commitments. Detailed analysis of the capital program and the status of individual projects is contained within Appendix 4.

Sundry Projects Fund

The overall impact of budget variations is a favourable \$1,469k as detailed in Appendix 1. New budget bids total \$938k non-discretionary and \$276k discretionary, with \$409k being Capital bids. This budget review results in an increase in investments of \$255k, with further details contained in Section 3.2.

Loan Borrowings / Investments

The original budget was for no new borrowings being required for 2016/17, which resulted from having a higher budgeted surplus, and utilising property development proceeds to negate borrowings. Council adopted this approach to increase capacity to fund significant future projects. This budget review results in a small increase in investments of \$255k, and no new borrowings are estimated to be required at this stage. Further details are contained in Sections 3.2 and 4.



## 2. New Bid Proposals

New/Additional Capital Bids	Expenditure	Funding	Net Bid
	\$	\$	\$
<b>NON DISCRETIONARY – CAPITAL BIDS</b>			
<b>Walpole Road 1, Greentree Walk</b> (Resolution 1319/2016) New marketing budgets and incentive funds approved by Council (Item No. SPDSC4 Strategic Property Development Sub Committee 14/06/2016) were required due to slowing sales rates to close out the Greentree Walk project. Due to timing of the resolution this new expenditure could not be reported until BR1.	33,300		33,300
<b>Diment Road, The Reserve</b> (Resolution 1319/2016) New marketing budgets and incentive funds approved by Council (Item No. SPDSC4 Strategic Property Development Sub Committee 14/06/2016) were required due to slowing sales rates to close out the Diment Road project. Due to timing of the resolution this new expenditure could not be reported until BR1. Costs are offset by revenue increases of \$189,400 as a result of negotiated contract prices for the medium density sites within the Diment Road project detailed in (Item No. SPDSC4 Strategic Property Development Sub Committee 14/06/2016), and is included in Appendix 1 - Budget Variation Summary, Item 19.	99,700		99,700
<b>Salisbury Water Distribution Linkages - Connection of Daniel Avenue (Globe Derby Park) MAR</b> (Resolution 1339/2016) Refer Budget & Finance Report 6.7.1 (19 September 2016) - Non discretionary budget bid. The closure of 2 key MAR schemes at Edinburgh Parks South & Kaurna Park over the summer period will result in a critical loss to the Water Business Units capacity to meet customer supply during the peak summer demand period. To mitigate the risk of supply being impacted it is proposed to bring forward the connection of Daniel Avenue Pump Station at Globe Derby Park which was scheduled for 2018/19 under budget bid WBN23447. The works for Edinburgh & Kaurna Park linkages initially proposed for 2016/17 at \$225k will be deferred and assessed at a later stage. The cost of the Daniel Avenue Pump Station connection to Parafield Gardens will be \$300,000 and will therefore require additional funding for 2016/17 through a non-discretionary budget bid at first quarter budget review of \$75k.	75,000		75,000
<b>St Kilda Wave Slide</b> (Resolution 1268/2016) In accordance with Works & Services Report, Item 2.6.2, 15 August 2016 (Resolution 1267/2016), additional \$75,000 budget allocation is required to enable a 'like for like' renewal of the wave slide at St Kilda Playground. Cost impact to this project is due to additional works required to make this design style compliant with current standards.	75,000		75,000
<b>TOTAL - NON-DISCRETIONARY - CAPITAL BIDS</b>	<b>283,000</b>		<b>283,000</b>

<b>New/Additional Capital Bids</b>	<b>Expenditure</b>	<b>Funding</b>	<b>Net Bid</b>
	\$	\$	\$
<b>DISCRETIONARY – CAPITAL BIDS</b>			
<b>Minor Traffic Improvements Program - Bardsley Ave / Oldfield Street</b> <i>(Resolution 1384/2016)</i> As detailed within the Works and Services Capital Progress Report - Item 2.6.1, 17 October 2016, the grant application for the construction of new guard rail at Bardsley Avenue / Oldfield Street, Parafield Gardens, was unsuccessful. As a result, it has been requested that we retain the Council contribution of the project, \$16,500, within the Minor Traffic Improvements Program to assist with ad-hoc requests. The income and expenditure budgets will be amended to reflect the income which will now not be received, as detailed in Appendix 1 - Budget Variation Summary, Item 13 and 16.	<b>16,500</b>		<b>16,500</b>
<b>St Kilda Flood Mitigation</b> <i>(Resolution 1324/2016)</i> Council have identified various issues within the St Kilda Storm water system, and designed solutions to address the backflow issues from the Sea into the Storm water system. The solution consists of modification to the storm water system to include pipes, pits and backflow prevention valves, replacing the existing flap valves that regularly are blocked open by debris. As such, construction of 3 separate chambers in 3 different parts of the St Kilda storm water system to prevent back flow in high tide events is required as immediate work.	<b>110,000</b>		<b>110,000</b>
<b>TOTAL - DISCRETIONARY - CAPITAL BIDS</b>	<b>126,500</b>		<b>126,500</b>
<b>TOTAL CAPITAL BIDS</b>	<b>409,500</b>		<b>409,500</b>

New/Additional Operating Bids	Expenditure	Funding	Net Bid						
	\$	\$	\$						
<b>NON DISCRETIONARY - OPERATING BIDS</b>									
<p><b>Multicultural Event - September 2017</b> (Resolution 0352/2015 &amp; 1125/2016)</p> <p>In 2014 the Salisbury City Centre Business Association staged a multicultural event within John Street. The event was fully funded by the Association, and due to the cost of the event the Association decided not to organise any similar events. Council at its meeting in May 2015 resolved:</p> <p>(i) That staff report back to council regarding the hosting of a Multicultural Festival for the City of Salisbury to take place in the Salisbury City Centre.</p> <p>(ii) The report to include possible partnerships, costings and grants available for hosting an event of this type.</p> <p>(iii) Council staff liaise and provide feedback and its ideas from the Salisbury City Centre Business Association with these comments to be incorporated in the future report. (Resolution Number 0352/2015).</p> <p>A report was submitted to Council in July 2016 presenting various options for the delivery of this event including budgets required. Council resolved at its meeting in June 2016 that:-</p> <p>1. The staging of multicultural event in September 2017 in John Street be endorsed.</p> <p>2. The Salisbury City Centre Business Association be contracted to deliver the multicultural event in September 2017.</p> <p>3. A non-discretionary budget bid for \$10,000 be included as a second quarter budget review. (Resolution Number 1125/2016).</p>	10,000		10,000						
<p><b>Cat Management</b> (Resolution 1204/2016)</p> <p>An allocation of \$7,500 be approved as a non-discretionary item in the 2016/17 First Quarter Budget Review for payment to the Animal Welfare League of South Australia to cover costs associated with the provision of cat management and impounding services from 1 October 2016 to reflect the new Animal Welfare League (AWL) fee structure.</p>	7,500		7,500						
<p><b>Waste Levy Fee</b></p> <p>As a result of the State Government announcement on 4th July that the State Waste Levy (SWL) is increasing to \$76 per tonne of waste to landfill on 1 September 2016 the impact to 2016-2017 budget will be as follows:</p> <p>Estimated waste – 34,269 tonnes</p> <table> <tr> <td>2015/2016 levy @ \$57</td> <td>\$1,953,333</td> </tr> <tr> <td>1 July 16 Levy @ \$62</td> <td>\$2,124,678</td> </tr> <tr> <td>1 September 16 Levy @ \$76</td> <td>\$2,524,414</td> </tr> </table> <p>Additional impact to 2016-2017 Budget Forecast - <b>\$399,736</b> (calculation based on levy @ \$62 for 2 months and \$76 for 10 months)</p>	2015/2016 levy @ \$57	\$1,953,333	1 July 16 Levy @ \$62	\$2,124,678	1 September 16 Levy @ \$76	\$2,524,414	400,000		400,000
2015/2016 levy @ \$57	\$1,953,333								
1 July 16 Levy @ \$62	\$2,124,678								
1 September 16 Levy @ \$76	\$2,524,414								

New/Additional Operating Bids	Expenditure	Funding	Net Bid
	\$	\$	\$
<p><b>Military Museum Contribution</b> (Resolution 1064/2016) The Military Museum approached Council for a financial contribution to assist them to purchase the site they currently lease from the Trust Company of Australia Ltd. As per Item - C2 - Military Museum - Request for assistance, Resolution Number: 1064/2016. Council resolved a one off contribution of up to \$55,000, which was the estimated shortfall of funds required to purchase the property at 10 - 20 Sturton Road Edinburgh.</p>	53,800		53,800
<p><b>Repairs to Mangrove Trail Boardwalk</b> (Resolution 1378/2016) Northern section of Boardwalk received substantial damage during the winter period of 2016. Additional funding is required to repair and reinstate approximately 40m of boardwalk to re-enable access to the lookout.</p>	50,000		50,000
<p><b>Salisbury Secret Garden</b> (Resolution 1187/2016) The budget developed to date for the 2017 Salisbury Secret Garden indicates that the budget required to deliver the program is in the vicinity of \$178,700 whilst the funding allocated to date is in the vicinity of \$95,000. This effectively is a shortfall of an estimated \$83,700 that Council would need to underwrite.</p>	83,700		83,700
<p><b>Verge Cutting – additional recourses to meet scheduled timeframes</b> Climatic conditions experienced during the winter/spring of 2016, including well above average rainfall, resulted in an increased number of inclement working days and rapid vegetation growth. This impacted on the ability to deliver verge cutting to scheduled timeframes, leading to a high number of customer complaints and reduced amenity of the City.  Additional resources at a cost of \$50k have been engaged to address the days lost due to wet weather to enable the verge program to return to scheduled timeframes.</p>	50,000		50,000
<b>TOTAL - NON-DISCRETIONARY - OPERATING BIDS</b>	<b>655,000</b>		<b>655,000</b>

<b>New/Additional Operating Bids</b>	<b>Expenditure</b>	<b>Funding</b>	<b>Net Bid</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>DISCRETIONARY - OPERATING BIDS</u></b>			
<p><b>Ant / Mosquito Control</b>                      The mosquito control program for 2016/17 has been expanded to address newly identified breeding areas that were discovered after an assessment by SA Health in March 2016.</p> <p>These areas were provided to the current contractor and have been added to the 2016/17 treatment program and to their pricing schedule for 2016/17. The amendments to the program were not addressed prior to budget setting timelines and have since been received. The estimated costs for the program covering the new areas came in at \$35,440 (plus GST) and this equates to a maximum monthly treatment service Charge: \$4,430 per month. The program runs 8 months from September to April. The approved budget is \$30,100 and \$5,340 is requested to address the shortfall. The service is required to address mosquito breeding which contributes to the total number of mosquitoes in local areas. The additional areas are included in the suburbs of Globe Derby Park, Greenfields, Mawson Lakes, and Cavan.</p> <p>In addition to the priority treatment areas, several additional locations were identified in these suburbs that will require monitoring and adhoc treatment based on environmental conditions and rain events. The current weather patterns and wetter than average spring will require a contingency for these areas and extra services are anticipated. Additional budget funding for the adhoc services is required and estimated at \$4,660.</p>	<b>10,000</b>		<b>10,000</b>
<p><b>Verge Cutting – additional residential verge cut February 2017</b>                      The long range weather outlook is forecasting a likelihood of above average rainfall for December 2016-January 2017. Residential verge cutting is not scheduled between December and May under current service level and budget provision. Above average rainfall over summer could result in large scale re-growth of un-kept verges, adversely impacting City Image.</p> <p>A provisional budget allocation of \$140k is sought to enable an additional (6th) cut of residential verges across the City in February/March 2017. This would only be enacted should weather conditions necessitate the service be provided. Elected Members will be kept informed regarding any decision to enact an additional cut through the Elected Member Portal. Should the additional cut not be deemed necessary, the additional budget provision will be declared as savings at the 3rd Quarter Budget review</p>	<b>140,000</b>		<b>140,000</b>
<b>TOTAL - DISCRETIONARY - OPERATING BIDS</b>	<b>150,000</b>		<b>150,000</b>
<b>TOTAL OPERATING BIDS</b>	<b>805,000</b>		<b>805,000</b>

<b>Not Recommended Bids</b>	<b>Expenditure</b>	<b>Income</b>	<b>Net Bid</b>
	\$	\$	\$
<p><b>St Kilda Guard Rail</b> (<i>Resolution 1144/2016</i>)  As reported in June 2016, Works and Services, Item 2.6.1, additional funding was to be sought at 1st Quarter 2016/17 to fund the completion of the St Kilda Guard Rail. Works were stopped in 2015/16 as investigations revealed that additional works of concrete friction pads were required which exceeded the current available budget. Project balance was returned at the end of 2015/16 as per report.</p> <p>Subsequent to the June 2016 report, Staff have been in contact with SA Water regarding possible construction of a new outfall channel and creating a syphon. This would form part of the infrastructure required to accommodate water from Council's major flow path (Burton West Industrial Drain) and is therefore a major benefit to CoS. Staff now recommend not proceeding with the St Kilda Guard Rail due to potential impending drainage works which may result in the guard rail no longer being required.</p>	<b>172,300</b>		<b>172,300</b>
<p><b>School Message Board Program</b> (<i>Resolution 1145/2016</i>)  As endorsed by Council via, Works and Services, Item 2.7.1, June 2016, a first quarter bid was to be lodged for \$12,000 capital budget to purchase 2 new speed detection signs. This was to assist with promoting speed reduction primarily adjacent school pedestrian zones.</p> <p>Subsequent to the June 2016 report, staff have reviewed this request against available funding within the School Message Board Program and determined there is sufficient funding available within existing budget.</p>	<b>12,000</b>		<b>12,000</b>
<b>TOTAL NOT RECOMMENDED BIDS</b>	<b>184,300</b>		<b>184,300</b>

### 3. Budget Review

#### 3.1 Policy and Context

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

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

### 3.2 Sundry Projects Fund

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

<b>Original Budget 1st July 2016</b>	\$ -
<b>Recommendations – First Quarter Budget Review:</b>	
Variations to Sundry Projects Fund – Appendix 1 Budget Variation Summary (Recommendation 1)	
Operating Variations	736,200
Capital Variations	732,900
<b>Balance after Variations to the Sundry Projects Funds</b>	<b>1,469,100</b>
Allocations arising from bids contained in Section 2	(1,214,500)
Movements in General Loan Borrowings / Investments:	
Increase in Investments due to bids offset by Operating & Capital Variations	254,600
Net Increase in Investments	<b>254,600</b>
<b>Balance Remaining (subject to review)</b>	<b>-</b>

As part of establishing the 2016/17 budget Council determined a need to build capacity to fund future significant projects, and consequently sought to minimise loan borrowings through a higher operating surplus and the utilisation of property development proceeds to keep debt levels low. When the original budget was formed it was on the basis that \$8,580k would be transferred from the Property Disposal Reserve to offset the loan borrowings that would otherwise have been required. As a result of improved position through this review investments will increase by \$255k.



## 3.3 Consolidated Funding Statement

Consolidated Funding Statement	First Quarter Revised Budget	Original Budget 2016/2017
	\$'000	\$'000
<b>PART 1 - OPERATING</b>		
<b>Operating Revenue - Original Budget</b>	114,513	114,513
Proposed First Quarter Adjustments:		
Operating Income Gains (Appendix 1)	698	
Operating Income Budget Variations (Appendix 1)	126	
Interest on Reserves	38	
<b>Operating Revenue</b>	<b>115,375</b>	<b>114,513</b>
<b>Operating Expenditure - Original Budget</b>	<b>111,325</b>	<b>111,325</b>
Proposed First Quarter Adjustments:		
Operating Expenditure Savings and Declarations (Appendix 1)	(38)	
Operating Expenditure Budget Variations (Appendix 1)	126	
Operating New Bids (Considered as part of this Review)	805	
Operating Carry Forwards	1,385	
<b>Operating Expenditure</b>	<b>113,603</b>	<b>111,325</b>
<b>Estimated 2016/17 Operating Carry Forwards</b>	<b>1,200</b>	
<b>Operating Surplus/(Deficit)</b>	<b>2,973</b>	<b>3,189</b>
<b>PART 2 - CAPITAL AND OTHER ADJUSTMENTS</b>		
<b>Capital Revenue - Original Budget</b>	<b>11,204</b>	<b>11,204</b>
Proposed First Quarter Adjustments:		
Capital Income Losses (Appendix 1)	(13)	
Capital Income Gains (Appendix 1)	506	
Other Capital Income Budget Variations (Appendix 1)	(430)	
<b>Capital Revenue</b>	<b>11,269</b>	<b>11,204</b>
<b>Net Surplus/(Deficit) Resulting From Operations</b>	<b>14,241</b>	<b>14,393</b>
<b>Capital Expenditure - Original Budget</b>	<b>44,725</b>	<b>44,725</b>
Proposed First Quarter Adjustments:		
Capital Expenditure Savings and Declarations (Appendix 1)	(239)	
Capital Carry Forwards	17,273	
Capital New Bids (Considered as part of this Review)	410	
Other Capital Expenditure Budget Variations (Appendix 1)	(430)	
<b>Capital Expenditure</b>	<b>61,739</b>	<b>44,725</b>
Principal Repayments	(2,560)	(2,560)
Net Transfers to and from Reserves	7,400	7,438
Prior Year Carry Forward Funds	18,657	
Estimated Current Year Operating Carry Forward Funds	(1,200)	
Add Back Depreciation of Non-Current Assets	25,455	25,455
<b>Cash Surplus/(Deficit/Borrowings)</b>	<b>255</b>	<b>0</b>
<b>Proposed / Investment Balance/(Loan Borrowings)</b>	<b>255</b>	

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The Consolidated Funding Statement (CFS) above provides comparison between the original budget and the revised position should this review be adopted. The statement identifies the projected Operating Surplus / (Deficit) which is a primary indicator of financial sustainability. The original budget was for an operating surplus of \$3,189k, which has been revised to a forecast surplus of \$2,973k at this review.

Impacting on the surplus are 2015/16 carry forwards of \$1,385k, which is largely offset by our estimate of 2016/17 operating carry forward projects of \$1,200k. This review also produces an unfavourable adjustment of \$31k, after variations and new bids. A reconciliation of the changes to our budgeted operating surplus is shown below, however, it should be noted that the final result for the year will be further impacted through other variations throughout our operations.

<b>2016/17 Operating Budget Forecast</b>	<b>\$</b>
Original Budgeted Operating Surplus	3,189
2015/16 Operating Carry Forward Projects	(1,385)
2016/17 Operating Carry Forward Projects - Estimated	1,200
First Quarter Budget Review Adjustments	(31)
<b>Forecast Operating Surplus / (Deficit)</b>	<b>2,973</b>

The Consolidated Funding Statement provides a summary of changes to capital income and capital expenditure, with the most significant impact being Capital Carry Forwards of \$17.3M. Other impacts on cash are also considered, to arrive at the overall projected borrowings / investment balance. As this is a snapshot for the financial year, it shows that there is a decrease in cash requirements, with an increase in investments balance of \$255k, as a result of this review.

### 3.4 Transfer of Funds – (Chief Executive Officer Delegation)

The Wages & Salaries Provision Account has a balance of \$227k as at 30 September 2016, with \$382k savings identified in the September Quarter. There has been a total allocation of \$155k, with the significant amounts being the allocation of \$46k for the Senior Contracts & Procurement Officer until October 2016 during the recruitment of the Manager Strategic Procurement role, \$37k to City Development for a temp Admin position until December 2016, \$32k to fund the City Infrastructure Project Manager to support Program Reviews until September 2016, and \$28k to Business Systems and Solutions to fund the Team Leader Helpdesk secondment until October 2016.

### 3.5 Transfer of Funds Requests

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

1. Transfer \$100,000 for the Crime Prevention Grant from Community Centres to Community Capacity and Learning, where the Crime Prevention Grant is now managed.
2. Transfer \$81,680 for the Building Safe Communities Grant from Community Centres to Community Capacity and Learning, where the Building Safe Communities Grant is now managed.
3. Transfer \$12,100 from the Watershed Urban Sustainability Centre to Watershed -Building Maintenance to consolidate budgets.
4. Transfer \$100,000 capital from the Road Reseal / Reconstruction Program to Diment Road, Burton/Direk – Upgrade to cover the increased scope and contract value. (Works and Services – November, Item 2.6.1)
5. Transfer \$190,000 capital from the Salisbury Recreation Precinct for Pool Remedial Works to the Pool Filtration System to replace the current ceramic filtration system to a sand filtration system, with the Pool Remedial Works to be reconsidered in 2017/18. (Resolution 1290/2016)
6. Transfer \$22,500 operating from within City Development Administration and a further \$30,000 operating from within Employment Pathways to Economic Development for the China Strategy.

For reference there has been no utilisation in the First Quarter of the project budget delegation provided to General Managers to transfer funds between projects contained within the same category and type of spend, consequently there is no associated report required to the Budget and Finance Committee.

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#### 4. Loan Borrowings/Investments and Reserves

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

<b>Original Budget 1st July 2016</b>	\$ -
<b>First Quarter Budget Review 2016/17</b>	
Variation to( General Borrowing Requirements)/Investments recommended	254,600
<b>Revised (Borrowings)/Investments 2016/17 Subject to this Review</b>	<b>254,600</b>

As part of establishing the 2016/17 budget Council determined a need to build capacity to fund future significant projects, and consequently sought to minimise loan borrowings through a higher operating surplus and the utilisation of property development proceeds to keep debt levels low.

No new borrowings are required for 2016/17 with the utilisation of property development proceeds to keep debt levels low. The first quarter budget review shows an increase in investments of \$255k; noting also that there is an improved position for the property disposal reserve with more detail contained within Section 3.2.

#### Reserves

Details	Year to Date Actual \$000's	Full Year	
		Rev.Bud \$000's	Orig.Bud \$000's
Transfers to Reserves	38	5,548	5,510
Transfers from Reserves	846	12,948	12,948
<b>Total</b>	<b>(808)</b>	<b>(7,400)</b>	<b>(7,438)</b>

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

## 5. Recommendations

- The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) be endorsed and net operating \$736,200, net capital \$732,900 be debited to the Sundry Project Fund. This will bring the balance to **\$1,469,100**.
- Funds be allocated for the following **non-discretionary** net bids:

### OPERATING

▪ Multicultural Event – September 2017	\$ 10,000
▪ Cat Management	\$ 7,500
▪ Waste Levy Fee	\$ 400,000
▪ Military Museum Contribution	\$ 53,800
▪ Repairs to Mangrove Trail Boardwalk (Northern Loop)	\$ 50,000
▪ Salisbury Secret Garden	\$ 83,700
▪ Verge Cutting – additional resources to meet timeframes	\$ 50,000

### CAPITAL

▪ Tranche 1 - Walpole Road 1, Greentree Walk	\$ 33,300
▪ Tranche 1 - Diment Road, The Reserve	\$ 99,700
▪ Salisbury Water Distribution Linkages	\$ 75,000
▪ St Kilda Wave Slide	\$ 75,000

**TOTAL** **\$ 938,000**

*(NB: If parts 1 & 2 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to \$531,100.)*

- Funds be allocated for the following **discretionary** net bids:

### OPERATING

▪ Ant / Mosquito Control	\$ 10,000
▪ Verge Cutting – additional residential verge cut Feb 2017	\$ 140,000

### CAPITAL

▪ Minor Traffic Improvements Program	\$ 16,500
▪ St Kilda Flood Mitigation	\$ 110,000

**TOTAL** **\$ 276,500**

*(NB: If parts 1,2 & 3 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to \$254,600.)*

- Not Recommended Bids:

▪ St Kilda Guard Rail	\$ 172,300
▪ School Message Board Program	\$ 12,000

5. Council approve the following transfers:
  1. Transfer \$100,000 for the Crime Prevention Grant from Community Centres to Community Capacity and Learning, where the Crime Prevention Grant is now managed.
  2. Transfer \$81,680 for the Building Safe Communities Grant from Community Centres to Community Capacity and Learning, where the Building Safe Communities Grant is now managed.
  3. Transfer \$12,100 from the Watershed Urban Sustainability Centre to Watershed - Building Maintenance to consolidate budgets.
  4. Transfer \$100,000 capital from the Road Reseal / Reconstruction Program to Diment Road, Burton/Direk – Upgrade to cover the increased scope and contract value. (Works and Services – November, Item 2.6.1)
  5. Transfer \$190,000 capital from the Salisbury Recreation Precinct for Pool Remedial Works to the Pool Filtration System to replace the current ceramic filtration system to a sand filtration system, with the Pool Remedial Works to be reconsidered in 2017/18. (Resolution 1290/2016)
  6. Transfer \$22,500 operating from within City Development Administration and a further \$30,000 operating from within Employment Pathways to Economic Development for the EDUP China Engagement.
  
6. Investments / Borrowings be varied to reflect the bids and transfers endorsed by Council detailed in parts 1 to 5 of this resolution.

*(NB: If parts 1 to 5 of this resolution are moved as recommended investments in 2016/17 will increase by \$254,600.)*

## Appendix 1 – Budget Variation Summary as at 30 September 2016

Item	Details	Expense Increase/ (Decrease)	Revenue Increase/ (Decrease) <i>Includes Expenditure Recoveries</i>	Net Increase/ (Decrease) <b>Sundry Projects Fund</b>
<b>OPERATING VARIATIONS</b>				
<b>Expenditure Savings</b>				
1	Insurance - Insurance Premiums	(24,300)		24,300
2	ILUA Contribution	(14,000)		14,000
<b>Income Gains</b>				
3	LGA Workers Compensation Scheme Rebate		42,600	42,600
4	Financial Assistance Grant		651,800	651,800
5	Untied Local Roads Grant		3,500	3,500
<b>Adjustments - Nil Effect</b>				
6	Aboriginal Sports Development Plan ****	10,000	10,000	0
7	Friend of the Library ****	25,300	25,300	0
8	ACE Project (Non-Accredited) ****	25,000	25,000	0
9	ACE Project (Accredited) ****	40,000	40,000	0
10	Adult Learners Week ****	3,000	3,000	0
11	Community Centre Grant Indexation ****	15,000	15,000	0
12	Duke of Edinburgh Program ****	7,850	7,850	0
<b>Net Impact to Operating Result - Transfer to Sundry Projects Fund</b>		<b>87,850</b>	<b>824,050</b>	<b>736,200</b>
<b>CAPITAL VARIATIONS</b>				
<b>Expenditure Savings</b>				
13	Minor Traffic Improvement Program - Unsuccessful grant application (Resolution 1384/2016) Refer:- No. 16	(16,500)		16,500
14	Traffic Management Devices - Unsuccessful grant application Wright Rd Eastern (Resolution 1384/2016) Refer:- No. 17	(204,000)		204,000
<b>Income Gains</b>				
15	Traffic Management Devices - Successful grant application Wright Rd Western (Resolution 1384/2016)		204,000	204,000
<b>Adjustments - Nil Effect</b>				
16	Minor Traffic Improvement Program - Unsuccessful grant application (Resolution 1384/2016) Refer:- No. 13	(33,500)	(33,500)	0
17	Traffic Management Devices - Unsuccessful grant application Wright Rd Eastern (Resolution 1384/2016) Refer:- No. 14	(396,000)	(396,000)	0
<b>Net Impact to Capital Program</b>		<b>(650,000)</b>	<b>(225,500)</b>	<b>424,500</b>
<b>Total Variation</b>				<b>1,160,700</b>
<b>PROPERTY DEVELOPMENT VARIATIONS</b>				
<b>Expenditure Savings</b>				
18	Tranche 1 Strategic Development Projects - Ryans Road, Emerald Green (Resolution 1319/2016)	(18,600)		18,600
<b>Income Gains</b>				
19	Tranche 1 Strategic Development Projects - Diment Road, The Reserve (Resolution 1319/2016) Refer 2. New Bid Proposals - Capital Bids		189,400	189,400
20	Strategic Property:- Walpole Road Stage 3 - Boardwalk at Greentree (Resolution 1321/2016)		113,000	113,000
<b>Income Losses</b>				
21	Tranche 1 Strategic Development Projects - Ryans Road, Emerald Green (Resolution 1319/2016)		(12,600)	(12,600)
<b>Net Impact to Property Development Program</b>		<b>(18,600)</b>	<b>289,800</b>	<b>308,400</b>
<b>Transfer To / (From) Sundry Project Fund</b>				<b>1,469,100</b>

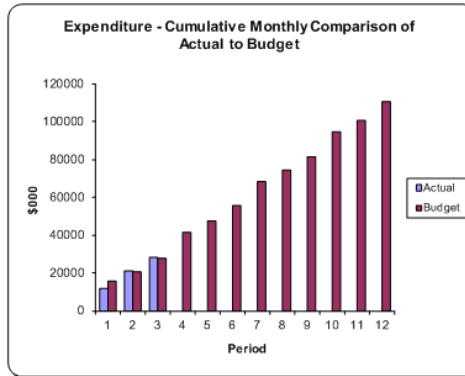
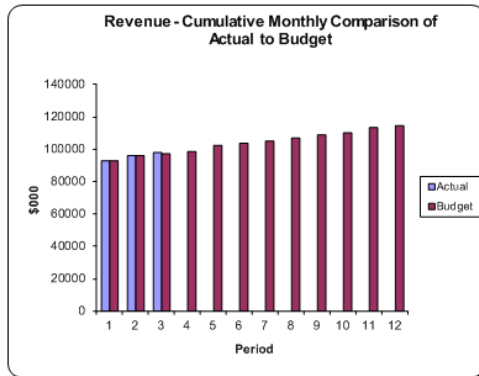
NB \*\*\*\* Adjustment to budgets already processed

Appendix 2 –Statement of Comprehensive Income



**City Of Salisbury**  
**Statement of Comprehensive Income**  
**For the Period Ending 30 September 2016**

	Year to Date			Full Year	
	Actual \$000	Rev Bud \$000	Variance \$000	Rev Bud \$000	Org Bud \$000
<b>INCOME</b>					
Rates	91,319	91,178	141	91,358	91,358
Statutory Charges	1,285	1,228	57	2,673	2,673
User Charges	1,260	1,202	58	5,891	5,875
Grants, Subsidies & Contributions	2,914	2,754	160	13,513	13,477
Investment Income	98	47	52	168	147
Reimbursement	65	27	38	249	249
Other Revenue	762	657	106	826	736
<b>Total Income</b>	<b>97,704</b>	<b>97,093</b>	<b>611</b>	<b>114,677</b>	<b>114,513</b>
<b>EXPENSES</b>					
Employee Costs	10,676	11,519	843	36,958	37,036
Materials, Contracts and Other Expenses	10,804	12,041	1,236	48,432	46,843
Finance Costs	288	417	129	1,881	1,881
Depreciation, amortisation & impairment	6,402	6,391	(10)	25,565	25,565
<b>Total Expenses</b>	<b>28,170</b>	<b>30,368</b>	<b>2,198</b>	<b>112,836</b>	<b>111,325</b>
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>69,534</b>	<b>66,725</b>	<b>2,809</b>	<b>1,841</b>	<b>3,189</b>
Net gain (loss) on disposal or revaluation of assets	10	0	10	10,878	10,878
Amounts specifically for new or upgraded assets	38	1,246	(1,208)	5,694	5,694
Physical resources received free of charge	0	0	0	4,000	4,000
<b>Other Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>	<b>69,582</b>	<b>67,971</b>	<b>1,611</b>	<b>22,414</b>	<b>23,761</b>



*The Operating Surplus / (Deficit) before Capital Amounts reflects the Original Budget, revised for the impact of 2015/16 operating carry forwards of \$1.4M, and whilst provision is made in the consolidated funding statement for the potential carry forward from 2016/17 into 2017/18, this will not be reflected in the Operating Surplus until the end of Financial Year, when specific projects and budget lines are known. Also included are First Quarter “nil effect” adjustments as indicated in Appendix 1- Budget Variation Summary. Following Council endorsement the revised budget will reflect all changes contained in this review.*



## **Commentary – Statement of Comprehensive Income**

Year to Date: Actual v Revised Budget

*The commentary on the Statutory Report is designed to explain the variations greater than \$50k but no actions are required as, where necessary, they are picked up elsewhere in the report.*

### **Revenue**

#### **Rates – Favourable Variance \$141k**

The favourable variance is predominantly a result of lower than anticipated Government Rate Rebates \$97k.

#### **Statutory Charges – Favourable Variance \$57k**

The favourable variance predominantly relates to higher than anticipated income received within Development Services, being Building Fees \$57k, Planning Application Income \$29k and Development Lodgement Fees \$12k. This is offset by lower Dog Licence Income \$46k.

#### **User Charges – Favourable Variance \$58k**

The favourable variance predominantly relates to higher than anticipated Commercial Tenants Rental income \$18k, Sport Recreational / Community Groups income of \$15k, Waste Transfer Station gate takings \$24k and other minor miscellaneous variances.

#### **Grants, Subsidies & Contributions– Favourable Variance \$160k**

The favourable variance relates to the Financial Assistance Grant increase of \$652k for the 2016/17 financial year, of which \$162k was received in the first quarter. Refer Appendix 1 – Budget Variation Summary Item 4.

#### **Investment Income– Favourable Variance \$52k**

The favourable variance is primarily the result of higher than anticipated interest received on our investment activity due to higher deposits predominately impacted by Strategic Property Development sales.

#### **Other Revenue – Favourable Variance \$106k**

The favourable variance is predominantly related to payment received for the LGA Workers Compensation Scheme Rebate \$43k and payments from other Councils for the continuity of Long Service Leave entitlements \$20k.

## Expenditure

### Employee Costs - Favourable Variance \$843k

The favourable variance predominantly represents Wages and Salaries savings from various divisions that have been allocated to the Wages and Salaries Provision, which currently has a balance of \$227k and the timing of Superannuation contributions \$214k. In addition, a number of positions are being backfilled by contractors / agency staff \$480k, with contractor costs reported in Materials, Contracts and Other Expenses below, but offset by other favourable variances.

### Materials, Contracts and Other Expenses – Favourable Variance \$1,236k

The favourable variance is predominantly the result of the timing of payments and the timing of the delivery of various programs. The wet weather and storm events during the first quarter has had a significant impact and placed some programs behind schedule. It is anticipated that the programs will still be delivered as endorsed by the end of the financial year. Among the most significant variances that relate to the timing of programs is Footpath Maintenance \$146k, Tree Pruning \$98k, General Buildings Maintenance \$75k, Tree Planting \$57k and Roadsweeping \$51k.

There are also favourable variances within operating components of capital bids \$224k, Council Building Renewal Program \$92k and Kerb and Gutter Replacement \$70k. Also attributing to the favourable variance across the organisation are Internal Water Charges \$87k, Electricity costs \$86k, Software Agreements \$75k and Insurance Premiums \$73k.

This is offset by a number of positions being backfilled by contractors / agency staff \$480k where budgets are allocated under Employee Costs.

### Finance Costs – Favourable Variance \$129k

The favourable variance is predominantly the result of lower interest payments associated with not having to utilise CAD's

## Appendix 3 –Statement of Financial Performance – Key Directions



**City of Salisbury**  
**Statement of Financial Performance by Key Direction**  
**For the Period Ending September 2016**

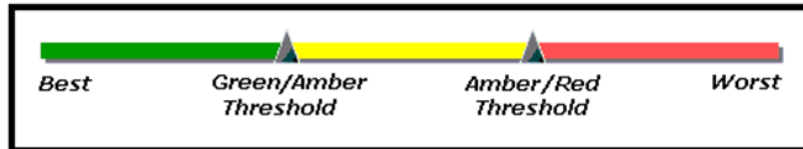
	Year to Date			Full Year	
	Actual \$000's	Budget \$000's	Variance \$000's	Rev Budget \$000's	Orig Budget \$000's
<b>NET OPERATING RESULT</b>					
<b>Surplus/(Deficit)</b>	<b>69,582</b>	<b>67,971</b>	<b>1,611</b>	<b>22,414</b>	<b>23,761</b>
<b>Represented By:</b>					
<b>KEY DIRECTION REVENUE</b>					
<b>The Prosperous City:</b>					
Transport	385	383	2	4,086	4,086
City Planning & Economic Development	509	407	102	1,621	1,621
<b>The Sustainable City:</b>					
Water Management	309	373	(65)	2,825	2,825
Waste Management	344	307	37	1,307	1,307
Parks & Landscape	23	24	(2)	91	91
<b>The Living City:</b>					
Recreation, Education & Leisure	205	170	35	748	602
Public Health & Safety	906	936	(30)	1,583	1,583
Community Development	1,044	987	56	3,682	3,701
<b>Enabling Excellence:</b>					
Corporate Support	962	865	96	1,600	1,600
Governance	0	0	0	2	2
Treasury	98	47	52	168	147
Grants Commission	1,560	1,398	163	5,590	5,590
Rates	91,319	91,178	141	91,358	91,358
Other Miscellaneous Revenue	40	16	23	16	0
<b>Total Operating Revenue</b>	<b>97,704</b>	<b>97,093</b>	<b>611</b>	<b>114,677</b>	<b>114,513</b>
Capital Contributions	48	1,246	(1,198)	20,572	20,572
<b>Total Revenue</b>	<b>97,752</b>	<b>98,339</b>	<b>(586)</b>	<b>135,250</b>	<b>135,086</b>
<b>KEY DIRECTION EXPENDITURE</b>					
<b>The Prosperous City:</b>					
Transport	806	1,054	248	4,743	4,746
City Planning & Economic Development	1,355	1,497	142	5,727	5,353
<b>The Sustainable City:</b>					
Water Management	1,366	1,476	110	3,533	3,466
Waste Management	2,776	2,820	44	15,488	15,488
Parks & Landscape	3,057	3,266	209	14,369	14,478
<b>The Living City:</b>					
Recreation, Education & Leisure	1,686	1,935	248	8,360	7,780
Public Health & Safety	1,015	1,126	111	5,400	5,439
Community Development	2,257	2,398	141	9,418	9,345
<b>Enabling Excellence:</b>					
Corporate Support	5,335	6,036	701	19,190	18,886
Governance	169	182	13	828	792
Treasury	139	243	104	1,313	1,313
Depreciation	5,441	5,441	0	21,763	21,763
Other Miscellaneous Expenditure	2,769	2,896	127	2,704	2,477
<b>Total Expenditure</b>	<b>28,170</b>	<b>30,368</b>	<b>2,198</b>	<b>112,836</b>	<b>111,325</b>

*Full Year revised budget includes revisions to expenditure budgets for funds carried forward from 2015/16 into 2016/17. We anticipate a carry forward from 2016/17 into 2017/18, however, at this time specific programs cannot be identified, and this will be brought to account at the end of financial year.*

## How to interpret the performance indicator gauges

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

### PIs - Values

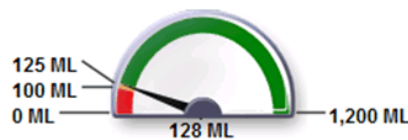


**Green:-** OK - Performance above target - denotes current value is between the amber/green threshold and the best value.

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

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

Cumulative result for 2015/16 as of Q1 2015/16



### Minimum/Maximum Value

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

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

### Red/Amber Thresholds

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

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

### Quarterly Target

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

eg the quarterly target value is 40,000 units.

### Performance Indicator Result

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

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

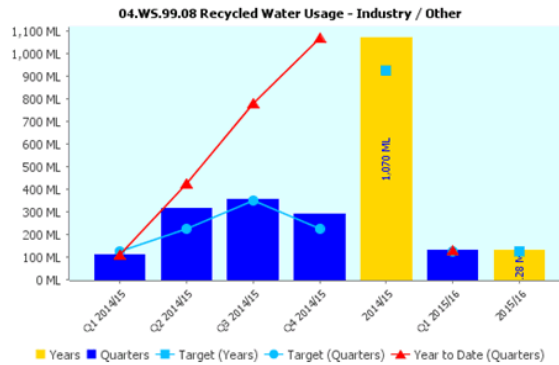
### Annual Target

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

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

## How to interpret the trend graphs

### Trend Chart



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

#### Blue Bar

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

#### Yellow Bar

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

#### Target (Years)

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

#### Target (Quarters)

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

#### Year to Date (Quarters)

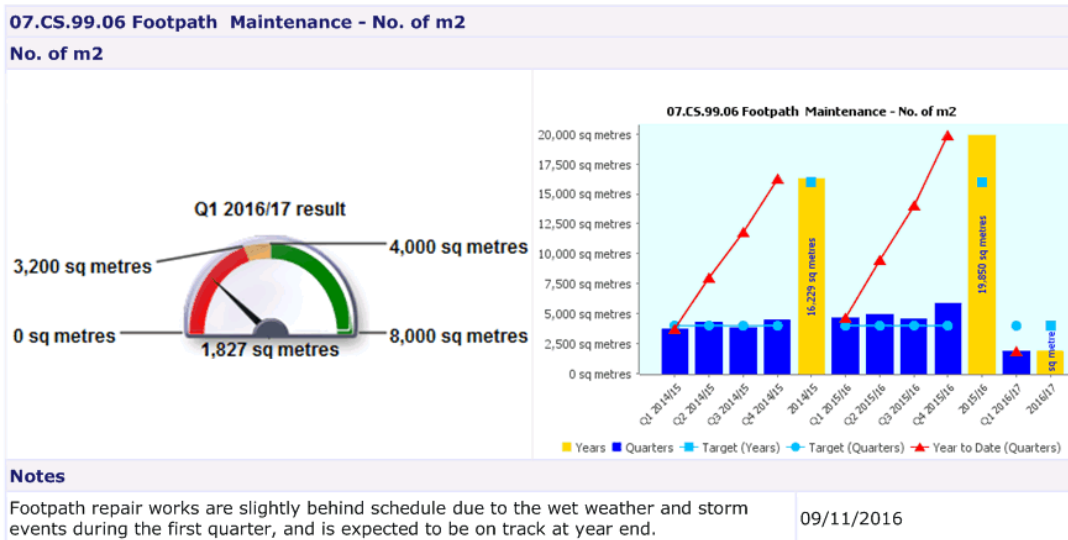
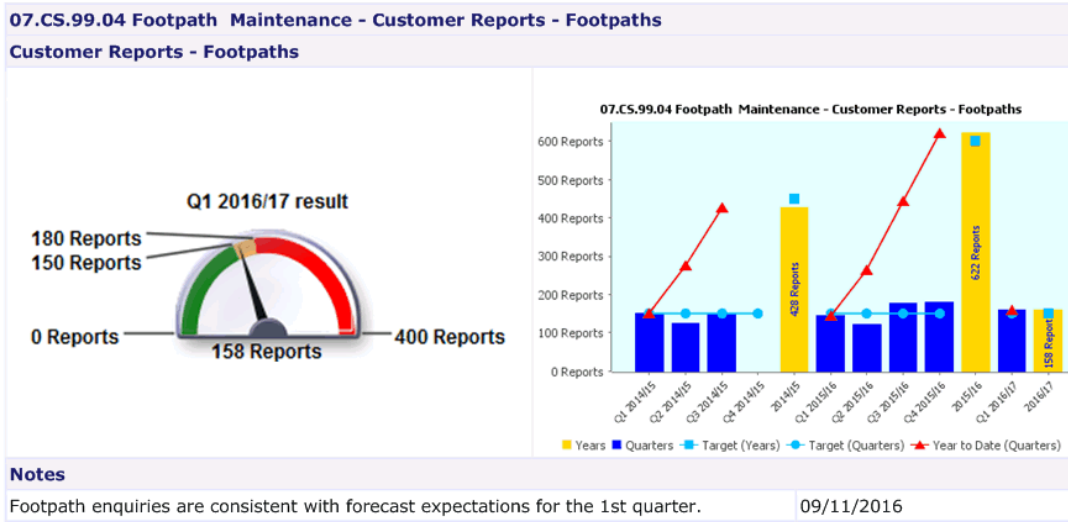
The Year to Date (Quarters) is a red line that appears above the Blue Bars on the chart and represents the aggregation of the Quarterly Result.

**Commentary – Key Direction****The Prosperous City - Net Unfavourable Variance \$494k****Transport - Net Favourable Variance \$250k****Revenue Favourable Variance \$2k**

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

**Expenditure - Favourable Variance \$248k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Capital Works Admin	GMCI	52		The favourable variance is a result of the timing of contractual expenditure within Kerb & Gutter Replacement \$54k. It is anticipated that the program will align to budget by the end of the financial year.	Nil
Footpath Maintenance	GMCI	160		The favourable variance is predominantly related to the timing of programmed works associated with Footpath Paver Maintenance \$77k and Block Paver Maintenance \$70k. It is anticipated that the program will align to budget by the end of financial year.	Nil



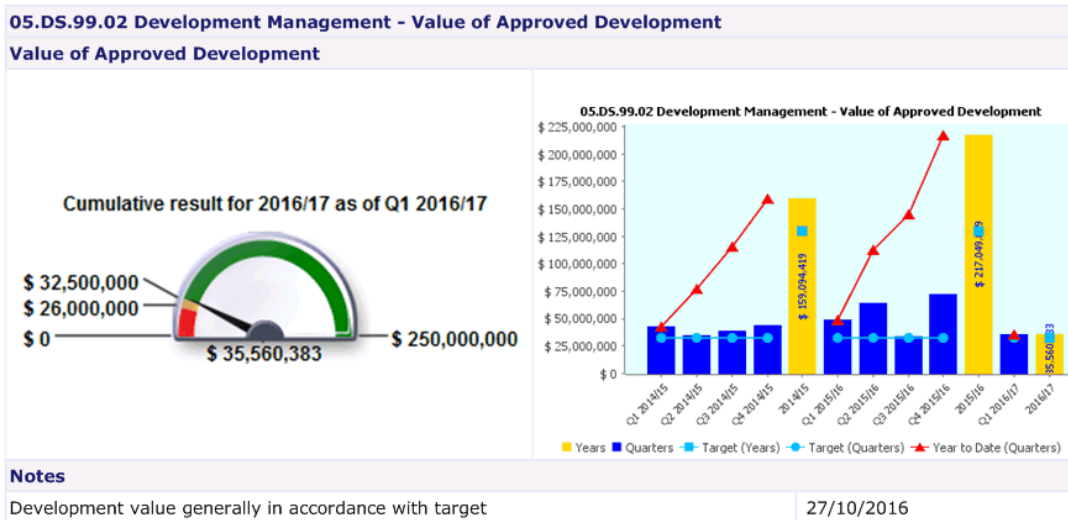
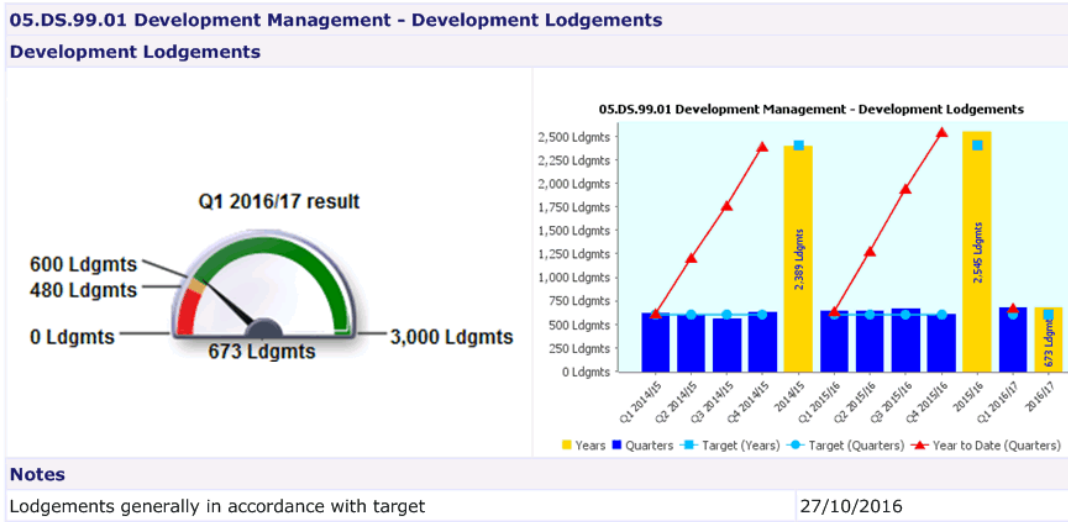
**City Planning and Economic Development - Net Favourable Variance \$244k****Revenue - Favourable Variance \$102k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Planning Assessment	GMCID	27		The favourable variance is primarily related to a large application being received in August for \$19k plus higher than anticipated standard applications received. Given the amount, it is prudent to monitor and declare any potential income gains as part of the second quarter budget review.	Nil
Building Rules Certification Unit	GMCID	56		The favourable variance is primarily related to \$44k higher than anticipated external development applications processed YTD, with 505 processed as at 30 September 2016 compared to 426 at the same time last financial year. Given the amount, it is prudent to monitor trends over the next quarter and declare any potential income gains as part of the second quarter budget review.	Nil

**Expenditure - Favourable Variance \$142k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Building Rules Certification Unit	GMCID	21		No significant variance to report	Nil
City Development Admin	GMCID	34		The favourable variance is associated with a transfer of funds for the China Strategy \$11k and lower Legal Expenses \$15k and other minor variances.	Nil
Economic Development	GMCID	73		The favourable variance is related to timing of grant funded programs within the Polaris Centre and it's anticipated that will be within budget by the end of the financial year.	Nil



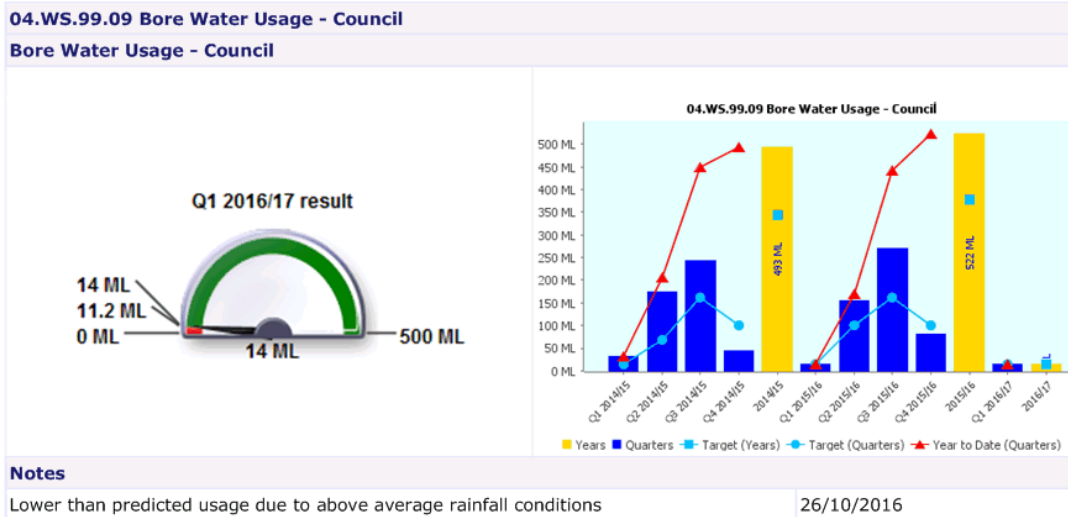
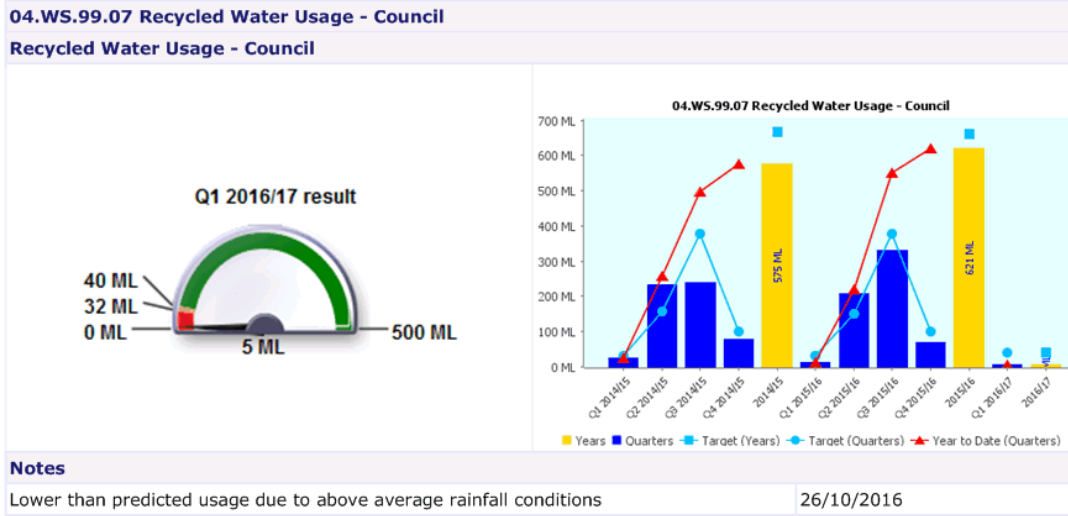


**The Sustainable City - Net Favourable Variance \$333k****Water Management - Net Favourable Variance \$45k****Revenue – Unfavourable Variance \$65k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Salisbury Water	GMBE	(72)		The unfavourable variance is predominantly attributable to higher than anticipated rainfall during the first quarter. This will be monitored to assess full year impact should sales not increase in upcoming periods.	Nil

**Expenditure – Favourable Variance \$110k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Salisbury Water	GMBE	62		The favourable variance is predominantly related to lower than anticipated electricity costs of \$36k and Water Monitoring of \$22k year to date. This is associated with the higher than anticipated rainfall during the first quarter and the resultant lower demand.	Nil
Drainage Systems	GMCI	59		The favourable variance predominantly relates to contractual expenditure on reactive underground drainage maintenance works. Significant works were undertaken last financial year and is evident by the low level of incidents during the recent storm period. It is anticipated that budget will align to budget by the end of the financial year.	Nil

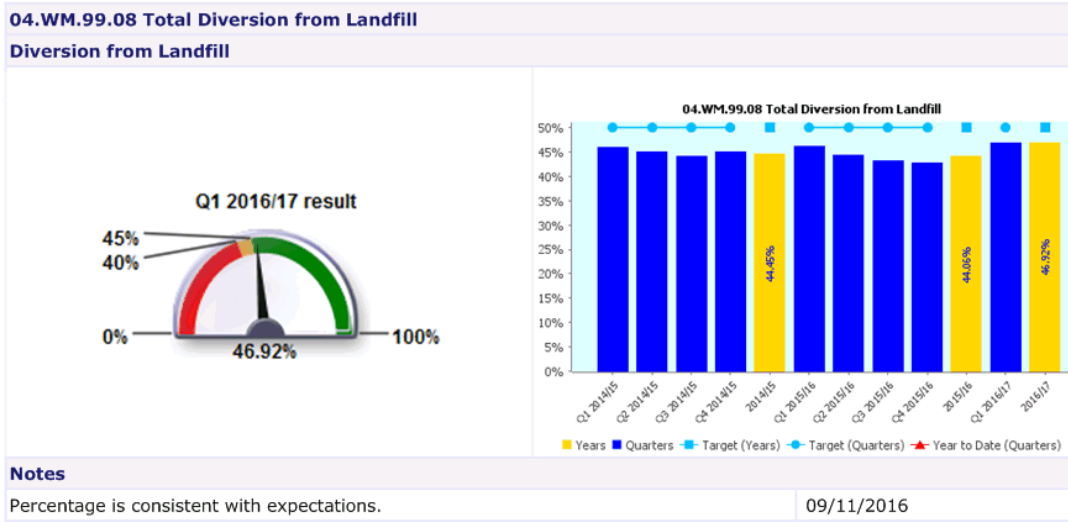
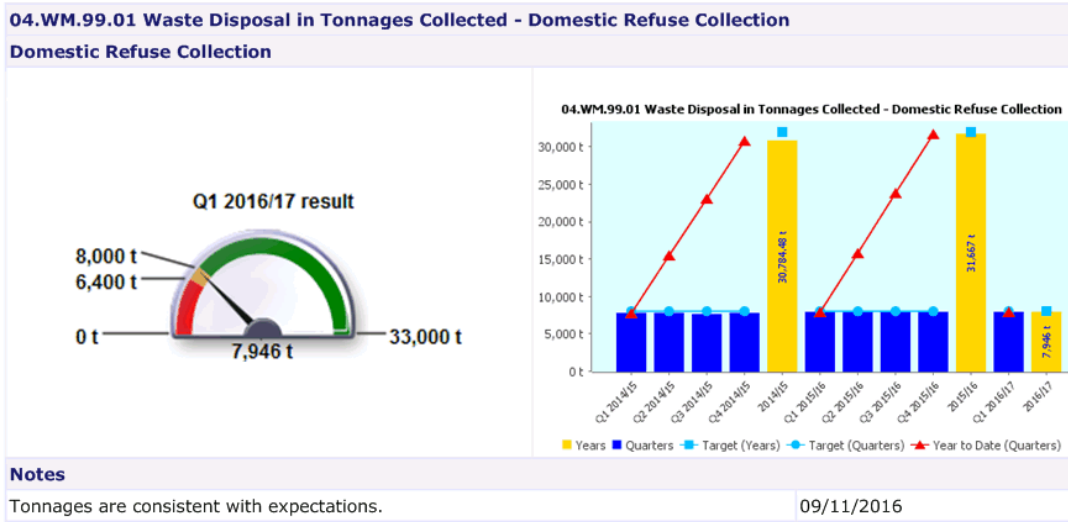


**Waste Management - Net Favourable Variance \$81k****Revenue - Favourable Variance \$37k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Transfer Station Operations	GMCI	34		The favourable variance predominantly relates to higher than anticipated general gate income of \$24k and income relating to scrap metal \$9k, which is currently higher than budgeted.	Nil

**Expenditure – Favourable Variance \$44k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Waste Management	GMCI	(44)	(400)	<p>The unfavourable variance of \$44k or 1.7% is a minor variation as compared to the total waste management budget and will be monitored over the remaining quarter.</p> <p>The EPA Levy has increased from \$62 to \$76 per tonne as of September 2016, and there is a Budget Review Bid to recognise the additional expenditure required, as part of the review.</p>	<b>Refer</b> New Bid Proposals <i>Operating Bids</i>
Roads	GMCI	91		<p>The favourable variance relates to Roadsweeping of \$51k which is anticipated to increase in coming months due to additional activity associated with the Verge Mowing Program detailed as part of this review.</p> <p>Also, the favourable variance relates to Dumped Rubbish Collection of \$30k due to the redirection of resources, in the short term, to storm event activities.</p>	Nil



**Parks and Landscape - Net Favourable Variance \$207k**

**Revenue - Unfavourable Variance \$2k**

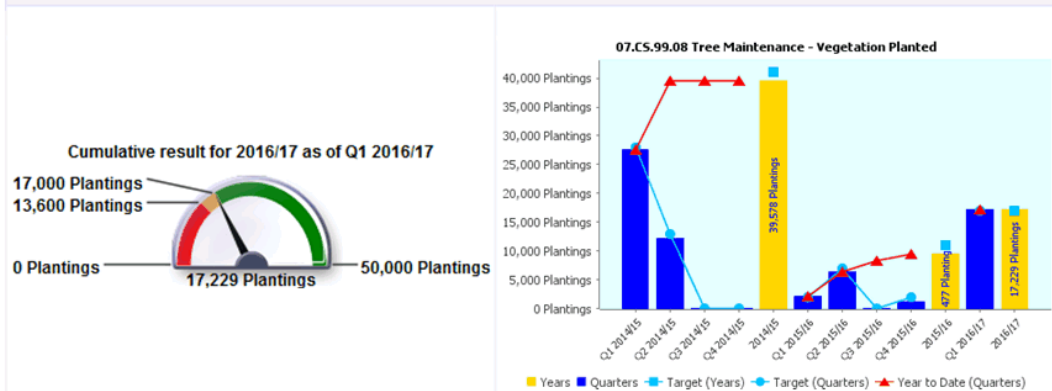
Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
				No significant variance to report	

**Expenditure – Favourable Variance \$209k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Tree Management	GMCI	126		The favourable variance is predominantly related to the timing of programmed tree unit pruning \$98k; however this is expected to align by the end of the financial year.	Nil
Park Maintenance	GMCI	80		The favourable variance predominantly relates to lower usage of internal water as a result of high rainfall during the first quarter.	Nil

**07.CS.99.08 Tree Maintenance - Vegetation Planted**

**Vegetation Planted**



**Notes**

The tree planting program is on target and is expected to remain on target at year end. 15/11/2016

**The Living City - Net Favourable Variance \$561k****Recreation, Education and Leisure - Net Favourable Variance \$283k****Revenue – Favourable Variance \$35k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Recreation Centres	GMCD	28		The favourable variance is predominantly resulting from reimbursements from Belgravia \$18k and room hire income in St Jays \$9k.	Nil

**Expenditure - Favourable Variance \$248k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Community Capacity and Learning	GMCD	58		The favourable variance is predominantly a result of the timing of Wages & Salaries \$48k due higher level of Annual Leave taken, and invoices relating to insurance premiums \$20k. It is anticipated the budget will align by the end of the financial year.	Nil
Recreation Centres	GMCD	133		The favourable variance is predominantly resulting from the timing of Building Maintenance across the Recreation Centre facilities of \$29k, timing of invoices relating to insurance premiums \$35k and timing of invoices for the Management of the Recreation Centre Contract \$108k.	Nil
Community Sport & Club Facilities	GMCD	57		The favourable variance predominantly relates to Turf and Irrigation \$45k and lower usage of internal water as a result of high rainfall during the first quarter.	Nil

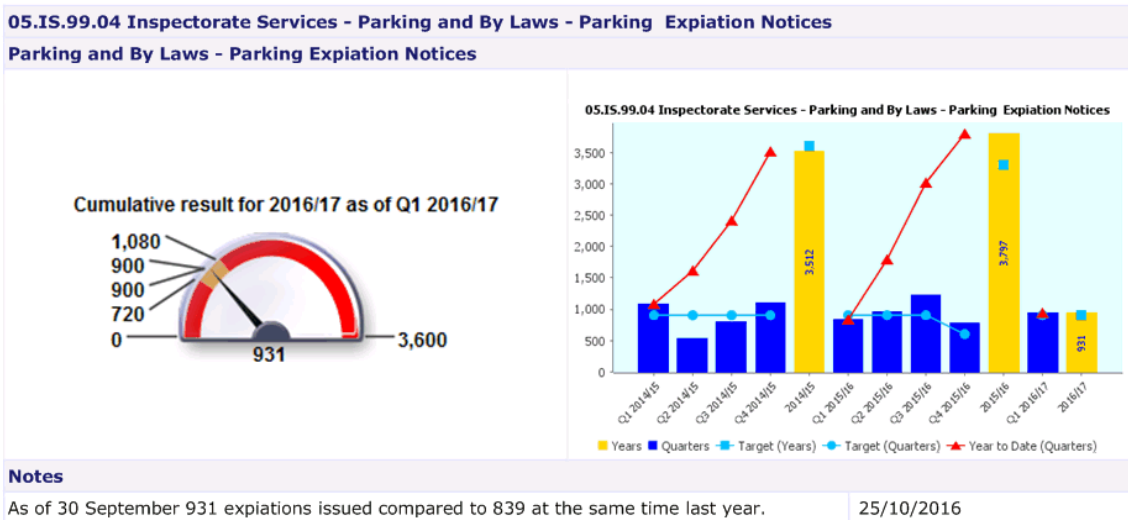
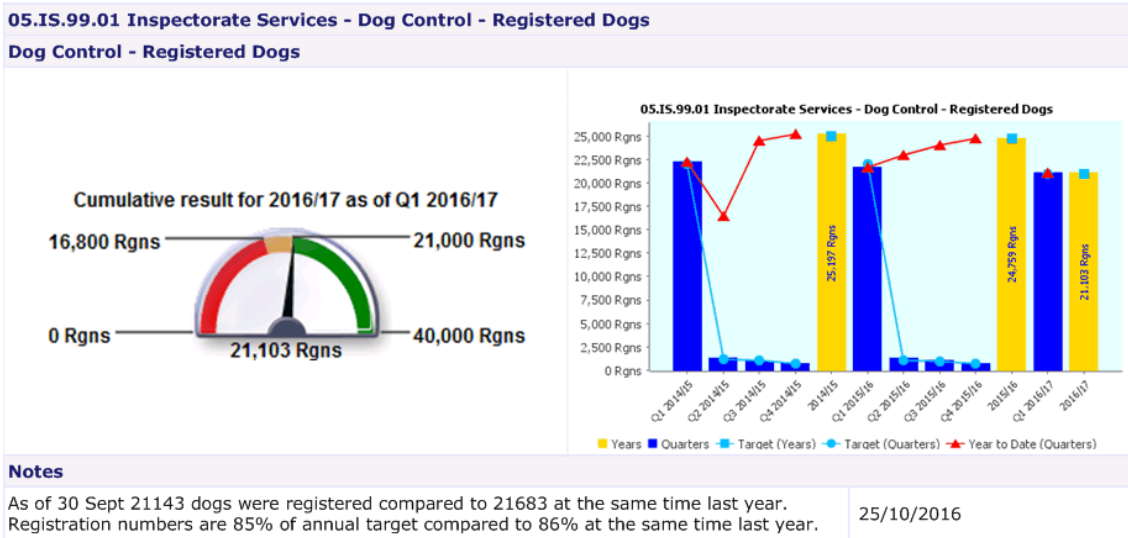
**Public Health and Safety - Net Favourable Variance \$81k****Revenue – Unfavourable Variance \$30k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Dog Control	GMCID	(48)		The unfavourable variance is predominantly resulting from the mix of the different Fees and Charges for Dog Registrations. Also there is a decrease in dog registrations with a total of 21,143 dogs registered to 30 September 2016, compared to 21,683 at the same time last financial year. The Dog Registrations budgets will be monitored and reviewed as part of the Second Quarter Budget Review.	Nil

**Expenditure – Favourable Variance \$111k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Crime Prevention and Repair	GMCID	49		The favourable variance is predominantly related to a lower numbers of volunteers for Volunteer Graffiti Removal Team and lower than anticipated requirements for reactive works in Graffiti Removal \$31k.  It is anticipated that the program will meet budget expectations by the end of the financial year.  There is also a favourable variance within Insurance – Vandalism \$18k relating to lower than anticipated requirements for reactive works.	Nil
Street Lighting	GMCID	34		The favourable variance predominantly relates to the timing of electricity Invoices \$37k. It is anticipated that the program will meet budget expectations by the end of the financial year.	Nil



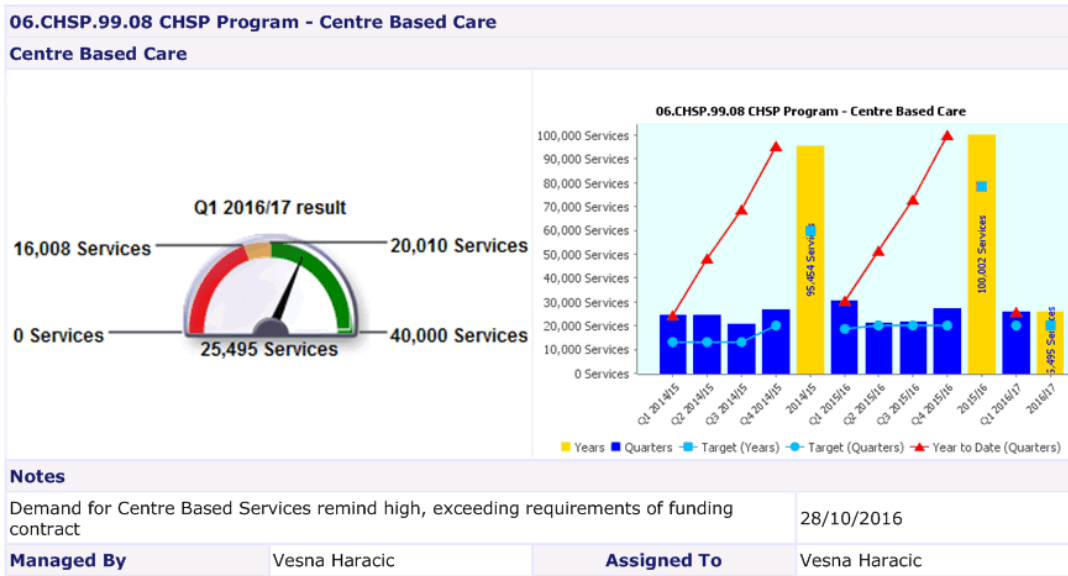


**Community Development - Net Favourable Variance \$197k****Revenue - Favourable Variance \$56k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Salisbury Memorial Park	GMCD	22		No significant variances to report.	Nil
Positive Ageing	GMCD	21		No significant variances to report.	Nil

**Expenditure – Favourable Variance \$141k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Community Development	GMCD	50		The favourable variance is predominantly a result of the timing of expenditure within Communication and Customer Relations – Promotions \$20k and within Community Planning and Vitality \$18k including Recreational Planning, OPAL and Youth Development. It is anticipated that budget expectations will be met by the end of the financial year.	Nil
Positive Ageing	GMCD	70		The favourable variance is predominantly related to vacancies and associated program delays in the externally funded Home Assist Program.  It is anticipated that the program will meet budget expectations by the end of the financial year.	Nil



Item 6.1.2 - Attachment 1 - First Quarter Budget Review 2016/17

**Enabling Excellence – Net Favourable Variance \$1,420k****Corporate Support – Net Favourable Variance \$797k****Revenue – Favourable Variance \$96k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		Timing \$000	Permanent \$000		
Business Excellence	GMBE	24		No significant variance to report	Nil
City Infrastructure	GMCI	72		The favourable variance is associated with income related to Commercial Tenants, Permit Fees and Rent for Sport, Recreation and Community Groups due to invoice being generated earlier than originally anticipated.	Nil

**Expenditure - Favourable Variance \$701k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		Timing \$000	Permanent \$000		
Business Excellence	GMBE	393		The favourable variance relates to the timing of expenditure for:-  Software Agreements \$86k within Business Support and Systems.  Emergency Services Levy \$54k and Audit Fees \$25k within Financial Services.  Training and Organisational Development \$22k within People and Culture and Insurance \$32k with Governance.  It is anticipated that these budgets will meet expectations by the end of the financial year.	Nil
Executive	CEO	30		The favourable variance is primarily related to the timing of the Internal Audit and Program Review \$33k, with funds committed to ongoing programs across Council.	Nil
City Infrastructure	GMCI	278		The favourable variance predominately relates to the operating components of capital bids within Operating Projects \$124k and Council Building Renewal Program \$92k.	Nil

**Governance – Net Favourable Variance \$13k**

**Expenditure – Favourable Variance \$13k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Council	CEO	13		No significant variance to report	Nil

**Treasury – Net Favourable Variance \$156k****Revenue – Favourable Variance \$52k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Treasury	GMBE	52		The favourable variance is the result of higher than anticipated interest received on our investment activity.	Nil

**Expenditure – Favourable Variance \$104k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Treasury	GMBE	104		The favourable variance is predominantly the result of lower interest costs associated with not having to utilise CAD's.	Nil

**Rates and other Miscellaneous – Net Favourable Variance \$454k****Revenue – Favourable Variance \$327k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Staff Oncosts and Recovery	GMBE	21		The favourable variance is attributable to payments from other Councils for the continuity of Long Service Leave entitlements for employees who have transferred from other Councils. These payments will offset expense incurred or be transferred to the Long Service Leave Provision.	Nil
Rates	GMBE	158		The favourable variance is predominately the result of lower than anticipated Government Rate Rebates \$97k.	Nil
Grants Commission	GMBE	163	652	The favourable variance relates to the Financial Assistance Grant and the increase of \$652k for the 2016/17 financial year, of which \$162k was received in the first quarter.	Debit \$651,800 to Sundry Projects Fund <b>Refer Appendix 1 Budget Variation Summary Item 4.</b>

<b>Expenditure – Favourable Variance \$127k</b>					
Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Building Maintenance	GMCI	56		The favourable variance is predominantly related to the timing of contractual expenditure in Building Maintenance. It is anticipated that this will meet budget by the end of the financial year.	Nil
Salaries and Wages Provision	CEO	227		The favourable variance represents Wages and Salaries savings from various divisions that have been allocated to the Provision, offset by any allocations made from the Provision. Refer 3.4 Transfer of Funds (Chief Executive Officer Delegation).	Nil
Staff Oncosts and Recovery	GMBE	(162)		<p>The unfavourable variance is primarily related to the on-cost component of vacancies \$284k which is offset by favourable variances across the Organisation.</p> <p>In addition the Workers Compensation Insurance came in higher than budget \$39k and slightly higher level of Sick Leave \$27k.</p> <p>This area is constantly reviewed in line with wage and salary expenses incurred within the other Service Areas.</p> <p>Also offsetting this unfavourable variance is the timing of Superannuation contributions \$214k. It is anticipated that this will align to budget by the end of the financial year.</p>	Nil



**Appendix 4 – Capital Expenditure Report as at September 2016**

	Original Budget	Revised Budget	YTD Actuals	Commitments	Balance Remaining
<b>EXPENDITURE</b>					
<b>Infrastructure</b>					
Drainage & Waterways	3,032,000	3,785,945	244,488	139,574	3,401,883
Fleet	1,764,000	3,249,050	220,626	435,529	2,592,895
Parks & Streetscapes	3,655,800	4,537,817	523,895	802,403	3,211,519
Property & Buildings	4,539,775	8,695,344	1,037,007	1,813,249	5,845,088
Salisbury Water Business	1,772,000	2,407,969	267,323	302,741	1,837,904
Transportation	19,420,000	19,734,809	1,810,321	465,592	17,458,896
	<b>34,183,575</b>	<b>42,410,934</b>	<b>4,103,661</b>	<b>3,959,088</b>	<b>34,348,185</b>
<b>Other</b>					
Information Technology	672,000	1,224,333	7,545	132,632	1,084,156
Strategic Projects	6,094,000	8,695,132	470,063	1,791,143	6,433,926
Strategic Property	3,775,721	8,796,086	1,164,181	1,730,849	5,901,056
	<b>10,541,721</b>	<b>18,715,551</b>	<b>1,641,790</b>	<b>3,654,623</b>	<b>13,419,138</b>
<b>Total Expenditure</b>	<b>44,725,296</b>	<b>61,126,485</b>	<b>5,745,451</b>	<b>7,613,711</b>	<b>47,767,323</b>
<b>INCOME</b>					
<b>Infrastructure</b>					
Drainage & Waterways	754,000	1,042,314	7,875	-	1,034,439
Fleet	242,800	726,245	-	-	726,245
Parks & Streetscapes	-	26,600	-	-	26,600
Property & Buildings	55,000	13,750	-	-	13,750
Transportation	4,642,500	4,732,500	25,000	-	4,707,500
	<b>5,694,300</b>	<b>6,541,409</b>	<b>32,875</b>	<b>-</b>	<b>6,508,534</b>
<b>Other</b>					
Strategic Property	5,509,928	22,587,288	1,162,255	-	21,425,033
	<b>5,509,928</b>	<b>22,587,288</b>	<b>1,162,255</b>	<b>-</b>	<b>21,425,033</b>
<b>Total Income</b>	<b>11,204,228</b>	<b>29,128,697</b>	<b>1,195,130</b>	<b>-</b>	<b>27,933,567</b>
<b>NET</b>	<b>33,521,068</b>	<b>31,997,788</b>	<b>4,550,321</b>	<b>7,613,711</b>	<b>19,833,756</b>

*Note: In accordance with the delegation provided to General Managers to transfer program budgets within Asset Categories: there have been no transfer requests in the first quarter of 2016/17.*

**Capital Expenditure**

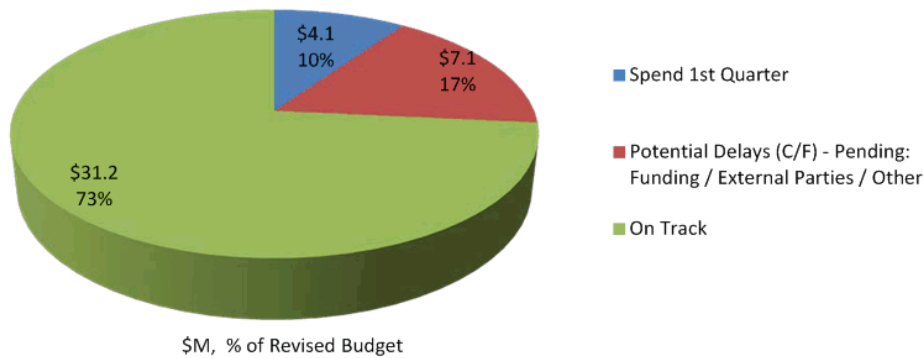
As at the end of the First Quarter the revised capital expenditure budget for 2016/17 was \$61.1M including carry forward funds, with \$5.7M / 9.4% spend to date and \$13.4M / 21.9% inclusive of commitments.

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

**Capital Income**

The capital works income revised budget for 2016/17 is \$29.1M which mainly comprises \$22.6M (whole of project life) for Strategic Property, with commentary provided within "Strategic Property".

### INFRASTRUCTURE CAPITAL CATEGORIES



In the first quarter of 2016/17, City Infrastructure commenced the establishment of the Capital Works Program including project brief creation and endorsement; design development and tender documentation. This work is reflective of the expenditure to date, with the later part of the financial year expenditure significantly increasing due to commencement of construction. In addition to the commencement of the 2016/17 program of works, the delivery of ongoing projects from 2015/16 has continued. Projects are staged to align to the most optimum time for construction. Eg. Roadworks and Drainage programs will generally occur during dry seasons, irrigation projects are aligned to be completed prior to summer watering periods and new planting are scheduled post summer season.

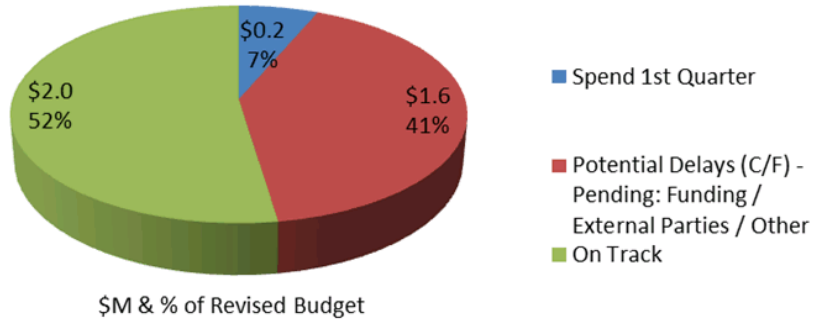
As at the end of the First Quarter the revised infrastructure capital expenditure budget for 2016/17 was \$48.7M including carry forward funds, with \$4.3M / 8.9% spend to date and \$9.8M / 20.1% inclusive of commitments.

Of note, there is a series of large scale projects which are currently on hold pending grant funding decisions. This has impacted ability to deliver these projects this financial year and may impact year end carry forward amount;

- Mawson Lakes Interchange, Pedestrian & Cycle, \$2.4M, currently pending Ministerial decision.
- Diment Road Upgrade, \$4M, pending external grant funding approval. The prospect of this funding application being successful is low.
- Pauls Drive Flood Mitigation, \$1.2M, notification of grant funding application has not yet been received. It is unlikely that this application also will be successful.




**DRAINAGE & WATERWAYS**

(7% Spent / 10.1% inclusive of commitments)



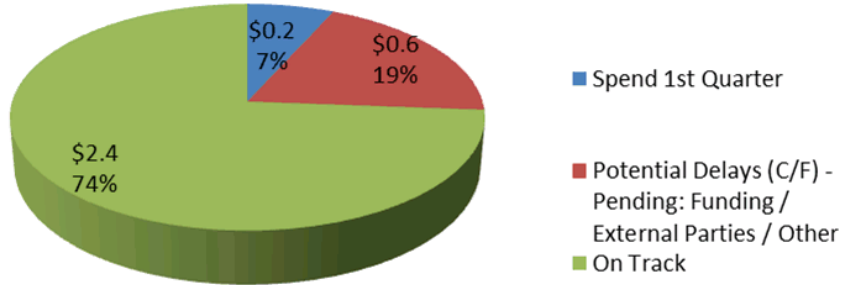
<u>RENEWAL</u>	Revised Budget \$000	Commitment & Actuals \$000	Balance Remaining \$000
<b>On Track</b>			✔
• Watercourse Management Works	968	150	818
As reported, October, Works and Services, Watercourse Management Works downstream of Edinburgh Park will not occur in 2016/17 pending the outcome of the contamination investigation. Investigations are currently identifying the scope of works to be undertaken in 2016/17 from the Dams Audit completed in 2015/16.			
<b>General Category Comment</b>			
Detail design is now complete for the renewal of St Kilda boat channel markers and procurement is underway.			
<b>Recent Project Completions include</b>			
Nil to report this quarter.			

**DRAINAGE & WATERWAYS Continued**


<u>NEW</u>	<b>Revised Budget \$000</b>	<b>Commitment &amp; Actuals \$000</b>	<b>Balance Remaining \$000</b>
<b>Pending Funding</b>			
<ul style="list-style-type: none"> <li>Major Flood Mitigation Projects</li> </ul>	1,462	5	1,457
Major Flood Mitigation Program, Pauls Drive, Valley View, the project is still pending notification if the grant application was successful. Council will advise when notification is received. Inola Street, Brahma Lodge, detailed design is near complete and proposed for construction in 2017.			
<b>On Track</b>			
<ul style="list-style-type: none"> <li>Burton West Industrial Drain</li> </ul>	214	29	185
Plant establishment period is near complete which will be followed by grant funding acquittal processes. It is anticipated to be closed out this financial year.			
<ul style="list-style-type: none"> <li>Local Flooding Program</li> </ul>	511	134	377
Design development for the Local Flooding Program commenced and currently programmed for most construction early 2017.			
<b>General Category Comment</b>			
Drainage and Waterways Planning Program has commenced identification of works required for this financial year.			
<b>Recent Project Completions include</b>			
Flood mitigation works, McKenzie Crescent, Gulfview Heights, Local Flooding Program are now complete.			



**FLEET**

(7% Spent / 20.2% inclusive of commitments)



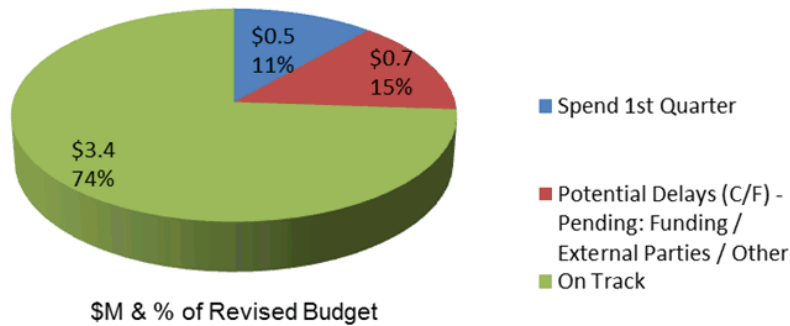
\$M & % of Revised Budget

<u>RENEWAL</u>	Revised Budget \$000	Commitment & Actuals \$000	Balance Remaining \$000
<b>Impacted by Program Reviews</b> 			
<ul style="list-style-type: none"> <li>Plant and Fleet Replacement Program</li> </ul>	1,917	511	1,406
An Acquisition Strategy was formulated and approved this quarter to aid the delivery of the Plant and Fleet Replacement Program. This program can encounter delays with items which are linked to areas currently undergoing a program review.			
<b>General Category Comment</b> This category of works can encounter delays should specialised.			
<b>Recent Project Completions include</b> Nil to report this quarter.			

<u>NEW</u>	Revised Budget \$000	Commitment & Actuals \$000	Balance Remaining \$000
<b>On Track</b> 			
<ul style="list-style-type: none"> <li>Fleet Purchase</li> </ul>	584	36	548
13 vehicles are programmed in 2016/17 to be converted from lease to buy which will result in estimated ongoing operating savings from this initiative.			
<b>General Category Comment</b> This program of works is usually successfully completed annually.			
<b>Recent Project Completions include</b> 			
The new pizza oven trailer for Twelve25 Salisbury Youth Enterprise Centre was recently acquired.			


**PARKS & STREETScape**



(11% Spent / 29.2% inclusive of commitments)



<u>RENEWAL</u>	Revised Budget \$000	Commitment & Actuals \$000	Balance Remaining \$000
<b>On Track</b>			✔
<ul style="list-style-type: none"> <li>City Pride Street Trees Program</li> </ul>	1,569	457	1,112
Consultation and investigation is near complete for the 2016/17 City Pride Street Tree Program. Removals and planting are not set to commence until 2017 pending weather conditions.			
<ul style="list-style-type: none"> <li>Play Space / Playground Program</li> </ul>	727	82	645
Strowan Park, Salisbury, was recently completed with the reserve upgraded, new play elements and fencing installed. The renewal of the play space at Broadstock Green, Para Hills, is scheduled to commence shortly.			
<ul style="list-style-type: none"> <li>City Pride Renewal of Feature Landscapes</li> </ul>	389	86	303
Renewal works have been awarded for Peppercorn Circuit Reserve, Mawson Lakes, and will commence early second quarter. The design for amenity upgrade at Pitman Park adjacent water feature and ornamental creek is near complete.			
<ul style="list-style-type: none"> <li>Irrigation Renewal Program</li> </ul>	294	166	128
The Irrigation Renewal Program is well advanced with Creaser Park, Parafield Gardens, Madison Park and Jackson Green, Salisbury East works awarded and scheduled for completion in the second quarter.			
<b>General Category Comment</b>			
Renewal of the Central Control Irrigation System is underway. This system controls the scheduling of irrigation systems from a central point enabling water run times to be programmed to match turf needs and climate conditions.			
Parks and Streetscape program of works are subject to plant establishment periods which will result in projects crossing financial years.			

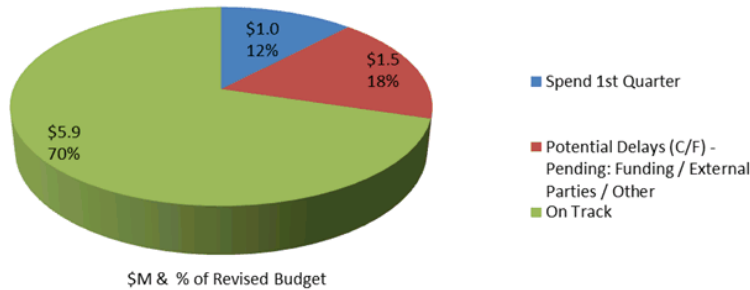
**PARKS & STREETSCAPE Continued**



**Recent Project Completions include**   
 Renewal of fencing at Carisbrooke Reserve, along Main North Road, Salisbury Park, reached completion within the first quarter of 2016/17.  
 Strowan Park Reserve Play Space and Reserve Upgrade projects were recently completed.

<u>NEW</u>	Revised Budget \$000	Commitment & Actuals \$000	Balance Remaining \$000
<b>On Track</b> <span style="float: right;"></span>			
<ul style="list-style-type: none"> <li>• Council Reserve Upgrade Program</li> </ul>	392	96	296
Strowan Park Reserve Upgrade was recently completed with Amsterdam Crescent Reserve, Salisbury Downs, the next priority for 2016/17. Due to illness, design is currently behind schedule however resourcing is currently being reviewed with the outlook to modify and recoup lost time.			
<b>General Category Comment</b>			
The works associated with the redevelopment of Underdown Park are being managed with the construction of the clubroom facilities.			
Parks and Streetscape program of works are subject to plant establishment periods which will result in projects crossing financial years.			
<b>Recent Project Completions include</b> <span style="float: right;"></span>			
The installation of a new shade structure at Daniel Avenue Reserve, Globe Derby Park is now complete.			

**PROPERTY & BUILDINGS**


(12% Spent / 32.8% inclusive of commitments)



<u>RENEWAL</u>	Revised Budget \$000	Commitment & Actuals \$000	Balance Remaining \$000
<b>Deferred</b>			
• Salisbury Swimming Pool Structural Remedial Works	301	32	269
The main swimming pool structural remedial works at Salisbury Recreation Precinct have been deferred pending the completion of the pool filtration system, as reported in August.			
<b>On Track</b>			
• Capital Upgrade Program for Sport & Rec Buildings	3,886	1,104	2,782
The majority of this program is on track. The redevelopment of Underdown Park is now well progressed with the new clubroom facilities expected to reach practical completion late November, and the reserve upgrade now underway. However, the design development of the Salisbury Oval Grandstand has been impacted by the Salisbury Oval Precinct Master Planning.			
• Council Building Renewal Program	1,618	335	1,283
Detailed design for the Building Renewal Program was completed in the first quarter of 2016/17 with the works proposed to be tendered as a package in the second quarter. Minor air conditioning renewal has already commenced.			
• Property & Buildings Planning Program	80	0	80
An external provider has been engaged to under an audit of all Council buildings which will inform Asset Management Plans and future programs of works.			
<b>General Category Comment</b>			
As part of this program, where applicable, staff will work to consultant with building occupants to achieve optimum project outcomes.			
<b>Recent Project Completions include</b>			
Nil to report this quarter			

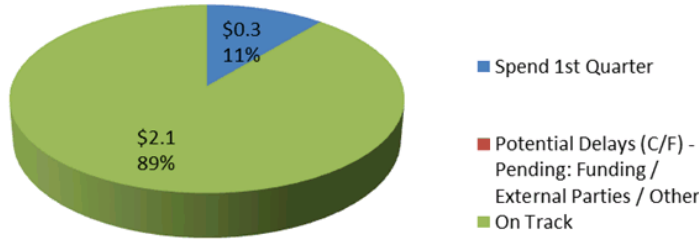


**PROPERTY & BUILDINGS Continued**

<u>NEW</u>	<b>Revised Budget \$000</b>	<b>Commitment &amp; Actuals \$000</b>	<b>Balance Remaining \$000</b>
<b>On Track</b>			
• Club / Sporting Facility Upgrades Program (Minor Capital Works Program)	287	38	249
This program is progressively delivered across the year in alignment with grants periodically approved. Procurement of a new shed for the Ingle Junior Soccer Club has commenced with the installation expected to be completed December 2016.			
• Resource Recovery Park	149	12	137
The design for the new shade structure at Resource Recovery Park for protection adjacent the cashier hut is now complete. Installation will be programmed for low peak period. This will conclude this program of works.			
• Salisbury Bowling Club Land Acquisition	692	5	687
With finalisation of negotiations, acquisition of this parcel of land is expected to be completed this financial year.			
<b>General Category Comment</b>			
As part of the Priority Access Upgrades Program, detailed design is now complete ready for tender for the access upgrades to St Augustine's Soccer Club.			
<b>Recent Project Completions include</b>			
Nil to report this quarter.			

**SALISBURY WATER BUSINESS**

(11% Spent / 23.7% inclusive of commitments)



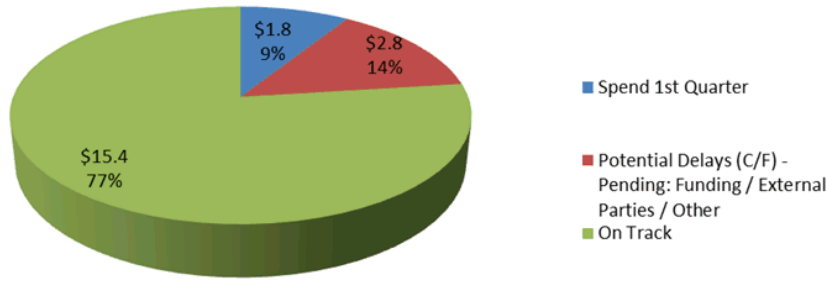
\$M & % of Revised Budget

<u>RENEWAL</u>	Revised Budget \$000	Commitment & Actuals \$000	Balance Remaining \$000
<b>On Track</b>			✔
• Salisbury Water Minor Asset Renewal	619	102	517
<b>General Category Comment</b> Installation of new recycled water signage to replace existing faded signage is underway. Concurrently recycled signage at all sites is being assessed to ensure sufficient signage is in place and new signs are being installed where needed.			
<b>Recent Project Completions include</b> Nil to report this quarter			

<u>NEW</u>	Revised Budget \$000	Commitment & Actuals \$000	Balance Remaining \$000
<b>On Track</b>			✔
• Kiekebusch Reserve Pumping Station	510	0	510
• Salisbury Water Disinfection System	533	89	444
Disinfection systems have been rolled out and successfully commissioned at 6 major stormwater harvesting schemes - Parafield, Kaurna Park, Edinburgh South, Bennett Rd and Bushman Ct (Unity Park) and at 1 groundwater supply system at Andrew Smith Drive reserve. Installation of a system at Daniel Avenue is underway.			
<b>General Category Comment</b> An opportunity to purchase and secure 40ML of T2 water credits is being pursued subject to DEWNR's approval.			
<b>Recent Project Completions include</b>			✔
Nil to report this quarter.			

**TRANSPORTATION**




(9% Spent / 11.5% inclusive of commitments)





\$M & % of Revised Budget

<u>RENEWAL</u>	Revised Budget \$000	Commitment & Actuals \$000	Balance Remaining \$000
<b>Pending Funding</b>			⚠
<ul style="list-style-type: none"> <li>Bicycle Network Improvements Program</li> </ul>	300	0	300
This program is predominately pending the notification of grant funding applications. When advice is received regarding this outcome, an update will be provided to Council. The construction of the Spains Road bicycle path is not reliant upon external funding and will be completed this financial year along with the Road Reseal Program works.			
<b>On Track</b>			✅
<ul style="list-style-type: none"> <li>Road Reseal / Reconstruction Program</li> </ul>	6,908	647	6,261
The delivery of the 2016/17 Road Reseal Program has commenced with prep work underway across the City. This program is progressively delivered across the year.			
<ul style="list-style-type: none"> <li>Kerb Ramp Construction / Upgrade Program</li> </ul>	261	78	183
The Kerb Ramp Construction / Upgrade Program is progressively delivered each year in alignment with the Road Reseal and Footpath Construction Programs. This assists to improve pedestrian access across the City.			
<b>General Category Comment</b>			
The Bituminous Footpaths and Shared-Use Paths are programmed to be completed this financial year following completion of DPTI work on the adjacent railway corridor.			
The Bridge Renewal Program is currently working through program priority changes due to physical conditions now evident arising from severe weather conditions which have increased the rate which some bridges are degrading.			
<b>Recent Project Completions include</b>			✅
Council Traffic Signals Replacement Program is now completed. This program of works has been progressively delivered over the last six years.			

**TRANSPORTATION Continued**



<u>NEW</u>	<b>Revised Budget \$000</b>	<b>Commitment &amp; Actuals \$000</b>	<b>Balance Remaining \$000</b>
<b>Pending Funding</b>			
<ul style="list-style-type: none"> <li>Mawson Lakes Interchange - Pedestrian &amp; Cycle</li> </ul>	2,400	8	2,392
Grant funding application is currently with the State Minister for consideration. Outcome is anticipated by end of 2016. Should the application be successful, following detailed design works may not be able to commence until 2017/18.			
<ul style="list-style-type: none"> <li>Diment Road Burton/Direk - Upgrade</li> </ul>	4,015	495	3,520
Current indications suggest that the application for grant funding to upgrade Diment Road will not be successful in 2016/17. If unsuccessful a Quarterly Review Bid will be submitted for consideration to return the balance of funds. The Reconstruction of a section of Diment Rd, Burton, adjacent Hawker Street, was completed this quarter. This project was part funded by Minister for Local Government and Regional Development, Roads to Recovery Program.			
<b>Pending Third Party</b>			
<ul style="list-style-type: none"> <li>Byron Bay/Fairbanks Dve Local Traffic Management</li> </ul>	1,046	59	987
Some works are proposed to be completed during the Christmas school holiday however development approval and an endorsed agreement with the adjacent schools is required prior.			
<ul style="list-style-type: none"> <li>Public Lighting Program</li> </ul>	350	54	296
Whilst this program of works has commenced, delays can occur due to reliance upon external services. To mitigate this risk, where possible CoS contractors will be utilised.			
<b>On Track</b>			
<ul style="list-style-type: none"> <li>Traffic Management Devices Program</li> </ul>	1,508	131	1,377
Via the 2016/17 Infrastructure Investment Black Spot Program, Council was successfully awarded \$600k (exc GST) for the construction of a new roundabout at the connection of RM Williams Drive and Wright Road, western intersection, which is expected to commence early 2017. The application for funding of the adjacent eastern intersection was unsuccessful. Adjustments to the income and expenditure budgets are noted within this report to reflect the outcome of these funding decisions.  Within this program, various other sites were nominated for construction this financial year including Commercial/Bridge Road, Salisbury, T-junction upgrade commences in December.			

**TRANSPORTATION Continued**

<u>NEW</u>	<b>Revised Budget \$000</b>	<b>Commitment &amp; Actuals \$000</b>	<b>Balance Remaining \$000</b>
<b>On Track</b>			
<ul style="list-style-type: none"> <li>Burton Park Community Centre Precinct</li> </ul>	346	28	318
Designs are being developed for parking modifications and landscape works adjacent Burton Park Community Centre where the Burton Park Preschool was demolished.			
<ul style="list-style-type: none"> <li>Council Funded New Footpath Program</li> </ul>	428	26	402
This program is progressively delivered across the year. Immanuel Drive, Salisbury Heights, will be the main new footpath constructed this year, with pre-inspection complete, and works are expected to commence soon. This program is able to delivery various minor footpath links particularly to assist those with access needs.			
<p><b>General Category Comment</b></p> <p>Minor Traffic Program continues to be progressively delivered and is a program for which requests are constantly received.</p> <p>The construction works associated with improving the Paddocks car park was recently awarded. Developer funded new footpath constructions are subject to house development rates, therefore can cross financial years until completion.</p>			
<p><b>Recent Project Completions include</b></p> <p>The Reconstruction of a section of Diment Rd, Burton, adjacent Hawker Street, was completed this quarter. This project was part funded by Minister for Local Government and Regional Development, Roads to Recovery Program.</p> <p>Within the School Zones and Pedestrian Crossings Program, construction of the new pedestrian crossing, De Mille Street, Salisbury Downs, was completed in the first quarter.</p> <p>Pt Wakefield Services Road, Parafield Gardens, pedestrian safety improvements was recently completed which included the installation of new culverts for drainage and asphalt for pedestrian amenity.</p> <p>New Salisbury City Centre signage was installed on the Salisbury Highway pedestrian overpass this quarter.</p> <p>Construction of a footpath, Mosel Grove, Paralowie, and adjacent Jack Young Centre, Salisbury, are now complete.</p>			


**OTHER CAPITAL CATEGORIES****INFORMATION TECHNOLOGY**

(0.6% Spent / 11.5% inclusive of commitments)

<u>NEW</u>	<b>Revised Budget \$000</b>	<b>Commitment &amp; Actuals \$000</b>	<b>Balance Remaining \$000</b>
<b>On Track</b>			
• Mobile Expatiation Notice System	49	45	4
Mobile expiations is fully operational and all expiations are being issued using PinForce. The activation of online image library for customer queries will be implemented when the system passes a security test scheduled for late 2016.			
• Asset Management Work Order Mobilisation & Strategic Asset Management (SAM) Support Project	550	0	550
A report to the Executive Group seeking authorisation to access the funding to commence the Asset Management Improvement Project (AMIP) will be tabled in November 2016.			
• System to manage the New Initiative Bid process	135	0	135
Research and scoping has commenced for the replacement of the New Initiative Bid system and Business Planning system.			
• Automated Accounts Payable System	9	4	5
Phase 1 of the Automated Accounts payable System has been operational since July 2016. Plans are in place for phase 2 to commence early in 2017.			
<b>General Category Comment</b>			
The Mobile Health Inspections solution is fully operational with only minor process improvements to be made by the introduction of additional workflows.			
<b>Recent Project Completions include</b>			
The email archiving system has been fully implemented and the changes in process and functionality have been communicated to the organisation.			


## STRATEGIC PROJECTS

(9.5% Spent / 45.6% inclusive of commitments)

<b>NEW</b>	<b>Revised Budget \$000</b>	<b>Commitment &amp; Actuals \$000</b>	<b>Balance Remaining \$000</b>
<b>On Track</b>			
• Salisbury Community Hub	3,785	109	3,676
The Community Hub Client Representative has been engaged to guide the design and delivery of the Salisbury Community Hub project. A Procurement Strategy for the project was endorsed supporting the commencement of a two-step market approach for an architectural design team commenced in October 2016, design concept work for the Salisbury Community Hub is anticipated to commence in early 2017.			
• Para Hills Community Hub	2,772	360	2,412
The Para Hills Community Hub Stage 6 Design Development is well advanced, with final design development scheduled for completion in October, allowing Contract Documentation to start from early November scheduled to take approximately 10 weeks.			
• Bridgestone Park Redevelopment	2,073	1,627	446
Bridgestone Park Redevelopment, the civil and landscape works was awarded June 2016. Fitness stations installation, wetlands planting and fencing is now complete. Placement of new turf has now been carried out.			
<b>General Category Comment</b>			
This category of work is high profile and can require significant periods of consultation which may impact delivering times.			
<b>Recent Project Completions include</b>			
Nil to report this quarter.			

**STRATEGIC PROPERTY**

9.3% Spent / 23.1% inclusive of commitments)

<u>NEW</u>	<b>Revised Budget \$000</b>	<b>Commitment &amp; Actuals \$000</b>	<b>Balance Remaining \$000</b>
<b>On Track</b>			
• Tranche 1	1,276	579	697
The majority of construction is complete on the Tranche 1 projects (Ryans Road, Walpole Road Stage 1 and 2 and Diment Road and final sales/settlements on the projects are being finalised. Only the final landscaping of the Kaurna Reserve and footpath works at Ryans Road remains to be committed. A Tranche 1 reconciliation of costs and revenue is underway along with a process to resolve the GST Margin Scheme application over the four projects, which could represent a further increase to the project net returns, anticipated for a response by 30 December 2016.			
• Tranche 2	6,661	1,952	4,709
The Walpole 3 Boardwalk project within Tranche 2 has reached Practical Completion for both civil and landscape. Sales commenced in April and first settlements occurred in late August. Early sales have been very strong on this project and additional revenue is forecast as part of BR1 as a result of allotment repricing. The balances of the Tranche 2 projects are having final business case investigations completion prior to any decision to proceed to construction/sale.			
<b>Recent Project Completions include</b>			
Nil to report this quarter			



### Appendix 5 – Savings from New Initiative Bids

During the preparation of the 2016/17 budget the following bids were approved which had associated savings. These operational savings have been included into the 2016/17 budget.

New Initiative Bid	2016/17 Saving
21478 Public Lighting Program	\$28,000
22802 Fleet Purchase	\$4,000
23416 Central Control Irrigation System Renewal	\$2,000
<b>TOTAL</b>	<b>\$34,000</b>

## Appendix 6 – Business Units

### Salisbury Memorial Park

Details	Year to Date			Full Year		
	Actual \$'000s	Budget \$'000s	Variance \$'000s	Rev. Bud \$'000s	Orig. Bud \$'000s	Forecast \$'000s
Revenue	135	113	22	478	478	478
Expenditure	99	104	4	397	397	397
<b>Surplus/(Deficit)</b>	<b>36</b>	<b>9</b>	<b>27</b>	<b>81</b>	<b>81</b>	<b>81</b>

The overall net result for Salisbury Memorial Park as at the First Quarter shows a surplus of \$36k compared to the budgeted surplus of \$9k. This positive position is attributed to an increase in leases and burials during this quarter. Total new burial leases for the quarter were 5 with total burials for the quarter reaching 16. Total new cremation leases for the quarter were 6, with 11 cremations into existing sites.

With the completion of the Water Feature , Rotunda / Niche Wall development and surrounding garden bed upgrades we, in conjunction with Corporate Communications , are currently designing a new marketing program which will include new Cemetery Information Brochures , Pull Up Banners, advertising in Senior Magazines and setting up information booths at retirement village expo's. It is expected that this program will provide increased revenue opportunities.

**Building Rules Certification Unit**

Details	Year to Date			Full Year		
	Actual \$'000s	Budget \$'000s	Variance \$'000s	Rev. Bud \$'000s	Orig. Bud \$'000s	Forecast \$'000s
Revenue	178	122	56	484	484	484
Expenditure	60	81	21	297	297	297
<b>Surplus/(Deficit)</b>	<b>118</b>	<b>41</b>	<b>77</b>	<b>187</b>	<b>187</b>	<b>187</b>

Actual income to the end of the First Quarter has exceeded the budget by 46% due mainly to an increase in lodged external applications above Business Plan predictions. A downturn in these numbers is expected at the end of the next quarter, in line with season fluctuations. The YTD expenditure is \$21k favourable due to lower than expected contractual services and expenditure having been incurred late in this period that will be reconciled in the next period.

### Salisbury Water

Details	Year to Date			Full Year		
	Actual \$'000s	Budget \$'000s	Variance \$'000s	Rev. Bud \$'000s	Orig. Bud \$'000s	Forecast \$'000s
External Income	200	272	(72)	2,681	2,681	2,681
Internal Income	112	137	25	2,732	2,732	2,732
<b>Total Income</b>	<b>312</b>	<b>409</b>	<b>(97)</b>	<b>5,413</b>	<b>5,413</b>	<b>5,413</b>
Expenditure	1,124	1,169	45	4,941	4,867	4,941
<b>Surplus/(Deficit)</b>	<b>(812)</b>	<b>(760)</b>	<b>(52)</b>	<b>472</b>	<b>546</b>	<b>472</b>

The Salisbury Water Business Unit completed the first quarter of the 2016/17 financial year with an unfavourable variance against the revised budget of \$52k.

A total of 163 ML of water was distributed to internal and external customers during the quarter of which external sales volume was 144 ML. Internal consumption for the period is 35 ML lower than anticipated due to a late start to the irrigation season and above average rainfall. External consumption is 40 ML lower than anticipated as a result of lower usage by external irrigation customers.

Higher than average rainfall has been received so far this financial year with 261mm recorded at Parafield compared to an average of 156mm for this period. The BOM (Bureau of Meteorology) is now predicting a wetter than average summer. This is most likely to come as intense summer storms and past experience has shown this does not necessarily impact on irrigation demand. From the previous two years budgeting experience, it is recommended that irrigation budget projections not be changed until the third quarter.

Income totalling \$312k has been received to date, which is \$97k below the revised YTD budget expectation. This result is primarily associated with lower than predicted demand by irrigation based customers during the quarter.

Operational expenditure was \$45k below the revised YTD budget. Lower electricity charges for the period contribute to this saving and can be attributed to timing of invoices and lower customer demand.

The full year outlook is for a budget surplus of \$472k.

**Waste Transfer Station (excluding Hard Waste Collection Service)**

Details	Year to Date			Full Year		
	Actual \$'000s	Budget \$'000s	Variance \$'000s	Rev. Bud \$'000s	Orig. Bud \$'000s	Forecast \$'000s
External Income	322	288	34	1,216	1,216	1,216
Internal Income	123	108	15	426	426	426
<b>Total Income</b>	<b>445</b>	<b>396</b>	<b>49</b>	<b>1,642</b>	<b>1,642</b>	<b>1,642</b>
Expenditure	335	311	(23)	1,550	1,550	1,550
<b>Surplus/(Deficit)</b>	<b>110</b>	<b>85</b>	<b>26</b>	<b>92</b>	<b>92</b>	<b>92</b>

The Transfer Station has completed the First Quarter of 2016/17 with a favourable YTD variance of \$26k.

Revenue for the first 3 months was \$49k favourable (\$445k compared to the YTD budget of \$396k). General gate revenue was \$24k favourable. Internal income was \$15k favourable largely due to increased waste generated from storm activity in July and September. Internal revenue associated with the lease costs of the dog pound (\$23k) is fully recognised in this quarter. Scrap metal income was \$8.5k favourable due to scrap metal prices remaining higher than forecast. The future of scrap metal prices remains uncertain and will continue to be monitored and reported.

Expenditure for the corresponding period was unfavourable by \$23k (\$335k against the YTD budget of \$311k). Monitoring of labour costs is ongoing and the transfer of labour hire staff to short term contract positions will result in a reduction in costs. These have been in place whilst the Program Review is underway. An additional \$10k in plant costs were incurred during this period due to breakdown and periodical servicing requirements. Recycling expenditure was \$11k unfavourable due to an increase in concrete and tyre recycling volumes.

The Transfer Station variances will be monitored and it is anticipated that the forecast net position for 2016/17 will be met.

## Appendix 7 – Budgeted Financial Statements

*The Budgeted Financial Statements presented in this Appendix are as originally budgeted.  
Adopted recommendations resulting from this Budget Review will be incorporated subsequently.*

### BUDGETED BALANCE SHEET

YEAR ENDING 30 JUNE	2017 Budget \$000's
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash & Cash Equivalents	20,643
Trade & Other Receivables	4,978
Inventories	6,125
<b>Total Current Assets</b>	<b>31,746</b>
<b>Non-Current Assets</b>	
Financial Assets	988
Equity Accounted Investments in Council Businesses	3,323
Infrastructure, Property, Plant & Equipment	1,364,288
Other Non-Current Assets	30,170
<b>Total Non-Current Assets</b>	<b>1,398,769</b>
<b>TOTAL ASSETS</b>	<b>1,430,515</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Trade & Other Payables	14,570
Borrowings	2,500
Provisions	6,936
<b>Total Current Liabilities</b>	<b>24,006</b>
<b>Non-Current Liabilities</b>	
Trade & Other Payables	1,527
Borrowings	12,079
Provisions	81
<b>Total Non-Current Liabilities</b>	<b>13,687</b>
<b>TOTAL LIABILITIES</b>	<b>37,693</b>
<b>NET ASSETS</b>	<b>1,392,822</b>
<b>EQUITY</b>	
Accumulated Surplus	337,752
Asset Revaluation Reserve	1,035,200
Other Reserves	19,870
<b>TOTAL EQUITY</b>	<b>1,392,822</b>

## BUDGETED STATEMENT OF CHANGES IN EQUITY

YEAR ENDING 30 JUNE	2017 Budget \$000's
<b>ACCUMULATED SURPLUS</b>	
Balance at end of previous reporting period	306,553
Net Result for Year	23,761
Transfers to Other Reserves	(5,510)
Transfers from Other Reserves	12,948
<b>Balance at end of period</b>	<b>337,752</b>
<b>ASSET REVALUATION RESERVE</b>	
Land	317,010
Land Improvements	19,333
Buildings	37,101
Infrastructure	659,066
Library Books	2,338
Joint Ventures - Other comprehensive income	352
<b>Balance at end of period</b>	<b>1,035,200</b>
<b>OTHER RESERVES</b>	
Balance at end of previous reporting period	27,308
Transfers from Accumulated Surplus	5,510
Transfers to Accumulated Surplus	(12,948)
<b>Balance at end of period</b>	<b>19,870</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>1,392,822</b>

**BUDGETED CASH FLOW STATEMENT**

<b>YEAR ENDING 30 JUNE</b>	<b>2017 Budget \$000's</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>Receipts</b>	
Operating Receipts	114,261
Investment Receipts	146
<b>Payments</b>	
Operating Payments to Suppliers and Employees	(83,501)
Finance Payments	(1,881)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>29,025</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>Receipts</b>	
Amounts Specifically for New /Upgraded Assets	5,694
Sale of Real Estate Developments	14,804
Repayments of Loans by Community Groups	3
<b>Payments</b>	
Expenditure on Renew al/Replacement of Assets	(18,510)
Expenditure on New /Upgraded Assets	(24,515)
Expenditure - Real Estate developments	(2,433)
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(24,957)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments	
Repayments of Borrowings	(2,561)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>(2,561)</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>1,507</b>
<b>Cash &amp; Cash Equivalents at Beginning of Period</b>	<b>19,136</b>
<b>Cash &amp; Cash Equivalents/Movements in Borrowings at End of Period</b>	<b>20,643</b>



## BUDGETED UNIFORM PRESENTATION OF FINANCES

<b>YEAR ENDING 30 JUNE</b>	<b>2017 Budget \$000's</b>
Operating Revenues	114,514
less Operating Expenses	111,325
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>3,189</b>
<b>Less: Net Outlays on Existing Assets</b>	
Capital Expenditure on Renewal/Replacement of Existing Assets	18,510
less Depreciation, Amortisation & Impairment	25,565
	<b>(7,055)</b>
<b>Less: Net Outlays on New and Upgraded Assets</b>	
Capital Expenditure on New /Upgraded Assets	26,948
less Amounts Specifically for New /Upgraded Assets	5,694
less Proceeds from Sale of Surplus Assets	14,804
	<b>6,450</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>3,794</b>