

AGENDA

FOR BUDGET AND FINANCE COMMITTEE MEETING TO BE HELD ON

20 FEBRUARY 2017 AT THE CONCLUSION OF THE POLICY AND PLANNING COMMITTEE

IN THE COUNCIL CHAMBER, 12 JAMES STREET, SALISBURY

MEMBERS

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

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 Communications and Customer Relations, Mr M Bennington Acting Manager Governance, Ms J Rowett Team Leader Corporate Communications, Mr C Treloar Governance Support Officer, Ms K Boyd

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Budget and Finance Committee Meeting held on 23 January 2017.

PRESENTATIONS

REPORTS

Administra	tion
6.0.1	Future Reports for the Budget and Finance Committee
6.0.2	Appointment of Deputy Chairman - Budget and Finance Committee 11
6.0.3	Minutes of the Program Review Sub Committee meeting held on Monday 13 February 2017
Finance	
6.1.1	Council Finance Report - January 2017 19
6.1.2	Second Quarter Budget Review 2016/17 25
Business U	Inits
6.7.1	Salisbury Water Hardship Policy for Residential Customers Review (00187/2015)

OTHER BUSINESS

CONFIDENTIAL ITEMS

6.9.1 Minutes of the Confidential Program Review Sub Committee meeting held on Monday 13 February 2017

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

- Disclosure of this matter would enable information that may have implications for resourcing/service levels to be considered in detail prior to a Council position in relation to the matter being determined.

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 13 February 2017** 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

23 JANUARY 2017

MEMBERS PRESENT

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

STAFF

Chief Executive Officer, Mr J Harry General Manager Business Excellence, Mr C Mansueto General Manager City Development, Mr T Sutcliffe Acting General Manager City Infrastructure, Mr D Roy General Manager Community Development, Ms P Webb Manager Governance, Ms T Norman Manager Communications and Customer Relations, Mr M Bennington Governance Coordinator, Ms J Rowett Governance Support Officer, Ms K Boyd

The meeting commenced at 7:13 pm.

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

APOLOGIES

Apologies were received from Mayor G Aldridge and Cr C Buchanan.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr G Reynolds Seconded Cr S Reardon

The Minutes of the Budget and Finance Committee Meeting held on 12 December 2016, be taken and read as confirmed.

CARRIED

Moved Cr L Caruso Seconded Cr D Pilkington

The Minutes of the Confidential Budget and Finance Committee Meeting held on 12 December 2016, be taken and read as confirmed.

CARRIED

REPORTS

Administration

6.0.1 Future Reports for the Budget and Finance Committee

Moved Cr L Caruso Seconded Cr D Pilkington

1. The information be received.

CARRIED

OTHER BUSINESS

Cr B Vermeer sought leave to make a personal explanation and leave was granted.

Cr Vermeer advised of his intention to resign as the Levels Ward representative at the end of February 2017 on the basis of a change to his employment circumstances which will see him moving interstate.

Cr R Zahra thanked the Committee for supporting him in his role as Chairperson over the past two months.

CLOSE

The meeting closed at 7:26 pm.

CHAIRMAN.....

DATE.....

City of Salisbury

ITEM	6.0.1
	BUDGET AND FINANCE COMMITTEE
DATE	20 February 2017
HEADING	Future Reports for the Budget and Finance Committee
AUTHOR	Michelle Woods, Projects Officer Governance, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	This item details reports to be presented to the Budget and Finance Committee as a result of a previous Council resolution. If reports have been deferred to a subsequent month, this will be indicated, along with a reason for the deferral.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

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

2. CONSULTATION / COMMUNICATION

- 2.1 Internal
 - 2.1.1 Report authors and General Managers.
- 2.2 External
 - 2.2.1 Nil.

3. **REPORT**

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

Meeting -	Heading and Resolution	Officer
Item	-	
29/04/2013	Fees and Charges Report - Waste Transfer Station	Sam Kenny
6.4.4	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.	
Due:	June 2017	
26/04/2016	Project Budget Delegations	Kate George
6.1.1	4. The Project Budget Delegation be reviewed during	
	the 2017/18 Budget process.	
Due:	April 2017	
28/11/2016	Program Review Update	Charles Mansueto
6.0.2-PRSC2	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.	
Due:	March 2017	
Deferred to:	April 2017	
Reason:	Further time required to complete report.	
28/11/2016	Program Review Update	Charles Mansueto
6.0.2-PRSC2	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.	
Due:	June 2017	

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:	Exec Group	GMBE	GMCI
Date:	14/02/17	09/02/17	09/02/17

ITEM	6.0.2
	BUDGET AND FINANCE COMMITTEE
DATE	20 February 2017
HEADING	Appointment of Deputy Chairman - Budget and Finance Committee
AUTHOR	Joy Rowett, Governance Coordinator, CEO and Governance
CITY PLAN LINKS	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
SUMMARY	This report provides information with respect to the appointment and role of Deputy Chairman of the Budget and Finance Committee. In accordance with the Terms of Reference of the Budget and Finance Committee, an appointment is required to be made.

RECOMMENDATION

1. Cr ______ be appointed as Deputy Chairman of the Budget and Finance Committee for a term of ______.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 At the December 2016 Council meeting it was resolved (Resolution Number 1517/2016):
 - 1.1.1 Cr Betty Gill be appointed as Deputy Chairman of the Budget and Finance Committee until the conclusion of the January 2017 round of meetings.
- 1.2 The Committee is now required to make a new appointment for the position of Deputy Chairman.

2. REPORT

- 2.1 The Terms of Reference for the Budget and Finance Committee provides for the appointment of the Deputy Chairman at the first meeting of the Committee for a term determined by the Council.
- 2.2 The Deputy Chairman acts in the role of Chairman in their absence.

3. CONCLUSION / PROPOSAL

3.1 In accordance with the Terms of Reference for the Budget and Finance Committee, the Committee is now asked to consider the position of Deputy Chairman and determine who should fulfil this role and for what term.

CO-ORDINATION

Officer: Date: Executive Group 13/02/2017

ITEM	6.0.3
	BUDGET AND FINANCE COMMITTEE
HEADING	Minutes of the Program Review Sub Committee meeting held on Monday 13 February 2017
AUTHOR	Charles Mansueto, General Manager Business Excellence, Business Excellence
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	The minutes and recommendations of the Program Review Sub Committee meeting held on Monday 13 February 2017 are presented for Budget and Finance Committee's consideration.

RECOMMENDATION

1. The information contained in the Program Review Sub Committee Minutes of the meeting held on 13 February 2017 be received and noted and that the following recommendations contained therein be adopted by Council:

PRSC1 Appointment of Deputy Chairman - Program Review Sub Committee

1. Cr L Caruso be appointed as Deputy Chairman of the Program Review Sub Committee for the remainder of the term of Council.

PRSC2 Program Review Brief - Strategic Development Projects

- 1. The information be received.
- 2. The Strategic Development Projects Program Review Project Brief and Background Paper as set out in Attachment 1 and 2 to the Program Review Sub-Committee Report (Item No. PRSC1, 13/02/2017) be endorsed.

PRSC3 Program Review Budget Update

1. That the information be noted.

ATTACHMENTS

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

1. Minutes Program Review Sub Committee - 13 February 2017

CO-ORDINATION

Officer:	GMBE
Date:	16/02/2017



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

13 FEBRUARY 2017

MEMBERS PRESENT

Cr E Gill (Chairman) Mayor G Aldridge (*from 7:41pm*) Cr S Bedford Cr D Bryant Cr C Buchanan Cr G Caruso Cr L Caruso

OBSERVERS

Cr J Woodman

STAFF

Chief Executive Officer, Mr J Harry General Manager, City Development, Mr T Sutcliffe General Manager, City Infrastructure, Mr M Van der Pennen General Manager Business Excellence, Mr C Mansueto Acting Manager Governance, Ms J Rowett

The meeting commenced at 7:38pm.

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

APOLOGIES

Nil

LEAVE OF ABSENCE Nil

PRESENTATION OF MINUTES

Moved Cr D Bryant

Seconded Cr S Bedford

The Minutes of the Program Review Sub Committee Meeting held on 05 December 2016, be taken and read as confirmed.

CARRIED

REPORTS

PRSC1 Appointment of Deputy Chairman - Program Review Sub Committee

Moved Cr L Caruso Seconded Cr G Caruso

1. Cr L Caruso be appointed as Deputy Chairman of the Program Review Sub Committee for the remainder of the term of Council.

CARRIED

Mayor G Aldridge entered the meeting at 7:41pm.

PRSC2 Program Review Brief - Strategic Development Projects

Moved Cr G Caruso Seconded Cr C Buchanan

- 1. The information be received.
- 2. The Strategic Development Projects Program Review Project Brief and Background Paper as set out in Attachment 1 and 2 to the Program Review Sub-Committee Report (Item No. PRSC1, 13/02/2017) be endorsed.

CARRIED

PRSC3 Program Review Budget Update

Moved Cr G Caruso Seconded Mayor G Aldridge

1. That the information be noted.

CARRIED

OTHER BUSINESS Nil

CONFIDENTIAL ITEMS

PRSC4 Program Review Findings for Technical Services Division, Projects Division and Project Support Team

Moved Cr L Caruso Seconded Mayor G Aldridge

- 1. Pursuant to Section 90(2) and (3)(a) 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 would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).
- 2. In weighing up the factors related to disclosure,
 - disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations
 - Non disclosure of this matter would enable information that may have implications for resourcing/service levels to be considered in detail prior to a Council position in relation to the matter being determined.

On that basis the public's interest is best served by not disclosing the **Program Review Findings for Technical Services Division**, **Projects Division and Project Support Team.** item and discussion at this point in time.

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

CARRIED

The meeting moved into confidence at 7:47pm.

The meeting moved out of confidence at 8:34pm.

CLOSE

The meeting closed at 8:35pm.

CHAIRMAN.....

DATE.....

ITEM	6.1.1
	BUDGET AND FINANCE COMMITTEE
DATE	20 February 2017
HEADING	Council Finance Report - January 2017
AUTHOR	Tim Aplin, Senior Accountant, Business Excellence
CITY PLAN LINKS	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.
SUMMARY	This report provides some key financial data as at 31 January 2017 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 and variable borrowings at the end of the preceding month, together with all investments held, their terms and interest rates. Also included is a summary of Reserve Balances and Rates and Debtor Information. The policy requires that the timing of these reports be November, February and May, with the end of year report as soon as practical as part of the end of financial year reporting.

2. CONSULTATION / COMMUNICATION

2.1 Internal

2.1.1 N/A

2.2 External

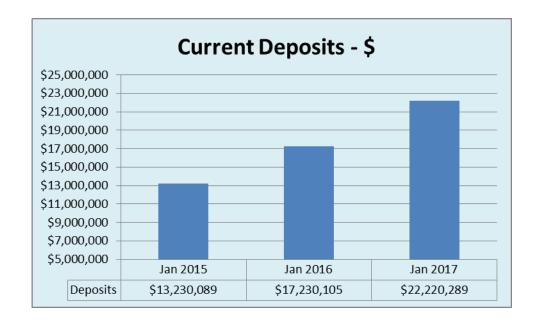
2.2.1 N/A

3. REPORT

3.1 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.

Date	Institution	%	Term-Days	Maturity	Value \$
13-Jan-2017	LGFA	1.70%	30 Days	13-Feb-2017	2,000,000
24-Jan-2017	LGFA	1.70%	30 Days	23-Feb-2017	4,000,000
31-Jan-2017	LGFA	1.50%	At Call	31-Jan-2017	547,580
31-Jan-2017	NAB	2.00%	At Call	31-Jan-2017	15,672,709
31-Jan-2016	17,230,105				22,220,289

3.2 Investments as at 31 January 2017



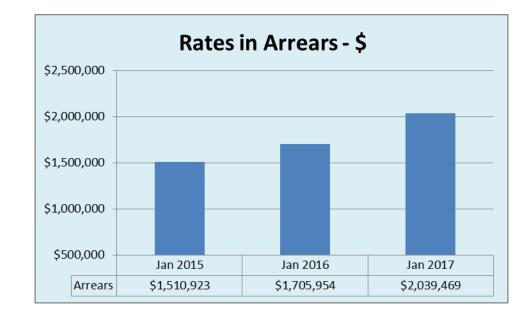
3.3 An increased level of cash investments at 31 January 2017, when compared to prior years is a result of an increase in Property Development sales that have been occurring at the Walpole, Ryans and Diment Road Developments over the past two years.

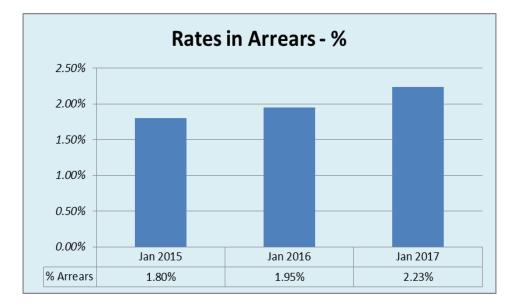
	Opening Balance 1 July 2016	Transfer to Reserves YTD	Transfer From Reserves YTD	Current Balance
Plant Replacement	928,584	0	45,532	883,052
Open Space	1,771,322	13,020	810,000	974,342
Car Parking Fund	943,714	8,572	0	952,286
Business Units	1,881,424	0	0	1881,424
Property Disposal	4,418,098	0	0	4,418,098
Subdivision Works	1,586,767	81,671	0	1,668,438
Cemetery Maintenance Fund	866,013	7,866	0	873,879
Mausoleum Perpetual Care Fund	690,412	23,852	0	714,264

3.4 Reserves as at 31 January 2017

- 3.5 Reserves are a device used to ensure that Council has sufficient funds allocated for specific purposes. Transfers to Reserves represent amounts received as contributions, indicative interest adjustments and property disposal proceeds. Transfers from the Reserves represent the funding being applied to specific projects, or to reduce loan borrowing requirements.
- 3.6 At 31 January 2017 the most significant movements are the transfers from the Plant Replacement Reserve \$46k for replacements items purchased and transfers from the Open Space Reserve \$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.
- 3.7 Other significant movements include amounts transferred to the Subdivision Works Reserve of \$82k (contributions received of \$66k and interest allocated of \$16k) 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.
- 3.8 Recovery of Rates

	No. of Accounts	\$	%
Outstanding Balance as at 31 January 2017		36,466,675	39.93
Outstanding Balance as at 31 January 2016		35,044,343	40.03
Outstanding Rates Arrears as at 31 January 2017	4,749	2,039,469	2.23
Outstanding Rates Arrears as at 31 January 2016	4,701	1,705,954	1.95





- 3.9 The level of Council Rates in arrears at 31 January 2017 is 2.23%. 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 Councils debt collection agency.
- 3.10 Staff are currently assessing information and processes to identify if any opportunities exist to improve the level of Rates arrears, including comparisons to other Councils.

Debtor Type	Current	30 – 60 Days	60 – 90 Days	Over 90 Days	Total
Sundry	790,674	52,019	2,850	23,065	868,608
Salisbury Water	0	1,562	0	0	1,562
Inflammable Undergrowth	7,778	0	0	0	7,778
Additional Bins	3,453	392	1,153	47	5,045
Health Licensing Fees	6,295	2,060	574	1,455	10,384
Property Management	7,700	39,287	9,371	5,915	62,273
Total	815,900	95,320	13,948	30,482	955,650

3.11 Other Debtors as at 31 January 2017

- 3.12 The above aged analysis represents Councils other debtors as at 31 January 2017. In the current Sundry Debtors (\$790,674) there are two large invoices, one being Temple Christian College \$330k for a 50% contribution towards the oval upgrade as part of the Fairbanks Drive Project, the other being Bethany Christian School \$187k for a 50% contribution towards the carpark upgrade as part of the Fairbanks Drive Project. The \$187k has since been paid in February 2017.
- 3.13 The above aged analysis represents Councils debts outstanding as at 31 January 2017. Debts outstanding greater than 90 days account for 3.19% of the total outstanding balance. Debts that are outstanding for greater than 30 days are subject to council's debt collection procedures, which could include internal follow up and ultimately legal action through Councils debt collection agency.

3.14 Loan Schedule as at 31 January 2017

Debenture Loans	\$
Principal Outstanding as at 1 July 2016	17,140,315
Loans Raised Year To Date	0
Repayment of Principal Year to Date	1,259,253
Loan Principal Outstanding	15,881,062
Comparative amount as at 31 January 2016	18,351,311
Cash Advance Debentures (CAD's)	
Total CAD's available	28,747,000
Current Drawdowns YTD	0
Interest Payments	
Interest Payments - Debenture Loans	663,648
Interest Payments - CADS	0

- 3.15 The above Loan Schedule summarises the position on loans taken for Council purposes. Fixed Term Borrowings detail total movements this financial year, with payments to be made half yearly, the first payment made in December 2016 and another due in June 2017. As at 31 January 2017 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.
- 3.16 Not included in the above loan schedule is the \$500,000 Debenture Loan recently secured for special purpose borrowings, however this is offset by a \$500,000 Loan Receivable.



4. CONCLUSION / PROPOSAL

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

CO-ORDINATION

Officer:	Executive Group
Date:	13/02/2017

ITEM	6.1.2
	BUDGET AND FINANCE COMMITTEE
DATE	20 February 2017
HEADING	Second Quarter Budget Review 2016/17
AUTHORS	Leigh Daddow, Senior Management Accountant, Business Excellence Kate George, Manager Financial Services, Business Excellence
CITY PLAN LINKS	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

Sundry Projects Fund to \$463,950.)

- 1. The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) be endorsed and net operating \$143,850, net capital \$744,000 be debited to the Sundry Project Fund. This will bring the balance to **\$887,850**.
- 2. Funds be allocated for the following **non-discretionary** net bids:

OPERATING

	Youth Sponsorship Network Modelling, East West Links	\$ \$	27,900 50,000
CAPITA	L		
-	Traffic Management Device – RM Williams Dr / Wright Rd	\$	200,000
•	St Kilda Tube Slide	\$	146,000
TOTAL		\$	423,900

(NB: If parts 1 & 2 of this resolution are moved as recommended this will bring the balance of the

3. Funds be allocated for the following **discretionary** net bids:

CAPITAL

•	St Kilda Breakwater Lighting	\$ 46,000
•	St Kilda Playground Wave Slide Renewal	\$ 270,000
•	Pauls Drive Valley View	\$ 100,000
TOTAL		\$ 416,000

(*NB: If parts 1,2 & 3 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to \$47,950.*)

- 4. Council approve the following transfers:
 - Transfer \$49,700 from Employment Pathways within Economic Development to part fund the new position of Coordinator Economic Growth endorsed through the Program Review.
 - A non-discretionary transfer of \$529,000 capital from Boardwalk MOSS Reimbursement to Mawson Lakes Interchange Pedestrian & Cycle Path. (Works and Services - January Item 2.6.1)
 - A non-discretionary transfer of \$300,000 capital from Acquisition Stanley Street to Mawson Lakes Interchange Pedestrian & Cycle Path. (Works and Services - January Item 2.61)
 - 4. Transfer \$37,000 capital from St Kilda Channel Renewal to St Kilda Sea Wall (Resolution 1338/2016)
 - Transfer \$56,000 capital from City Pride Street Tree Renewal Program to St Kilda Playground. (Resolution 1338/2016)
 - 6. Transfer \$7,000 capital from Skytrust project to operating for Organisational Charter Fusion Add-in.
 - 7. Transfer of \$24,300 from Fleet to Wages & Salaries budgets due to the cessation of vehicles as part of Managers salary packaging.
 - Transfer of \$53,400 from Fleet to Parks and Landscape due to the allocation of plant to Field Services.
- 5. Investments / Borrowings be varied to reflect the bids and transfers endorsed by Council detailed in parts 1 to 4 of this resolution.

(NB: If parts 1 to 4 of this resolution are moved as recommended investments in 2016/17 will increase by \$47,950.)

ATTACHMENTS

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

1. Second 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 Second 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 \$3,180k. 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 \$78k, with Capital Bids totaling \$762k. All bids except Network Modelling East West Links, 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 \$48k, taking change in investment balance for 2016/17 to \$303k, noting also that there is an improved position for the property disposal reserve.
- 3.4 The original expenditure budget for the capital program was \$44.7M and has been increased by carry forwards and grant funds to become \$59.9M. The table below provides percentage completed details.

		% of Original Budget (\$44.7M)	% of Revised Budget (\$59.9M)
Spent to Date	\$14.7M	32.8%	24.5%
Spend + Commitments	\$20.8M	46.4%	34.6%

3.5 A number of capital projects have experienced external delays and consequently the timing delivery of these projects will vary to initial expectations. These include Para Hills Community Hub \$2.1M, Diment Road Burton / Direk Upgrade \$3.5M, Mawson Lakes Interchange – Pedestrian & Cycle \$2.2M and Strategic Property Development projects \$3.7M.

4. CONCLUSION / PROPOSAL

4.1 It is proposed that Council consider the Second Budget Review 2016/17 Report attached and endorse the Recommendations as detailed on pages 12 and 13 of the attached document, and above.

CO-ORDINATION

Officer:	Executive Group	GMBE
Date:	13/02/2017	16/02/2017



SECOND QUARTER BUDGET REVIEW 2016/17 REPORT

For the period ended 31 December 2016

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1. Executive Summary

We commenced 2016/17 with a budgeted operating surplus of \$3,189k. The operating budget surplus was revised to \$2,973k at the first quarter budget review, and as a result of this budget review we are reviewing our operating budget surplus to \$3,180k.

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:-

2016/17 Operating Budget Forecast	\$
Original Budgeted Operating Surplus	3,189
2015/16 Operating Carry Forward Projects 2016/17 Operating Carry Forward Projects - Estimated	(1,385) 1,200
First Quarter Budget Review Adjustments Second Quarter Budget Review Adjustments	(31) 208
Forecast Operating Surplus / (Deficit)	3,180

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) at the First Quarter Budget Review and adjustments of \$208k included in this Budget Review will bring the surplus to \$3,180k.

Capital Works Program

The Capital Works spend to date is \$14.7M or 32.8%, and inclusive of commitments is \$20.8M or 46.4% 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 \$59.9M with the year to date spend of \$14.7M being 24.5% of the revised budget and \$20.8M or 34.6% inclusive of commitments. Detailed analysis of the capital program and the status of individual projects are contained within Appendix 4.

Sundry Projects Fund

The overall impact of budget variations is a favourable \$888k as detailed in Appendix 1. New budget bids total \$424k non-discretionary and \$416k discretionary, with \$762k being Capital bids. This budget review results in an increase in investments of \$48k, 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 an increase in investments of \$48k, and no new borrowings are estimated to be required at this stage. Further details are contained in Sections 3.2 and 4.

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2. New Bid Proposals

New/Additional Capital Bids	Expenditure	Funding	Net Bid
NON DISCRETIONARY – CAPITAL BIDS	\$	\$	\$
Traffic Management Device:- RM Williams Drive and Wright Road, Walkley Heights (Resolution 1507/2016)	600,000	400,000	200,000
As reported to the Works and Services Committee, 12 December 2016, Item 2.4.1, Council was successfully awarded new grant funding to contribute towards the construction of a new roundabout at the intersection of RM Williams Drive and Wright Road, eastern intersection.			
St Kilda Tube Slide (<i>Resolution 1504/2016</i>) As reported to the Works and Services Committee, 12 December 2016, Item 2.4.1, an additional funding of \$146,000 is required to decommission and modify slide 7, for installation between slides 5 & 6 at St Kilda Playground	146,000		146,000
TOTAL - NON-DISCRETIONARY - CAPITAL BIDS	746,000	400,000	346,000

New/Additional Capital Bids	Expenditure	Funding	Net Bid
DISCRETIONARY – CAPITAL BIDS	\$	\$	\$
St Kilda Breakwater Lighting (<i>Resolution 1432/2016</i>) As reported to the Works and Services Committee, 21 November 2016, Item 2.6.2, as part of 2nd Quarter Budget Review consideration be give to approving \$46,000 for the installation of three solar lights on the St Kilda Breakwater.	46,000		46,000
St Kilda Playground Wave Slide Renewal (<i>Resolution 1268/2016</i>) As reported to the Works and Services Committee, 15 August 2016, Item 2.6.2, as part of 2nd Quarter Budget Review consideration to be given to approving \$270,000 to fund the new wave slide at St Kilda Playground. It is proposed to locate this second wave slide in the location of the decommissioned slide 7.	270,000		270,000
Pauls Drive Valley View (Resolution 0025/2017) As reported to the Works and Services Committee, 23 January 2017, Item 2.6.1, the application for grant funding to assist with the Pauls Drive bridge modifications, Valley View, Major Flood Mitigation Program, was unsuccessful. Council has approved to retain \$100k to enable an appropriate design solution for further consideration of construction funding.	100,000		100,000
TOTAL - DISCRETIONARY - CAPITAL BIDS	416,000		416,000
TOTAL CAPITAL BIDS	1,162,000	400,000	762,000

New/Additional Operating Bids	Expenditure	Funding	Net Bid
NON DISCRETIONARY - OPERATING BIDS	\$	\$	\$
Youth Sponsorship (<i>Resolution 0035/2017</i>) As reported, Sports, Recreation and Grants Committee 16 January 2017, Item 7.2.1, a non-discretionary bid be submitted to the Second Quarter Budget Review for the amount of \$27,900 to ensure sufficient funds are available for Youth Sponsorship applications to the end of the 2016/17 financial year	27,900		27,900
Network Modelling, East West Links In the original budget was a joint funded initiative for Network Modelling for the east – west links that will be impacted by the NEXY project. Unfortunately we have been advised by the DPTI (Department of Planning Transport and Infrastructure) that they will not be contributing to this modelling and investigation. The unsuccessful funding and Council contribution is declared back to Council as part of this budget review (Item 4 and 24, Budget Variation Summary) and this bid is to reinstate Council funds of \$50,000 to undertake the modelling and development of a strategic business case for Elder Smith Road only, with DPTI offering to provide the base model for these further investigations to be based upon.	50,000		50,000
TOTAL - NON-DISCRETIONARY - OPERATING BIDS	77,900		77,900
TOTAL OPERATING BIDS	77,900		77,900

City of Salisbury

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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.
- 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:

Original Budget 1st July 2016	\$ -
Additions:	
First Quarter Budget Review (Resolution 1457/2016)	1,469,100
Allocations:	
First Quarter Budget Review (Resolution 1457/2016)	(1,214,500)
Impact on Loan Borrowings:	
Increase in Investments - First Quarter (Resolution 1457/2016)	254,600
Balance prior to the consideration of bids	-
Recommendations – Second Quarter Budget Review:	
Variations to Sundry Projects Fund – Appendix 1 Budget Variation Summary	
(Recommendation 1)	
Operating Variations	143,850
Capital Variations	744,000
Balance after Variations to the Sundry Projects Funds	887,850
Allocations arising from bids contained in Section 2	(839,900)
Movements in General Loan Borrowings / Investments:	
Increase in Investments due to bids offset by Operating & Capital Variations	47,950
Net Increase in Investments	47,950
Balance Remaining (subject to review)	-

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. The First Quarter Budget Review increased investment by \$255k, and as a result of this review investments will increase further by \$48k. No new borrowings are estimated to be required at this stage.

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3.3 Consolidated Funding Statement

Consolidated Funding Statement	Second	First Quarter	Original
PART 1 - OPERATING	\$'000	\$'000	\$'000
Operating Revenue - Original Budget First Quarter Budget Review Adjustments (Resolution 1457/2016)	114,513 862	114,513	114,513
Proposed First Quarter Adjustments:			
Operating Income Gains (Appendix 1)	325	698	
Operating Income Losses (Appendix 1) Operating Income Budget Variations (Appendix 1)	(403) 154	126	
Operating New Bids (Considered as part of this Review)	0		
Interest on Reserves Developer Contributions	64 24	38	
Operating Revenue	115,539	115,375	114,513
Operating Expenditure - Original Budget First Quarter Budget Review Adjustments (Resolution 1457/2016)	111,325 2,278	111,325	111,325
Proposed First Quarter Adjustments:			
Operating Expenditure Savings and Declarations (Appendix 1) Operating Expenditure Budget Variations (Appendix 1)	(222) 154	(38) 126	
Operating New Bids (Considered as part of this Review)	78	805	
Operating Carry Forwards	-	1,385	
Other Adjustments	(54)		
Operating Expenditure	113,559	113,603	111,325
Estimated 2016/17 Operating Carry Forwards	1,200	1,200	
Operating Surplus/(Deficit)	3,180	2,973	3,189
PART 2 - CAPITAL AND OTHER ADJUSTMENTS			
PART 2 - CAPITAL AND OTHER ADJUSTMENTS			
Capital Revenue - Original Budget First Quarter Budget Review Adjustments (Resolution 1457/2016)	11,204 64	11,204	11,204
Proposed First Quarter Adjustments:			
Capital Income Losses (Appendix 1)	50	(13)	
Capital Income Gains (Appendix 1) Other Capital Income Budget Variations (Appendix 1)	50 (594)	506 (430)	
Capital New Bids (Considered as part of this Review)	400	(100)	
Capital Revenue	11,125	11,269	11,204
Net Surplus/(Deficit) Resulting From Operations	14,305	14,241	14,393
Capital Expenditure - Original Budget First Quarter Budget Review Adjustments (Resolution 1457/2016)	44,725 17,014	44,725	44,725
Proposed First Quarter Adjustments:			
Capital Carry Forwards	(00.4)	17,273	
Capital Expenditure Savings and Declarations (Appendix 1) Capital New Bids (Considered as part of this Review)	(694) 1,162	(239) 410	
Other Capital Expenditure Budget Variations (Appendix 1)	(594)	(430)	
Capital Expenditure	61,613	61,739	44,725
Principal Repayments Net Transfers to and from Reserves	(2,560) 7,313	(2,560) 7,400	(2,560) 7,438
Prior Year Carry Forward Funds	18,657	18,657	1,100
Estimated Current Year Operating Carry Forward Funds	(1,200)	(1,200)	/
Add Back Depreciation of Non-Current Assets	25,455	25,455	25,455
Cash Surplus/(Deficit/Borrowings)	303	255	0
Descrete d / leure etwa et Deleure (% eres Descrete f	202	255	
Proposed / Investment Balance/(Loan Borrowings)	303	255	

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The Consolidated Funding Statement (CFS) provides a 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, and this has been revised to a forecast surplus of \$3,180k 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 a favourable adjustment of \$208k, 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.

2016/17 Operating Budget Forecast	\$
Original Budgeted Operating Surplus	3,189
2015/16 Operating Carry Forward Projects 2016/17 Operating Carry Forward Projects - Estimated	(1,385) 1,200
First Quarter Budget Review Adjustments Second Quarter Budget Review Adjustments	(31) 208
Forecast Operating Surplus / (Deficit)	3,180

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 a small investments balance of \$303k maintained, as a result of this review.

3.4 Transfer of Funds - (Chief Executive Officer Delegation)

The Wages & Salaries Provision Account has a balance of \$585k as at 31 December 2016, with \$419k savings identified in the December Quarter. There has been a total allocation of \$61k which is for the Senior Contracts & Procurement Officer until June 2017.

3.5 Transfer of Funds Requests

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

- 1. Transfer \$49,700 from Employment Pathways within Economic Development to part fund the new position of Coordinator Economic Growth endorsed through the Program Review.
- 2. A non-discretionary transfer of \$529,000 capital from Boardwalk MOSS Reimbursement to Mawson Lakes Interchange Pedestrian & Cycle Path. (Resolution 0025/2017)
- A non-discretionary transfer of \$300,000 capital from Acquisition Stanley Street to Mawson Lakes Interchange Pedestrian & Cycle Path. (Resolution 0025/2017)
- Transfer \$37,000 capital from St Kilda Channel Renewal to St Kilda Sea Wall (Resolution 1338/2016)
- Transfer \$56,000 capital from City Pride Street Tree Renewal Program to St Kilda Playground. (Resolution 1338/2016)
- Transfer \$7,000 capital from Skytrust project to operating for Organisational Charter Fusion Add-in.
- 7. Transfer of \$24,300 from Fleet to Wages & Salaries budgets due to the cessation of vehicles as part of Managers salary packaging.
- Transfer of \$53,400 from Fleet to Parks and Landscape due to the allocation of plant to Field Services.

For reference there has been no utilisation in the Second 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.

4. Loan Borrowings/Investments and Reserves

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

Original Budget 1st July 2016	\$ -
First Quarter Budget Review 2016/17 Variation to (General Borrowing Requirements)/Investments (Resolution 1457/2016)	254,600
Second Quarter Budget Review 2016/17	
Variation to (General Borrowing Requirements)/Investments recommended	47,950
Special Purpose Borrowings	500,000
Offset by Loan Receivables	(500,000)
Revised (Borrowings)/Investments 2016/17 Subject to this Review	302,550

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 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 increased in investments by \$255k. The Second Quarter Budget Review shows a further slight increase in investment by \$48k; noting also that there is an improved position for the property disposal reserve with more detail contained within Section 3.2.

Reserves

	Year to Date	Full	Year
Details	Actual \$000's	Rev.Bud	Orig.Bud
		\$000's	\$000's
Transfers to Reserves	125	5,635	5,510
Transfers from Reserves	856	12,948	12,948
Total	(731)	(7,313)	(7,438)

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 \$143,850, net capital \$744,000 be debited to the Sundry Project Fund. This will bring the balance to \$887,850.
- 2. Funds be allocated for the following non-discretionary net bids:

OPERATING

	Youth Sponsorship	\$ 27,900
	Network Modelling, East West Links	\$ 50,000
ита		

CAPITAL

-	Traffic Management Device – RM Williams Dr/ Wright Rd	\$ 200,000
•	St Kilda Tube Slide	\$ 146,000
TOTAL		\$ 423,900

(NB: If parts 1 & 2 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to \$463,950.)

3. Funds be allocated for the following **discretionary** net bids:

CAPITAL

•	St Kilda Breakwater Lighting	\$ 46,000
•	St Kilda Playground Wave Slide Renewal	\$ 270,000
•	Pauls Drive Valley View	\$ 100,000
TOTAL		\$ 416,000

(NB: If parts 1,2 & 3 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to \$47,950.)

- 4. Council approve the following transfers:
 - Transfer \$49,700 from Employment Pathways within Economic Development to part fund the new position of Coordinator Economic Growth endorsed through the Program Review.
 - A non-discretionary transfer of \$529,000 capital from Boardwalk MOSS Reimbursement to Mawson Lakes Interchange Pedestrian & Cycle Path. (Works and Services - January Item 2.6.1)
 - A non-discretionary transfer of \$300,000 capital from Acquisition Stanley Street to Mawson Lakes Interchange Pedestrian & Cycle Path. (Works and Services - January Item 2.61)
 - Transfer \$37,000 capital from St Kilda Channel Renewal to St Kilda Sea Wall (Resolution 1338/2016)
 - Transfer \$56,000 capital from City Pride Street Tree Renewal Program to St Kilda Playground. (Resolution 1338/2016)
 - Transfer \$7,000 capital from Skytrust project to operating for Organisational Charter Fusion Add-in.
 - Transfer of \$24,300 from Fleet to Wages & Salaries budgets due to the cessation of vehicles as part of Managers salary packaging.
 - Transfer of \$53,400 from Fleet to Parks and Landscape due to the allocation of plant to Field Services.
- Investments / Borrowings be varied to reflect the bids and transfers endorsed by Council detailed in parts 1 to 4 of this resolution.

(NB: If parts 1 to 4 of this resolution are moved as recommended investments in 2016/17 will increase by \$47,950.)

Appendix 1 – Budget Variation Summary as at 31 December 2016

Ex 1 As 2 Sa 3 Sa 4 Nee 5 Wi 6 Fiu 7 Bu 8 Pla 9 Bu 10 LG 11 LG 13 Ec 13 Ec 14 Ma 15 Na 16 Re 17 Ec 18 Litt 19 Cc	XTING VARIATIONS xpenditure Savings sset Management System Operating component alisbury Water Business Unit - Electricity alisbury Water Business Unit - Salisbury Water Rebate letwork Modelling, East West Links, unsuccessful funding (Refer Item 24) mcome Gains /aste Transfer Station Scrap Metal ire Notice Expiations uilding Control lanning Assessment uilding rules Certification Unit GA Mutual Liability Scheme Special Distribution GA Mutual Liability Fund Special Distribution mcome Losses alisbury Water Business Unit - External Income conomic Development Office Space Reimbursement	(87,000) (73,000) (12,000) (50,000)	33,900 16,000 15,000 30,000 60,000 122,600 47,400	87,000 73,000 12,000 50,000 16,000 15,000 30,000 60,000 122,600 47,400
1 As 2 Sa 3 Sa 4 Ne 5 W. 6 Fir 7 Bu 9 Bu 10 LG 11 LG 13 Ecc 14 Ma 15 Na 16 Re 17 Ecc 18 Litt 19 Ccc	sset Management System Operating component alisbury Water Business Unit - Electricity alisbury Water Business Unit - Salisbury Water Rebate etwork Modelling, East West Links, unsuccessful funding (Refer Item 24) ncome Gains Vaste Transfer Station Scrap Metal ire Notice Expiations uilding Control lanning Assessment uilding rules Certification Unit GA Mutual Liability Scheme Special Distribution GA Mutual Liability Fund Special Distribution ncome Losses alisbury Water Business Unit - External Income	(73,000) (12,000)	16,000 15,000 30,000 60,000 122,600	73,000 12,000 50,000 16,000 15,000 30,000 60,000 122,600
1 As 2 Sa 3 Sa 4 Ne 5 W. 6 Fir 7 Bu 9 Bu 10 LG 11 LG 12 Sa 13 EC 14 Ma 15 Na 16 Re 17 EC 18 Litt 19 CC	sset Management System Operating component alisbury Water Business Unit - Electricity alisbury Water Business Unit - Salisbury Water Rebate etwork Modelling, East West Links, unsuccessful funding (Refer Item 24) ncome Gains Vaste Transfer Station Scrap Metal ire Notice Expiations uilding Control lanning Assessment uilding rules Certification Unit GA Mutual Liability Scheme Special Distribution GA Mutual Liability Fund Special Distribution ncome Losses alisbury Water Business Unit - External Income	(73,000) (12,000)	16,000 15,000 30,000 60,000 122,600	73,000 12,000 50,000 16,000 15,000 30,000 60,000 122,600
3 Sa 4 Nee 5 Wi 6 Fir 7 Bu 9 Bu 10 LG 11 LG 13 Ec 13 Ec 13 Ec 14 Ma 15 Na 16 Re 17 Ec 18 Litt 19 Cc	alisbury Water Business Unit - Salisbury Water Rebate etwork Modelling, East West Links, unsuccessful funding (Refer Item 24) acome Gains Vaste Transfer Station Scrap Metal ire Notice Explations uilding Control lanning Assessment uilding rules Certification Unit GA Mutual Liability Scheme Special Distribution GA Mutual Liability Fund Special Distribution mcome Losses alisbury Water Business Unit - External Income	(12,000)	16,000 15,000 30,000 60,000 122,600	12,000 50,000 33,900 16,000 15,000 30,000 60,000 122,600
4 Ne Inc 5 W. 6 Fir 7 Bul 9 Bu 10 LG 11 LG 12 Sac 13 Ec 14 Ma 15 Na 16 Re 17 Eu 18 Lut 19 Co	etwork Modelling, East West Links, unsuccessful funding (Refer Item 24) Acome Gains Vaste Transfer Station Scrap Metal ire Notice Explations uilding Control lanning Assessment uilding rules Certification Unit GA Mutual Liability Scheme Special Distribution GA Mutual Liability Fund Special Distribution Mome Losses alisbury Water Business Unit - External Income		16,000 15,000 30,000 60,000 122,600	50,000 33,900 16,000 15,000 30,000 60,000 122,600
Inc 5 W. 6 Fir 7 Bu 8 Pla 9 Bu 10 LG 11 LG 11 LG 13 Ec 13 Ec 14 Ma 15 Na 16 Re 17 Ec 18 Lit 19 Cc	Acome Gains Vaste Transfer Station Scrap Metal ire Notice Explations uilding Control lanning Assessment uilding rules Certification Unit GA Mutual Liability Scheme Special Distribution GA Mutual Liability Fund Special Distribution acome Losses alisbury Water Business Unit - External Income	(50,000)	16,000 15,000 30,000 60,000 122,600	33,900 16,000 15,000 30,000 60,000 122,600
5 W/ 6 Fir 7 Bu 9 Bu 10 LG 11 LG 13 Ec 14 Ma 15 Na 16 Re 17 Ec 18 Litt 19 Cc	Vaste Transfer Station Scrap Metal ire Notice Expiations uilding Control lanning Assessment uilding rules Certification Unit GA Mutual Liability Scheme Special Distribution GA Mutual Liability Fund Special Distribution Income Losses alisbury Water Business Unit - External Income		16,000 15,000 30,000 60,000 122,600	16,000 15,000 30,000 60,000 122,600
6 Fir 7 Bu 9 Bu 10 LG 11 LG 13 Ec 14 Ma 15 Na 16 Re 17 Ec 18 Litt 19 Cc	ire Notice Explations uilding Control lanning Assessment uilding rules Certification Unit GA Mutual Liability Scheme Special Distribution GA Mutual Liability Fund Special Distribution Income Losses alisbury Water Business Unit - External Income		16,000 15,000 30,000 60,000 122,600	16,000 15,000 30,000 60,000 122,600
7 Bu 8 Pla 9 Bu 10 LG 11 LG 11 LG 13 Ec 14 Ma 15 Na 16 Re 17 Ec 18 Litt 19 Cc	uilding Control lanning Assessment uilding rules Certification Unit GA Mutual Liability Scheme Special Distribution GA Mutual Liability Fund Special Distribution Income Losses alisbury Water Business Unit - External Income		15,000 30,000 60,000 122,600	15,000 30,000 60,000 122,600
8 Pla 9 Bu 10 LG 11 LG 13 Ec 13 Ec 14 Ma 15 Na 16 Re 17 Ec 18 Litt 19 Cc	lanning Assessment uilding rules Certification Unit GA Mutual Liability Scheme Special Distribution GA Mutual Liability Fund Special Distribution Income Losses alisbury Water Business Unit - External Income		30,000 60,000 122,600	30,000 60,000 122,600
9 Bu 10 LG 11 LG Int 12 Sa 13 Ec Ad 14 Ma 15 Na 16 Re 17 Ec 18 Litt 19 Cc	uilding rules Certification Unit GA Mutual Liability Scheme Special Distribution GA Mutual Liability Fund Special Distribution Income Losses alisbury Water Business Unit - External Income		60,000 122,600	60,000 122,600
10 LG 11 LG 11 LG 12 Sa 13 Ec 14 Ma 15 Na 16 Re 17 Ec 18 Lit 19 Cc	GA Mutual Liability Scheme Special Distribution GA Mutual Liability Fund Special Distribution Income Losses alisbury Water Business Unit - External Income		122,600	122,600
11 LG Inc 12 Sa 13 Ec 14 Ma 15 Na 16 Re 17 Ec 18 Lit 19 Cc	GA Mutual Liability Fund Special Distribution ncome Losses alisbury Water Business Unit - External Income			
12 Sa 13 Ec 14 Ma 15 Na 16 Re 17 Ec 18 Lib 19 Cc	alisbury Water Business Unit - External Income			
13 Ec Ad 14 Ma 15 Na 16 Re 17 Ec 18 Lit 19 Co	-			
Ad 14 Ma 15 Na 16 Re 17 Ec 18 Lib 19 Co	conomic Development Office Space Reimbursement		(387,050)	(387,050)
14 Ma 15 Na 16 Re 17 Ec 18 Lit			(16,000)	(16,000)
15 Na 16 Re 17 Ec 18 Lib 19 Co	djustments - Nil Effect			
16 Re 17 Ec 18 Lib 19 Co	latsuri on Mobara ****	7,900	7,900	0
17 Ec 18 Lib 19 Co	ative Grass Forum ****	12,100	12,100	0
18 Lib 19 Co	ecreation Services ****	73,500	73,500	0
19 Co	conomic Regional Collaboration additional funding **** ibrary Local Purchase****	68,200 27,000	68,200 27,000	0
	ommunity Health and Wellbeing Commonwealth Grant ****	26,000	26,000	0
	ommunity Health and Wellbeing Social Activities ****	8,000	8,000	0
21 Co	ommunity Health and Wellbeing Domestic Assistance ****	30,000	30,000	0
21 Co	ommunity Health and Wellbeing Home Maintenance ****	30,000	30,000	0
22 En	nergy Efficient Secondment to LGA ****	43,000	43,000	0
	ocal Government Association Work Compensation Scheme Special istribution	45,700	45,700	0
24 Ne	etwork Modelling, East West Links, unsuccessful funding (Refer Item 4)	(50,000)	(50,000)	0
25 Sa	alisbury Water Business Unit - Internal Income	(204,000)	(204,000)	0
26 Sa	alisbury Water Business Unit - Finance Charges	(20,000)	(20,000)	0
Ne	et Impact to Operating Result - Transfer to Sundry Projects Fund	47,400	19,250	143,850
CAPITA	AL VARIATIONS			
De	eferred Projects			
	airbanks Drive Reserve & Transportation (Resolution 0025/2017)	(100,000)		100,000
Ex	xpenditure Savings			
	lajor Flood Mitigation Program - Pauls Drive Valley View: Unsuccessful	(594,000)		594,000
Gr	irant Application (Refer Item 30)			
	ncome Gains		BA 66-	
29 Bio	icycle Network Improvement (Resolution 1507/2016)		50,000	50,000
	djustments - Nil Effect lajor Flood Mitigation Program - Pauls Drive Valley View: Unsuccessful	(594,000)	(594,000)	0
	rant Application (Refer Item 28)	((-
Ne	et Impact to Capital Program	(1,188,000)	(544,000)	744,000
Total Va	ariation			887,850
Transfe				

NB ***** Adjustment to budgets already processed

Appendix 2 - Statement of Comprehensive Income

Salisbury F	Statement of C or the Period E			6	
		Year to Date		Full Y	
	Actual \$000	Rev Bud \$000	Variance \$000	Rev Bud S000	Org Bud
NCOME	\$000	\$000	\$000	5000	\$000
Rates	91,334	91,238	96	91,358	91,358
Statutory Charges	1,930	1,769	161	2,673	2,673
Jser Charges	2,638	3,006	(369)	5,988	5,875
Grants, Subsidies & Contributions	6,441	6,445	(4)	14,288	13,477
nvestment Income	245	134	110	194	147
Reimbursement	159	171	(13)	352	249
Other Revenue	1,073	762	311	945	736
Fotal Income	103,819	103,526	293	115,798	114,513
EXPENSES					
Employee Costs	18,598	20,100	1,502	37,033	37,036
Materials, Contracts and Other Expenses	22,406	24,371	1,965	49,368	46,843
Finance Costs	576	869	293	1,881	1,881
Depreciation, amortisation & impairment	12,787	12,782	(4)	25,592	25,565
fotal Expenses	54,367	58,122	3,755	113,874	111,325
Operating Surplus/(Deficit) before Capital Amounts	49,452	45,404	4,048	1,924	3,189
Net gain (loss) on disposal or revaluation of assets	10	0	10	10,878	10,878
Amounts specifically for new or upgraded assets	310	2,492	(2,182)	5,694	5,694
Physical resources received free of charge	0	0	0	4,000	4,000
Other Comprehensive Income	0	0	0	0	0
Fotal Comprehensive Income	49,772	47,896	1,876	22,496	23,761
Revenue - Cumulative Monthly Compa Actual to Budget	rison of	Expendit	ture - Cumulative Actual to	Monthly Comparis	ion of
-			Actual to	Buuget	
140000		120000]			_
120000 -		100000 -		-	
				_	

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 Second Quarter "nil effect" adjustments as indicated in Appendix 1- Budget Variation Summary. Following Council endorsement the revised budget will reflect all changes contained in this review.

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Period

Actual

Budget

Period

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200

\$000

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 \$96k

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

Statutory Charges – Favourable Variance \$161k

The favourable variance predominantly relates to higher than anticipated income received within Development Services, being Building Fees \$80k, Planning Application Income \$65k and Development Lodgement Fees \$21k. This is slightly offset by lower Dog Licence Income \$28k.

User Charges – Unfavourable Variance \$369k

The unfavourable variance predominantly relates to Salisbury Water \$527k as a result of the later start to the irrigation season and lower demand as a result of above average rainfall conditions. This is offset by higher gate takings at the Waste Transfer Station \$95k and Salisbury Memorial Park \$24k and other minor miscellaneous variances.

Investment Income- Favourable Variance \$110k

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 \$311k

The favourable variance is predominantly related to the Special Distribution Income \$170k and Bonus – Workers Compensation Scheme \$46k received.

Expenditure

Employee Costs - Favourable Variance \$1,502k

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 \$585k and the timing of Superannuation contributions \$286k. In addition, a number of positions are being backfilled by contractors / agency staff \$1,015k, with contractor costs reported in Materials, Contracts and Other Expenses below, but offset by other favourable variances.

Materials, Contracts and Other Expenses - Favourable Variance \$1,965k

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 half has had a significant impact and placed some programs behind schedule as resources were redirected to respond to the recent storm events. 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 \$247k, Tree Planting / Establishment \$102k, Tree Pruning \$96k, General Buildings Maintenance \$140k, Linemarking \$106k, Verge Mowing \$95k and Roadsweeping \$88k.

There are also favourable variances within operating components of capital bids \$388k, Council Building Renewal Program \$186k and Kerb and Gutter Replacement \$37k. Also attributing to the favourable variance across the organisation are Internal Water Charges \$284k and Electricity costs \$271k with part of this variance being declared by the Water Business Unit (\$73k), and a portion relating to timing of payments, and the balance of the variance being retained to offset increasing electricity costs in the second half. There is work underway to review tariff rates and contractual arrangements which has and will continue to result in savings which will monitored to determine if they are sufficient to offset cost increases to come.

The favourable variances are offset in part by a number of positions being backfilled by contractors / agency staff \$1,015k where budgets are provided under Employee Costs.

Finance Costs – Favourable Variance \$293k

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

\frown	,
Salisbury	

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

		Year to Date		Full	Year
	Actual \$000's	Budget \$000's	Variance \$000's	Rev Budget \$000's	Orig Budget \$000's
NET OPERATING RESULT					
Surplus/(Deficit)	49,772	47,896	1,876	22,496	23,761
Represented By:					
KEY DIRECTION REVENUE					
The Prosperous City:					
Transport	768	768	(0)	4,090	
City Planning & Economic Development	1,165	1,000	165	1,690	1,621
The Sustainable City:					
Water Management	785	1,312	(527)	2,825	
Waste Management Parks & Landscape	795	662 58	133 19	1,307 103	
	1 "	00		100	01
The Living City: Recreation, Education & Leisure	791	770	21	848	602
Public Health & Safety	1,156	1,191	(35)	1,583	
Community Development	2,033	1,983	50	3,765	3,683
Enabling Excellence:					
Corporate Support	1,436	1,205	232	1,704	
Governance Treasury	245	134	0 110	2 194	
Grants Commission	3,121	3,121	(0)	6.242	
Rates	91,334	91,238	96	91,358	
Other Miscellaneous Revenue	113	85	29	88	-
Total Operating Revenue	103,819	103,526	293	115,798	
Capital Contributions	320	2,492	(2,172)	20,572	
Total Revenue	104,139	106,019	(1,879)	136,370	135,086
KEY DIRECTION EXPENDITURE					
The Prosperous City:					
Transport	1,922	2,383	461	4,723	4,746
City Planning & Economic Development	2,568	2,914	346	5,783	5,353
The Sustainable City:					
Water Management	2,433	2,360	(73)	3,516	3,466
Waste Management	6,953	6,776	(177)	15,880	
Parks & Landscape	6,840	7,019	178	14,609	14,478
The Living City:					
Recreation, Education & Leisure	3,700	4,096	396	8,460	
Public Health & Safety	2,337	2,596	259	5,418	
Community Development	4,144	4,226	82	8,669	8,457
Enabling Excellence:					
Corporate Support	9,204	10,618	1,414	19,829	
Governance	382	407	25	828	
Treasury	288	564	275	1,313	
Depreciation Other Miscellaneous Expenditure	10,881 2,715	10,881 3,284	569	21,763 3,084	
	2,110	3,204	003	0,004	2.4//
Total Expenditure	54,367	58.122	3,755	113,874	111,32

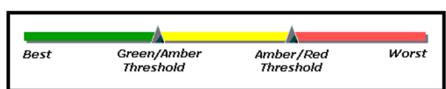
Full Year revised budget includes revisions to expenditure budgets for funds carried forward from 2015/16 into 2016/17. We anticipate a carry forward from 2016/17 into 2017/18, however, at this time specific programs cannot be identified, and this will be brought to account at the end of financial year.

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

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



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

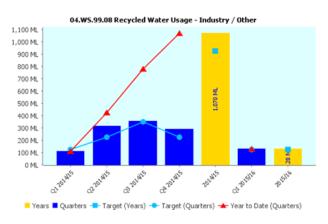
The performance indicator result for the period is shown by the needle on the gauge with the value recoded at the bottom of the gauge.

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

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

Blue Bar

Trend Chart

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.

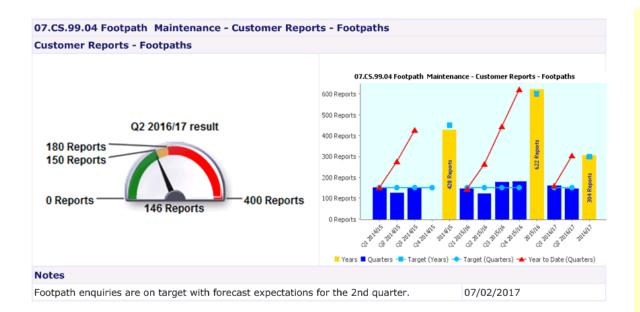
Commentary – Key Direction

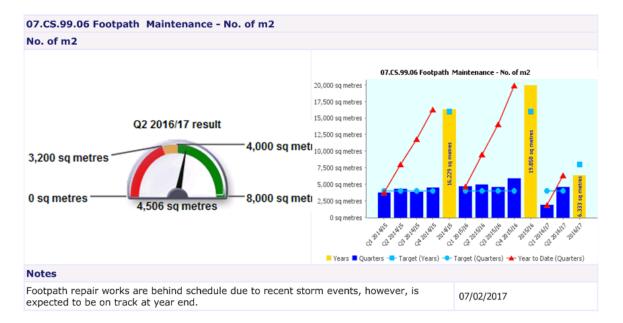
The Prosperous City - Net Unfavourable Variance \$972k

Transport - Net Favourable Variance \$461k

Expenditure - Favourable Variance \$461k

Program/Budget Area	General	Vari	ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Roadworks	GMCI	214		The favourable variance is a result of the timing of various contractual expenditure, including:- Linemarking Maintenance \$106k,	Nil
				Signs \$71k, Minor Capital Civil Works \$37k, and Kerb & Gutter Replacement \$35k.	
				It is anticipated that these programs will align to budget by the end of the financial year.	
Footpath Maintenance	GMCI	247		The favourable variance is predominantly related to the timing of programmed works associated with Footpath Paver Maintenance \$146k and Block Paver Maintenance \$72k.	Nil
				It is anticipated that the program will align to budget by the end of financial year.	





City Planning and Economic Development - Net Favourable Variance \$511k

Revenue - Favourable Variance \$165k

Program/Budget Area	General	Vari	ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Planning Assessment	GMCID	63	30	The favourable variance is primarily related to a large application being received in August for \$19k plus higher than anticipated standard applications received.	Debit \$30,000 to Sundry Projects Fund <i>Refer</i> <i>Appendix 1</i> <i>Budget</i> <i>Variation</i> <i>Summary</i> <i>Item 8.</i>
Building Control	GMCID	26	15	The favourable variance is primarily related to higher than anticipated development lodgement fees received, with 1314 processes as at 31 December 2016, compared to 1277 at the same time last financial year.	Debit \$15,000 to Sundry Projects Fund <i>Refer</i> <i>Appendix 1</i> <i>Budget</i> <i>Variation</i> <i>Summary</i> <i>Item 7.</i>
Building Rules Certification Unit	GMCID	80	60	The favourable variance is primarily related to \$68k higher than anticipated external development applications processed YTD, with 938 processed as at 31 December 2016 compared to 811 at the same time last financial year.	Debit \$60,000 to Sundry Projects Fund <i>Refer</i> <i>Appendix 1</i> <i>Budget</i> <i>Variation</i> <i>Summary</i> <i>Item 9.</i>
Urban Planning	GMCID	(25)	(50)	The unfavourable variance is due to unsuccessful grant funding for the Network Modelling, East West Links.	Credit \$50,000 to Sundry Projects Fund <i>Refer</i> <i>Appendix 1</i> <i>Budget</i> <i>Variation</i> <i>Summary</i> <i>Item 24.</i>

Expenditure - Fav			ance	Comment	A stien Desuined
Program/Budget Area	General Manager			Comment	Action Required
	Wianager	YTD	Permanent		
Urban Planning	GMCID		<u> </u>	The favourable variance is mainly associated with the timing of the Land Feasibility Project \$183k and the unsuccessful grant funding for the Network Modelling, East West Links of \$100k.	Debit \$100,000 to Sundry Projects Fund <i>Refer</i> <i>Appendix 1</i> <i>Budget</i> <i>Variation</i> <i>Summary</i> <i>Item 24.</i>
				As part of this budget review is a bid to retain the \$50k Council allocation to fund towards the Network Modelling.	<i>Refer New Bid</i> <i>Proposals -</i> Network Modelling, East West Links \$50,000.
Development Management	GMCID	34		The favourable variance is associated with the timing of payments for Legal Expenses \$26k and other minor variances.	Nil
Economic Development	GMCID	68		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

\$346L







The Sustainable City - Net Unfavourable Variance \$447k

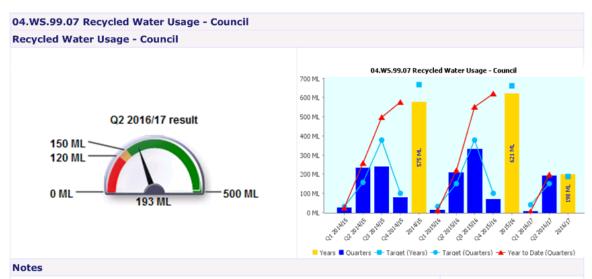
Water Management - Net Unfavourable Variance \$600k

Revenue – Unfavourable Variance \$527k

Program/Budget Area			ance		Commen	ıt	Action Required
	Manager	YTD \$000	Permanent \$000	1			
Salisbury Water	GMBE	(552)	(387)		unfavourable minantly attribu anticipated rainf	variance is utable to higher fall.	Credit \$387,000 to Sundry Projects Fund <i>Refer</i> <i>Appendix 1</i> <i>Budget</i> <i>Variation</i> <i>Summary</i> <i>Item 12.</i>

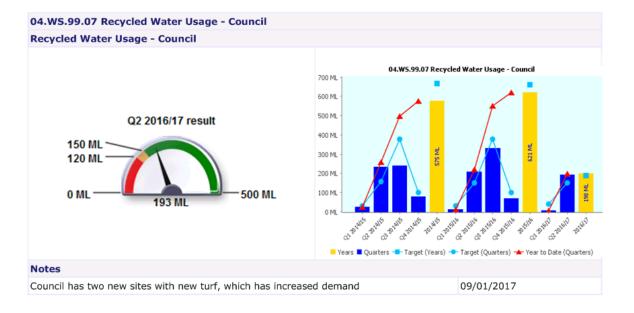
Expenditure – Unfavourable Variance \$73k

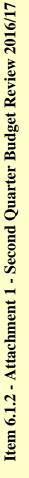
Expenditure – Unfa				Germant	A ati an D a sultant
Program/Budget Area	General Manager	YTD S000	Permanent \$000	Comment	Action Required
Salisbury Water	GMBE	(108)	(139)	The unfavourable variance is predominantly related to lower Internal Water Supply \$280k. This is associated with the higher than anticipated rainfall during the first half of 2016/17 and the resultant lower demand.	Credit \$224,000 to Sundry Projects Fund <i>Refer</i> <i>Appendix 1</i> <i>Budget</i> <i>Variation</i> <i>Summary</i> <i>Item 25 & 26.</i>
				This is partly offset by lower than anticipated electricity costs of \$81k and the timing of payment for Consulting Services \$100k.	Debit \$85,000 to Sundry Projects Fund <i>Refer</i> <i>Appendix 1</i> <i>Budget</i> <i>Variation</i> <i>Summary</i> <i>Item 2 & 3.</i>
Drainage Systems	GMCI	63		The favourable variance predominantly relates to contractual expenditure on reactive underground drainage maintenance works. It is anticipated that budget will align to budget by the end of the financial year.	Nil



Council has two new sites with new turf, which has increased demand







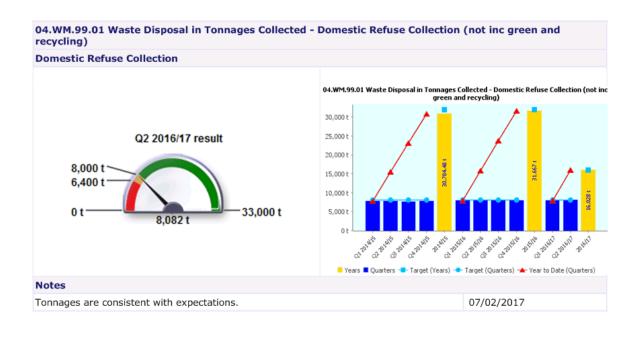
Waste Management - Net Unfavourable Variance \$44k

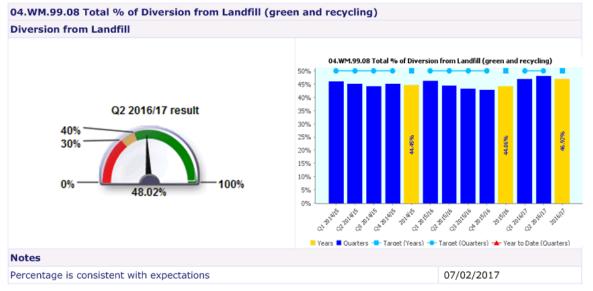
Revenue - Favourable Variance \$133k

Program/Budget Area	General Variance		ance	Comment Action Red	quired
	Manager	YTD \$000	Permanent \$000		
Transfer Station Operations	GMCI	118	34	The predominantly relates than anticipated to scrap metal scurrently higher than budget edDebit \$33 to Sundry Projects H 	y Fund x I n

Expenditure – Unfavourable Variance \$177k

Program/Budget Area	General	Variance		Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Waste Management	GMCI	(210)		The unfavourable variance is associated with additional volumes for Domestic Refuse Collection \$84k, Green Waste \$42k and Kerbside Recycling \$86k. The overall variance of \$210k or 1.8% is a minor variation as compared to the total waste management budget and will be monitored over the remaining quarter.	Nil
Roads	GMCI	130		The favourable variance relates to Roadsweeping of \$88k which is anticipated to increase in coming months due to additional activity associated with the Verge Mowing Program detailed as part of this review. Also, the favourable variance	Nil
				relates to Dumped Rubbish Collection of \$23k due to the redirection of resources, in the short term, to storm event activities.	
Transfer Station Operations	GMCI	(67)		The unfavourable variance predominately relates to vacant substantive positions being backfilled by agency staff and weekend overtime labour. For further detail refer to the Business Unit commentary.	Nil
Domestic Hard Waste Service	GMCI	(22)		The unfavourable variance relates to increased hard waste services provided and is offset by increased income for this function.	Nil





Parks and Landscape - Net Favourable Variance \$197k

Revenue - Unfavourable Variance \$19k										
Program/Budget Area			ance	Comment	Action Required					
	Manager	YTD \$000	Permanent \$000							
Fire Prevention	GMCI	13		No significant variance to report	Nil					

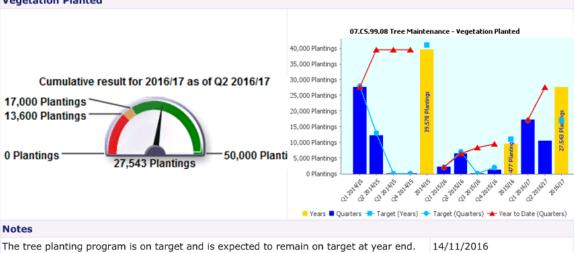
Revenue - Unfavourable Variance \$19k

Expenditure – Favourable Variance \$178k

Program/Budget Area	General	Var	iance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Wetlands & Biodiversity	GMCI	61		The favourable variance is predominately related to lower demands for internal labour in this program which is offset by favourable variance in Parks and Landscape Administration.	Nil
Tree Management	GMCI	115		The favourable variance is predominantly related to the timing of programs for tree unit pruning \$141k and tree planting \$147k. Resources were redirected into other areas, which are now unfavourable due to recent storm events, such as removal of fallen branches \$141k and tree stump removal \$25k. It is anticipated that expenditure will align to budget by the end of the financial year. The impacts of the recent storm event will be subject to a separate Council report	Nil
Reserves & Playgrounds	GMCI	(40)		in February 2017. The unfavourable variance relates to the timing of cost for Softfall installation in Council playgrounds during 16/17.	Nil
Turf & Irrigation	GMCI	(76)		The unfavourable variance relates to timing of Irrigation Maintenance \$38k and Irrigation Management \$23k, with works preformed over the summer period.	Nil
Park Maintenance	GMCI	35	118	The favourable variance predominantly relates to lower usage of internal water \$147k as a result of high rainfall during the first quarter. This is offset by the timing of contractual payments for the Mawson Lakes Maintenance \$86k.	Debit \$118,000 to Sundry Projects Fund <i>Refer</i> <i>Appendix 1</i> <i>Budget</i> <i>Variation</i> <i>Summary</i> <i>Item 25.</i>

Program/Budget Area	General	Vari	iance	Comment	Action Required
Manager	Manager	YTD \$000	Permanent \$000		
Pest	GMCI	(38)		The unfavourable variance is predominately related to materials purchased for Pest Cost within Parks & Landscape.	Nil
Verges (Roads Reserves)	GMCI	89		The favourable variance is related to timing of Verges unit cuts this year and includes additional allocation for increased service levels included in the First Quarter Budget Review.	Nil





The Living City - Net Favourable Variance \$773k

Recreation, Education and Leisure - Net Favourable Variance \$417k

Revenue – Favourable Variance \$21k

Revenue – Favourable variance \$21k								
Program/Budget Area	General	1 Variance		Comment	Action Required			
	Manager	YTD \$000	Permanent \$000					
Community	GMCD	12		No significant variance to report	Nil			
Capacity and								
Learning								

Expenditure - Favourable Variance \$396k

Program/Budget Area	General	Vari	ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Community Capacity and Learning	GMCD	85		The favourable variance is predominantly a result of the timing of Wages & Salaries \$26k due higher level of Annual Leave taken during Christmas and New year break, timing of electricity invoice \$12k and invoices relating insurance premiums \$15k. It is anticipated the budget will align by the end of the financial year.	Nil
Recreation Centres	GMCD	156		The favourable variance is predominantly resulting from the timing of invoices for the management of the Recreation Centre Contract \$104k and \$32k for Little Para Golf Course.	Nil
Community Sport & Club Facilities	GMCI	155	86	The favourable variance predominantly resulting from lower internal water usage \$110k within Parks and Landscape as a result of high rainfall during the first half of 2016/17.	Debit \$86,000 to Sundry Projects Fund <i>Refer</i> <i>Appendix 1</i> <i>Budget</i> <i>Variation</i> <i>Summary</i> <i>Item 25</i>
				In addition, the timing of Building Maintenance across the Recreation Centre facilities of \$53k.	

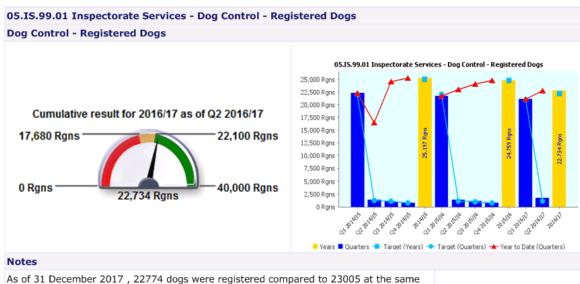
Public Health and Safety - Net Favourable Variance \$224k

Revenue – Unfavourable Variance \$35k

Revenue Emavourable variance \$55K							
Program/Budget Area	General	Variance		Comment Action Required			
	Manager	YTD \$000	Permanent \$000				
Dog Control	GMCID	(30)		The unfavourable variance is Nil predominantly resulting from			
				decrease in Dog registration \$27k.			

Expenditure – Favourable Variance \$259k

Program/Budget Area	General	Vari	ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Crime Prevention and Repair	GMCI	72		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 \$48k.	Nil
				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 \$23k relating to lower than anticipated requirements for reactive works.	
Street Lighting	GMCI	146		The favourable variance predominantly relates to the timing of electricity Invoices \$155k. It is anticipated that the program will meet budget expectations by the end of the financial year.	Nil



As of 31 December 2017 , 22774 dogs were registered compared to 23005 at the same time last year. Registration numbers are 91% of annual target compared to 92% at the same time last year, and estimated income based in current registration numbers is anticipated to be approximately \$825K, a negative variation of \$25K on estimated \$850K.

30/01/2017



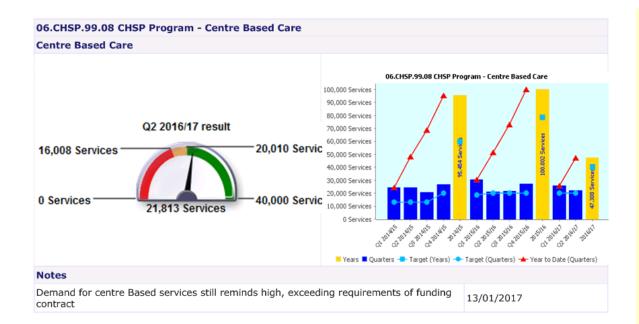
Community Development - Net Favourable Variance \$132k

Revenue - Favourable Variance \$50k

Xevenue - ravourable variance \$50K									
Program/Budget Area	General	Variance		Comment	Action Required				
	Manager	YTD \$000	Permanent \$000						
Salisbury Memorial Park	GMCI	24		No significant variances to report.	Nil				
Community Development	GMCD	14		No significant variances to report.	Nil				

Expenditure – Favourable Variance \$82k

Program/Budget Area	General Variance			Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Community Development	GMCD	41		The favourable variance is predominantly a result of the timing of expenditure within Community Planning and Vitality \$33k 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	57		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



Enabling Excellence – Net Favourable Variance \$2,750k

Corporate Support – Net Favourable Variance \$1,646k

Revenue – Favourable Variance \$232k

Program/Budget Area	General	Variance		Comment	Action Required
	Manager	Timing \$000	Permanent \$000	-	
Business	GMBE	210	216	The favourable variance is	Debit \$170,000
Excellence				predominately associated with the	to Sundry
				Special Distribution \$170k.	Projects Fund
					Refer Appendix
					1 Budget
					Variation
					Summary
					Item 10 & 11.
				In addition, the Workers Comp	Debit and Credit
				Scheme Bonus \$46k.	\$45,700 to
					Sundry Projects
					Fund <i>Refer</i>
					Appendix 1
					Budget
					Variation
					Summary Item
					23.

Program/Budget Area	General	Variance		Comment	Action Required
	Manager	Timing \$000	Permanent \$000		
Business Excellence	GMBE	628	87	The favourable variance relates to the timing of expenditure for:-	
				Asset Management System \$87k, Software Agreements \$46k, Software Upgrades \$40k and Leased PC's \$36k within Business Support and Systems.	Debit \$87,000 to Sundry Projects Fund <i>Refer</i> <i>Appendix 1</i> <i>Budget</i> <i>Variation</i>
				Training and Organisational Development \$51k, Organisational Development \$82k within People and Culture.	Summary Item 1.
				Postage \$13k for Rates Notices within Financial Services.	
				Insurance \$17k with Governance.	
				Timing of contractual service payments \$45k, predominately for Shaping the Future within Communication and Customer Relations.	
				It is anticipated that these budgets will meet expectations by the end of the financial year.	
Executive	CEO	32		The favourable variance is primarily related to the timing of the Internal Audit and Program Review \$26k, with funds committed to ongoing programs across Council.	Nil
City Infrastructure	GMCI	753		The favourable variance predominately relates to the timing of operating components of \$363k for various capital bids and the timing of the Council Building Renewal Program \$187k. Further information is provided in Appendix 4 Capital Expenditure Report.	Nil

Expenditure - Favourable Variance \$1,414k

Governance – Net Favourable Variance \$25k

Expenditure – Favourable Variance \$25k

Program/Budget Area	General	Variance		Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Council	CEO	26		No significant variance to report	Nil

Treasury – Net Favourable Variance \$385k

Revenue – Favourable Variance \$110k

the venue in a voir able variance of tok									
Program/Budget Area	General	Variance		Comment	Action Required				
	Manager	YTD \$000	Permanent \$000						
Treasury	GMBE	110		The favourable variance is the result of higher than anticipated interest received on our investment activity.	Nil				

Expenditure – Favourable Variance \$275k

Expenditure ravea			-					
Program/Budget Area	General	Variance		Comment			Action Required	
	Manager	YTD \$000	Permanent \$000					
Treasury	GMBE	275		The	favourable	variance	is	Nil
				predominantly the result of lower				
				intere	st costs asso	ciated with	not	
				having	g to utilise CA	D's.		

Rates and other Miscellaneous – Net Favourable Variance \$694k

Revenue – Favourable Variance \$125k

Program/Budget Area	General	+	ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000	-	
Staff Oncosts and Recovery	GMBE	24		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	112		The favourable variance is predominately the result of lower than anticipated Government Rate Rebates \$97k.	Nil

41

Expenditure – Favou	rable varia	ance \$569F	κ.		
Program/Budget Area	General	Variance		Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Building Maintenance (James Street and Operation Centre)	GMCI	72		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	585		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	(159)		The unfavourable variance is primarily related to the on-cost component of vacancies \$170k which is offset by favourable variances across the Organisation and timing of Annual Leave entitlements \$190k. In addition the Workers Compensation Insurance came in higher than budget \$39k. This area is constantly reviewed in line with wage and salary expenses incurred within the other Service Areas. Also offsetting this unfavourable variance is the timing of Superannuation contributions \$286k. It is anticipated that this will align to budget by the end of the financial year.	Nil

\$5601

Appendix 4 – Capital Expenditure Report as at December 2016

					-	Carry Forward	
	Original Budget	Revised Budget	YTD Actuals	Commitments	Balance Remaining	Ext Delays	Int Control
EXPENDITURE							
Infrastructure							
Drainage & Waterways	3,032,000	3,895,945	480,508	179,461	3,235,976	1,322,726	200,000
Fleet	1,764,000	3,249,050	494,951	422,876	2,331,223	848,000	253,000
Parks & Streetscapes	3,655,800	4,644,317	871,339	1,008,787	2,764,192	24,000	266,000
Property & Buildings	4,237,000	8,318,133	3,686,541	1,129,346	3,502,246	300,000	432,600
Strategic Projects	6,094,000	8,740,480	1,516,897	1,380,909	5,842,674	5,200,000	50,000
Transportation	19,722,775	19,447,025	5,083,533	592,118	13,771,374	5,848,700	-
	38,505,575	48,294,950	12,133,768	4,713,497	31,447,685	13,543,426	1,201,600
Other							
Information Technology	672,000	1,224,333	7,682	81,333	1,135,318	-	892,000
Salisbury Water Business	1,772,000	1,560,473	863,661	88,277	608,535	-	-
Strategic Property	3,775,721	8,865,138	1,685,759	1,177,342	6,002,037	3,766,056	-
	6,219,721	11,649,943	2,557,102	1,346,952	7,745,890	3,766,056	892,000
Total Expenditure	44,725,296	59,944,893	14,690,870	6,060,449	39,193,574	17,309,482	2,093,600
INCOME							
Drainage & Waterways	754.000	1.042.314	6.818		1.035.496		
Fleet	242,800	726,245	0,010		726,245		
Parks & Streetscapes	242,000	26,600	-		26,600		
Property & Buildings	55,000	13,750	-		13,750		
Transportation	4,642,500	4,507,000	27,000		4,480,000	_	_
	5,694,300	6,315,909	33.818	-	6,282,091	-	-
Other	2,201,000	2,210,000			0,202,001		
Salisbury Water Business	-	510.000	-		510.000	-	-
Strategic Property	5,509,928	22,877,088	2,035,879	-	20,841,209	-	-
3	5,509,928	23,387,088	2,035,879	-	21,351,209	-	-
Total Income	11,204,228	29,702,997	2,069,697	-	27,633,300	-	-
NET	33,521,068	30,241,896	12,621,173	6,060,449	11,560,274	17,309,482	2,093,600

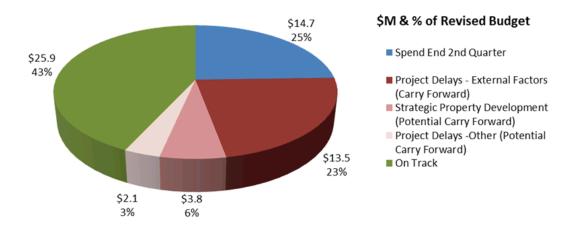
Note: In accordance with the delegation provided to General Managers to transfer program budgets within Asset Categories: there have been no transfer requests in the second quarter of 2016/17.

Capital Expenditure

As at the end of the Second Quarter the revised capital expenditure budget for 2016/17 was \$59.9M including carry forward funds, with \$14.7M / 24.5% spend to date and \$20.7M / 34.6% 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 \$29.7M which mainly comprises \$22.9M (whole of project life) for Strategic Property, with commentary provided within "Strategic Property".



CAPITAL EXPENDITURE

The Capital Program has continued to progress. Detail design and tendering of packages of work will see various construction projects commence in the third quarter. Works are progressively delivered in alignment with seasons, resource availability and optimum construction periods. Typically construction works are not scheduled over December / January during industry standard closure periods.

Key infrastructure achievement this quarter was the successful completion of the new clubrooms at Underdown Park, Salisbury North. This work is now being followed by turf and civil works. The commencement of the new roundabouts at Wright Road, Walkley Heights, will be key deliverables next quarter. The construction will be carefully managed with the aim to minimise impact to the community.

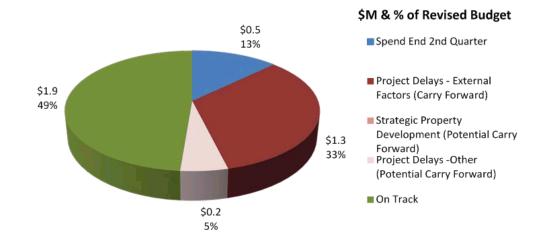
Whilst every effort is made to carefully manage all capital programs of work, there are significant projects within the current program which have been impacted upon and will affect the year end carry forward amount. Of note to consider;

- Mawson Lakes Interchange, Pedestrian & Cycle, \$2.4M, late funding agreement reached will now carry major construction works into 2017/18.
- Salisbury Community Hub, \$3.8M, is a Strategic Project which is scheduled to be funded across multiple years.
- Para Hills Community Hub, \$2.8M, is a Strategic Project which is scheduled to be funded across multiple years.
- The complexity of Strategic Property Developments \$8.9M, see most cross financial years to achieve an optimum outcome.

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

DRAINAGE & WATERWAYS

(12.3% Spent / 16.9% inclusive of commitments)



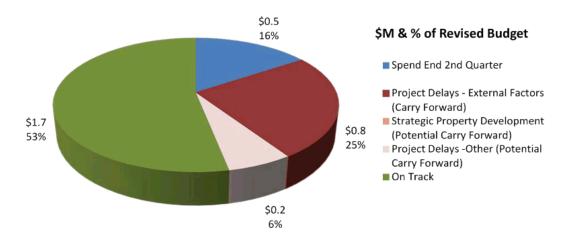
PROJECT DELAYS – EXTERNAL FACTORS	Revised Budget \$000	Forecast C/F \$000
Major Flood Mitigation ProjectsAs detailed within this review, the application for grant funding towards the flood mitigation works at Pauls Drive, Valley View, was unsuccessful. The adjustment of budgets to reflect this will reduce current forecast carry forward.Inola Street, Brahma Lodge, the design is now complete and out to tender.	1,462	1,186
Local Flooding Program Whilst majority of this program has been progressively been delivered, the works associated with Sunburt Street, Ingle Farm, is pending potential land acquisition and/or access which puts the construction at risk of not occurring until 2017/18.	621	136



- <u>Watercourse Management Works</u> Erosion mitigation strategy of waterways planting is set to commence in 2017 with cooler weather conditions. This program is progressively delivered subject to weather conditions and access within waterways.
- <u>Burton West Industrial Drain</u> Plant establishment period is now complete and grant funding acquittal process has now commenced which will see the closure of this program.
- Bridge Renewal Program The next package of works is scheduled for tender release early 2017.

FLEET

(15.2% Spent / 16.9% inclusive of commitments)



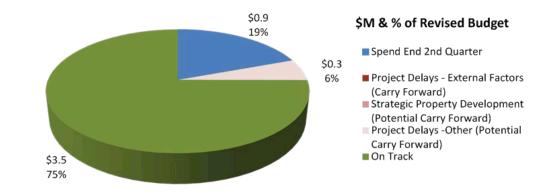
PROJECT DELAYS – EXTERNAL FACTORS	Revised Budget \$000	Forecast C/F \$000
Plant and Fleet Replacement Program	2,468	848
This program of works is progressively ordered and delivered,		
however can encounter delays pending outcomes of various		
program reviews.		

💋 <u>ON TRACK</u>

• <u>Fleet Purchase</u> - The program to convert vehicles from lease to buy has been progressing through the procurement phase and expected to be completed in its entirety this financial year.

PARKS & STREETSCAPE

(18.8% Spent / 40.5% inclusive of commitments)



PROJECT DELAYS - OTHER	Revised Budget \$000	Forecast C/F \$000
Playground and Fitness Equipment	281	266
With approval delays and other consultation periods, there is		
currently a selection of playground and fitness equipment		
pending supply and installation with associated lead times.		

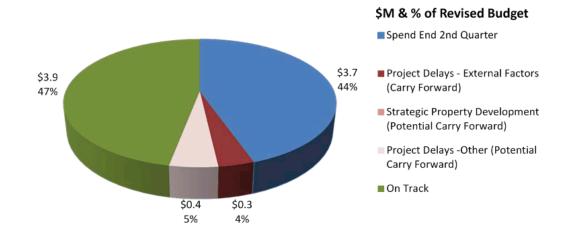
🕖 <u>ON TRACK</u>

- <u>City Pride Street Trees Program</u> 2016/17 City Pride Street Tree Program preparation is near complete for construction to predominately occur fourth quarter, in alignment with ideal weather conditions. 20 streets have been identified for renewal in 2017.
- <u>City Pride Renewal of Feature Landscapes</u> Renewal landscape works at Peppercorn Circuit Reserve, Mawson Lakes, was recently completed. Stockman Place Reserve, Walkley Heights, reached Final Completion following a successful plant establishment period.
- <u>Irrigation Renewal Program</u> Madison Park and Jackson Green, Salisbury East, construction is now complete and the projects are currently in closure phase.
- <u>Council Reserve Upgrade Program</u> The upgrade of Amsterdam Crescent Reserve, Salisbury Downs, is currently out for tender. With Practical Completion expected to be reached early 2017.
- <u>Central Control Irrigation System</u> Renewal of the Central Control Irrigation System has now been completed with the project in the finalisation stage. 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.

47

PROPERTY & BUILDINGS

(44.3% Spent / 57.9% inclusive of commitments)



PROJECT DELAYS - OTHER	Revised Budget \$000	Forecast C/F \$000
<u>Council Building Renewal Program</u> Tenders were received this quarter for the works associated with the Council Building Renewal Program. This program of works will be progressively delivered in 2017. Whilst every effort is made to complete this program of works annually, a nominal carry forward is forecast due to lead time on infrastructure.	1,618	250
Salisbury Swimming Pool Remediation Works The proposed swimming pool remedial works at Salisbury Recreation Precinct are proposed to be reconsidered in 2017/18 following successful operation of the pool filtration system.	111	68
Capital Upgrade Program for Sport & Rec Buildings Second quarter, the new clubrooms at Underdown Park successfully reached Practical Completion. This was followed by the demolition of existing buildings and reserve redevelopment. The reserve establishment is forecast to cross into 2017/18. Design development of the Salisbury Oval Grandstand has been impacted by the Salisbury Oval Precinct Master Planning.	3,886	90

PROPERTY & BUILDINGS Continued

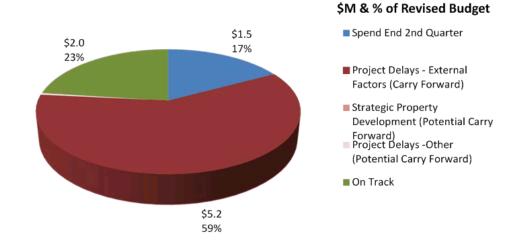
PROJECT DELAYS – EXTERNAL FACTORS	Revised Budget \$000	Forecast C/F \$000
Stanley Street Land Acquisition As requested this quarter, the funding associated with this unsuccessful land acquisition is noted for transfer to the Mawson Lakes Interchange Pedestrian & Cycle Path as per funding deed.	300	300

🕢 <u>ON TRACK</u>

- <u>Club / Sporting Facility Upgrades Program (Minor Capital Works Program)</u> This program is progressively delivered across the year in alignment with grants periodically approved.
- <u>Resource Recovery Park</u> 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 late January. This will conclude this program of works.
- <u>Salisbury Bowling Club Land Acquisition</u> This acquisition is scheduled to settle at the end of February completing this project.
- <u>Building Audit</u> The City's building infrastructure is currently being audited as part of the Property and Building Planning Program. This forms an integral component of asset management planning.

STRATEGIC PROJECTS

(17.4% Spent / 33.2% inclusive of commitments)



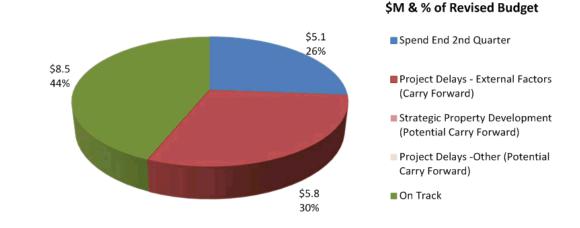
PROJECT DELAYS – EXTERNAL FACTORS	Revised Budget \$000	Forecast C/F \$000
Salisbury Community Hub The Community Hub Client Representative has been engaged to guide the design and delivery of the Salisbury Community Hub project. A Procurement Strategy for an architectural design team for the project commenced in October 2016. The Design Team and Cost Manager are to be engaged, with Design concept work for the Salisbury Community Hub to commence in February 2017.	3,785	3,100
Para Hills Community Hub The Para Hills Community Hub Stage 6 Design Documentation is currently at 95% with finalisation of independent cost estimates expected mid-February. Services connection difficulties and integration with the existing Library have caused some minor delays being behind approximately 2-3 weeks. This project is scheduled to flow across financial years.	2,771	2,100

PROJECT DELAYS – OTHER	Revised Budget \$000	Forecast C/F \$000
Bridgestone Park Redevelopment	2,073	50
The installation of new play equipment and associated works		
commenced this quarter. Turf pitches are now complete and		
added significant colour to the area. Landscape and turf		
establishment will continue into the next financial year.		

50

TRANSPORTATION

(9% Spent / 11.5% inclusive of commitments)



PROJECT DELAYS – EXTERNAL FACTORS	Revised Budget \$000	Forecast C/F \$000
Mawson Lakes Interchange - Pedestrian & Cycle	2,400	2,200
CoS has been working closely with DPTI to reach a funding agreement in relation to this project. As detailed within this		
review, transfer of funding is required to meet the conditions of		
the funding agreement. Due to the time required to reach a		
resolution of funding, this project is predicted to predominately		
now be constructed in 2017/18.		
Diment Road Burton/Direk – Upgrade	4,115	3,500
Current indications suggest that the application for grant		
funding to upgrade Diment Road will not be successful in		
2016/17. If unsuccessful a Third Quarter Review Bid will be		
submitted for consideration to return the balance of funds.		
Bicycle Network Improvements Program	300	100
As detailed within this quarters review, CoS was allocated grant		
funding towards the construction of a bicycle lane, Spains		
Road, Salisbury Downs. This enables \$50k to be returned this		
quarter.		
Diment Road Plantation Bicycle Path is pending grant funding,		
however this is not likely to be successful. If unsuccessful a		
Third Quarter Review Bid will be submitted for consideration		
to return the balance of funds.		
	1	

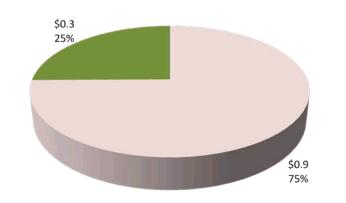
TRANSPORTATION Continued

🕢 <u>ON TRACK</u>

- <u>Road Reseal / Reconstruction Program</u> Significant portion of the Road Reseal Program was completed during the latter part of 2016. This program will continue to be progressively delivered.
- <u>Public Lighting Program</u> 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. Installation of new LED lighting at Walkley Heights has entered procurement phase.
- <u>Traffic Management Devices Program</u> As detailed within this Budget Review, Council were successfully awarded additional funding for the construction of a new roundabout at the eastern intersection of RM Williams Drive and Wright Road. This work is expected to be completed early 2017 as with the new roundabout at the western intersection.
- <u>Burton Park Community Centre Precinct</u> Designs are being developed, in consultation with the adjacent community centre, for parking modifications and landscape works at Burton Park. This work follows the demolition of the Burton Park Preschool.
- <u>Byron Bay/Fairbanks Dve Local Traffic Management</u> This program of works has taken time to carefully negotiate an agreement with the adjacent schools. The works have now been tendered and commence early 2017. Time required to develop agreement has impacted schedule timelines.
- <u>Road Network Audit</u> An audit of the City's road network commenced in the second quarter. This will assist to inform the associated Asset Management Plan.

INFORMATION TECHNOLOGY

(0.6% Spent / 7.3% inclusive of commitments)



\$M & % of Revised Budget

- Spend End 2nd Quarter
- Project Delays External Factors (Carry Forward)
- Strategic Property Development (Potential Carry Forward)
- Project Delays -Other (Potential Carry Forward)
- On Track

PROJECT DELAYS - OTHER	Revised Budget \$000	Forecast C/F \$000
Asset Management Work Order Mobilisation & Strategic	550	400
Asset Management (SAM) Support Project		
This project will be delivered in stages and anticipated to take		
12 to 18 months to complete.		
Stage 1 has commenced and the findings will determine if the		
budget estimate is sufficient to fund the required business		
process re-engineering, resources for backfill and the correct		
mix of mobile software licenses to deliver the business		
outcomes.		
A Business Case will be prepared based on the stage 1		
outcomes, which once endorsed will authorise the release of		
remaining funds.		
Time, Recording, Attendance Process	212	212
This project was originally on hold to evaluate if some of the		
outcomes can be achieved via the Asset Management		
Improvement Project. It has now been determined that this is		
not possible. However, the Project Sponsor and Project		
Manager have yet to assess the future need for these funds.		

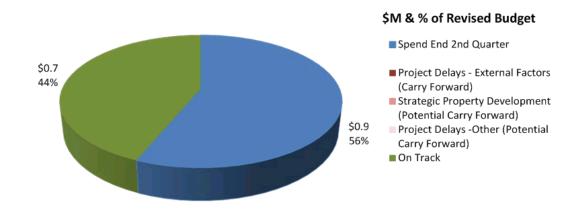
New Initiative Bid System	135	135
An executive report to remove the grants funding from the		
scope is due in March/April 2017. Once endorsed the		
implementation phase of the project can commence in May		
2017.		
Business Planning Software	100	100
The implementation phase of this project will commence in		
mid-August 2017.		

🕖 <u>ON TRACK</u>

- <u>Automated Accounts Payable</u> Automated Accounts Payable Stage 1 was successfully completed with the roll out plan for Stage 2 near complete.
- <u>ICT Strategy</u> Development of an ICT Strategy is currently underway for establishment in 2017/18. This will assist to drive a uniformed approach to managing and system selection across the organisation.

SALISBURY WATER BUSINESS

(55.3% Spent / 61% inclusive of commitments)

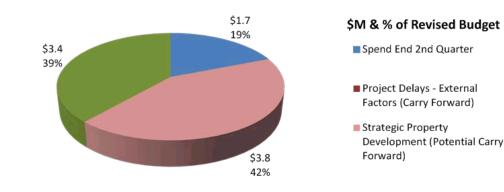




- <u>Hedgerow Reserve Pumping Station</u> As reported, location of new pumping station is now proposed to be located at Hedgerow Reserve, Salisbury Heights, with tender currently being awarded. Works are scheduled to commence early February 2017.
- <u>Salisbury Water Disinfection System</u> Disinfection systems have been rolled out and successfully commissioned at 7 major stormwater harvesting schemes. Daniel Avenue was recently commissioned.
- <u>Distribution Main</u> Distribution main linking of Daniel Avenue Manage Aquifer Recharge Scheme (MAR) to the City wide distribution network is now complete and has been commissioned.

STRATEGIC PROPERTY

(19% Spent / 32.3% inclusive of commitments)



STRATEGIC PROPERTY DEVELOPMENT	Revised Budget \$000	Forecast C/F \$000
Tranche 2 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. Sales have been very strong on this project, including innovative medium density housing products that are new to this locality and market. There has been some delay in finalising the Tranche 2 projects business cases due to a combination of factors such as resourcing priorities for the community hub and close-out of Tranche 1 projects but these will be completed this financial year prior to any decision to proceed to construction/sale.	5,943	3,767

💋 <u>ON TRACK</u>

- <u>Tranche 1</u> With the exception of Kaurna Reserve landscaping and footpath works within the Ryans Road Emerald Green project, construction is complete on the Tranche 1 projects. Ryans Road, Walpole Road Stage 1 and 2 and Diment Road and sales/settlements on the projects are being finalised. A reconciliation of costs and revenue and preparation of close-out reports are underway. Full project reconciliation of Tranche 1 projects is expected to be completed before June 30 and projects are within or ahead of budget.
- <u>Strategic Land Review</u> Strategic Property Projects tend to be longer term due to their complexity and are planned for inception (community land revocation, initial feasibility), design, construction, sales and close out over multiple financial years. The Strategic Land Review to be considered by Council in March will provide a framework for prioritisation, planning and delivery of these projects, which are an important part of providing capacity to deliver on Council's long term financial plan.

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
TOTAL	\$34,000

Appendix 6 – Business Units

Details	Year to Date			Full Year		
	Actual \$'000s	Budget \$'000s	Variance \$'000s	Rev.Bud \$'000s	Orig.Bud \$'000s	Forecast \$'000s
Revenue	247	223	24	478	478	478
Expenditure	194	195	1	397	397	397
Surplus/(Deficit)	53	28	25	81	81	81

Salisbury Memorial Park

The overall net result for Salisbury Memorial Park as at the Second Quarter shows a surplus of \$53k compared to the budgeted surplus of \$28k. This positive position is attributed to steady sales in leases and burials during this quarter, traditionally October to December are quieter months. Total new burial leases for the quarter were 9 with total burials for the quarter reaching 14. Total new cremation leases for the quarter were 13, with 16 cremations carried out.

A new marketing program is in place, with recent advertisements appearing in the December / January edition of Bowls Plus and articles being prepared for "The Bowler". Planning for a Cemetery Expo to be held in the Gallery toward the end of June 2017 is also well advanced with staff seeking expressions of interest from stakeholders.

The revenue outlook for end of June 2017 is expected to be \$478k and expenditure \$397k resulting in a surplus of \$81k.

Building Rules Certification Unit

Details	Year to Da	te		Full Year		
	Actual	Budget	Variance	Rev.Bud	Orig.Bud	Forecast
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Revenue	346	266	80	484	484	544
Expenditure	139	152	13	297	297	297
Surplus/(Deficit)	207	114	93	187	187	247

Actual income to the end of the Second Quarter has exceeded the budget by 30% due mainly to an increase in lodged external applications above Business Plan predictions. The development activity in the next quarter is expected to be in accordance with forecast levels.

Salisbury	Water
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Details	Year to Date	e		Full Year		
	Actual	Budget	Variance	Rev.Bud	Orig.Bud	Forecast
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
External Income	626	1,178	(552)	2,681	2,681	2,294
Internal Income	604	820	(215)	2,732	2,732	2,528
Total Income	1,230	1,998	(768)	5,413	5,413	4,822
Expenditure	2,332	2,437	105	4,941	4,867	4,836
Surplus/(Deficit)	(1,102)	(439)	(663)	472	546	(14)

The Salisbury Water Business Unit completed the second quarter of the 2016/17 financial year with an unfavourable variance against the revised budget of \$663k. The full year outlook is for a budget deficit of \$14k although this will be heavily dependent on weather conditions and sales volumes in the third and fourth quarters.

External sales volumes for the first half of the 2016/17 financial year is 416 ML lower than originally predicted as a result of lower usage by irrigation based customers. Internal consumption for the first half of the year is 110 ML lower than predicted due to a late start to the irrigation season and on-going above average rainfall conditions. Non-irrigation based customer usage continues to remain steady and in line with budget predictions.

Higher than average rainfall has been received so far this financial year with 411mm recorded at Parafield compared to an average of 247mm for this period. This has resulted in record harvest yields for this time of year with 3,922ML of stormwater harvested from wetland systems, bringing the combined aquifer storage balance to 8,257ML. Whilst rainfall has been received in a number of intense storm events there have been sufficient minor rain events during October and December to meet most irrigation based customers watering needs, with only minor 'top-up' irrigation required during hot spells to get through to the next rain event. Conditions moving forward into the third quarter should see rain events follow a more typical pattern and irrigation demand for the next 3 months should be more consistent with budget predictions.

Income totalling \$1,230k has been received which is \$768k below the YTD budget expectation. A reduced forecast is anticipated consistent with lower than predicted demand by irrigation based customers during the first half of the year and delays in commencing water supply to a large scale customer.

Operational expenditure is \$105k below the YTD budget expectations. Lower material costs, financial services and electricity charges for the period contribute to this saving and can be attributed to timing of invoices, reduced interest charges on SWBU borrowings and lower customer demand.

Operational expenditure was \$105k 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 deficit of \$14k.

Details	Year to Date			Full Year		
	Actual \$'000s	Budget \$'000s	Variance \$'000s	Rev. Bud \$'000s	Orig. Bud \$'000s	Forecast \$'000s
External Income	743	625	118	1,216	1,216	1,250
Internal Income	274	242	32	426	426	426
Total Income	1,017	867	150	1,642	1,642	1,676
Expenditure	799	700	(99)	1,550	1,550	1,550
Surplus/(Deficit)	218	167	51	92	92	126

Waste Transfer Station (excluding Hard Waste Collection Service)

The Transfer Station has completed the Second Quarter of 2016/17 with a favourable YTD variance of \$51k.

Revenue for the first 6 months was \$150k favourable. Approximately \$30k additional income is attributable to higher scrap metal prices than forecast which are expected to remain higher for the remainder of the financial year. Internal income is favourable due to green waste generated through storm clean ups and general waste income is above predictions.

Expenditure for the corresponding period was unfavourable by \$99k. This comprises \$67k in wages and salaries where we are transitioning from internal field staff and labour hire casual staff being used to short term contract positions which will result in a reduction in costs. Monitoring of labour costs is ongoing and these interim arrangements have been in place whilst the Program Review implementation is underway. An additional \$14k in plant costs were realised during this period due to breakdowns and an additional sweeper is being utilised at the site to improve amenity.

The Transfer Station variances will be monitored and it is anticipated that the forecast net position for 2016/17 will be exceeded with a revised forecast surplus of \$126k.

Second Quarter Budget Review 2016/17

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

	2017
	Budget
YEAR ENDING 30 JUNE	\$000's
ASSETS	
Current Assets	
Cash & Cash Equivalents	19,728
Trade & Other Receivables	4,963
Inventories	6,125
Total Current Assets	30,816
Non-Current Assets	
Receivables	15
Financial Assets	988
Equity Accounted Investments in Council Businesses	3,323
Infrastructure, Property, Plant & Equipment	1,364,002
Other Non-Current Assets	30,170
Total Non-Current Assets	1,398,498
TOTAL ASSETS	1,429,314
LIABILITIES	
Current Liabilities	i i
Trade & Other Payables	14,570
Borrowings	2,500
Provisions	6,935
Total Current Liabilities	24,005
Non-Current Liabilities	
Trade & Other Payables	1,527
Borrowings	12,079
Provisions	81
Total Non-Current Liabilities	13,687
TOTAL LIABILITIES	37,692
NET ASSETS	1,391,622
EQUITY	-,,-
Accumulated Surplus	336,514
Asset Revaluation Reserve	1,035,200
Other Reserves	19,908
TOTAL EQUITY	1,391,622

6.1.2

BUDGETED STATEMENT OF CHANGES IN EQUITY

	2017
	Budget
YEAR ENDING 30 JUNE	\$000's
ACCUMULATED SURPLUS	
Balance at end of previous reporting period	306,553
Net Result for Year	22,561
Transfers to Other Reserves	(5,548)
Transfers from Other Reserves	12,948
Balance at end of period	336,514
ASSET REVALUATION RESERVE	
Land	317,010
Land Improvements	19,333
Buildings	37,101
Infrastructure	659,066
Library Books	2,338
Joint Ventures - Other comprehensive income	352
Balance at end of period	1,035,200
OTHER RESERVES	
Balance at end of previous reporting period	27,308
Transfers from Accumulated Surplus	5,548
Transfers to Accumulated Surplus	(12,948)
Balance at end of period	19,908
TOTAL EQUITY AT END OF REPORTING PERIOD	1,391,622

BUDGETED CASH FLOW STATEMENT

YEAR ENDING 30 JUNE	2017 Budget \$000's
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Operating Receipts	115,498
Investment Receipts	193
Payments	(00.004)
Operating Payments to Suppliers and Employees Finance Payments	(86,024) (1,881)
rinance rayments	(1,001)
Net Cash provided by (or used in) Operating Activities	27,786
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts	
Amounts Specifically for New /Upgraded Assets	5,469
Sale of Real Estate Developments	15,094
Repayments of Loans by Community Groups	3
Payments Expenditure on Renew al/Replacement of Assets	(18,510)
Expenditure on New /Upgraded Assets	(24,256)
Expenditure - Real Estate developments	(2,433)
Net Cash Provided by (or used in) Investing Activities	(24,633)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments	
Repayments of Borrow ings	(2,561)
Net Cash provided by (or used in) Financing Activities	(2,561)
Net Increase/(Decrease) in cash held	592
Cash & Cash Equivalents at Beginning of Period	19,136
Cash & Cash Equivalents/Movements in Borrowings at End of Period	19,728

BUDGETED UNIFORM PRESENTATION OF FINANCES

	2017 Budget
YEAR ENDING 30 JUNE	\$000's
Operating Revenues	115,798
less Operating Expenses	113,874
Operating Surplus/(Deficit) before Capital Amounts	1,924
Less: Net Outlays on Existing Assets	
Capital Expenditure on Renew al/Replacement of Existing Assets	18,510
less Depreciation, Amortisation & Impairment	25,592
	(7,082)
Less: Net Outlays on New and Upgraded Assets	
Capital Expenditure on New /Upgraded Assets	26,689
less Amounts Specifically for New /Upgraded Assets	5,469
less Proceeds from Sale of Surplus Assets	15,094
	6,126
Net Lending / (Borrowing) for Financial Year	2,880

CITY OF SALISBURY
ESTIMATED FINANCIAL INDICATORS For the year ending 30 June 2017 Revised for the 2nd Quarter Budget Review
These Financial Indicators have been calculated in accordance with Information Paper 9 – Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.
Operating Surplus \$1.924MBeing the operating surplus (deficit) before capital amounts
Operating Surplus RatioOperating SurplusOperating SurplusRates – general & other less NRM levy
This ratio expresses the operating surplus/(deficit) as a percentage of general and other rates, net of NRM levy
Net Financial Liabilities\$12.013MTotal Liabilities\$12.013MNet Financial Liabilities are defined as total financial liabilities less financial assets (excluding equity accounted investments in Council businesses)\$12.013M
Net Financial Liabilities Ratio10.4%Net Financial Liabilities10.4%Total Operating Revenue less NRM levy10.4%Indicates the extent that council can meet its net financial liabilities0.4%out of operating revenue.10.4%
Asset Sustainability Ratio100%Net Asset Renewals100%Depreciation Expense100%Indicates whether capital assets are being renewed or replaced at the same rate as these assets are wearing out.

ITEM	6.7.1
	BUDGET AND FINANCE COMMITTEE
DATE	20 February 2017
HEADING	Salisbury Water Hardship Policy for Residential Customers Review (00187/2015)
AUTHOR	Riannah Roach, Distribution & Retail Coordinator, Business Excellence
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.2.2 Have a community that is knowledgeable about our natural environment and embraces a sustainable lifestyle.
SUMMARY	This policy was initially endorsed by Council on the 23 rd February 2015. It has been reviewed by Water Business staff, as required for compliance with the City of Salisbury's Water Retail Licence conditions, Section 37 of the <i>Water Industry Act 2012</i> . No changes are proposed to the current Policy.

RECOMMENDATION

- 1. The information be received.
- 2. The Salisbury Water Hardship Policy for Residential Customers be approved.

ATTACHMENTS

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

1. Hardship Policy for Salisbury Water Residential Customers

1. BACKGROUND

- 1.1 The City of Salisbury has been issued a Water Retail Licence by the Essential Services Commission of South Australia (ESCOSA).
- 1.2 In accordance with the *Water Industry Act 2012*, the City of Salisbury is required to have a Water Retail Licence in order to retail its recycled water supply to its customers.
- 1.3 In accordance with Section 37 of the *Water Industry Act* the Minister must develop and publish a customer hardship policy in respect of the residential customers of water industry entities that sets out:
 - 1.3.1 Processes to identify residential customers experiencing payment difficulties due to hardship, including identification by a water industry entity and self-identification by a residential customer; and

- 1.3.2 An outline of a range of processes or programs that a water industry entity should use or apply to assist customers identified as per paragraph 1.3.1.
- 1.4 The Minister has developed and published a customer hardship policy for residential customers. In line with Section 37(3) of the *Water Industry Act 2012*, it states that a water industry entity must:
 - 1.4.1 Adopt a customer hardship policy for residential customers as published by the Minister under this section; or
 - 1.4.2 With the approval of the Commission, adopt such a policy with modifications.
- 1.5 As per Section 37)4) of the *Water Industry Act 2012* it is a condition of a water industry entity's licence that it complies with the customer hardship policy as per Item 1.4 above.

2. CONSULTATION / COMMUNICATION

- 2.1 Internal
 - 2.1.1 Business Excellence, Rates Team
- 2.2 External
 - 2.2.1 Essential Services Commission of South Australia. Approval was received from the Commission on the 27 August 2014 for the City of Salisbury Residential Customer Hardship Policy, as per Item 1.4.2 above.

3. REPORT

- 3.1 The Salisbury Water Hardship Policy for Residential Customers is based on the customer hardship policy for minor and intermediate retailers, made by the Minister for Communities and Social Inclusion, pursuant to Section 37 of the *Water Industry Act 2012*, under a delegation by the Minister for Water and the River Murray, with modification. Any modifications from the template, contained in City of Salisbury policy, have all been approved by the Essential Services Commission of South Australia.
- 3.2 The purpose of the Hardship Policy is to identify residential customers who are experiencing payment difficulties due to hardship, and assist those customers to better manage their bills on an ongoing basis.
- 3.3 The policy sets out processes for staff to identify residential customers experiencing payment difficulties due to hardship, including self-identification by the staff, self-identification by the customer, identification by an accredited financial counsellor or welfare agency.
- 3.4 The policy also provides an outline of a range of processes or programs that can be applied to assist customers who have been identified as experiencing payment difficulties.
- 3.5 This policy only applies to Salisbury Water residential customers.
- 3.6 The Salisbury Water Hardship Policy for Residential Customers has been reviewed with no changes proposed or directed by the Minister.

4. CONCLUSION / PROPOSAL

- 4.1 Salisbury Water is committed to assisting residential customers who are experiencing financial hardship to better manage their payments and ensure they remain connected to the service.
- 4.2 This policy assists staff to identify Salisbury Water residential customers experiencing payment difficulties due to hardship to comply with the provisions of the *Water Industry Act 2012*.
- 4.3 No changes are proposed for the Salisbury Water Hardship Policy for residential Customers. It is recommended that the policy be endorsed.

CO-ORDINATION

Officer: Date:



Hardship Policy for Residential Salisbury Water Customers

Policy Type:	Policy		
Approved By:	Council	Decision No:	00187/2015
Approval Date:	23 February 2015	Last Reapproval Date:	
Review Date:	23 February 2017	Internal Reference No.:	
Department:	Business Excellence	Division:	Salisbury Water
Function:	15 - Legal Provisions	Responsible Officer:	Manager, Salisbury Water

A - PREAMBLE

1. This policy is based on the customer hardship policy for minor and intermediate retailers, made by the Minister for Communities and Social Inclusion, pursuant to section 37 of the *Water Industry Act 2012*, under a delegation by the Minister for Water and the River Murray, with modification. The modifications contained in this policy have been approved by the Essential Services Commission of South Australia.

B – POLICY PURPOSE/OBJECTIVES

- 2. The City of Salisbury is committed to assisting residential customers of water, who are experiencing financial hardship, to manage their payments in a manner that best suits the customer, and ensuring they remain connected to a retail service.
- 3. The purpose of this policy is to identify residential customers who are experiencing payment difficulties due to hardship, and assist those customers to better manage their bills on an ongoing basis.
- 4. This policy sets out:
 - a) processes to identify residential customers experiencing payment difficulties due to hardship, including identification by us, self-identification by a residential customer, identification by an accredited financial counsellor, or welfare agency, and
 - b) an outline of a range of processes or programs that we will use, or apply, to assist our customers who have been identified as experiencing payment difficulties.

C - DEFINITIONS

5. In this policy:

Accredited financial counsellor, in South Australia, means a person who holds a Diploma of Community Services (Financial Counselling), and who has worked at least 12 months as a financial counsellor under the supervision of the South Australian Financial Counsellors Association.

Connection means an agreed point of supply at which a customer receives a retail service from a supplier.

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Consumer means a person supplied with retail services as a consumer or user of those services (as defined in the *Water Industry Act 2012*) (*Note: you may be a consumer by virtue of being a council ratepayer*).

Council means the City of Salisbury

Customer means a person who owns land in relation to which a retail service is provided and includes:

- a) where the context requires, a person seeking the provision of a retail service, and
- b) in prescribed circumstances, a person supplied with retail services as a consumer or user of those services (without limiting the application of this definition to the owners of land), and
- c) a person of a class declared by the regulations to be customers.

(as defined in the *Water Industry Act 2012*) (*Note: you may be a customer by virtue of being a council ratepayer*).

Customer Hardship Policy means this policy for minor and intermediate retailers, that has been adopted by the City of Salisbury, in accordance with section 37 of the *Water Industry Act 2012*.

Financial Counsellor means accredited financial counsellor.

Financial Hardship means a circumstance of experiencing a lack of financial means that may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt.

Hardship means financial hardship.

Hardship customer means a residential customer who has been identified under, accepted into, or is eligible for assistance under our hardship program.

Hardship Program means an agreement between us and a hardship customer for payment of outstanding sums due for retail services.

Intermediate retailer means a retailer that provides services to more than 500 but less than 5000 connections.

Minor retailer means a retailer that provides retail services to less than 500 connections.

Our, us, we means the City of Salisbury.

Policy means this Customer Hardship Policy.

Regulations means regulations under the Water Industry Act 2012.

Residential customer means a customer or consumer who is supplied with retail services for use at residential premises (as defined in the *Water Industry Act 2012*) (*Note: you may be a residential customer by virtue of being a council ratepayer*).

Retail service means a service constituted by the sale and supply of water to a person for use (and not for resale) where the water is to be conveyed by a reticulated system (even if the service is not actually used) but does not include any service, or any service of a class, excluded from the ambit of this definition by the regulations (as defined in the *Water Industry Act 2012*).

Retailer means the holder of a licence issued by the Essential Services Commission of South Australia under the *Water Industry Act 2012*.

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Water means rainwater, stormwater, desalinated water, recycled water and water that may include any material or impurities, but does not include sewerage (as defined in the *Water Industry Act 2012*).

Water Service means:

- a) a service constituted by the collection, storage, production, treatment, conveyance, reticulation or supply of water, or
- b) any other service, or any service of a class, brought within the ambit of this definition by the regulations.

(as defined in the Water Industry Act 2012).

D - POLICY STATEMENT

Identifying Residential Customers Experiencing Financial Hardship

- 6. A residential customer experiencing financial hardship is someone who is identified by themselves, by us, by an accredited financial counsellor, or by a welfare agency as having the intention, but not the financial capacity, to make required payments in accordance with our payment terms.
- 7. There are two types of financial hardship: ongoing and temporary. Depending on the type of hardship being experienced, hardship customers will have different needs and will require different solutions.
- 8. Residential customers who are identified as experiencing ongoing hardship are generally those on low or fixed incomes. These customers may require ongoing assistance.
- 9. Residential customers who may be identified as experiencing temporary hardship are those who have experienced a short term change in circumstances, such as serious illness, disability or death in the family, loss or change in income, separation, divorce or other family crisis, a loss arising from an accident, or some other temporary financial difficulty. These customers generally require flexibility and temporary assistance, such as an extension in time to pay or an alternative payment arrangement.
- 10. The extent of hardship will be determined by either our assessment process or by an external body, such as an accredited financial counsellor.
- 11. Where we assess a residential customer's eligibility for hardship assistance, we will consider indicators including (but not limited to) whether:
 - a) the customer is on a Centrelink income and holds a Pensioner Concession Card or holds a Centrelink Low Income Health Care Card
 - b) the Customer is eligible for a South Australian Government Concession
 - c) the customer has been referred by an accredited financial counsellor or welfare agency
 - d) the customer advises they have previously applied for emergency relief (irrespective of whether or not their application was successful)
 - e) the customers payment history indicates that they have had difficulty meeting their retail services bills in the past
 - f) the customer, through self-assessment, has identified their position regarding their ability to pay.

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Assisting residential customers who are experiencing financial hardship

- 12. We will inform a residential customer of this customer hardship policy where:
 - i) it appears to us that non-payment of a bill for retail services is due to the customer experiencing payment difficulties due to hardship, or
 - b) we are proposing to install a flow restriction device.
- 13. Where a residential customer has been identified as experiencing financial hardship, we will offer the customer, as soon as is reasonably practicable, flexible and frequent payment options that have regard to the hardship customer's usage, capacity to pay and current financial situation. These options will include the following:
 - a) an interest and fee free payment plan that complies with clause 28 to 32,
 - b) reoccurring BPay Payment Plan, or
 - c) other arrangement, under which the customer is given more time to pay a bill or to pay in arrears (including any disconnection or restriction charges),

recognising that some residential customers have a short-term financial hardship issue that may be resolved in the near to medium term, where others may require a different type of assistance for ongoing financial issues.

- 14. We will not charge a residential customer a reconnection charge where the customer is experiencing financial hardship and should have been identified as eligible for this customer hardship policy, as long as the customer agrees to participate in our hardship program, upon reconnection.
- 15. We will engage in discussion with the hardship customer to determine a realistic payment option in line with the customer's capacity to pay.
- 16. We will work with a hardship customer's financial counsellor to determine the payment arrangement and instalment amount that best suits the customer and their individual circumstances.
- 17. Where a hardship customer's circumstances change, we will work with the customer, and their financial counsellor, to re-negotiate their payment arrangement.
- 18. We will not require a hardship customer to provide a security deposit.
- 19. We will not restrict a customer's retail service if:
 - a) the customer has agreed to a payment arrangement and continues to adhere to the terms of that arrangement, or
 - b) we have failed to comply with the requirements of this customer hardship policy.
- 20. We will also offer the hardship customer:
 - a) where appropriate, information about the right to have a bill redirected to a third person, as long as that third person consents in writing to that redirection
 - b) information about, and referral to, Commonwealth and South Australian Government concessions, rebates, grants and assistance programs
 - c) information about, and referral to, accredited financial and other relevant counselling and support services, particularly where a customer is experiencing ongoing financial hardship.
- 21. Where a hardship customer requests information or a redirection of their bills, we will provide that information or redirection free of charge.

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- 22. We will provide information to the hardship customer on how to reduce usage and improve water efficiency, which may include referral to relevant government water efficiency programs. This will provided at no charge to the customer.
- 23. We will explain to the hardship customer how and when the customer will be returned to regular billing cycles (and collection), after they have successfully completed their hardship program.
- 24. We will also explain to the hardship customer that they will be removed from our hardship program, and be returned to our standard collection cycles, including debt recovery, should they cease to make payments according to the agreed payment arrangement or fail to contact us for a period of greater than 90 days.
- 25. We will not take any action to remove a customer from our hardship program until we have sent the customer a written notice, allowing them 10 working days from the date of the notice to contact us to re-negotiate their re-entry into the program.

Retail services provided by Councils

- 26. Typically, Council rates are made up of retail services (as defined in this policy) and nonretail services, for example refuse collection, parks and playgrounds, road maintenance.
- 27. The City of Salisbury's water retail service is billed separately to its Council rates, therefore if you are a residential customer in receipt of a water retail service provided by Council and you are experiencing financial hardship, then only the water retail element will be subject to the terms of this hardship policy.

Payment Plans

- 28. Our payment plan for a hardship customer will be established having regard to:
 - a) The customer's capacity to pay and current financial situation
 - b) Any arrears owing by the customer, and
 - c) The customer's expected usage needs over the following 12 month period.
- 29. The payment plan will also include an offer for the hardship customer to pay their retail services in advance or in arrears by instalment payments at a frequency agreed with the customer (eg weekly, fortnightly, monthly o as otherwise agreed with the customer).
- 30. Where a payment plan is offered to a hardship customer, we will inform the customer in writing, within 10 business days of an agreement being reached, of:
 - a) The duration of the plan
 - b) The amount of each instalment payable under the plan, the frequency of instalments and the date by which each instalment must be paid
 - c) The customer is in arears the number of instalments to pay the arears, and
 - d) If the customer is to pay in advance the basis on which the instalments are calculated.
- 31. We will waive any fees for late payment of a bill for a hardship customer.
- 32. Where a hardship customer is seeking assistance in accordance with this policy, but has failed to fulfil their obligations under an existing hardship arrangement, we will require them to sign up for reoccurring BPay payments.

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Debt Recovery

- 33. We will suspend debt recover processes while negotiating a suitable payment arrangement with a hardship customer.
- 34. We will not engage in legal action or commence proceedings for the recovery of a debt relating to a retail service for a hardship customer if:
 - a) The customer has agreed to a payment arrangement and continues to adhere to the terms of that arrangement, or
 - b) We have failed to comply with the requirements of this customer hardship policy.

Rights of residential customers experiencing financial hardship

- 35. Every residential customer experiencing financial hardship has the right to:
 - a) Be treated respectfully on a case-by-case basis, and have their circumstances kept confidential.
 - b) Receive information about alternative payment arrangements, this customer hardship policy, and government concessions, rebates, grants and assistance programs.
 - c) Negotiate any amount they can afford to pay on a payment plan or other payment arrangement.
 - d) Consider various payment methods, and receive written confirmation of the agreed payment arrangement within 10 business days.
 - e) Renegotiate their payment arrangement if there is a change in their circumstances.
 - f) Receive information about free and independent, accredited financial counselling services.
 - g) Receive a language interpreter service at no cost to the customer.
 - h) Be shielded from legal action and additional debt recovery costs, whilst they continue to make payments according to an agreed payment arrangement.
 - i) Not have retail services restricted or disconnected as long as they have an agreed payment arrangement and continue to make payments according to an agreed plan.

General Provisions

- 36. We will ensure residential customers have equitable access to this customer hardship policy, and that this policy is applied consistently.
- 37. We will ensure appropriate training of staff dealing with residential customers in hardship to enable them to treat customers with respect and without making value judgements. Training will also assist staff in the early identification of hardship customers, with establishing payment plans based on a hardship customer's capacity to pay, and include processes for referral to an accredited financial counsellor or welfare agency for assistance.
- 38. This customer hardship policy is available on our website: www.salisbury.sa.gov.au
- 39. We will also make a copy of this policy available, upon request, and at no charge to the customer, as soon as practicable following a request to do so.
- 40. This customer hardship policy does not limit or prevent us from waiving any fee, charge or amount of arrears for the provisions of retail services to customers who are experiencing financial hardship.

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Confidentiality

41. Any information disclosed by a customer is confidential and will not be used for any purpose other than the assessment of an application for assistance.

Complaints Handling

- 42. Details of our customer complaints and dispute resolution process are available on our website: www.salisbury.sa.gov.au. We will also make a copy of this process available to a residential customer, upon request, and at no charge to the customer.
- 43. A residential customer experiencing hardship has the right to have any complaint heard and addressed by us, and in the event that their complaint cannot be resolve, the right to escalate the complaint to the external dispute resolution body approved by the Essential Services Commission of South Australia.

E - LEGISLATION

City of Salisbury Water Industry Retail Licence (Minor Retailer); Water Retail Code – Minor & Intermediate Retailers; Water Industry Act 2012 (SA); Essential Services Commission Act 2002 (SA); Local Government Act 1999.

Document Control	
Document ID	Hardship Policy for Residential Salisbury Water Customers
Prepared by	Riannah Roach
Release	1.00
Document Status	Approved
Date Printed	02/04/2015

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