



AGENDA

**FOR BUDGET AND FINANCE COMMITTEE MEETING TO BE HELD ON
20 AUGUST 2018 AT CONCLUSION OF 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 B Brug
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 Governance, Mr M Petrovski
Manager Communications and Customer Relations, Mr M Bennington
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 16 July 2018.

Presentation of the Minutes of the Confidential Budget and Finance Committee Meeting held on 16 July 2018.

REPORTS

Administration

6.0.1	Future Reports for the Budget and Finance Committee.....	9
6.0.2	Minutes of the Innovation and Business Development Sub Committee meeting held on Monday 13 August 2018	11

Finance

6.1.1	2017-2018 Carried Forward Funds	17
6.1.2	Treasury Report for Year Ended 30 June 2018.....	49
6.1.3	Lease versus Purchase of IT Equipment/Mobile Devices.....	57

OTHER BUSINESS

CONFIDENTIAL ITEMS

6.9.1 Minutes of the Confidential Innovation and Business Development Sub Committee meeting held on Monday 13 August 2018

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)(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 to be considered in detail without disclosing personal affairs of any person 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 Innovation and Business Development Sub Committee meeting held on Monday 13 August 2018** 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

16 JULY 2018

MEMBERS PRESENT

Cr R Zahra (Chairman)
Mayor G Aldridge
Cr D Balaza
Cr S Bedford
Cr B Brug
Cr D Bryant
Cr C Buchanan
Cr G Caruso
Cr L Caruso
Cr E Gill (Deputy Chairman)
Cr D Pilkington
Cr S Reardon
Cr G Reynolds
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
General Manager City Infrastructure, Mr M van der Pennen
General Manager Community Development, Ms P Webb
Manager Governance, Mr M Petrovski
Manager Communications and Customer Relations, Mr M Bennington
Governance Support Officer, Ms K Boyd

The meeting commenced at 8:15 pm.

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

APOLOGIES

Apologies were received from Cr R Cook and Cr D Proleta.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr D Pilkington

Seconded Cr G Caruso

The Minutes of the Budget and Finance Committee Meeting held on 04 June 2018, 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 G Caruso

1. The information be received.

CARRIED

6.0.2 Minutes of the Innovation and Business Development Sub Committee meeting held on Monday 9 July 2018

6.0.2-IBDSC1 Future Reports for the Innovation and Business Development Sub Committee

Moved Cr L Caruso

Seconded Cr G Caruso

1. The information be received.

CARRIED

6.0.2-IBDSC2 Presentation - Marketing and Communication Service Review

Moved Cr L Caruso

Seconded Cr G Caruso

1. The presentation be noted.

CARRIED

Finance

6.1.1 Council Finance Report - June 2018

Moved Cr G Caruso
Seconded Cr L Caruso

1. The information be received.

CARRIED

6.1.2 Certification of the 2018 Annual Financial Statements

Cr J Woodman entered the meeting at 8:16 pm.

Moved Cr D Pilkington
Seconded Cr L Caruso

1. The information be received.
2. The Mayor and the Chief Executive Officer be authorised by Council to sign the Council Certificate certifying the Annual Financial Statements for the financial year ended 30 June 2018, following the Audit Committee's review of these Statements on 9 October 2018.

CARRIED

Rating Matters

6.6.1 Financial Hardship Policy and Procedure for Rating and Sundry Debtor Customers

Crs E Gill and D Bryant entered the meeting at 8.16 pm.
Mayor G Aldridge entered the meeting at 8.17 pm.

Moved Cr B Brug
Seconded Cr S Bedford

1. The information be received.
2. The Financial Hardship Policy as set out in Attachment 1 to this report (Budget and Finance, 16/07/2018, Item 6.6.1) be endorsed.
3. The Financial Hardship Procedure as set out in Attachment 2 to this report (Budget and Finance, 16/07/2018, Item 6.6.1) be noted.

CARRIED

OTHER BUSINESS

Nil

CONFIDENTIAL ITEMS

6.9.1 Update on Action on Rates Assessments Outstanding Under Section 184 of the Local Government Act 1999

Moved Cr E Gill

Seconded Cr J Woodman

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 the matter and discussion of this item in confidence would protect information related to the personal affairs of any person (living or dead) and proposed action by Council where the rates for a property have been outstanding for a period of not less than three years.*

*On that basis the public's interest is best served by not disclosing the **Update on Action on Rates Assessments Outstanding Under Section 184 of the Local Government Act 1999** 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 8:17 pm.

The meeting moved out of confidence and closed at 8:20 pm.

CHAIRMAN.....

DATE.....

ITEM	6.0.1
	BUDGET AND FINANCE COMMITTEE
DATE	20 August 2018
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 Item	- Heading and Resolution	Officer
23/04/2018 6.2.1 (16/04/18)	Financial Sustainability Indicators 3. A report be brought back for the 2019/20 budget on changing the operating surplus ratio to a fixed dollar from a percentage ratio.	Kate George
Due:	April 2019	

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
Date: 13/08/2018 08/08/2018

ITEM 6.0.2

BUDGET AND FINANCE COMMITTEE

HEADING Minutes of the Innovation and Business Development Sub Committee meeting held on Monday 13 August 2018

AUTHOR Mechelle Potter, Administrative Coordinator - 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 Innovation and Business Development Sub Committee meeting held on Monday 13 August 2018 are presented for Budget and Finance Committee's consideration.

RECOMMENDATION

1. The information contained in the Innovation and Business Development Sub Committee Minutes of the meeting held on 13 August 2018 be received and noted and that the following recommendations contained therein be adopted by Council:

IBDSC1 Future Reports for the Innovation and Business Development Sub Committee

1. The information be received.

ATTACHMENTS

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

1. Minutes Innovation and Business Development Sub Committee - 13 August 2018

CO-ORDINATION

Officer: GMBE
Date: 16/08/2018



**MINUTES OF INNOVATION AND BUSINESS DEVELOPMENT SUB COMMITTEE
MEETING HELD IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY ON**

13 AUGUST 2018

MEMBERS PRESENT

Mayor G Aldridge (ex officio)
Cr D Bryant (Chairman)
Cr S Bedford
Cr G Caruso
Cr L Caruso (Deputy Chairman)
Cr D Proleta
Cr R Zahra (*from 6:46 pm*)

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
Manager Governance, Mr M Petrovski
Manager Communications and Customer Relations, Mr M Bennington
Governance Support Officer, Ms K Boyd

The meeting commenced at 6:44 pm.

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

APOLOGIES

Apologies were received from Cr B Brug and Cr E Gill.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr L Caruso

Seconded Cr G Caruso

The Minutes of the Innovation and Business Development Sub Committee Meeting held on 09 July 2018, be taken and read as confirmed.

CARRIED

REPORTS

IBDSC1 Future Reports for the Innovation and Business Development Sub Committee

Moved Cr L Caruso

Seconded Cr G Caruso

1. The information be received.

CARRIED

OTHER BUSINESS

Nil

CONFIDENTIAL ITEMS

IBDSC2 Marketing and Communication Service Review

Moved Mayor G Aldridge

Seconded Cr G Caruso

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 to be considered in detail without disclosing personal affairs of any person in relation to the matter being determined.*

*On that basis the public's interest is best served by not disclosing the **Marketing and Communication Service Review** item and discussion at this point in time.*

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

CARRIED

The meeting moved into confidence at 6:46 pm.

Cr R Zahra entered the meeting at 6:46 pm.

The meeting moved out of confidence and closed at 7:17 pm.

CHAIRMAN.....

DATE.....

ITEM	6.1.1
	BUDGET AND FINANCE COMMITTEE
DATE	20 August 2018
HEADING	2017-2018 Carried Forward Funds
AUTHORS	Kate George, Manager Financial Services, Business Excellence Leigh Daddow, Senior Management Accountant, Business Excellence Christy Martin, Senior Coordinator Project Administration, City Infrastructure
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	This report and the associated attachments summarise the operating and capital budgets that are required to be carried forward from the 2017/18 Financial Year to the 2018/19 Financial Year.

RECOMMENDATION

1. The information be received.
2. The 2018/19 budget be adjusted with \$12,334,800 funds carried forward to be applied as detailed in Schedule of Funds Carried Forward from 2017/18 to 2018/19 (Item No. 6.1.1, Budget and Finance Committee, 20/8/2018, Attachment 1).
3. Within Drainage & Waterways asset category, transfer Major Flooding design and development remaining funds of \$80k to Drainage & Waterways Preplanning to offset additional design spend within this program.
4. Within Salisbury Community Hub budget transfer \$93k of remaining funds from operating to capital to cover stamp duty and legal fees associated with the Land Acquisition.

ATTACHMENTS

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

1. Schedule of Funds Carried Forward from 2017/18 to 2018/19

1. BACKGROUND

- 1.1 Each year as part of the End of Financial Year process there is a need to review budgets to identify funds to be carried forward, to provide budgets in the following year for completion of projects in progress or delayed due to unforeseen circumstances.

2. CONSULTATION / COMMUNICATION

2.1 Internal

2.1.1 As part of the 2017/18 end of financial year processes Accounting Services staff call for and receive requests from staff that outline any funds that are being requested to be carried forward from the 2017/18 Financial Year into the 2018/19 Financial Year. As appropriate and when needed Accounting Services staff met with the relevant managers and reviewed the request in line with the guidelines for carry forward funds.

2.1.2 Team Leader Project Support has liaised extensively across the City Infrastructure Department in supporting the carry forward process.

2.2 External

2.2.1 No external communication has occurred.

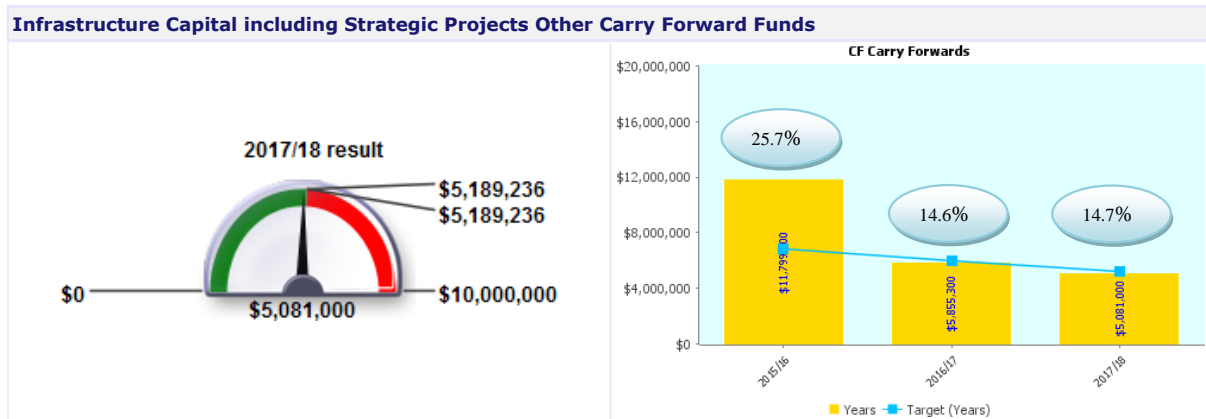
3. REPORT

3.1 The schedule of funds carried forward from 2017/18 into 2018/19 is attached as Appendix 1. The schedule details the nature of the budgets and also whether any of the projects are externally funded.

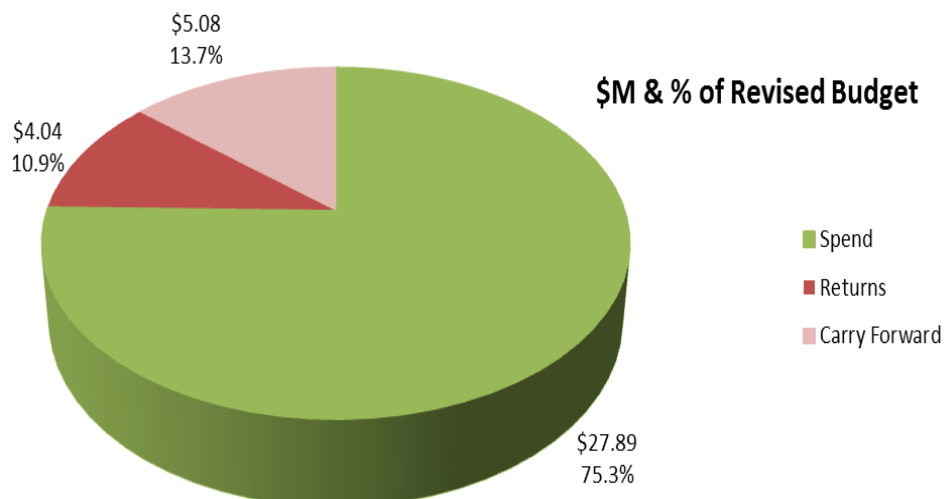
3.2 In the 2017/18 year the original capital budget (inclusive of Information Technology and Plant, Office Furniture and Equipment) was \$60.3M, which was increased as a result of carry forwards of \$14.7M from 2016/17 and decreased to \$47.3M as a result budget review items, including retiming of projects. Detailed in the table below highlighted in red:

Budget Category	2017/18 Original Budget	2016/17 Carry Forward	Budget Reviews	2017/18 Revised Budget	Requested Carry Forward		External Funds	Committed	Returned Funds
Infrastructure Capital									
Infrastructure Capital	27,307,990	4,727,600	(2,135,046)	29,900,544	3,169,300	11%	79,900	3,614,714	3,447,500
PF&E	3,285,000	636,700	(670,499)	3,251,201	1,102,800	34%	-	2,344,414	362,900
Strategic Projects -Other	1,824,500	491,000	(872,339)	1,443,161	808,900	56%	-	82,814	234,400
Sub Total of Infrastructure	32,417,490	5,855,300	(3,677,884)	34,594,906	5,081,000	14.7%	79,900	6,041,942	4,044,800
Other									
Strategic Projects - Community Hub	27,000,000	4,090,900	(24,620,040)	6,470,860	1,630,400	25%	-	32,355,649	-
Strategic Property	860,980	3,721,600	23,716	4,606,296	2,245,100	49%	-	623,866	-
Information Services	35,000	1,077,000	465,995	1,577,995	726,400	46%	-	232,024	-
Sub Total of Other	27,895,980	8,889,500	(24,130,329)	12,655,151	4,601,900	36%	-	33,211,539	-
Total of Capital	60,313,470	14,744,800	(27,808,213)	47,250,057	9,682,900	20%	79,900	39,253,481	4,044,800
Operating									
Operating Components of Capital	1,161,000	521,300	-	1,682,300	219,300	13%	-	-	7,600
Other Operating	112,358,822	1,524,500	69,270	113,952,592	2,432,600	2%	408,600	NA	NA
Total of Operating	113,519,822	2,045,800	69,270	115,634,892	2,651,900	2%	408,600	-	7,600
Total	173,833,292	16,790,600	(27,738,943)	162,884,949	12,334,800	8%	488,500	39,253,481	4,052,400

- 3.3 The level of carry forwards from 2017/18 of \$12.3M (highlighted in blue in the table above) is a reduction of \$4.5M when compared with the prior year of \$16.8M. The main movements within this total relate to a reduction of \$2.5M within the Salisbury Community Hub and \$1.5M within Strategic Property.
- 3.4 Capital committed funds total \$39.3M (highlighted in orange in the table above) and includes timing adjustment of \$29.5M.
- 3.5 Operating carry forwards of \$2.7M is higher than last financial year and represents 2.3% of the revised operating budget, with \$409k relating to external grant funding. Further analysis is provided in paragraph 3.12.



- 3.6 The graphs above provide a summary of infrastructure project carry forwards including infrastructure strategic projects. The total has decreased by \$5.9M from \$11.8M in 2015/16 to \$5.9M in 2016/17 and a further decrease to \$5.1M in 17/18. The blue line, Target (Years), represents 15% of the Revised Budget and this has reduced from 25.7% in 2015/16 to 14.6% in 2016/17, and is 14.7% in 2017/18.
- 3.7 Summary financial information by asset category is detailed below. It should be noted that operating components of capital projects are included in these summaries. Each section highlights key achievements and explanations for the need for carry forward funds.

3.8 Infrastructure Capital Expenditure

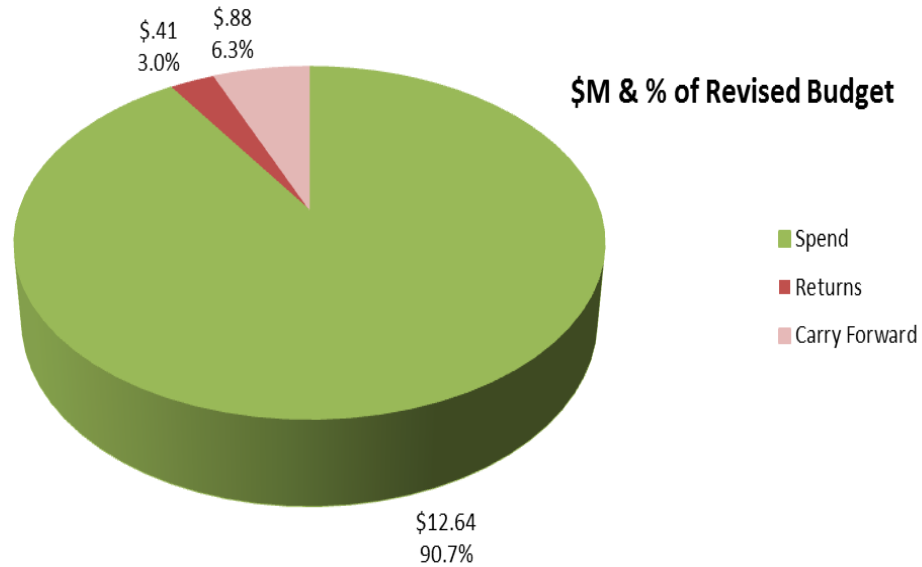
Budget Category	2017/18 Original Budget	2016/17 Carry Forward	Budget Reviews	2017/18 Revised Budget	Requested Carry Forward		External Funds	Committed	Returned Funds
Infrastructure Capital									
Infrastructure Capital	27,307,990	4,727,600	(2,135,046)	29,900,544	3,169,300	11%	79,900	3,614,714	3,447,500
PF&E	3,285,000	636,700	(670,499)	3,251,201	1,102,800	34%	-	2,344,414	362,900
Strategic Projects -Other	1,824,500	491,000	(872,339)	1,443,161	808,900	56%	-	82,814	234,400
Sub Total of Infrastructure	32,417,490	5,855,300	(3,677,884)	34,594,906	5,081,000	14.7%	79,900	6,041,942	4,044,800
End of 2016/17				40,065,842	5,855,300	14.6%	<i>(0.1% increase in % carry forward)</i>		

2017/18 has been another successful year, with 269 projects successfully closed out which resulted in a carry forward below 15%. This follows on from 2016/17 where this same result was achieved. With process and system improvements continuously implemented, the management of programs is more streamlined. Noteworthy projects undertaken this year includes Para Hills Hub which officially opened on 11 August, full program delivery of the major flooding program and the upgrade of the Salisbury Oval clubrooms. The work at Salisbury Oval, as per the site master plan, will continue into the new financial year with construction of the new female friendly change rooms commencing early in 2018/19.

The infrastructure program is a continuous program of works and therefore a carry forward enables works to continue to be delivered in alignment with optimum delivery timeframes and continuity of work for staff. Where possible, projects are programmed to minimise disruption and make use of weather conditions particularly for those projects involving landscaping.

As part of this annual review, savings of \$4M have been identified for return, which have been achieved through efficiencies, careful budget management and favourable tenders.

Level of commitments has increased to 17.3% in comparison to 5.8% this time last year, supporting the level of works already in progress and providing continuity of work.

3.8.1 Transportation

Asset Category	2017/18 Original Budget	2016/17 Carry Forward	Budget Reviews	2017/18 Revised Budget	Requested Carry Forward		External Funds	Committed	Returned Funds
Transportation - Capital	15,421,590	1,245,400	(2,841,433)	13,825,557	865,100	6%	63,200	1,032,647	413,600
Transportation - Operating Components	97,000	16,400	-	113,400	16,500	15%	-	-	-
Total	15,518,590	1,261,800	(2,841,433)	13,938,957	881,600	6%	63,200	1,032,647	413,600

Key Achievements**Diment Road Upgrade**



The upgrade of Diment Road continued in 2017/18 with a section adjacent Hawker Road successfully completed. In 2018/19 a further stage will be completed via the Road Reseal Program.

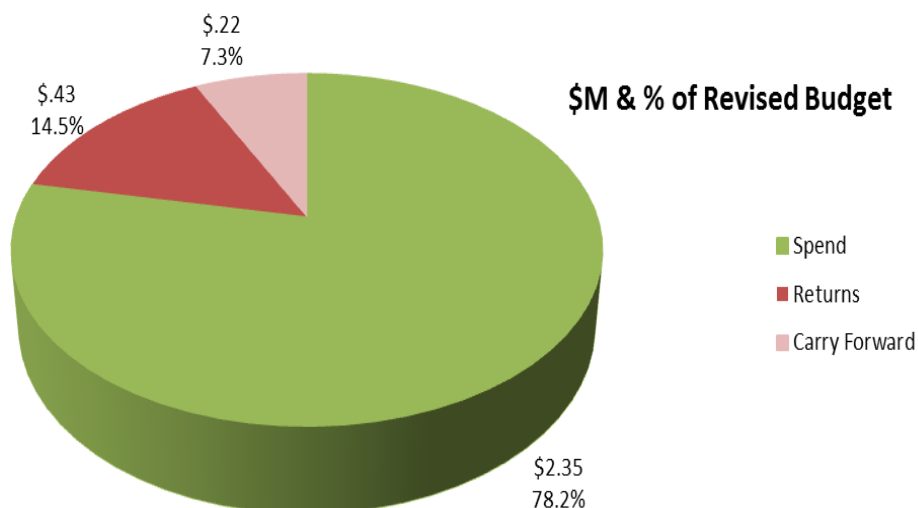
Yalumba Drive Reserve, Sports Field Lighting

With contributing funding from the Office for Recreation and Sport, via Pontian Eagles Sports and Social Club, the upgrade to sports field lighting at Yalumba Drive Reserve, Paralowie, was completed and operational in the fourth quarter.

Road Reseal Program

In excess of 200 roads were closed out this financial year as part of the Road Reseal Program, expending the \$8.4M capital budget.

<u>Carry Forward Funds</u> 	
<u>Carpark Program</u> As reported in December 2017, Creaser Park, Parafield Gardens, and Desmond Avenue, Pooraka, were approved to be deferred enabling additional works to be completed at the Little Para Golf Course. This project was then re-scoped and designed to achieve the optimum outcome from available funds. This project is now scheduled to commence early in 2018/19.	\$171k
<u>City Wide Trails Program</u> City Wide Trails Program is pending further grant funding. The current funds are required for design and the completion of a section of trails adjacent Mawson Lakes. These works are scheduled for tender early 2018/19.	\$140k
<u>Sportsfield Lighting Program</u> Due to supply and installation delays, the completion of sportsfield lighting at Rowe Park Upper, Ingle Farm, will be finalised early in the new financial year.	\$125k
<u>Other</u> – Refer Attachment 1	\$429k
<u>Returned Funds</u> 	
Returned funds for this category are a combination of various programs. One main achievement was the Bridge Renewal Program was able to be achieved with savings of \$120k.	\$414k

3.8.2 Drainage and Waterways

Asset Category	2017/18 Original Budget	2016/17 Carry Forward	Budget Reviews	2017/18 Revised Budget	Requested Carry Forward		External Funds	Committed	Returned Funds
Drainage & Waterways - Capital	2,804,000	132,400	(165,983)	2,770,417	220,300	8%	-	439,705	434,800
Drainage & Waterways - Operating Components	231,000	-	-	231,000	-	0%	-	-	-
Total	3,035,000	132,400	(165,983)	3,001,417	220,300	7%	-	439,705	434,800

Key Achievements**Watercourse Management Works Program**


As part of this program, works are progressively delivered within and surrounding the waterways to minimise erosion and manage water flows. An audit of dams was undertaken this year to inform and aid water management planning. \$810k was spent this financial year in the delivery of this program.


Local Flooding Program

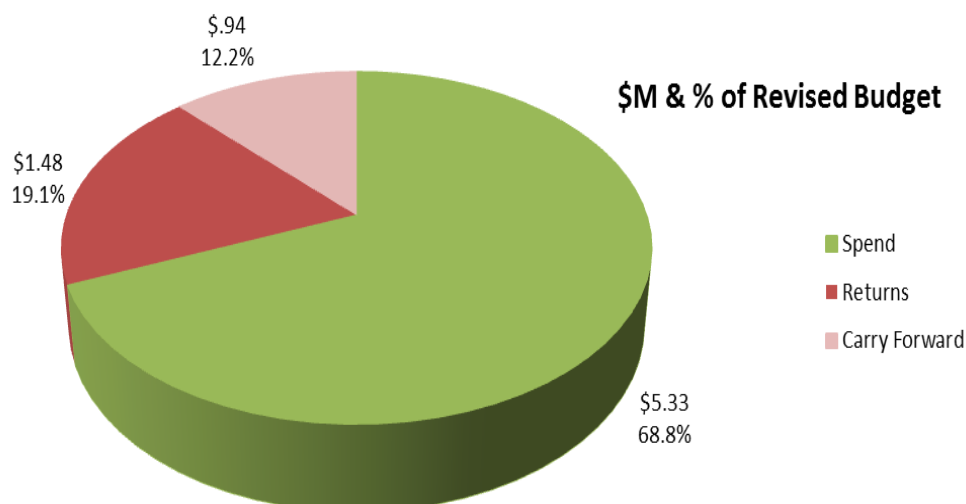
12 Local Flooding Projects, to the value of \$468k, reached final completion in 2017/18 assisting to address localised drainage issues within the City.

Major Flood Mitigation Projects

Post Avenue, Salisbury, \$313k, and Prince Street, Salisbury East, \$82k, were completed this financial year as part of this Major Flood Mitigation Program.

<u>Carry Forward Funds</u> 	
<u>Automated Flood Gates</u> The project at Kaurna Park Wetlands is currently underway however due manufacturing lead time will be completed next year.	\$100k
<u>Other</u> – Refer Attachment 1	\$120k

<u>Returned Funds</u> 	
Returned funds are a combination of successful tender savings and project efficiencies. Watercourse Management Works Program is a rolling program where uncommitted funds of \$220k have been returned.	\$435k

3.8.3 Property and Buildings

Asset Category	2017/18 Original Budget	2016/17 Carry Forward	Budget Reviews	2017/18 Revised Budget	Requested Carry Forward		External Funds	Committed	Returned Funds
Property & Buildings - Capital	4,407,000	1,413,400	1,181,450	7,001,850	767,800	11%	-	752,675	1,469,300
Property & Buildings - Operating Components	606,000	139,700	-	745,700	176,100	24%	-	-	7,600
Total	5,013,000	1,553,100	1,181,450	7,747,550	943,900	12%	-	752,675	1,476,900

Key Achievements**Para Hills Hub**


The construction of the \$4.4M Para Hills Hub, commenced this year and officially opened on 11 August 2018. This building will provide the community with a multipurpose facility which has been constructed to effectively connect with the existing services.


Building Renewal Program

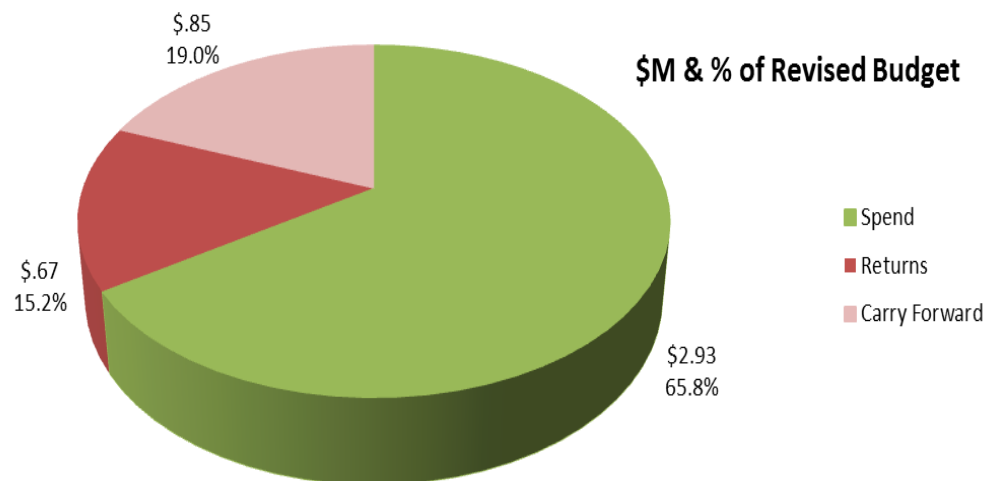
The \$1.8M Building Renewal Program delivered a series of works across 15 sites within the City. These works included renewal components, upgrades and building compliance. The development of the 2018/19 program is already underway and will be delivered again as a progressive scope of works with the aim to minimise occupant inconvenience.

CCTV Community Facilities

The program to upgrade and install CCTV for community facilities was fully completed this year. Sites completed this year included Morella Community Centre, Burton Community Centre, Bagster Road Community Centre and Parafield Gardens Recreation Centre. This program received co-funding from the Attorney Generals Department.

<u>Carry Forward Funds</u> 	
<u>Para Hills Hub</u> The construction of the Para Hills Hub continued into 2018/19 in alignment with the opening in August. The carried funds cover the remaining fit out and landscape works completed in the final stage of the project.	\$501k
<u>Operations Centre Upgrade</u> The refurbishment of the Operations Centre will move into detail design in 2018/19.	\$210k
<u>Other</u> – Refer Attachment 1	\$56k

<u>Returned Funds</u> 	
The returned funds for Property and Buildings are combined savings from various programs including \$360k from the Club/Sport Facilities Minor Capital Grants which is returned, as the program will receive a new budget allocation in 2018/19. In addition, \$583k of Building Renewal Program funds are being returned with the 2017/18 program finalised.	\$1.5M

3.8.4 Parks and Streetscapes

Asset Category	2017/18 Original Budget	2016/17 Carry Forward	Budget Reviews	2017/18 Revised Budget	Requested Carry Forward		External Funds	Committed	Returned Funds
Parks & Streetscapes - Capital	3,563,000	1,135,400	(285,344)	4,413,056	848,300	19%	16,700	1,011,987	674,800
Parks & Streetscapes - Operating Components	-	40,300	-	40,300	-	0%	-	-	-
Total	3,563,000	1,175,700	(285,344)	4,453,356	848,300	19%	16,700	1,011,987	674,800

Key Achievements**Playground / Play Space Program**



As part of the 2017/18 Playground / Play Space Program, (program budget \$550k), the renewal of play spaces at De Mille Street Reserve, Salisbury Downs, Heron Avenue Reserve, Parafield Gardens, Twell Green, Para Hills, and Dineen Road Reserve, Parafield Gardens were completed this financial year, with Onsley Green, Salisbury East, closed out in early 2018/19. This important program of works provides the community with free recreational facilities to use and enjoy.

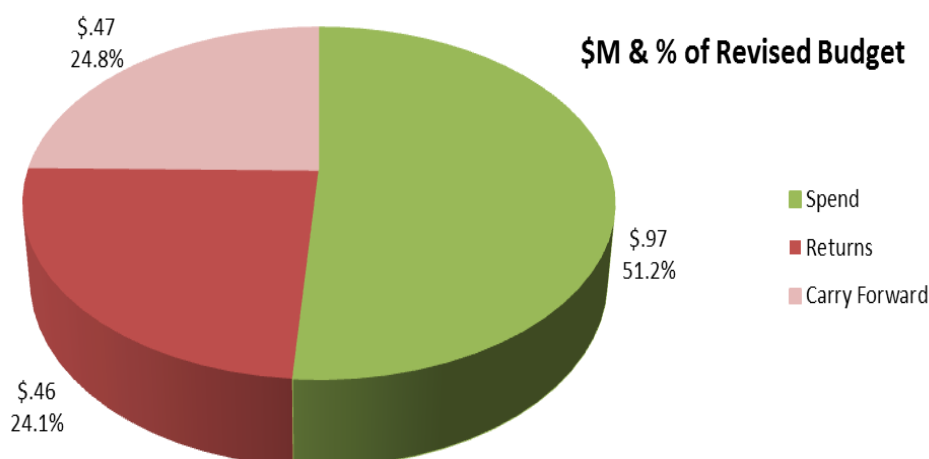
Irrigation Renewal Program

In order for parks and reserves to be effectively maintained, the irrigation systems remain a vital component to achieve this. The renewal of irrigation systems at McQueen Court Reserve, Paralowie, and Reg Groth Reserve, Parafield Gardens, were successfully completed this financial year, (combined project budget \$205k).

Sports Courts Renewal Program

Courts renewed in 2017/18 included Baynes Green, Brahma Lodge, Salisbury North Oval, Salisbury North, and Canterbury Drive Reserve, Salisbury Heights. This annual program covers all outdoor sports courts surfaces.

<u>Carry Forward Funds</u> 	
<u>Andrew Smith Drive Reserve Upgrade</u> <p>As reported via the Works and Services Committee, 19 March 2018, additional time was required to ascertain future sporting needs for the reserve. It was resolved that the play space relocation and upgrade was approved to proceed. This enabled these works to progress to procurement, with the remaining considerations still to occur. The playground and minor associated works are now awarded and expected to be delivered in the first quarter of 2018/19.</p>	\$393k
<u>Street Trees Program</u> <p>The Street Tree Program is a continuous program of works which is delivered to make best use of weather conditions and planting seasons. Progressive delivery will continue into 2018/19 to finalise the 2017/18 program which requires carry forward funds, however, there are significant returned funds, refer below.</p>	\$250k
<u>Other</u> – Refer Attachment 1	\$205k
<u>Returned Funds</u> 	
<p>Noting the carry forward, refer above, there are significant returned funds of \$468k associate with Street Tree Program due to favourable tenders received from the market and a change in approach to budget allocation for plant establishment, where the ongoing plant establishment expense is now being funded via future year's budget.</p>	\$675k

3.8.5 Salisbury Water

Asset Category	2017/18 Original Budget	2016/17 Carry Forward	Budget Reviews	2017/18 Revised Budget	Requested Carry Forward		External Funds	Committed	Returned Funds
Salisbury Water Business - Capital	1,112,400	801,000	(23,736)	1,889,664	467,800	25%	-	377,700	455,000
Salisbury Water Business - Operating Components	-	-	-	-	-	-	-	-	-
Total	1,112,400	801,000	(23,736)	1,889,664	467,800	25%	-	377,700	455,000

Key Achievements**Salisbury Water Disinfection System**

Installation of 7 new sodium hypochlorite disinfection systems have been successfully completed and commissioned at Parafield, Bushman, Daniel, Edinburgh Parks South, Kaurna Parks, Bennett Rd and Andrew Smith Drive distribution pumping stations.

Salisbury Water Head Tank – Distribution Linkage

A new distribution main linkage from Barker Gully to Leonard St was successfully constructed and commissioned in 2017/18. This linkage will contribute towards improved distribution pressures within the Salisbury Water recycled water network through Para Hills, Salisbury East, Salisbury South, Salisbury Park and Salisbury Heights. In addition this linkage will facilitate new connections to customers in Gulfview Heights and Salisbury Heights including Gulfview Heights Primary School and Kiekebusch Reserve.

Distribution Main Linkages

A new distribution main linkage from Rundle Road to Frost Road, Salisbury South was completed and commissioned in 2017/18. This linkage will facilitate improved customer supply in peak periods and connection of new customers in the Salisbury South area. It will also facilitate supply from the new Bridgestone Reserve MAR facility to selected high-grade customers along Cross Keys Rd.

Groundwater Community Bores – Tank & Booster Pump Systems

New booster tank systems at Happy Home Reserve and Carisbrook were constructed in 2017/18 and will be commissioned during the 2018/19 irrigation season. These tank and booster pump systems will contribute towards improved operational efficiencies for the groundwater bores and can be used to provide additional water security in the future to other customers via the city wide distribution main.

Carry Forward Funds



Salisbury Water Disinfection System

Installation of sodium hypochlorite disinfection systems have been successfully completed and commissioned at all major distribution pumping stations.

The rollout of a standardised sodium hypochlorite system across multiple schemes has provide some cost efficiencies. The installation of high cost UV systems, as originally budgeted for, is not required as disinfection standards have been verified by combining a 10 day 'hold' in the aquifer with chlorination. The CSIRO research had predicted this result but we had to verify with actual results. This has resulted in \$300k budget savings.

However, the Defence PFAS issue, which has resulted in 5 MAR wells being quarantined, has required stormwater from Globe Derby to be transferred through residential networks at Parafield Gardens which were formerly used to supply unchlorinated native ground water. The blending of chlorinated stormwater with unchlorinated ground water has resulted in the oxidation of dissolved Iron and Manganese in the groundwater. Iron and manganese occur naturally in groundwater, however the oxidation process causes staining and discolouration of plumbing and sometimes results in a 'rusty' look to the water. (Oxidised Iron is rust) This has resulted in a significant increase in customer complaints about the quality of the water. This can be managed by filtration.

It is proposed that \$250k be carried forward (or redirected) to 2018/19 to progressively rollout iron/manganese filtration systems to address customer concerns about the colour of their recycled water supply.

\$250k

Water Quality Monitoring

Selection of a suitable instrument to monitor water quality in MAR wells was delayed following several unsuccessful trials. The main cause for delay was selecting a unit which could reduce the need for constant cleaning and re-calibration.

Instruments have now been purchased and installation and programming modifications are being undertaken, therefore the balance of funds are proposed to be carried forward to enable this work to be completed.

\$100k

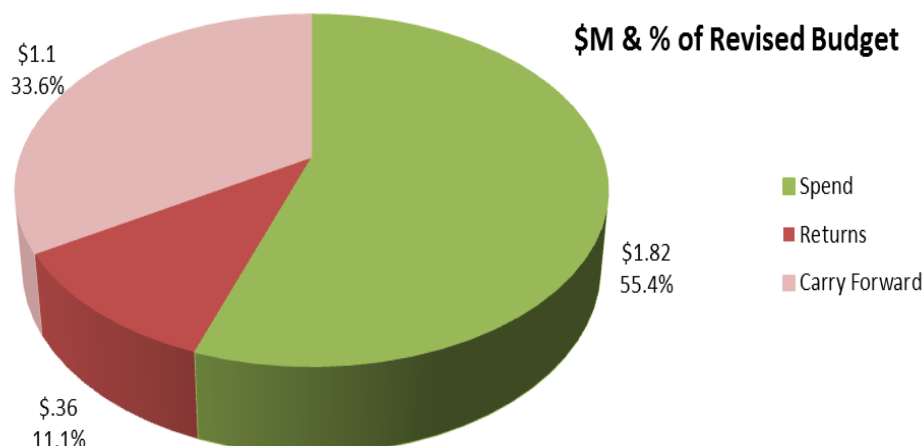
Other – Refer Attachment 1

\$118k

Returned Funds

Budget savings have been made with lower than predicted asset renewal required for Salisbury Water Business Unit assets and no suitable water licence allocations were available to purchase during 2017/18.

\$455k

3.8.6 PF&E

Asset Category	2017/18 Original Budget	2016/17 Carry Forward	Budget Reviews	2017/18 Revised Budget	Requested Carry Forward		External Funds	Committed	Returned Funds
Plant, Furniture & Equipment - Capital	3,285,000	636,700	(670,499)	3,251,201	1,102,800	34%	-	2,344,414	362,900
Plant, Furniture & Equipment - Operating Components	8,000	24,400	-	32,400	-	0%	-	-	-
Total	3,293,000	661,100	(670,499)	3,283,601	1,102,800	34%	-	2,344,414	362,900

**Key Achievements**Fleet Purchase (Lease to Purchase)

12 Fleet items were replaced in 2017/18, achieving full program completion.

Carry Forward FundsPlant and Fleet Replacement Program

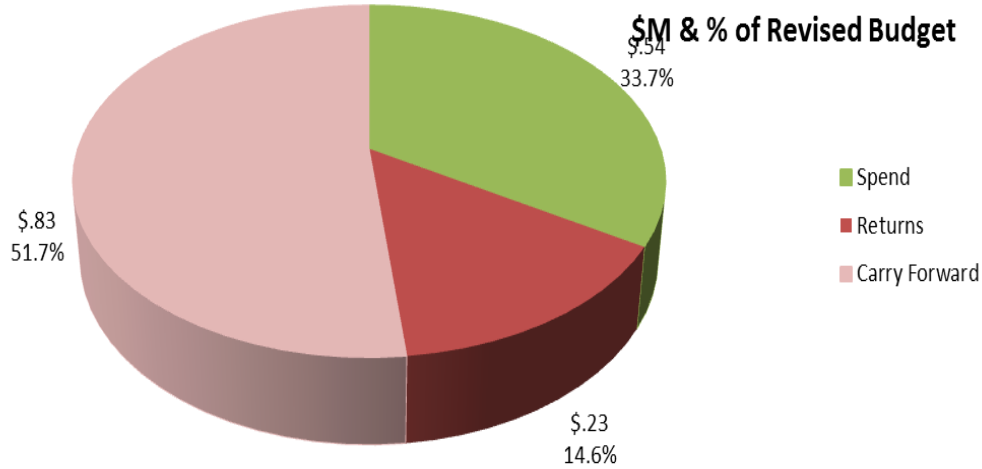
Allowing for the successful completion of program reviews, several items of fleet were placed on hold to ensure program review outcomes could be considered prior to fleet purchase. This resulted in several items of fleet not being able to be delivered this financial year. In addition, large plant items such as three trucks, \$440k, scheduled for replacement have significant lead supply times which has resulted in their delivery expected early 2018/19.

\$1,103k

Returned Funds

Balance of program funds are nominated for return. Vehicle replacement prices were able to be achieved within original budget estimates per item.

\$363k

3.8.7 Strategic Projects - Other



Asset Category	2017/18 Original Budget	2016/17 Carry Forward	Budget Reviews	2017/18 Revised Budget	Requested Carry Forward		External Funds	Committed	Returned Funds
Strategic Projects Other - Capital	1,824,500	491,000	(872,339)	1,443,161	808,900	56%	-	82,814	234,400
Strategic Projects - Operating Components	-	164,100	-	164,100	21,700	13%	-	-	-
Total	1,824,500	655,100	(872,339)	1,607,261	830,600	52%	-	82,814	234,400

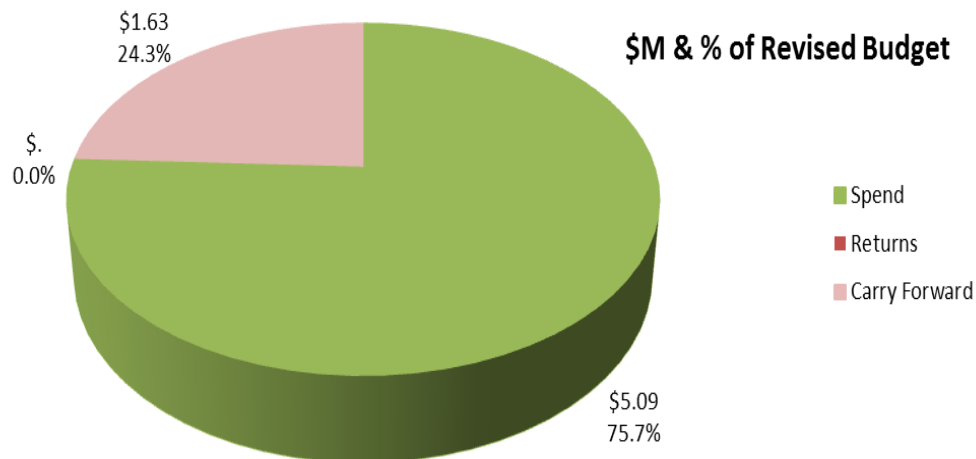
Key Achievements**Salisbury Oval Master Plan Implementation**

Following the successful completion of the Salisbury Oval Master Plan, a series of projects were identified to see this vision come to life. The renewal of grandstand and clubrooms were completed, as with the detail design of the new female friendly change rooms. These new change rooms supporting the introduction of female only teams into the football leagues. Early 2019, this new facility is expected to be officially opened.

Bridgestone Regional Athletic Facility

\$995k of State Government grant funding was awarded and received in 2017/18 with the project budget endorsed as part of the 2018/19 budget. This project will move into detail design early 2018/19.

<u>Carry Forward Funds</u> 	
<p><u>Salisbury Oval Master Plan Implementation</u></p> <p>The demolition of ancillary buildings will occur following the construction of the new change rooms and their associated amenities. In addition, the development of parking and site stormwater is underway and will inform the adjacent residential development and site services. The funding for all these works is proposed to be carried forward with the program of works continuing into 2018/19. This project is also linked to the property development projects within Strategic Property.</p>	\$809k
<u>Returned Funds</u> 	
<p>The primary return for this asset category is the \$209k from a previous phase of funding for the redevelopment of the Salisbury Oval Grandstand. Sufficient funding to complete the now determined scope of works remains within the program and this surplus funding is proposed for return.</p>	\$234k

3.9 Strategic Projects – Community Hub

Asset Category	2017/18 Original Budget	2016/17 Carry Forward	Budget Reviews	2017/18 Revised Budget	Requested Carry Forward		External Funds	Committed	Returned Funds
Strategic Projects Community Hub - Capital	27,000,000	4,090,900	(24,620,040)	6,470,860	1,630,400	25%	-	32,355,649	-
Strategic Projects - Operating Components	120,000	131,400	-	251,400	-	0%	-	-	-
Total	27,120,000	4,222,300	(24,620,040)	6,722,260	1,630,400	24%	-	32,355,649	-

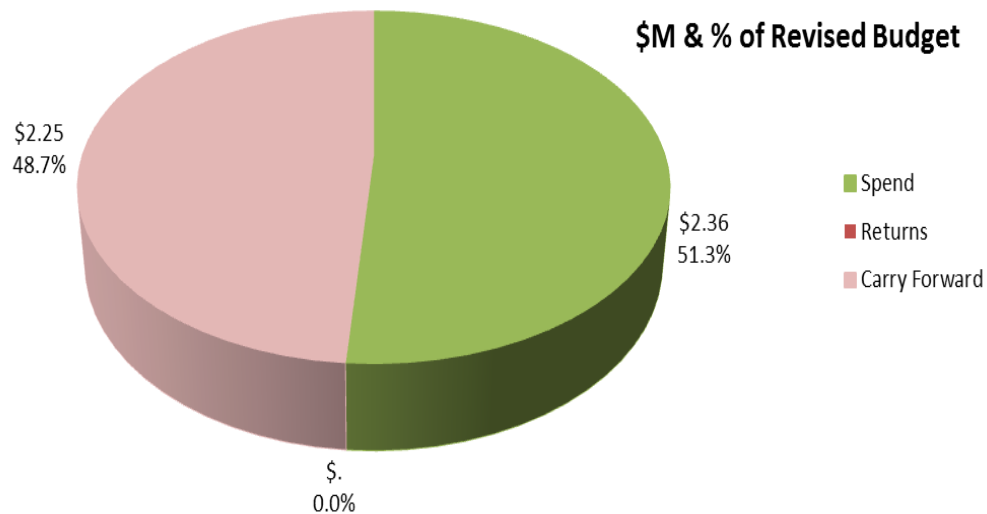
Key Achievements**Salisbury Community Hub**

Across 2017/18 the Salisbury Community Hub completed design development and detailed design to 50%, for tender under a design and construct procurement model. The Principal Contractor was engaged in May 2018 and the Design Team was novated to the Contractor to complete the design documentation to 100%. A staged building rules consent process was adopted to support site establishment works and demolition works commencing on site in June 2018, concurrent with the completion of the 100% design for the building.

Carry Forward Funds**Salisbury Community Hub**

A revised cash flow was presented to Council across 2017/18 for the Salisbury Community Hub Project, while early site establishment works commenced in June 2018 the first progress claim was not issued for the project until August 2018, resulting in the first few months of construction funding being carried into 2018/19. The project capital budget is unchanged. The only change is to cash flow timing.

\$1,630k

3.10 Strategic Property

Asset Category	2017/18 Original Budget	2016/17 Carry Forward	Budget Reviews	2017/18 Revised Budget	Requested Carry Forward		External Funds	Committed	Returned Funds
Strategic Property - Capital	860,980	3,721,600	23,716	4,606,296	2,245,100	49%	-	623,866	-
Strategic Property - Operating Components	-	-	-	-	-	0%	-	-	-
Total	860,980	3,721,600	23,716	4,606,296	2,245,100	49%	-	623,866	-

Key Achievements

Civil and landscape construction is substantially complete on the first of the Tranche 2 projects, Boardwalk at Greentree with 80% of the project site now sold. The remaining Tranche 1 projects are complete, with all sales and settlements completed. Feasibility work to inform the balance of the Tranche 2 business cases has commenced. Strategic Property's development projects are also linked to Strategic Project Other – Salisbury Oval Master Plan Implementation.

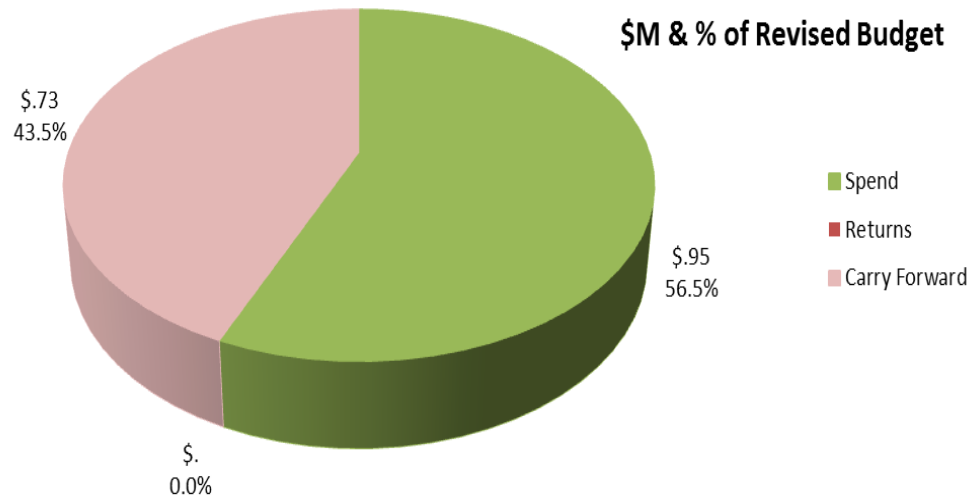
Carry Forward Funds

The nature and complexity of Strategic Property projects results in timelines extending over multiple financial years from initial feasibility through to full project completion. Funds carried forward on the Tranche 1 projects predominantly relate to expenditure relating to cost of sales and project commissions for unsold/settled allotments on Boardwalk. Timing for completion of sales is subject to overall residential market performance.

\$2.2M

3.11 Information Services


Item 6.1.1



Asset Category	2017/18 Original Budget	2016/17 Carry Forward	Budget Reviews	2017/18 Revised Budget	Requested Carry Forward		External Funds	Committed	Returned Funds
Information Technology - Capital	35,000	1,077,000	465,995	1,577,995	726,400	46%	-	232,024	-
Information Technology - Operating Components	99,000	5,000	-	104,000	5,000	5%	-	-	-
Total	134,000	1,082,000	465,995	1,681,995	731,400	43%	-	232,024	-

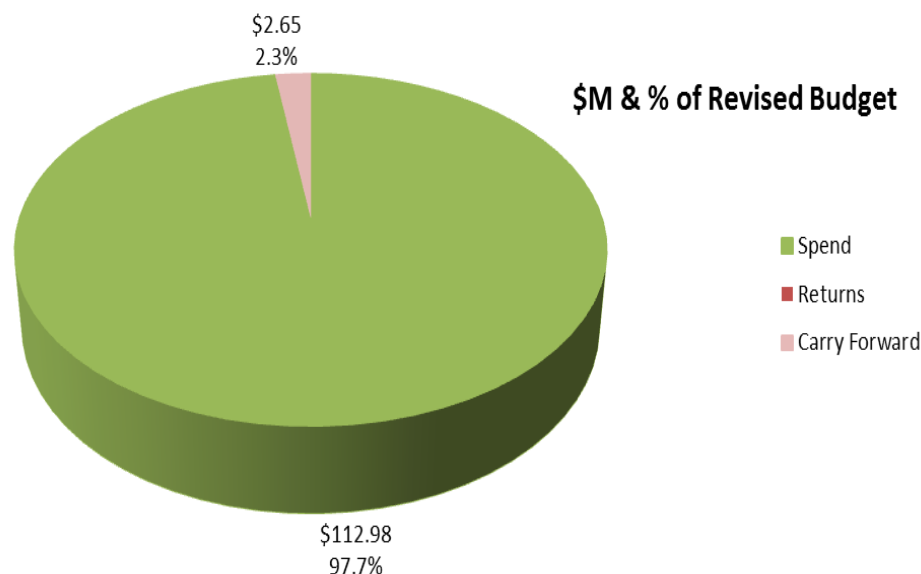
Key Achievements

The development and implementation of Business Planning and Budget Bid System was successfully delivered this financial year. These systems were able to be incorporated within an existing organisational core system which removed the risks associated with integration. The Bid System was completed ready for the administration of the 2018/19 budget process.

<u>Carry Forward Funds</u> 	
<u>Asset Management Improvement Project (AMIP)</u> AMIP will achieve significant efficiency gains for the organisation however requires significant time to plan and develop the associated systems prior to implementation. Asset structures for the \$1.8B of assets across the City have been reviewed, the acquisition of devices for the field was completed and a training plan has been developed for this project which will move into implementation phase in 2018/19.	\$311k
<u>Time, Recording, Attendance Process</u> This project was originally on hold pending the outcomes of the Asset Management Improvement Project (AMIP). The project is required for general recording of staff time with the ability to capture time and allocate to the Capital Works Program.	\$212
<u>Other</u> – Refer Attachment 1	\$203k

3.12 Operating

Item 6.1.1



Budget Category	2017/18 Original Budget	2016/17 Carry Forward	Budget Reviews	2017/18 Revised Budget	Requested Carry Forward		External Funds	Committed	Returned Funds
Operating Expenditure	112,358,822	1,524,500	69,270	113,952,592	2,432,600	2%	408,600	NA	NA
Operating Components of Capital	1,161,000	521,300	-	1,682,300	219,300	13%	-	-	7,600
Total	113,519,822	2,045,800	69,270	115,634,892	2,651,900	2%	408,600	NA	7,600

3.12.1 Operating Expenditure Carry Forward is \$2,652k, which is 2.3% of the revised operating budget. Major items include:

Operating Carry Forwards 2017/18	
Wages & Salaries to support the transition of operations to the new Salisbury Community Hub, Property Development work and other commitments made in the 2017/18 year.	\$790k
Tea Tree Gully Business Advisory Services, including external funding	\$203k
People & Culture - OHS & Injury Management	\$135k
Innovation & Business Development Sub Committee	\$130k
City Infrastructure Administration Consulting Funds	\$100k
Organisational Development Initiative - Culture and Effectiveness Interventions	\$100k
Procurement – continuation of contract appointment	\$80k
Training & Development Program	\$76k
Digital Growth Program	\$64k
Operating Components of Capital – refer Attachment 1	\$449k
Other – refer Attachment 1	\$525k
Total	\$2,652k

- 3.12.2 Elected Member Training has been carried forward in line with council policy being that the balance of training budget not expended in the immediate proceeding year be carried forward for one year.

4 CONCLUSION / PROPOSAL

- 4.1 The level of carry forward funds at the completion of 2017/18 is lower than the previous financial year with the total carry forward funds reducing from \$16.8M in 2016/17 to \$12.3M in 2017/18.
- 4.2 Operating Carry Forwards are higher than last financial year, with the main variability resulting from external grants and funds to support the Salisbury Community Hub and next tranche of property development work.
- 4.3 Following endorsement of the recommendation in this report these amounts will be included into the revised budget for 2018/19, and also be included in the 2017/18 Financial Statements as a Reserve.

CO-ORDINATION

Officer: Executive Group
Date: 13/08/2018

SCHEDULE OF FUNDS CARRIED FORWARD FROM 2017/18 TO 2018/19

ACC NO	DESCRIPTION	FUNDS C/FWD TO 2018/19		
		COUNCIL	EXTERNAL	TOTAL
WORKS IN PROGRESS				
CAPITAL WORKS				
INFRASTRUCTURE CAPITAL WORKS				
	Transportation			
23114	Btn Pk Community Centre Precinct	23,700		23,700
13600	Minor Traffic Improvements	18,600		18,600
14498	Council Funded New Footpath Program *	8,700		8,700
17080	Information Signage - Parks and Reserves	30,100		30,100
17190	City Wide Trails Program	139,700		139,700
17754	Sportsfield Lighting Program	124,500		124,500
20548	Bridge Renewal Program	10,000		10,000
21412	Kerb Ramp Construction/Upgrade Program	79,400		79,400
21413	Carpark Program	171,400		171,400
21478	Public Lighting Program	16,500		16,500
22118	Bituminous Footpaths & Shared Use Reseal	98,100		98,100
22225	Developer Funded Footpath Program		63,200	63,200
22852	Bus Shelter Ren & Stop Improvement Prog *	55,100		55,100
23435	ML Interchange - Pedestrian & Cycle	26,100		26,100
Sub-Total		801,900	63,200	865,100
Total Revised Budget for Transportation				13,825,557
Carry Forward Percentage of Revised Budget for Transportation				6%
	Property & Buildings			
18097	Building Renewal Program	56,400		56,400
20017	Building Upgrade Program *	711,400		711,400
Sub-Total		767,800	-	767,800
Total Revised Budget for Property & Buildings				7,001,850
Carry Forward Percentage of Revised Budget for Property & Buildings				11%
	Drainage & Waterways			
16999	Local Flood Program	38,200		38,200
17205	Watercourse Management Works	46,200		46,200
24419	Automated Flood Release Gates	100,000		100,000
22229	Major Flood Mitigation Projects	35,900		35,900
Sub-Total		220,300	-	220,300
Total Revised Budget for Drainage & Waterways				2,770,417
Carry Forward Percentage of Revised Budget for Drainage & Waterways				8%

* These Capital Projects have Operating Components that are also requested carry forwards

** These Operating Components of Capital Projects related to projects that do not have a capital project carry forward

ACC NO	DESCRIPTION	FUNDS C/FWD TO 2018/19		
		COUNCIL	EXTERNAL	TOTAL
	Parks & Streetscape			
17040	Irrigation Renewal Program	1,600		1,600
17103	City Pride Renewal of Feature Landscapes	34,300		34,300
17147	Tree Screen Renewal Program	59,000		59,000
21456	Reserve Upgrade Program	409,100		409,100
21515	Street Trees Program	250,000		250,000
22225	Developer Funded Street Trees Program		16,700	16,700
20018	Play Space / Playground Renewal Program	6,600		6,600
22534	Parks & Streetscape Prog Area Plan	71,000		71,000
	Sub-Total	831,600	16,700	848,300
Total Revised Budget for Parks & Streetscape				4,413,056
Carry Forward Percentage of Revised Budget for Parks & Streetscape				19%
	Salisbury Water			
22159	Salisbury Water Disinfection System	250,000		250,000
23453	Salisb Water Emergency Backup Power	19,800		19,800
24458	GroundwaterComm Bore Tank Pump	27,500		27,500
24463	Council Res Upgrades - Re-water	70,000		70,000
24464	Water Quality Monitoring	100,500		100,500
	Sub-Total	467,800	-	467,800
Total Revised Budget for Salisbury Water				1,889,664
Carry Forward Percentage of Revised Budget for Salisbury Water				25%
	Strategic Projects			
23921	Salisbury Oval Master Plan Implementation	808,900		808,900
25000	Salisbury Community Hub	1,630,400		1,630,400
	Sub-Total	2,439,300	-	2,439,300
Total Revised Budget for Strategic Projects				7,914,021
Carry Forward Percentage of Revised Budget for Strategic Projects				31%
TOTAL - INFRASTRUCTURE CAPITAL WORKS		5,528,700	79,900	5,608,600
Total Revised Budget for Infrastructure Capital Works				37,814,565
Carry Forward Percentage of Revised Budget for Infrastructure Capital Works				14.83%

* These Capital Projects have Operating Components that are also requested carry forwards

** These Operating Components of Capital Projects related to projects that do not have a capital project carry forward

ACC NO		DESCRIPTION	FUNDS C/FWD TO 2018/19		
			COUNCIL	EXTERNAL	TOTAL
STRATEGIC PROPERTY					
18001	Hoyle Green, Para Hills		11,100		11,100
19612	Shoalhaven, Mawson Lakes		46,900		46,900
19743	Lake Windemere, Salis Nth		72,000		72,000
20968	Boardwalk Greentree - Walpole 3 - Paralw		1,744,800		1,744,800
23140	Salisbury Oval Residential *		4,500		4,500
19739	Emerald Green - Ryans Road		333,000		333,000
24575	Mallee Rd Paralowie Strat Property		32,800		32,800
TOTAL - STRATEGIC PROPERTY			2,245,100	-	2,245,100
Total Revised Budget for Strategic Property			4,606,296		
Carry Forward Percentage of Revised Budget for Strategic Property			49%		
TOTAL - CAPITAL WORKS					
			7,773,800	79,900	7,853,700
Total Revised Budget for Capital Works			42,420,861		
Carry Forward Percentage of Revised Budget for Capital Works			19%		
INFORMATION TECHNOLOGY					
11877	Integration Projects		47,000		47,000
20003	Organisational and Usage of Dataworks		22,300		22,300
20815	Time, Recording, Attendance Process		212,000		212,000
21543	Automated Accounts Payable System		4,800		4,800
22380	New Initiative Bid & Grant Management		41,400		41,400
23441	The Care Manager (TCM) Enhancement		22,000		22,000
23470	Business Planning Software		50,300		50,300
23476	Asset Mng Wk Ord Mobilisation & SAM Support *		311,200		311,200
23917	eServices Upgrade		15,400		15,400
TOTAL - INFORMATION TECHNOLOGY			726,400	-	726,400
Total Revised Budget for Information Technology			1,577,995		
Carry Forward Percentage of Revised Budget for Information Technology			46%		
FLEET					
22843	Plant & Fleet Replacement Program		1,102,800		1,102,800
TOTAL - FLEET			1,102,800	-	1,102,800
Total Revised Budget for FLEET			3,251,201		
Carry Forward Percentage of Revised Budget for FLEET			34%		

* These Capital Projects have Operating Components that are also requested carry forwards

** These Operating Components of Capital Projects related to projects that do not have a capital project carry forward

ACC NO	DESCRIPTION	FUNDS C/FWD TO 2018/19		
		COUNCIL	EXTERNAL	TOTAL
OPERATING				
	Capital Projects Operating Component			
23476	Asset Mng Wk Ord Mobilisation & SAM Support *	5,000		5,000
14498	Council Funded New Footpath Program *	11,500		11,500
22852	Bus Shelter Ren & Stop Improvement Prog *	5,000		5,000
20017	Building Upgrade Program *	176,100		176,100
22814	Paddocks Master Plan (Stage 3) **	31,800		31,800
21461	Strategic Projects Area Planning Program **	70,300		70,300
23140	Salisbury Oval Residential *	21,700		21,700
22256	Salisbury Community Hub **	127,900		127,900
	Sub-Total	449,300	-	449,300

* These Capital Projects have Operating Components that are also requested carry forwards

** These Operating Components of Capital Projects related to projects that do not have a capital project carry forward

ACC NO	DESCRIPTION	FUNDS C/FWD TO 2018/19		
		COUNCIL	EXTERNAL	TOTAL
	Operating			
003-991-3100	Wages & Salaries Provision	500,000		500,000
301-100-3450	Vietnamese Boat People Memorial	20,000		20,000
303-986-3221	Local Drug Action Team		11,000	11,000
328-832-3321	Be Connected (State Government) Grant		1,000	1,000
341-386-3452	Community Grants Youth Sponsorships	9,000		9,000
355-100-3221	Community Health Wellbeing - CHSP		19,000	19,000
357-153-3100	Health and Inclusion Consultancy cost	29,400		29,400
377-262-3221	Duke of Edinburgh		6,900	6,900
388-122-3221	Community Planning - Reconciliation Action Plan	11,000		11,000
411-607-3221	Salisbury Town Centre Revitalisation	8,000		8,000
420-100-3100	Strategic Projects	290,000		290,000
425-739-3221	Strategic Relations - Saltfields Development	40,000		40,000
460-844-3221	Parking Technology	45,000		45,000
501-845-3221	Innovation & Business Development	130,000		130,000
510-475-3554	Elected Member Training & Development	29,000		29,000
522-100-3221	Governance - Special Distribution Income		30,000	30,000
523-396-3100	Procurement - continuation of contract appointment	80,000		80,000
529-131-3200	Accounting Services - Technology One	56,600		56,600
560-210-3221	Salisbury Vitality Program	6,500		6,500
560-219-3221	People & Culture - OHS & Injury Management		135,000	135,000
565-283-3227	Training & Development Program	75,700		75,700
565-996-3200	Organisational Development Initiative - Culture and Effectiveness	100,000		100,000
575-499-3221	Digital Strategy	62,000		62,000
581-880-3221	Economic Development - Polaris Centre	15,000		15,000
651-235-3100	Economic Development - Playford Business Services		11,700	11,700
651-347-3200	Economic Development - Wax Design Studio	7,500		7,500
651-348-3200	Economic Development - Parking Scenario Planning	36,200		36,200
651-936-3561	Northern Adelaide Industry Development		39,300	39,300
653-060-3221	Business Advisory Services - Excellence in Business		30,300	30,300
653-821-3100	Tea Tree Gully Business Advisory Services	143,100	60,000	203,100
657-100-3561	Digital Growth Program		64,400	64,400
805-100-3200	City Infrastructure Administration - Consulting Services	100,000		100,000
	Sub-Total	1,794,000	408,600	2,202,600
	TOTAL - OPERATING	2,243,300	408,600	2,651,900
	TOTAL FUNDS CARRIED FORWARD FROM 2017/2018 TO 2018/2019	11,846,300	488,500	12,334,800

* These Capital Projects have Operating Components that are also requested carry forwards

** These Operating Components of Capital Projects related to projects that do not have a capital project carry forward

ITEM	6.1.2
	BUDGET AND FINANCE COMMITTEE
DATE	20 August 2018
HEADING	Treasury Report for Year Ended 30 June 2018
AUTHORS	Kate George, Manager Financial Services, Business Excellence Tim Aplin, Senior Accountant, Business Excellence
CITY PLAN LINKS	4.4 Embed long term thinking, planning and innovation across the organisation.
SUMMARY	This report, in accordance with the Local Government Act 1999 and Council's Treasury Management Policy, provides Council with a summary of the investment performance and loan facilities for the 2018 Financial Year.

RECOMMENDATION

1. Information be received.

ATTACHMENTS

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

1. Treasury Policy

1. BACKGROUND

- 1.1 In accordance with Section 140 *Local Government Act 1999* and the Treasury Policy this report details the investment performance of Council funds for the year ended 30 June 2018.
- 1.2 Members may wish to note that Local Government in South Australia is in the unique position of having its own finance authority the Local Government Finance Authority (LGFA), with State Government guaranteeing its operation.

2. CONSULTATION / COMMUNICATION

- 2.1 External
 - 2.1.1 Information has been sourced from the LGFA with respect to an estimate of the yearly bonus applicable to all deposits in interest rate terms.

3. REPORT

3.1 Borrowings

- 3.1.1 Council's borrowings are a mix of fixed term borrowings with the choice of fixed or variable interest rates, and variable term borrowings in the form of cash advance facilities (CAD's), all of which are held with LGFA.

3.2 Fixed Term Borrowings

- 3.2.1 The table below details Councils Fixed Term Borrowings at the year ended 30 June 2018. It shows an overall net decrease in fixed term borrowings of \$2.33M from 30 June 2017, with no additional borrowing being established during the 2017/18 Financial Year.

Reference	Amount Borrowed	Date Established	Maturity	Interest Rate	Principal Balance 30/6/2018	Principal Balance 30/6/2017	Reduction in Principal	Annual Repayment Amount	Interest Paid
LGFA 0254	\$ 3,610,000	16/06/2003	16/06/2018	5.60%	\$ -	\$ 344,370	\$ 344,370	\$ 358,900	\$ 14,530
LGFA 0256	\$ 2,829,000	15/06/2004	15/06/2019	6.77%	\$ 288,487	\$ 558,393	\$ 269,906	\$ 303,217	\$ 33,311
LGFA 0258	\$ 3,218,000	15/06/2005	15/06/2020	6.26%	\$ 618,648	\$ 900,521	\$ 281,873	\$ 333,902	\$ 52,029
LGFA 0259	\$ 1,463,000	15/06/2006	15/06/2021	6.70%	\$ 417,990	\$ 539,938	\$ 121,948	\$ 156,115	\$ 34,167
LGFA 0260	\$ 4,811,000	15/06/2007	15/06/2022	7.01%	\$ 1,798,844	\$ 2,176,276	\$ 377,432	\$ 523,489	\$ 146,056
LGFA 0263	\$ 9,000,000	15/06/2010	15/06/2025	6.58%	\$ 5,278,282	\$ 5,855,439	\$ 577,157	\$ 953,104	\$ 375,947
LGFA 0264	\$ 5,889,000	15/06/2011	15/06/2026	6.80%	\$ 3,852,961	\$ 4,205,279	\$ 352,318	\$ 632,387	\$ 280,070
Total	\$ 30,820,000				\$ 12,255,212	\$ 14,580,216	\$ 2,325,004	\$ 3,261,114	\$ 936,111

- 3.2.2 Not included in the above loan schedule is a \$500,000 debenture loan that was secured in November 2016 for special purpose borrowings; however this is offset by a corresponding \$500,000 loan receivable. The current balance of this loan and the receivable is \$462,281.

3.3 Variable Term Facilities – CAD's

- 3.3.1 As detailed in the below table, Council's CAD's had no outstanding balances as at 30 June 2018, nor at 30 June 2017. Further, at the time of preparation of this report there were no outstanding amounts on any CAD facilities.
- 3.3.2 Members may wish to note that the interest rate applicable to CAD's at the time of the preparation of this report is 3.60%. Further the extent of any draw down on our CADs is correlated to the delivery of the capital works program, receipts of grant funding, and timing of rate revenue receipts.

Reference	Facility Amount	Date Established	Expiry Date	Rate	Outstanding 30/6/2018	Outstanding 30/6/2017	Movement
LGFA 0235	\$ 2,130,000	15/06/2009	15/06/2024	Variable	\$ -	\$ -	\$ -
LGFA 0257	\$ 6,400,000	15/06/2004	15/06/2019	Variable	\$ -	\$ -	\$ -
LGFA 0261	\$ 2,850,000	16/06/2008	16/06/2023	Variable	\$ -	\$ -	\$ -
LGFA 0262	\$ 570,000	15/06/2010	15/06/2025	Variable	\$ -	\$ -	\$ -
LGFA 0265	\$ 11,367,000	17/06/2013	17/06/2028	Variable	\$ -	\$ -	\$ -
Total	\$ 23,317,000				\$ -	\$ -	\$ -

- 3.3.3 In accordance with the Treasury Policy we balance the mix of fixed and variable borrowings so that neither fixed debt or variable facilities represent less than 30% of our total facilities. For the year ended 30 June 2018, fixed term facilities represented 34%, and variable term facilities represented 66% of the total facilities.
- 3.3.4 Further to the above in May 2018 loan borrowings requirements were assessed and reported as part of the Third Quarter Budget Review. The original budget was for net loan borrowings of \$21.3M after allowing for the offset by Property Development proceeds. This position was revised through Quarterly Budget Reviews, through a combination of budget variations and timing adjustments resulting in an investment position of \$5.7M. The timing adjustments of \$28.9M, included \$26.2M for the Salisbury Community Hub, which reduced our cash requirements in 2017/18 and have increased our cash requirements in 2018/19.
- 3.3.5 Since the May 2018 loan borrowings report there has been no significant impacts that necessitate new borrowings for the financial year ended 30 June 2018.

3.4 Investments – At Call and Fixed Term Deposits

- 3.4.1 Council holds two types of investments, 24 hour at call funds and fixed term deposits, with the funds being held either with the LGFA or the National Australia Bank.
- 3.4.2 24 Hour at Call - The table below shows the respective balances as at 30 June 2018 and 2017. These funds are held to cover cash disbursements planned to occur over the coming month.

Investment Type	30/06/2018		30/06/2017	
	Interest Rate *	Balance	Interest Rate *	Balance
24 Hour At Call LGFA	1.85%	\$ 708,140	1.85%	\$ 634,818
NAB Professional Funds	2.00%	\$ 18,648,423	2.00%	\$ 16,887,692
Total At Call		\$ 19,356,563		\$ 17,522,510

* The LGFA interest rate includes an additional 0.35% (0.35% for the 2016/17 Financial Year) which the LGFA has advised is a estimate of the likely value of the yearly bonus in interest rate terms applicable to all deposits for 2017/18. The actual percentage will not be known until October 2018, however the LGFA has advised it should be similar to the 2016/17 amount.

- 3.4.3 Fixed Term Deposits - The fixed term deposits are made for a period of 30, 60, or 90 days, and are based on predicted cash inflows and outflows over the period. All term deposits are held with the LGFA.

Investment Type	Maturity Date	Interest Rate *	Balance 30/6/2018	Balance 30/6/2017
Fixed	14/07/2017	2.50%	\$ -	\$ 3,500,000
Fixed	19/07/2017	2.50%	\$ -	\$ 5,000,000
Fixed	26/07/2017	2.00%	\$ -	\$ 2,500,000
Fixed	18/07/2018	1.80%	\$ 1,200,000	\$ -
Fixed	09/07/2018	1.65%	\$ 1,200,000	\$ -
Fixed	23/07/2018	1.65%	\$ 3,100,000	\$ -
Fixed	21/08/2018	1.80%	\$ 1,000,000	\$ -
Fixed	23/07/2018	1.65%	\$ 4,000,000	\$ -
Fixed	25/07/2018	1.65%	\$ 3,800,000	\$ -
Total			\$ 14,300,000	\$ 11,000,000
* The LGFA interest rate includes an additional 0.35% (0.35% for the 2016/17 Financial Year) which the LGFA has advised is a estimate of the likely value of the yearly bonus in interest rate terms applicable to all deposits for 2017/18. The actual percentage will not be known until October 2018, however the LGFA has advised it should be similar to the 2016/17				

- 3.4.4 It should be noted that consistent with the 2017/18 Financial year, the Federal Government made the decision to pay two quarters of the 2018/19 Financial Assistance Grant and Untied Local Roads Funding in advance totaling \$4,208,095, which was recognized on 18 June 2018. This advance payment in combination with proceeds received for property developments, the timing of the capital works program, and returned funds identified as part of the end of financial year process has resulted in a similar level of investments year on year.
- 3.4.5 The \$19.3M cash at call at 30 June 2018 is needed as payments during July and into August are traditionally very high with delivery of capital projects necessitating higher creditor payments and also once off yearly payments such WorkCover and Insurance Premiums. Further, our cash receipts in July and August are very low with the first installment of rates not due until early September. Cash outgoings in July 2018 \$14.7M, with \$11.4M paid to creditors, and \$3.3M in payroll and on cost payments.

4. CONCLUSION / PROPOSAL

- 4.1 Council investments and borrowings have been managed in accordance with Council's Treasury Policy, and the information provided is as required by the policy.

CO-ORDINATION

Officer: Executive Group
Date: 13/08/2018



Treasury Policy

Policy Type:	Policy		
Approved By:	Council	Decision No:	2010/2128, 2011/327, 2013/1927, 1026/2016, 2173/2017
Approval Date:	23 March 2010	Last Reapproval Date:	27 November 2017
Review Date:	November 2019	Internal Reference No.:	
Department:	Business Excellence	Division:	Financial Services
Function:	7 - Financial Management	Responsible Officer:	Manager, Financial Services

A - PREAMBLE

1. This policy provides clear direction to management, staff and Council in relation to the treasury function. It underpins Council's decision-making regarding the financing of its operations as documented in its annual budget and long-term financial plan and associated projected and actual cash flow receipts and outlays.
2. Council is committed to adopting and maintaining a Long-term Financial Plan and operating in a financially sustainable manner.
3. Section 3 the Local Government Act, 1999, requires Councils to act in a way that is effective, efficient and accountable. This is especially important when managing monies acquired by Council in order to benefit the Community.

C – POLICY PURPOSE/OBJECTIVES

1. This Treasury Management Policy establishes a decision framework to ensure that:
 - funds are available as required to support approved outlays;
 - interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed;
 - the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term.
 - Further it clarifies the treatment of surplus funds, identified through Budget Reviews

E - POLICY STATEMENT

1. **Treasury Management Strategy**
 - 1.1. Council's operating and capital expenditure decisions are made on the basis of:
 - identified community need and benefit relative to other expenditure options;

- cost effectiveness of the proposed means of service delivery; and,
- affordability of proposals having regard to Council's long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities and Interest Cover ratios).

1.2. Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets. This means Council will:

- maintain target ranges for its Net Financial Liabilities ratio;
- generally only borrow funds when it needs cash and not specifically for particular projects;
- apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.
- Apply surplus contained within the Sundry Projects Fund, following adjustments for variations to existing estimates, to a reduction in borrowings. 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 projects by reducing/cancelling an existing budgeted project, or approving an increase to the borrowing requirement.

2. Interest Rate Risk Exposures

2.1. Council has set range limits for both fixed and variable interest rate borrowings in order to minimise net interest costs on average over the longer term and at the same time manage interest rate movement risks within acceptable limits.

2.2. Fixed Interest Rate Borrowings

- To ensure an adequate mix of interest rate exposures, Council will structure its portfolio of borrowings to maintain on average in any year, not less than **30%** of its facilities in the form of fixed interest rate borrowings.
- In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the available maturity spectrum.

2.3. Variable Interest Rate Borrowings

- Council will structure its portfolio of borrowings to maintain not less than 30% of its facilities in any year in the form of variable interest rate borrowings.
- Council will utilize long-term variable interest rate borrowing facilities, such as the LGFA's Cash Advance Debenture, that require interest payments only and that enables any amount of principal to be repaid or redrawn at call. The redraw facility will provide Council with access to liquidity when needed.

3. Investments

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 will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

- 3.2. Council funds available for investment will be lodged 'at call' or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term. In the case of fixed term investments the term should not exceed a point in time where the funds otherwise could be applied to cost-effectively either defer the need to raise a new borrowing or reduce the level of Council's variable interest rate borrowing facility.
- 3.3. When investing funds, Council will select the investment type which delivers the best value, having regard to investment returns, transaction costs, and other relevant and objectively quantifiable factors.
- 3.4. Council management may from time to time invest surplus funds in:
 - deposits with the Local Government Finance Authority; and/or
 - bank interest bearing deposits
 - bank accepted/endorsed bank bills
 - State/ Commonwealth Government Bonds
- 3.5. Any other investment requires the specific approval of Council.

4. Reporting

- 4.1. During the year Council will receive a report detailing total fixed borrowings and variable fixed borrowings at the end of the preceding month, together with all investments held, their term and interest rate. Timing of these reports will be November, February, May, unless there is an opportunity to report earlier, with the end of year reported as soon as practicable as part of our end of year reporting. (*Council Resolution, Item No. 734 dated 28 November 2011*)
- 4.2. At least once a year Council shall receive a specific report regarding treasury management performance relative to this Policy. The report shall highlight:
 - for each Council borrowing and investment - the quantum of funds, its interest rate and maturity date, and changes in the quantum since the previous report; and,
 - the proportion of fixed interest rate and variable interest rate borrowings at the end date of the reporting period along with key reasons for significant variances compared with the targets specified in this policy.

F - LEGISLATION

For Borrowings

Local Government Act, 1999 (Sections 44, 122 and 134)

Local Government (Financial Management) Regulations 2011

For Investments

Local Government Act, 1999 (Sections 47, 139 and 140)

Document Control

Document ID	Treasury Policy
Prepared by	Kate George
Release	2.00
Document Status	Endorsed
Date Printed	29/11/2017

ITEM	6.1.3
	BUDGET AND FINANCE COMMITTEE
DATE	20 August 2018
HEADING	Lease versus Purchase of IT Equipment/Mobile Devices
AUTHOR	Charles Mansueto, General Manager Business Excellence, Business Excellence
CITY PLAN LINKS	4.2 Develop strong capability and commitment to continually improve Council's performance.
SUMMARY	<p>This report provides an analysis of leasing versus purchasing of personal computers and mobile devices and seeks Council approval to change to the purchasing of devices with the appropriate budget adjustments reflected in the 2018/19 Second Quarter Budget Review.</p> <p>Given the analysis is equally applicable to other IT equipment it is appropriate to consider broader application of this alternative approach.</p>

RECOMMENDATION

1. That the change to purchasing of personal computers and mobile devices from leasing is noted and endorsed by Council.
2. That the appropriate budget adjustments are reflected as a Non-Discretionary budget adjustment in the 2018/19 Budget Second Quarter Budget Review.
3. Chief Executive Officer be authorised to make further decisions to change the financing method for IT equipment with any associated budget implications reflected as non discretionary budget bids at future budget review.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 Over a long period, Council has been leasing its Information Technology equipment, which at the time was more financially sound and allowed the organisation to upgrade to the latest technology as leases expire.
- 1.2 The leasing arrangements covered not only personal computers and laptops (mobile devices) but also other IT hardware, such as server, network equipment and multifunction devices and printers.
- 1.3 The analysis covered in this report is only for personal computers and mobile devices, but similar results may apply irrespective of the equipment.

- 1.4 Other equipment will continue to be leased at this time given various support services in place but will be reviewed as the opportunity arises.

2. CITY PLAN CRITICAL ACTION

- 2.1 Not applicable

3. CONSULTATION / COMMUNICATION

- 3.1 Internal
 - 3.1.1 Business Systems & Solutions
 - 3.1.2 Financial Services
- 3.2 External
 - 3.2.1 Not applicable

4. LEASING

- 4.1 The current leasing arrangement for personal computers and mobile devices is normally entered into for a 3 year period, with the leasing company amortising its costs across this period.
- 4.2 The leasing arrangement also incorporates its margin and risk with a defined percentage of residual value at the completion of the lease.
- 4.3 The initial purchase of the device is managed by Council with the cost of the device paid directly by the leasing company.
- 4.4 The residual decreases should we extend the lease and in effect are also paying additional monthly lease costs beyond the initial term.
- 4.5 As part of the leasing arrangement, the leasing company arranges for the collection of the device at a defined cost, dispose of the device and collect any residual value.
- 4.6 Total annual leasing costs for the devices covered in this report is \$202k.

5. PURCHASING

- 5.1 The process to purchase the devices will not change the purchase arrangements as Council will still maintain this responsibility to do this but Council will fund the cost directly in full rather than amortised over the lease period.
- 5.2 As the device will be a Council asset an Asset Management Plan will be developed to ensure the relevant strategy is in place to manage the replacement of the devices.
- 5.3 At the end of the device's life the asset will be disposed of in line with Council's Asset Disposal Policy, usually through a third party and any residual value recouped.

6. FINANCIAL ANALYSIS

- 6.1 An analysis of lease versus purchase has been completed which shows a financial benefit should Council commence purchasing devices, rather than leasing.

6.2 The following table summarises the financial comparison of purchasing versus leasing of devices.

PC & Mobile Devices – Cash Impact	Capital Purchase	Leasing
Quantity	260	260
Annual Lease	-	\$202k
Purchase Cost	\$574k	-
Residual Value	\$92k	Taken into account in the annual lease charge
3 Year Net Cost	\$482k	\$606k

6.3 As highlighted in the above table over a three year period the cost of ownership is reduced by \$124k over the standard three year lease term.

6.4 A further collection fee is charged by the leasing company per device to administer the disposal process.

6.5 It is recognized that similar costs will still remain to administer the disposal process if devices are purchased.

6.6 In both scenarios interest costs are not included.

7. BUDGET IMPACT

7.1 The impact of the budget will be to transfer the current operating budgets to the capital budget, including future years operating planned budgets.

7.2 It is proposed that this impact is adjusted in the 2018/19 Second Quarter Budget Review (February 2019) as a non-discretionary item

7.3 There is a favourable cash benefit through lower cash outflows over the equivalent lease period.

7.4 A marginal increase in depreciation will also occur.

7.5 Broader application of this approach on a case by case basis with decisions to be made by Executive.

8. CONCLUSION / PROPOSAL

8.1 Although the leasing arrangements provide for the ability to ensure the latest devices are available at the end of a lease term, the cost premium being paid does not justify this opportunity.

8.2 Endorsement is sought from Council to authorize staff to commence purchasing devices (personal computers and mobile devices) as they come due for replacement.

8.3 It is also noted that the relevant adjustment is made in the 2018/19 Second Quarter Budget Review to reflect the required change in operating and capital budgets.

CO-ORDINATION

Officer: GMBE
Date: 16/08/2018