



## **AGENDA**

**FOR BUDGET AND FINANCE COMMITTEE MEETING TO BE HELD ON  
15 OCTOBER 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 Community Development, Ms P Webb  
Manager Governance, Mr M Petrovski  
Manager Communications and Customer Relations, Mr M Bennington  
Governance Support Officer, Ms K Boyd

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## **APOLOGIES**

## **LEAVE OF ABSENCE**

## **PRESENTATION OF MINUTES**

Presentation of the Minutes of the Budget and Finance Committee Meeting held on 17 September 2018.

Presentation of the Minutes of the Confidential Budget and Finance Committee Meeting held on 17 September 2018.

## **REPORTS**

### *Administration*

- 6.0.1 Future Reports for the Budget and Finance Committee..... 7
- 6.0.2 Minutes of the Innovation and Business Development Sub Committee meeting held on Monday 8 October 2018 ..... 9

### *Finance*

- 6.1.1 Council Finance Report - September 2018 ..... 13

## **OTHER BUSINESS**

## **CLOSE**



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

**17 SEPTEMBER 2018**

**MEMBERS PRESENT**

Cr R Zahra (Chairman)  
Mayor G Aldridge  
Cr D Balaza  
Cr S Bedford  
Cr C Buchanan  
Cr G Caruso  
Cr L Caruso  
Cr E Gill (Deputy Chairman)  
Cr D Pilkington  
Cr D Proleta  
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  
Acting General Manager City Infrastructure, Mr M Purdie  
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 7:45 pm.

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

**APOLOGIES**

Apologies were received from Cr B Brug, Cr D Bryant and Cr R Cook.

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## LEAVE OF ABSENCE

Nil

## PRESENTATION OF MINUTES

Moved Cr E Gill  
Seconded Cr S Bedford

The Minutes of the Budget and Finance Committee Meeting held on 20 August 2018, be taken and read as confirmed.

**CARRIED**

Moved Cr L Caruso  
Seconded Cr G Caruso

The Minutes of the Confidential Budget and Finance Committee Meeting held on 20 August 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 D Proleta

1. The information be received.

**CARRIED**

### *Finance*

#### **6.1.1 Budget Timetable 2019/20**

*Mayor G Aldridge entered the meeting at 7:48 pm.*

Moved Cr D Pilkington  
Seconded Cr G Reynolds

1. Information be received.
2. Council endorse the timetable for the preparation and presentation of the 2019/20 budget, subject to consideration of meeting schedule / committee structure by Council subsequent to the Council Election, with the proviso that the Elected Member weekend workshop not be residential.

**CARRIED**

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*Rating Matters*

**6.6.1 Submission to ESCOSA - South Australian Local Government Rate Oversight Scheme**

Moved Cr D Pilkington

Seconded Cr L Caruso

1. The information be received.

**CARRIED**

**OTHER BUSINESS**

Nil

## CONFIDENTIAL ITEMS

### 6.9.1 Action of Rate Accounts Outstanding under Section 184 of the Local Government Act 1999

Moved Cr J Woodman

Seconded Cr S White

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 **Action of Rate Accounts 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 7:54 pm.

The meeting moved out of confidence and closed at 7:56 pm.

CHAIRMAN.....

DATE.....

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<b>ITEM</b>	6.0.1
	<b>BUDGET AND FINANCE COMMITTEE</b>
<b>DATE</b>	15 October 2018
<b>HEADING</b>	Future Reports for the Budget and Finance Committee
<b>AUTHOR</b>	Michelle Woods, Projects Officer Governance, CEO and Governance
<b>CITY PLAN LINKS</b>	4.3 Have robust processes that support consistent service delivery and informed decision making.
<b>SUMMARY</b>	This item details reports to be presented to the Budget and Finance Committee as a result of a previous Council resolution. If reports have been deferred to a subsequent month, this will be indicated, along with a reason for the deferral.

### **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)	<b>Financial Sustainability Indicators</b> 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
<b>Due:</b>	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:            08/10/2018        27/09/2018



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<b>ITEM</b>	6.0.2
	<b>BUDGET AND FINANCE COMMITTEE</b>
<b>HEADING</b>	Minutes of the Innovation and Business Development Sub Committee meeting held on Monday 8 October 2018
<b>AUTHOR</b>	Mechelle Potter, Administrative Coordinator - Business Excellence, Business Excellence
<b>CITY PLAN LINKS</b>	4.3 Have robust processes that support consistent service delivery and informed decision making.
<b>SUMMARY</b>	The minutes and recommendations of the Innovation and Business Development Sub Committee meeting held on Monday 8 October 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 8 October 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.

#### **IBDSC2 Strategic Procurement - Progress Update**

1. Receive and note the report.

### ATTACHMENTS

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

1. Minutes Innovation and Business Development Sub Committee - 8 October 2018

### CO-ORDINATION

Officer:

Date:





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

**8 OCTOBER 2018**

**MEMBERS PRESENT**

Cr D Bryant (Chairman)  
Cr S Bedford  
Cr G Caruso  
Cr L Caruso (Deputy Chairman)  
Cr D Proleta  
Cr D Balaza (*Deputy Member - Proxy for Cr E Gill*)  
Cr S White (*Deputy Member – Proxy for Cr B Brug*)

**OBSERVERS**

Cr J Woodman

**STAFF**

Chief Executive Officer, Mr J Harry  
Acting General Manager Business Excellence, Ms G Page  
Manager Strategic Procurement, Mr M Harris  
PA to General Manager Community Development, Mrs B Hatswell

The meeting commenced at 6:32 pm.

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

**APOLOGIES**

Apologies have been received from Mayor G Aldridge, Cr B Brug, Cr E Gill and Cr R Zahra.

**LEAVE OF ABSENCE**

Nil

## PRESENTATION OF MINUTES

Moved Cr D Proleta  
Seconded Cr G Caruso

The Minutes of the Innovation and Business Development Sub Committee Meeting held on 13 August 2018, be taken as read and confirmed.

**CARRIED**

Moved Cr G Caruso  
Seconded Cr L Caruso

The Minutes of the Confidential Innovation and Business Development Sub Committee Meeting held on 13 August 2018, be taken as read and confirmed.

**CARRIED**

## REPORTS

### IBDSC1 Future Reports for the Innovation and Business Development Sub Committee

Moved Cr G Caruso  
Seconded Cr D Balaza

1. The information be received.

**CARRIED**

### IBDSC2 Strategic Procurement - Progress Update

*Cr D Balaza declared a perceived conflict of interest on the basis of being employed by a company that may tender for items under a procurement process. Cr Balaza managed the conflict by remaining in the meeting and voting in the best interest of the community.*

Moved Cr L Caruso  
Seconded Cr G Caruso

1. Receive and note the report.

**CARRIED**

## OTHER BUSINESS

Nil.

## CLOSE

The meeting closed at 7:06 pm.

CHAIRMAN.....

DATE.....

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<b>ITEM</b>	6.1.1
	<b>BUDGET AND FINANCE COMMITTEE</b>
<b>DATE</b>	15 October 2018
<b>HEADING</b>	Council Finance Report - September 2018
<b>AUTHORS</b>	Kate George, Manager Financial Services, Business Excellence Tim Aplin, Senior Accountant, Business Excellence
<b>CITY PLAN LINKS</b>	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making.
<b>SUMMARY</b>	This report provides key financial data as at 30 September 2018 for the information of Council.

## **RECOMMENDATION**

1. The information be received.

## **ATTACHMENTS**

There are no attachments to this report.

## **1. BACKGROUND**

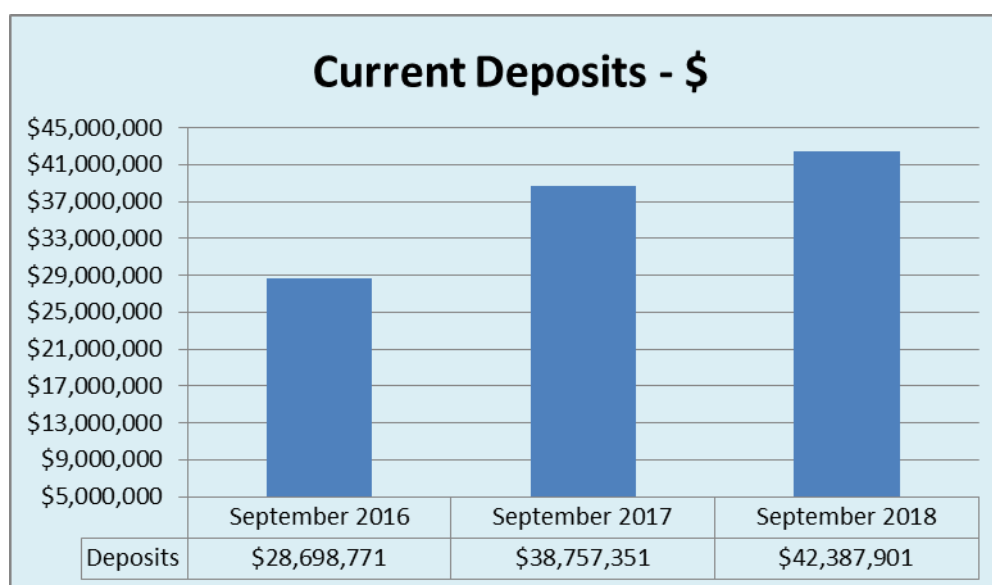
- 1.1 Council's Treasury Policy requires that a report be prepared detailing fixed borrowings and variable borrowings at the end of the preceding month, together with all investments held, their terms and interest rates. Also included is a summary of Reserve Balances and Rates and Debtor Information.
- 1.2 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. This report replaces the November report as a result of no Council or Committee Meetings being held in November, due to the 2018 Council Elections.

## **2. REPORT**

- 2.1 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.

## 2.2 Investments as at 30 September 2018

Date	Institution	%	Term-Days	Maturity	Value
10-Sept-2018	LGFA	1.65%	30 Days	10-Oct-2018	1,800,000
24-Sept-2018	LGFA	1.65%	30 Days	24-Oct-2018	5,500,000
27-Sept-2018	LGFA	1.65%	28 Days	26-Oct-2018	2,650,000
30-Sept-2018	LGFA	1.50%	At Call	30-Sept-2018	117,576
30-Sept-2018	NAB	2.00%	At Call	30-Sept-2018	32,320,325
<b>30-Sept-2017</b>	<b>38,757,351</b>			<b>30-Sept-2018</b>	<b>42,387,901</b>



- 2.3 An increased level of cash investments on hand at 30 September 2018, when compared to the two comparative years is a result of the timing of receipts from Property Development Sales over those years, and also the Federal Government decision to pay two quarters of the 2018/19 Financial Assistance Grant and Untied Local Roads Funding in advance in June 2018 totaling \$4,208k, noting this was also paid in advance in 2017 Financial Year.
- 2.4 The cash holding reflects our strategic intent of growing our financial capacity to enable the delivery of the Community Hub with no significant increases in long term debt or rates, and as the Hub is delivered our cash holdings will be reduced.

## 2.5 Reserves as at 30 September 2018

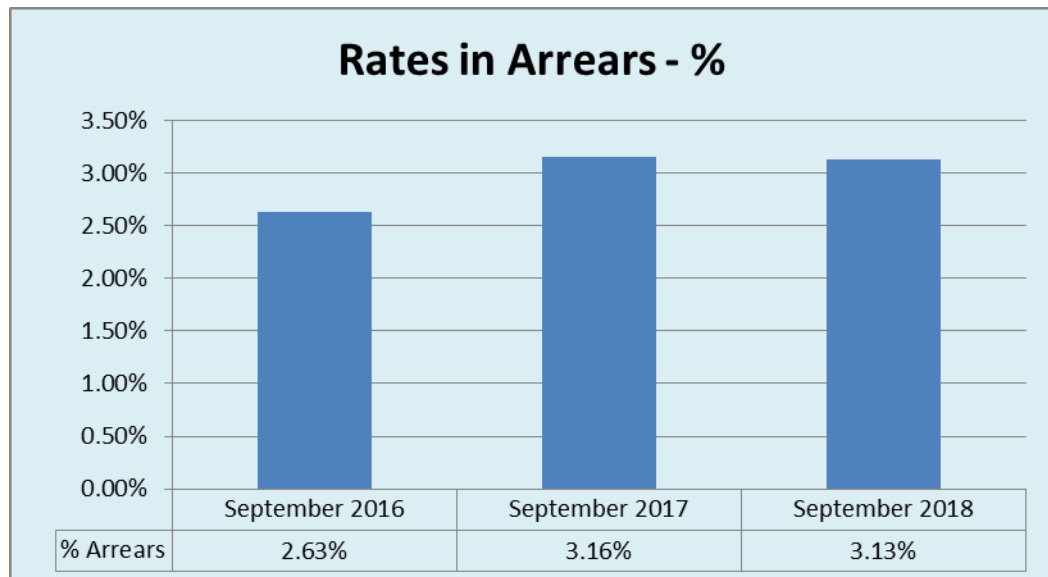
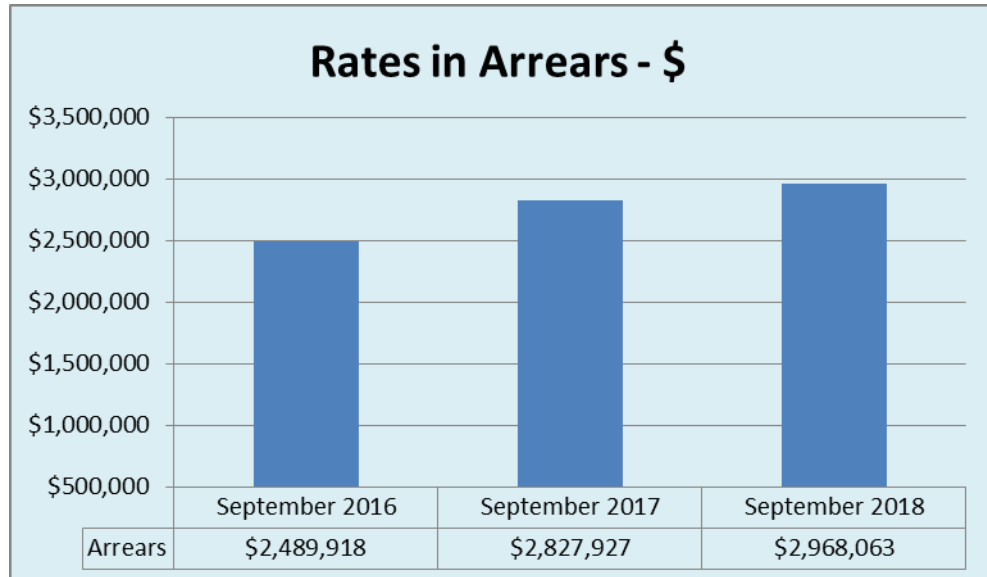
	<b>Opening Balance as 1/07/2018</b>	<b>Transfer to Reserves</b>	<b>Transfer from Reserves</b>	<b>Current Balance</b>
Plant Replacement Reserve	350,000	-	-	350,000
Open Space Reserve	1,234,778	106,621	-	1,341,399
Car Parking Reserve	927,667	2,475	-	930,142
Salisbury Water Business Unit Reserve	1,394,850	-	-	1,394,850
Property Disposal Reserve	3,901,386	-	-	3,901,386
Development & Public Infrastructure Reserve	1,594,315	34,903	200,000	1,429,217
Cemetery Maintenance Reserve	892,560	3,710	-	896,270
Mausoleum Perpetual Care Fund	813,826	2,171	-	815,997

- 2.6 Reserves are a device used to ensure that Council has sufficient funds allocated for specific purposes. Transfers to the Reserves represent amounts received as contributions, indicative interest adjustments and property disposal proceeds. Transfers from the Reserves represent the funding being applied to specific projects, or to reduce loan borrowing requirements.
- 2.7 At 30 September 2018 the most significant movements are the transfers from the Development and Public Infrastructure Reserve of \$200k being the funding associated with the Developer Street Tree and Footpath Programs all endorsed as part of the 2018/19 Budget. The only other material movement is a transfer to the Open Space Reserve totaling \$107k which relates to a contribution received from a private developer totaling \$101k and interest allocations of \$6k.
- 2.8 Other smaller movements include amounts transferred to the Development and Public Infrastructure Reserve \$35k (minor contributions received of \$29k and interest allocated of \$6k), and interest allocations to Car Parking Reserve of \$2k, Cemetery Maintenance Reserve of \$4k and Mausoleum Perpetual Care Fund of \$2k.
- 2.9 It should be noted that 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.

## 2.10 Recovery of Rates

Item 6.1.1

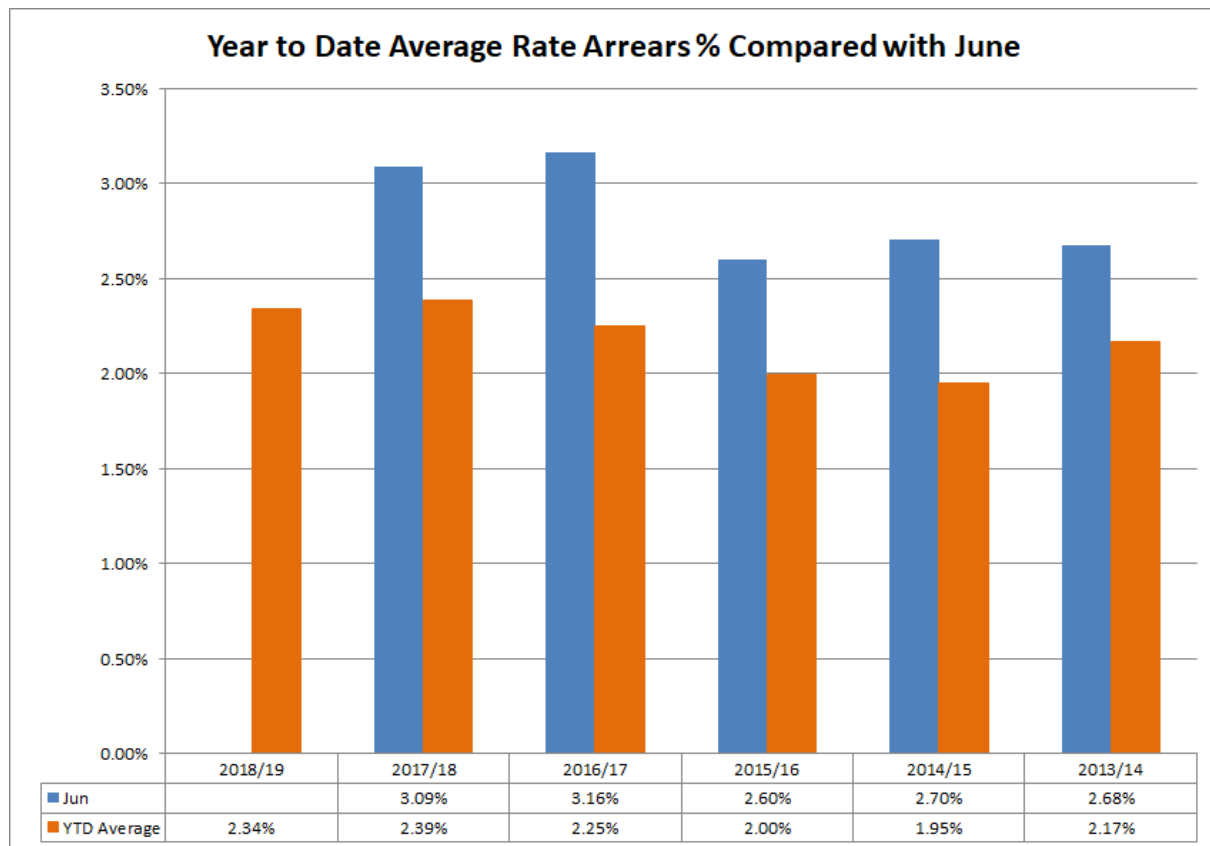
	No of Accounts	\$	%
Outstanding Balance as at 30 September 2018		64,245,072	67.85%
Outstanding Balance as at 30 September 2017		62,193,986	68.14%
Outstanding Rates Arrears as at 30 September 2018	5484	2,968,063	3.13%
Outstanding Rates Arrears as at 30 September 2017	5123	2,827,927	3.16%



- 2.11 The level of Council Rates in arrears at 30 September 2018 is 3.13% which is above the target maximum level for Rates Arrears of 2.5%, with there being no specific factors causing this. The standard process is that Rates Arrears are followed up on a daily basis and quarterly files are sent to Council's debt collection agency. It is expected this ratio will decrease over the upcoming periods.



- 2.12 Rate arrears are cyclical in that they peak in the month rate installments fall due, and then trend down for the next two months, meaning that rate arrears at a point in time may be distorted, and that the average rate arrears normalizes the cyclical impacts. The graph below depicts the Average Year to Date Rate Arrears, with the average to September being 2.34%, which is below the target of 2.5%.



### 2.13 Other Debtors as at 30 September 2018

Debtor Type	Current	30 – 60 days	60 - 90 days	Over 90 days	Total
Sundry	84,638	33,989	2,591	25,617	146,835
Salisbury Water	-	42,964	-	-	42,964
Inflammable Undergrowth	-	-	-	-	0
Additional Bins	-	-	-	293	293
Health Licensing Fees	8,349	2,926	1,486	4,131	16,892
Property Management	21,822	385	751	-	22,958
<b>TOTAL</b>	<b>114,809</b>	<b>80,264</b>	<b>4,828</b>	<b>30,042</b>	<b>229,942</b>

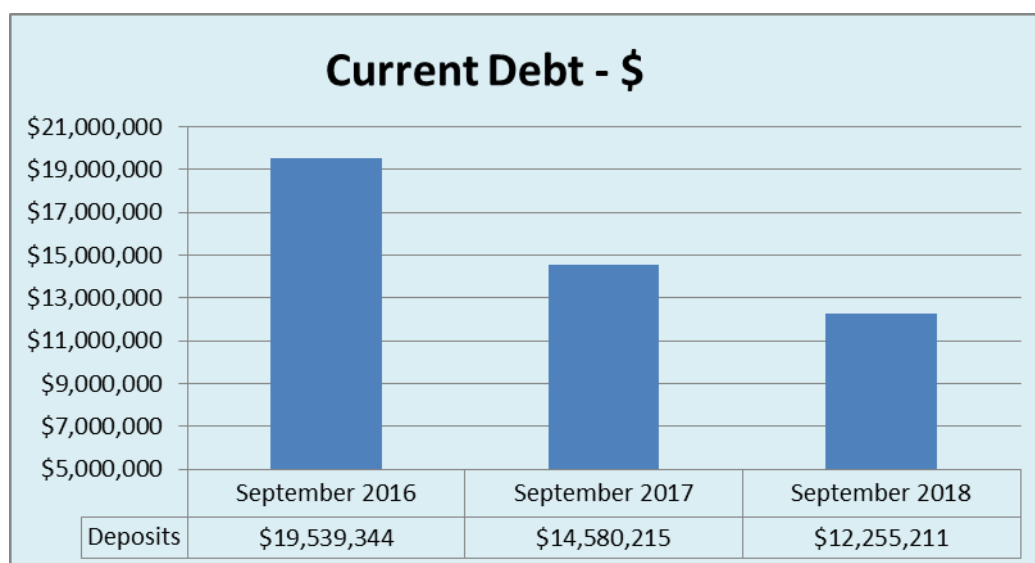
- 2.14 The above aged analysis represents Councils other debtors as at 30 September 2018. The Sundry Debtors current total of \$146,835 and is comprised of numerous debts, all of which are a normal part of Councils operations, and are expected to be paid in the upcoming period.
- 2.15 The aged analysis also represents Councils debts outstanding as at 30 September 2018. Debts outstanding greater than 90 days account for 13.06% of the total outstanding balance. Debts outstanding greater than 90 days account for 3.78% of the total outstanding balance. Debts that are outstanding for greater than 30 days are subject to council's debt collection procedures, which include internal follow up and ultimately legal action through Councils debt collection agency.

2.16 Loan Schedule as at 30 September 2018

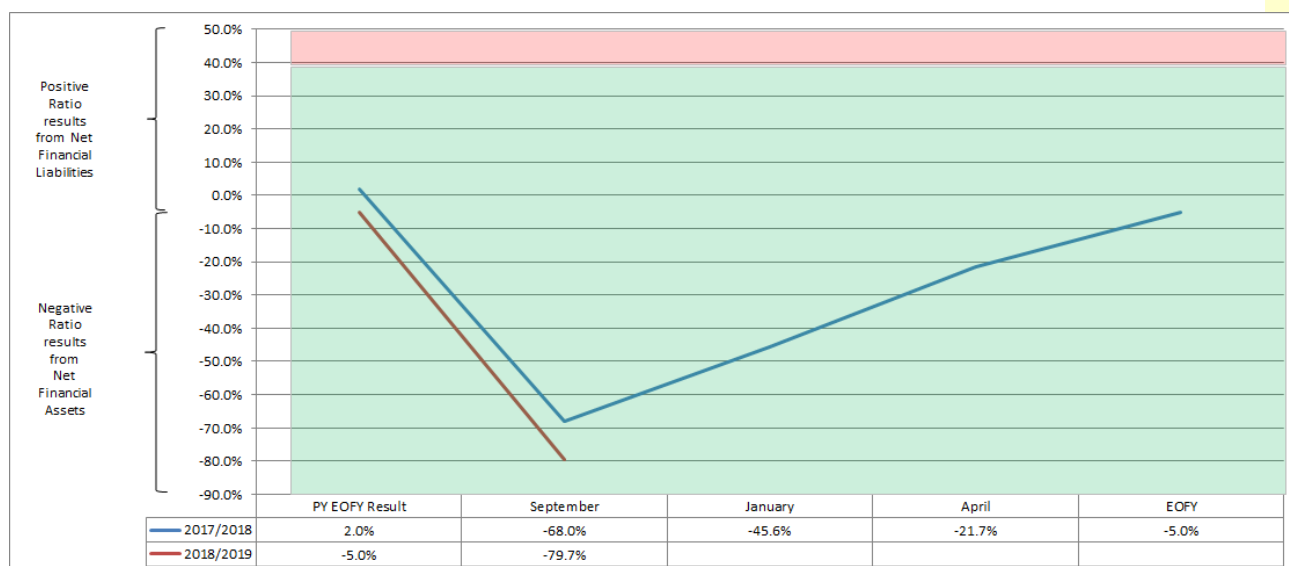
<b>Debenture Loans</b>	
Principal Outstanding as at 1 July 2018	12,255,212
Loans Raised Year to Date	-
Repayments of Principal Year to Date	-
<b>Loan Principal Outstanding - Debenture Loans</b>	<b>12,255,212</b>
<b>Cash Advance Debenture Borrowings (CADs)</b>	
Total CAD's available	23,317,000
Current CAD's drawdown amount year to date	-
<b>Balance of CAD's available</b>	<b>23,317,000</b>
<b>Interest Payments (Debenture Loans and CADs)</b>	
Interest Payments - Debenture Loans	204,844
Interest Payments - CAD's	-
<b>Total Interest Payments</b>	<b>204,844</b>

- 2.17 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 to be made in December 2018 and another due in June 2019. As at 30 September 2018 there have been no drawdowns in relation to CAD's primarily due to Council's working capital and cash position.
- 2.18 Not included in the above loan schedule is the \$462,281 Debenture Loan secured for special purpose borrowings, which is offset by a \$462,281 Loan Receivable.

- 2.19 The table below shows the level of drawn down debt held by Council at the same time for the last three financial years and demonstrates a steady decrease in debt. This has resulted from Council's decision to utilise property development proceeds to offset borrowing requirements.



## 2.20 Net Financial Liabilities Ratio Comparison



- 2.21 The graph above shows the net financial liabilities ratio comparison for the 2018 and 2019 financial years, starting with the previous years end of financial year result and then at the time of preparation of each Council Finance Report. Council's endorsed range for the net financial liabilities ratio is less than 40%, which is represented by the green shaded area on the graph.

- 2.22 It should be noted that when the ratio is below zero, that this represents a net financial assets position, which is when the financial assets (cash, receivables and financial assets) are greater than total liabilities. Effectively this means that a negative ratio is favourable. When financial assets are less than total liabilities it results in a net financial liability position, and a positive ratio.
- 2.23 As can be seen the trend is that early in both financial years Council is in a strong net financial assets position at the September month end with (68.0%) and (79.7%) for 2017/18 and 2018/19 respectively. This reflects higher levels of cash holdings and trade receivables than levels of trade payables and debt. As the financial year progresses, cash holdings are spent, particularly as the capital works program is delivered, and last financial year Council achieved a minor net financial asset position at the end of financial year with a ratio of (5.0%), which is within the endorsed range.
- 2.24 It is anticipated that this financial year Council's Net Financial Liabilities are likely to trend towards the upper range of the endorsed limit as we reduce our cash holdings and deliver our significant capital works program. It is expected that by the end of financial year the ratio will fall within the endorsed range, noting the 2018/19 Budgeted Net Financial Liabilities Ratio is 31% (endorsed range is less than 40%).

### **3. CONCLUSION / PROPOSAL**

- 3.1 The analysis above demonstrates that Council is in a sound financial position with appropriate levels of debt and investments, allowing it to sustainably manage its cash requirements for projects approved as part of the 2018/19 Budget.

### **CO-ORDINATION**

Officer: Executive Group  
Date: 08/10/2018