



AGENDA

FOR BUDGET AND FINANCE COMMITTEE MEETING TO BE HELD ON 21 JANUARY 2019 AT CONCLUSION OF POLICY AND PLANNING COMMITTEE IN THE COUNCIL CHAMBER, 12 JAMES STREET, SALISBURY

MEMBERS

Cr B Brug (Chairman)
Mayor G Aldridge
Cr M Blackmore
Cr L Braun (Deputy Chairman)
Cr C Buchanan
Cr A Duncan
Cr K Grenfell
Cr N Henningsen
Cr D Hood
Cr P Jensen
Cr S Ouk
Cr D Proleta
Cr S Reardon
Cr G Reynolds
Cr J Woodman
Mr Michael Bennington (Manager Communications and Customer Relations)

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
A/General Manager City Development, Mr C Zafiroopoulos
General Manager Community Development, Ms P Webb
General Manager City Infrastructure, Mr J Devine
Manager Governance, Mr M Petrovski
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 10 December 2018.

Presentation of the Minutes of the Confidential Budget and Finance Committee Meeting held on 10 December 2018.

REPORTS

Administration

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meeting held on Monday 14 January 2019 11

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OTHER BUSINESS

CLOSE



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

10 DECEMBER 2018

MEMBERS PRESENT

Cr B Brug (Chairman)
Mayor G Aldridge
Cr M Blackmore
Cr L Braun
Cr C Buchanan
Cr A Duncan
Cr K Grenfell
Cr N Henningsen
Cr P Jensen
Cr D Proleta
Cr S Reardon
Cr G Reynolds
Cr J Woodman

STAFF

Chief Executive Officer, Mr J Harry
A/General Manager Business Excellence, Ms G Page
A/General Manager City Development, Mr G Ratsch
General Manager Community Development, Ms P Webb
General Manager City Infrastructure, Mr J Devine
Manager Financial Services, Ms K George
Manager Communications and Customer Relations, Mr M Bennington
Manager Governance, Mr M Petrovski
Governance Support Officer, Ms K Boyd

The meeting commenced at 7.26 pm.

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

APOLOGIES

Apologies were received from Cr D Hood and Cr S Ouk.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Mayor G Aldridge
Seconded Cr J Woodman

The Minutes of the Budget and Finance Committee Meeting held on 15 October 2018, be taken and read as confirmed.

CARRIED

REPORTS

Administration

6.0.1 Appointment of Deputy Chair - Budget and Finance Committee

Moved Cr C Buchanan
Seconded Cr G Reynolds

1. Cr Lisa Braun be appointed as Deputy Chairman of the Budget and Finance Committee for a two year term.

CARRIED
UNANIMOUSLY

6.0.2 Future Reports for the Budget and Finance Committee

Moved Cr D Proleta
Seconded Cr K Grenfell

1. The information be received.

CARRIED
UNANIMOUSLY

6.0.3 Membership of the Innovation and Business Development Sub Committee

Moved Cr C Buchanan
Seconded Cr A Duncan

1. The Membership of the Innovation and Business Development Sub Committee comprise:

Cr K Grenfell (Chairperson (Chairperson as resolved by Council 26/11/18)

- Cr Buchanan
- Cr Duncan
- Cr Hood
- Cr Jensen
- Cr Reardon
- Cr Proleta

2. The Mayor be appointed as an ex-officio member of the Innovation and Business Development Sub Committee.
3. The Terms of Reference be amended to reflect the updated membership.

With leave of the meeting and consent of the seconder Cr C Buchanan
VARIED the MOTION as follows .

1. The Membership of the Innovation and Business Development Sub Committee comprise:
Cr K Grenfell (Chairperson (Chairperson as resolved by Council 26/11/18)
 - Cr Buchanan
 - Cr Duncan
 - Cr Hood
 - Cr Jensen
 - Cr Reardon
 - Cr Woodman
2. The Mayor be appointed as an ex-officio member of the Innovation and Business Development Sub Committee.
3. The Terms of Reference be amended to reflect the updated membership.

With leave of the meeting and consent of the seconder Cr C Buchanan
VARIED the MOTION as follows .

1. The Membership of the Innovation and Business Development Sub Committee comprise:
Cr K Grenfell (Chairperson (as resolved by Council 26/11/18)
 - Cr Buchanan
 - Cr Duncan
 - Cr Hood
 - Cr Jensen
 - Cr Braun
 - Cr Woodman
2. The Mayor be appointed as an ex-officio member of the Innovation and Business Development Sub Committee.
3. The Terms of Reference be amended to reflect the updated membership.

CARRIED

OTHER BUSINESS

Nil

CONFIDENTIAL ITEMS

6.9.1 Action of Rate Assessment for Postponement of Payment under Section 182 of the Local Government Act

Moved Cr G Reynolds
Seconded Mayor G Aldridge

1. *Pursuant to Section 90(2) and (3)(a) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:
 - it relates to information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).*
2. *In weighing up the factors related to disclosure,
 - disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations
 - Non disclosure of this item at this time will protect financial and personal information in relation to the applicant's circumstances.*On that basis the public's interest is best served by not disclosing the **Action of Rate Assessment for Postponement of Payment under Section 182 of the Local Government Act** 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 7.49 pm.

The meeting moved out of confidence and closed at 8.28 pm.

CHAIRMAN.....

DATE.....

| | |
|--|--|
| ITEM | 6.0.1 |
| | BUDGET AND FINANCE COMMITTEE |
| DATE | 21 January 2019 |
| 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

- 3.2 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: 14/01/2019 09/01/19

| | |
|------------------------|---|
| ITEM | 6.0.2 |
| | BUDGET AND FINANCE COMMITTEE |
| HEADING | Minutes of the Innovation and Business Development Sub Committee meeting held on Monday 14 January 2019 |
| 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 14 January 2019 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 14 January 2019 be received and noted and that the following recommendations contained therein be adopted by Council:

IBD-OB1 Review of Verge Maintenance Program

1. Council undertake a formal program review of the verge cutting activity.
2. The review to include:
 - (a) An overview of current service levels and investigate cost and level of service trends, cost and quality of service by employees versus contractors.
 - (b) The review to give consideration to litter collection from the verge as part of the mowing process.
 - (c) Council undertaking city-wide public consultation to better understand community expectations of service levels and to propose alternatives.
 - (d) Consideration of City of Port Adelaide Enfield and City of Charles Sturt models as comparisons of verge maintenance delivery.
 - (e) Consideration of the use of incentive for residents to maintain their own verges.

IBDSC1 Future Reports for the Innovation and Business Development Sub Committee

1. The information be received.

IBDSC2 Appointment of Deputy Chair - Innovation and Business Development Sub Committee

1. Cr C Buchanan be appointed as Deputy Chair of the Innovation and Business Development Sub Committee for a term of two (2) years.

IBDSC3 Continuous Improvement Framework - Progress Report

1. That the information be received and noted.

ATTACHMENTS

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

1. Minutes Innovation and Business Development Sub Committee - 14 January 2019

CO-ORDINATION

Officer: GMBE
Date: 17/01/2019



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

14 JANUARY 2019

MEMBERS PRESENT

Cr K Grenfell (Chairman)
Mayor G Aldridge (ex officio)
Cr L Braun
Cr C Buchanan
Cr A Duncan
Cr D Hood
Cr P Jensen
Cr J Woodman (*from 6.50 pm*)

OBSERVERS

Cr N Henningsen
Cr S Reardon

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager City Infrastructure, Mr J Devine
Manager Governance, Mr M Petrovski
Governance Support Officer, Ms K Boyd

The meeting commenced at 6.45 pm.

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

APOLOGIES

There were no Apologies.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr L Braun
Seconded Mayor G Aldridge

The Minutes of the Innovation and Business Development Sub Committee Meeting held on 08 October 2018, be taken and read as confirmed.

CARRIED

Presentation - Verge Mowing

Manager Field Services, Mr M Purdie, gave a presentation on the verge mowing program.

Mayor G Aldridge left the meeting at 7.23 pm.

Mayor G Aldridge returned to the meeting at 7.26 pm.

Cr A Duncan left the meeting at 7.27 pm'

Cr A Duncan returned to the meeting at 7.28 pm.

Bring Forward Other Business to this point on the Agenda

Moved Cr C Buchanan
Seconded Cr A Duncan

That Other Business be brought forward to this point on the Agenda.

CARRIED

OTHER BUSINESS

IBD-OB1 Review of Verge Maintenance Program

Moved Cr C Buchanan
Seconded Mayor G Aldridge

1. Council undertake a formal program review of the verge cutting activity.
2. The review to include:
 - (a) An overview of current service levels and investigate cost and level of service trends, cost and quality of service by employees versus contractors.
 - (b) The review to give consideration to litter collection from the verge as part of the mowing process.
 - (c) Council undertaking city-wide public consultation to better understand community expectations of service levels and to propose alternatives.
 - (d) Consideration of City of Port Adelaide Enfield and City of Charles Sturt models as comparisons of verge maintenance delivery.
 - (e) Consideration of the use of incentive for residents to maintain their own verges.

CARRIED

REPORTS

IBDSC1 Future Reports for the Innovation and Business Development Sub Committee

Moved Cr A Duncan
Seconded Mayor G Aldridge

1. The information be received.

CARRIED

IBDSC2 Appointment of Deputy Chair - Innovation and Business Development Sub Committee

Moved Cr L Braun
Seconded Cr A Duncan

1. Cr C Buchanan be appointed as Deputy Chair of the Innovation and Business Development Sub Committee for a term of two (2) years.

CARRIED

*Mayor G Aldridge left the meeting at 8.35 pm.
Mayor G Aldridge returned to the meeting at 8.41 pm.*

Presentation – Continuous Improvement

Continuous Improvement Specialist, Mr W Gearey, gave a presentation on the continuous improvement framework.

IBDSC3 Continuous Improvement Framework - Progress Report

Moved Cr C Buchanan
Seconded Cr J Woodman

1. That the information be received and noted.

CARRIED

CLOSE

The meeting closed at 8.54 pm.

CHAIRMAN.....

DATE.....

| | |
|------------------------|---|
| ITEM | 6.1.1 |
| | BUDGET AND FINANCE COMMITTEE |
| DATE | 21 January 2019 |
| HEADING | Budget Process 2019/2020 |
| AUTHOR | Kate George, Manager Financial Services, Business Excellence |
| CITY PLAN LINKS | 4.3 Have robust processes that support consistent service delivery and informed decision making. |
| SUMMARY | A series of workshops and meetings are scheduled for the coming months to support the development and endorsement of the 2019/2020 budget and annual plan. This report provides summaries of the agendas of these meetings and workshops and sample reports from prior years are also provided to assist. The schedule and agendas support the adoption of the 2019/2020 Budget at the June 2019 Council meeting. |

RECOMMENDATION

1. Information be received.

ATTACHMENTS

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

1. LTFP Indicators
2. Budget Bid Example
3. Department Analysis - Summary
4. Department Analysis - Detail

1. BACKGROUND

- 1.1 To enable Elected Members to plan for and prioritise budget meetings a meeting and workshop schedule for the 2019/20 Budget process was prepared and adopted in September 2018.
- 1.2 The schedule was established to provide for formal adoption of the budget and declaration of rates for 2019/20 to occur at the June 2019 Council meeting. To enable this timeframe a series of meetings with Council are required between March and June 2019.

2. CONSULTATION / COMMUNICATION

- 2.1.1 N/A

3. REPORT

- 3.1 This report expands on the previously endorsed timetable to provide detail about the sorts of information that will be provided throughout the budget process, with some examples to assist. As the timetable is similar to that in prior years, prior year reports may be of interest to new members wishing to understand in greater detail the elements described below.
- 3.2 The approach taken is one of informal exploration of the various budget elements, with a partnership model employed within the administration, Executive, and ultimately with Council. These informal discussions support the development of a well-considered budget, with formal endorsement steps taken at various stages.

| Meeting Date | Meeting Time | Purpose |
|-------------------------------------|---|---|
| 16 & 17 February 2019 | Elected Member Weekend | <ul style="list-style-type: none"> • Long Term Financial Plan Concepts and sustainability indicators • Strategic Initiatives <p><i>The Long Term Financial Plan (LTFP) is for a 10 year timeframe, and there are three indicators of financial sustainability that are used within Local Government. Attachment 1 contains graphs of the indicators per our most recently endorsed LTFP, with the endorsed range also highlighted in green.</i></p> <p><i>The LTFP will be presented at a high level focused on the three indicators and will include strategic elements that are in progress. As the budget is in its early stages of development the LTFP will be updated and reviewed again later in the budget process.</i></p> <p><i>More broadly the Elected Member Weekend Workshop will include a discussion of strategic direction, key projects, and long term financial sustainability concepts and impacts. The information considered at the relevant sessions of this weekend workshop will help to inform the budget and the information that is presented to Council during the budget process.</i></p> |
| Wednesday 27 February 2019 | First Budget Workshop 6.30pm - 9.30pm Council Chambers (Informal) | <ul style="list-style-type: none"> • Infrastructure Budget Bids • PF&E Budget Bids <p><i>Any new service, expansion of service, new or renewal/replacement of equipment, IT, and infrastructure is prepared as a business case for consideration. At this workshop elected members will be stepped through Infrastructure and Equipment budget bids, categorised by asset category. Bids are also categorised as new or renewal, with renewal bids being aligned to our Asset Management Plans, and have no depreciation impacts, whereas new expenditure increases our operating costs through depreciation, maintenance, and to an extent interest costs. This workshop is an opportunity to be briefed on program of works and ask questions. An example Bid is attached for reference (Attachment 2)</i></p> |

| Meeting Date | Meeting Time | Purpose |
|-------------------------------|---|--|
| Wednesday 6 March 2019 | Second Budget Workshop 6.30pm - 9.30pm Council Chambers (Informal) | <ul style="list-style-type: none"> • Recap Elected Member Residential Outcomes • Base Operating Budget • Operating Budget Bids • IT Budget Bids <p><i>The base operating budget reflects only our current service provision. It is prepared in partnership with Divisional Managers and General Managers and is extensively reviewed internally. The base operating budget is presented by each GM for their respective Department highlighting significant movements in income and expenditure, both positive and negative, and is supported by a detailed analysis for each department (example provided as attachments 3 and 4).</i></p> <p><i>The presentation also incorporates operating and IT Budget Bids which take a similar format to attachment 2.</i></p> |
| Monday 18 March 2019 | Budget and Finance Committee (at Conclusion of Policy and Planning) | <ul style="list-style-type: none"> • Business Units report on current year and overview of Budget 2019/20 • Update from first budget workshop • Budget Bids Report <p><i>Council has three business units: Salisbury Memorial Park, Building Rules Certification Unit, and Salisbury Water. These business unit budgets are reviewed as part of the presentation of operating budgets but are also considered holistically through a dedicated report for each unit.</i></p> <p><i>At each informal workshop questions taken on notice or actions required are noted and reported back to Council through a series of Update reports.</i></p> <p><i>The Budget Bids presented at the first budget workshop are subject to a report for further consideration.</i></p> |
| Wednesday 27 March 2019 | Third Budget Workshop 6.30pm - 9.30pm Council Chambers (Informal) | <ul style="list-style-type: none"> • Update on second workshop • Updated Consolidated Summary • Long Term Financial Plan <p><i>The Consolidated Summary brings together the operating budget (with 2018/19 operating expenditure of \$114.7M), the capital budget (2018/19 \$48.0M), different rating scenarios and the resultant loan borrowings. This format is used throughout the budget process to monitor the financial impacts of the decisions made.</i></p> <p><i>The Long Term Financial Plan is presented to Elected Members for further consideration as the budget is further developed.</i></p> |

| Meeting Date | Meeting Time | Purpose |
|------------------------------|--|---|
| Wednesday 3 April 2019 | Fourth Budget Workshop <i>(if required)</i> 6.30pm – 9.30pm Council Chambers (Informal) | <ul style="list-style-type: none"> If required to complete budget discussions prior to finalising the draft budget for public consultation <p><i>Typically this meeting is not required but is provided should there be the need to close out any outstanding items.</i></p> |
| Tuesday 9 April 2019 | Audit Committee 6.30pm | <ul style="list-style-type: none"> S126(4)(AB) review of the draft annual plan <p><i>The Annual Plan details Councils services and associated budget, budget bids, LTFP, and rating impacts. The current annual plan is available on the website by searching for “annual plan”.</i></p> <p><i>S126(4)(ab) includes the review of the annual plan and long term financial plan as part of the functions of the Audit Committee, and feedback from the Audit Committee is provided to Council prior to seeking this endorsement of Council to endorse the annual plan for public consultation.</i></p> |
| Monday 15 April 2019 | Budget and Finance Committee (at Conclusion of Policy and Planning) | <ul style="list-style-type: none"> Updated Consolidated Summary Update on Budget Workshop Actions Other Budget Refinements Finalise Draft Budget Draft Annual Plan and Budget <p><i>The intention of this meeting is to finalise all elements of the budget sufficiently for public consultation of the draft Annual Plan.</i></p> |
| Tuesday 23 April 2019 | Council Meeting 7:00pm | <ul style="list-style-type: none"> Adoption of draft Annual Plan for consultation <p><i>The draft annual plan following endorsement will be available for public consultation during May. Advertising will be placed in the Messenger early May and copies of the Annual Plan will be made available on the City of Salisbury website, social media platforms, at Recreation Centres, Libraries and Community Centres. Public comment is invited either by letter, email, phone or attendance at the May Council meeting. Additionally the website provides the option to make a submission or to ask a question in relation to the Annual Plan by clicking on an embedded link.</i></p> |

| Meeting Date | Meeting Time | Purpose |
|------------------------|---|---|
| Monday 20 May 2019 | Budget and Finance Committee (at Conclusion of Policy and Planning) | <ul style="list-style-type: none"> Updated Consolidated Summary Rating Updated Update on any other outstanding items <p><i>In addition to the average rate increase that applies to all ratepayers, there is an element of growth from development, such as large parcels of land being subdivided, construction of new buildings and swellings, and extensions to existing property. Our valuation data that forms the base to which rates are applied is provided by the State Valuation Office, and during May we will start to gain an appreciation for what level of growth may be achieved, noting that 1% growth is equivalent to around \$970k in revenue. This information will be provided through the Rating Update report, with further information in June.</i></p> |
| Monday 3 June 2019* | Budget and Finance Committee | <ul style="list-style-type: none"> Feedback from Public Consultation Update Consolidated Summary Rating Update Final changes <p><i>As required by S123(4)(b) all submissions to the draft annual plan are reported to Council with draft responses for consideration and endorsement. Council may determine to amend the budget and annual plan based on submissions, and often submissions are able to be accommodated within existing programs, or may form the basis of future budget bids.</i></p> |
| Monday 24 June 2019 | Council Meeting 7.00pm | <ul style="list-style-type: none"> Formal Adoption of the Budget and Declaration of Rates for 2019/20 <p><i>The meeting schedule has been established to enable the formal adoption of the budget and declaration of rates at the June Council meeting. This enables rates notices to be generated mid July for distribution to the community, and also enables the organization to commence delivery of the 2019/2020 program of works.</i></p> |

* June Budget and Finance Committee meeting brought forward

- 3.3 During the budget process staff are available to support elected members with any questions they may have during informal workshops and welcome questions and queries prior to formal meetings, as well as formal questions during meetings as may be required.

4. CONCLUSION / PROPOSAL

- 4.1 The budget meeting and workshop dates are provided to ensure smooth passage of the budget to enable its endorsement at the June 2019 Council meeting.

CO-ORDINATION

Officer: GMBE
Date: 16/01/2019

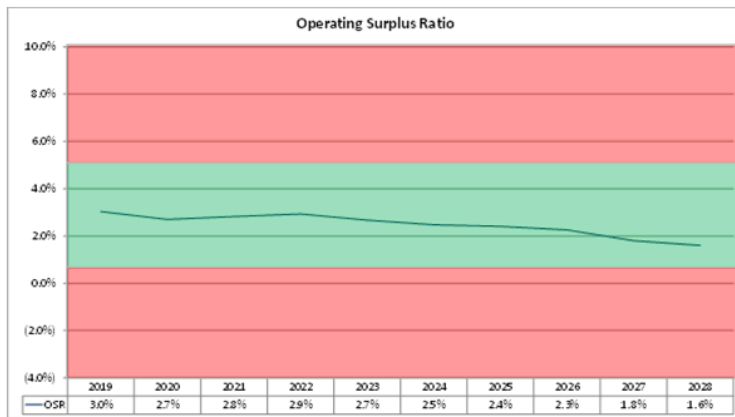
Long Term Financial Plan 18/19 to 27/28

Financial Indicators

As part of the emphasis for Councils to become financially sustainable standardised indicators have been developed. These indicators compliment the financial detail provided on the Long Term Financial Plan, and highlight our projected success at maintaining a financially sustainable Council.

- Within Endorsed Operating Range
- Outside Endorsed Operating Range

Operating Surplus Ratio



Calculation:
Operating Surplus divided by total operating revenue

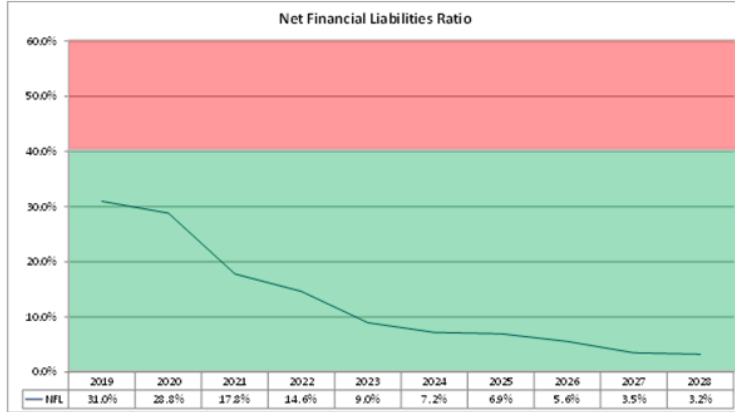
Endorsed Operating Range:
0.5%-5.0%

Councils with a positive Operating Surplus Ratio have current rate payers meeting the costs of the services that they are consuming. The larger the ratio the more rate revenue that is available to fund capital expenditure, thereby reducing debt. This is the primary indicator of Financial Sustainability.

Council is within the operating range for the indicator over the life of the plan.

Long Term Financial Plan 18/19 to 27/28

Net Financial Liabilities Ratio

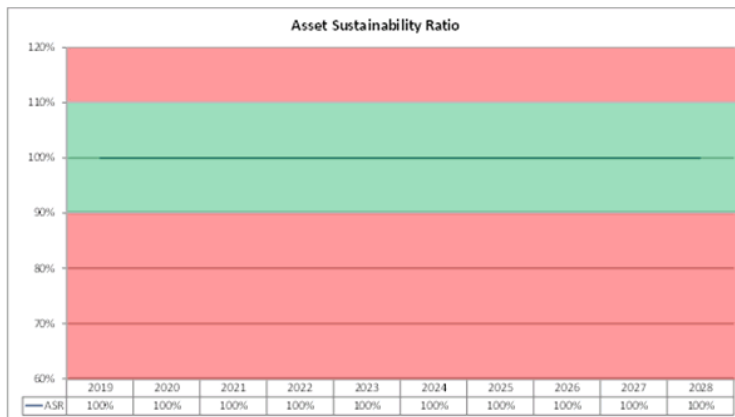


Calculation:
 Net Financial Liabilities divided by Operating Revenue
 Endorsed Operating Range:
 <40%.

This ratio indicates the extent that Council can meet its net financial liabilities out of a single year's operating revenue. Council with a lower ratio are stronger in their capacity to meet their financial obligations.

City of Salisbury has a very low debt position, with property development proceeds in the 5 years prior to the budget year, and continuing over the life of the plan offsetting debt. Debt steadily declines over the plan with higher debt in 2019 resulting from Council's continued investment in the new and upgraded assets, including the Community Hub, and offset over the plan by property development proceeds. However, over the 10 year life of the plan Net Financial Liabilities Ratio remains within the operating range.

Asset Sustainability Ratio

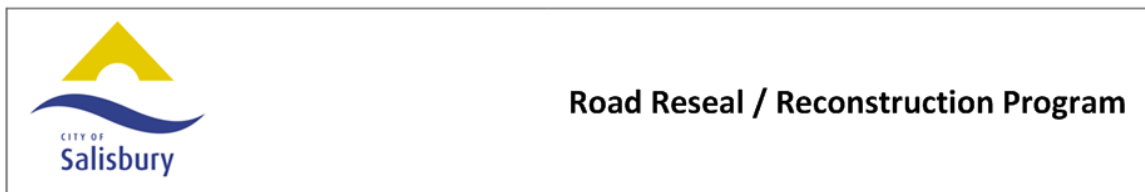


Calculation:
 Asset Renewal Expenditure divided by Asset Management Plan Renewal Expenditure
 Endorsed Operating Range:
 90%-110%

This ratio indicates whether capital assets are being renewed in line with Asset Management Plans (AMP). A ratio of 100% means that Council is budgeting to renew assets as initially planned, and as AMP detail the optimum timing renewal and replacement of assets, a ratio of 100% means that infrastructure assets are maintained, as are service levels, at the lowest cost to the community.

However, given that AMP are long term plans, Councils will vary expenditure based on more up to date asset information, and also to time renewal works for projects that have new and renewal aspects to achieve better outcomes, and reduce cost to the community to achieve these outcomes. Over the life of the plan renewal expenditure is within the endorsed operating range.

| | |
|-------------------------------|------------------|
| 2018/19 Financial Year | TRR000143 |
|-------------------------------|------------------|



| | |
|-----------------------------|--------------------------------------|
| Id Number: | 1628 |
| Program: | Road Reseal / Reconstruction Program |
| Department: | City Infrastructure |
| Key Direction: | The Prosperous City |
| Est Completion Date: | |

| | |
|------------------------|------|
| Financial Year: | 2019 |
|------------------------|------|

| | |
|---------------------------|---|
| Executive Summary: | This bid is for the ongoing renewal of bituminous road surfaces and/or reconstruction of failed road pavements including all capitalised preparatory works such as crack sealing. |
| Scope: | <p>This bid is for the ongoing renewal of bituminous road surfaces and/or reconstruction of failed road pavements including all capitalised preparatory works such as crack sealing. The following programs are excluded from the scope of works: Car Park Renewal/Upgrade Program; Outdoor Sports Surface Renewal Program; the Asphalt Footpath / Shared Use Path Reseal Program; short lengths of kerb and gutter requiring renewal (refer to Projects Division Operating Budget) and capital footpath adjustment resulting from repositioned kerb ramps (refer to Bid 21412 Kerb Ramp Construction/Upgrade Program). However a nominal \$50,000 operating budget is included within Bid 12000 to enable minor footpath links/modifications upgraded or newly installed pram ramps. Because Council is using road renewal techniques that means it is addressing more streets each year as part of the new renewal program, the amount of minor kerb ramp modifications and repairs has significantly increased, not previously considered in the program. Because these repairs and modifications are minor works and considered as operating, the operating budget has been increased by \$150,000</p> <p>A Road Network Audit was completed in early 2012 from which a program of works was developed until 2017/2018. A fresh Road Network Survey was undertaken in 2016/2017 with the analysis now being finalised using external consultants. Given new construction techniques particularly with respect to seals on roads Council will receive a final report in February/March 2018 on the outcomes of the audit and the future approach to road network management which will then enable a new list to be generated for 2018/2019 to 2021/2022. This report will also identify future opportunities for redevelopment of the road network.</p> <p>At this Stage current results from the survey show the Pavement condition Index (PCI) as of June 2017 at 8.5 which was above expectation (originally set</p> |

TRR000143 - Page | 1

| | |
|-----------------------|---|
| | <p>at 8.2). This indicates that the current strategy with respect to Reseal and Reconstruction is above expectations and a modest reduction of \$500,000 has been made to the Capital side of the program for 2018/2019, to be reviewed in future years as the program is further developed and implemented.</p> <p>Diment road, Burton/Direk upgrade \$1,000,000 x 4 years is accommodated in the program.</p> |
| Justification: | The road network is Council's largest asset enabling effective and safe travel throughout the City. Proposed expenditure via this bid is based upon an audit. The audit will provide a program of works including recommended servicing treatments applicable for each street. |

Project Stakeholders

| | |
|-------------------------|---------------------|
| Manager: | Dameon Roy |
| General Manager: | Mark Van Der Pennen |
| Asset Owner: | Dameon Roy |
| Elected Member: | |

Budget Bid Financial Summary

| | 2019 | 2020 | 2021 | 2022 | Total |
|------------------------|------------------|------------------|------------------|------------------|-------------------|
| Expenditure | 7,988,000 | 8,687,000 | 8,866,000 | 9,054,000 | 34,595,000 |
| Income | 0 | 0 | 0 | 0 | 0 |
| Transfer From Reserves | 0 | 0 | 0 | 0 | 0 |
| Net Budget Bid | 7,988,000 | 8,687,000 | 8,866,000 | 9,054,000 | 34,595,000 |

Budget Bid Projects

| | 2019 | 2020 | 2021 | 2022 | Total |
|--|-----------|-----------|-----------|--------------|-------------------|
| Road Reseal / Reconstruction Program - TBA | 7,988,000 | 8,687,000 | 8,866,000 | 9,054,000 | 34,595,000 |
| | | | | Total | 34,595,000 |

Chief Executive Office - Budget Comparison Summary 2018/19

| Description | 6 Months Actuals | Original Budget | Revised Budget | Next Year Budget | % Variance |
|--|------------------|------------------|------------------|------------------|---------------|
| 36 - Chief Executive Officer | 350,632 | 782,390 | 870,190 | 656,910 | (16.04%) |
| 37 - Civic & Ceremonial | 19,683 | 51,900 | 51,900 | 51,900 | 0.00% |
| 38 - Council Meetings | 343,260 | 724,919 | 750,119 | 716,860 | (1.11%) |
| 41 - Elections | 32,321 | 65,000 | 65,000 | 407,000 | 526.15% |
| 42 - Governance | 879,511 | 1,205,280 | 1,205,280 | 1,353,140 | 12.27% |
| Expenditure Total | 1,625,408 | 2,829,489 | 2,942,489 | 3,185,810 | 12.59% |
| 38 - Council Meetings | 815 | 1,480 | 1,480 | 1,790 | 20.95% |
| 42 - Governance | 106,034 | 0 | 0 | 0 | 0.00% |
| Income Total | 106,849 | 1,480 | 1,480 | 1,790 | 20.95% |
| 36 - Chief Executive Officer | 350,632 | 782,390 | 870,190 | 656,910 | (16.04%) |
| 37 - Civic & Ceremonial | 19,683 | 51,900 | 51,900 | 51,900 | 0.00% |
| 38 - Council Meetings | 342,446 | 723,439 | 748,639 | 715,070 | (1.16%) |
| 41 - Elections | 32,321 | 65,000 | 65,000 | 407,000 | 526.15% |
| 42 - Governance | 773,477 | 1,205,280 | 1,205,280 | 1,353,140 | 12.27% |
| Net Expenditure/(Income) Position | 1,518,559 | 2,828,009 | 2,941,009 | 3,184,020 | 12.59% |

Key Movements**Expenditure:**

| | |
|--|-----------|
| Increase - Wages & Salaries - Award Increments, Reclassifications, Adjustments incl. EB - Variance 3.35% | 40,400 |
| Increase - Election costs 2018 | 342,000 |
| Decrease - Budget Bid Organisational Program Review - 17/18 final year of funding | (150,000) |
| Transfer - Risk and Governance Program Manager - funding from Community Development | 124,900 |

Income:

No material movements

Assumptions

CPI set at 1.9% however not applied unless stipulated in specified contractual arrangements
 Offsetting and related items within the report are marked by a letter such as [A], [B] etc.

Risks

Elected Member allowances still to be reviewed and set by tribunal, impact unknown at this stage
 Legal Expenditure - unpredictability around requirements

Chief Executive Office - Budget Comparison Summary 2018/19

| Reconciliation of Net Impact on Department Budget of Divisional Variances | | | |
|--|--|---|---------------------|
| Add/(Subtract) Divisional Variances | | | |
| Major Expenditure Impacts - Comments | Original Budget \$2,829,489 | Next Year Budget \$3,185,810 | % 12.59% |
| Chief Executive Officer | | | |
| Wages & Salaries - Award increments, reclassifications, and adjustments, including EB - Variance 4.07% | | 23,900 | |
| Decrease - Budget Bid 22233 Program Review - 17/18 final year of funding | | (150,000) | |
| Other miscellaneous increases / decreases within estimated CPI | | 620 | |
| Council Meetings | | | |
| Wages & Salaries - Award increments, reclassifications, and adjustments, including EB - Variance 2.23% | | 1,100 | |
| Decrease - Elected Member Allowances - four months for 17 Em's and eight months for 15 Em's | | (14,237) | |
| Other miscellaneous increases / decreases within estimated CPI | | 5,078 | |
| Elections | | | |
| Increase - Election Costs 2018 | | 342,000 | |
| Governance | | | |
| Wages & Salaries - Award increments, reclassifications, and adjustments, including EB - Variance 2.73% | | 15,000 | |
| Transfer- Risk & Governance Program Manager - funding from Community Development | | 124,900 | |
| Increase - Legal Expenses based on prior year trends | | 5,000 | |
| Increase - Network Printer charges | | 2,000 | |
| Other miscellaneous increases / decreases within estimated CPI | | 960 | |
| Total Expenditure Variances to Original Budget | | 356,321 | |
| Reconciliation to Original Budget | 2,829,489 | 2,829,489 | 0.00% |
| Major Income Impacts - Comments | Original Budget \$1,480 | Next Year Budget \$1,790 | % 20.95% |
| Council Meetings | | | |
| Increase - Mayoral vehicle reimbursement | | 310 | |
| Total Income Variances to Original Budget | | 310 | |
| Reconciliation to Original Budget | 1,480 | 1,480 | 0.00% |

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