



AGENDA

FOR BUDGET AND FINANCE COMMITTEE MEETING TO BE HELD ON 18 FEBRUARY 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

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
General Manager City Infrastructure, Mr J Devine
Manager Communications and Customer Relations, Mr M Bennington
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 21 January 2019.

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 11 February 2019 11

Finance

- 6.1.1 Council Finance Report - January 2019 17

Budget Review

- 6.5.1 Second Quarter Budget Review 2018/19 27

Rating Matters

- 6.6.1 Rate Rebate Policy and Endorsement of Discretionary Rebates for 2019/20 and 2020/21 93

OTHER BUSINESS

CONFIDENTIAL ITEMS**6.9.1 Minutes of the Confidential Innovation and Business Development Sub Committee meeting held on Monday 11 February 2019**

Pursuant to section 83(5) of the *Local Government Act 1999* the Chief Executive Officer has indicated that, if Council so determines, this matter may be considered in confidence under Part 3 of the *Local Government Act 1999* on that grounds that:

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*
 - *information the disclosure of which would, on balance, be contrary to the public interest.*
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 will protect commercially sensitive information the disclosure of which at this time may prejudice the commercial position of Council.*

*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 11 February 2019** 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**

21 JANUARY 2019

MEMBERS PRESENT

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 P Jensen
Cr S Ouk
Cr D Proleta
Cr S Reardon
Cr G Reynolds
Cr J Woodman

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
A/General Manager City Development, Mr C Zafiropoulos
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

The meeting commenced at 8:00 pm.

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

APOLOGIES

Apologies were received from Cr N Henningsen and Cr D Hood.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Mayor G Aldridge

Seconded Cr D Proleta

The Minutes of the Budget and Finance Committee Meeting held on 10 December 2018, be taken and read as confirmed.

CARRIED
UNANIMOUSLY

Moved Cr J Woodman

Seconded Cr L Braun

The Minutes of the Confidential Budget and Finance Committee Meeting held on 10 December 2018, be taken and read as confirmed.

CARRIED
UNANIMOUSLY

REPORTS

Administration

6.0.1 Future Reports for the Budget and Finance Committee

Moved Cr D Proleta

Seconded Cr K Grenfell

1. The information be received.

CARRIED

6.0.2 Minutes of the Innovation and Business Development Sub Committee meeting held on Monday 14 January 2019

IBD-OB1 Review of Verge Maintenance Program

Moved Cr C Buchanan
Seconded Cr A Duncan

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 and develop their own verges.

CARRIED

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

Moved Cr C Buchanan
Seconded Cr A Duncan

1. The information be received.

CARRIED

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

Moved Cr C Buchanan
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

6.0.2-IBDSC3 Continuous Improvement Framework - Progress Report

Moved Cr C Buchanan
Seconded Cr A Duncan

1. That the information be received and noted.

CARRIED

Finance

6.1.1 Budget Process 2019/2020

Moved Cr C Buchanan
Seconded Cr J Woodman

1. Information be received.

CARRIED
UNANIMOUSLY

OTHER BUSINESS

Nil

The meeting closed at 8:19 pm.

CHAIRMAN.....

DATE.....

ITEM	6.0.1
	BUDGET AND FINANCE COMMITTEE
DATE	18 February 2019
HEADING	Future Reports for the Budget and Finance Committee
AUTHOR	Joy Rowett, Governance Coordinator, 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: 11/02/2019 31/01/2019

ITEM	6.0.2
	BUDGET AND FINANCE COMMITTEE
HEADING	Minutes of the Innovation and Business Development Sub Committee meeting held on Monday 11 February 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 11 February 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 11 February 2019 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 Auditing of Verge Cutting Services

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 - 11 February 2019

CO-ORDINATION

Officer: GMBE
Date: 14/02/2019



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

11 FEBRUARY 2019

MEMBERS PRESENT

Cr K Grenfell (Chairman)
Mayor G Aldridge (ex officio)
Cr Chad Buchanan (Deputy Chairman)
Cr A Duncan
Cr D Hood
Cr P Jensen
Cr J Woodman

OBSERVERS

Cr N Henningsen

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 7.26pm.

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

APOLOGIES

An apology was received from Cr L Braun.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Mayor G Aldridge
Seconded Cr A Duncan

The Minutes of the Innovation and Business Development Sub Committee Meeting held on 14 January 2019, be taken and read as confirmed.

CARRIED

REPORTS

IBDSC1 Future Reports for the Innovation and Business Development Sub Committee

Moved Cr J Woodman
Seconded Mayor G Aldridge

1. The information be received.

CARRIED
UNANIMOUSLY

IBDSC2 Auditing of Verge Cutting Services

Moved Cr J Woodman
Seconded Cr C Buchanan

1. The information be received.

CARRIED

OTHER BUSINESS

Nil

CONFIDENTIAL ITEMS

IBDSC3 Council Solutions

Moved Cr C Buchanan
Seconded Cr P Jensen

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*
 - *information the disclosure of which would, on balance, be contrary to the public interest.*
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 will protect commercially sensitive information the disclosure of which at this time may prejudice the commercial position of Council.*

*On that basis the public's interest is best served by not disclosing the **Council Solutions** 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 7.30pm.

The meeting moved out of confidence and closed at 7.48pm.

CHAIRMAN.....

DATE.....

ITEM	6.1.1
	BUDGET AND FINANCE COMMITTEE
DATE	18 February 2019
HEADING	Council Finance Report - January 2019
AUTHORS	Kate George, Manager Financial Services, Business Excellence Tim Aplin, Senior Accountant, Business Excellence
CITY PLAN LINKS	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	This report provides key financial data as at 31 January 2019 for the information of Council.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

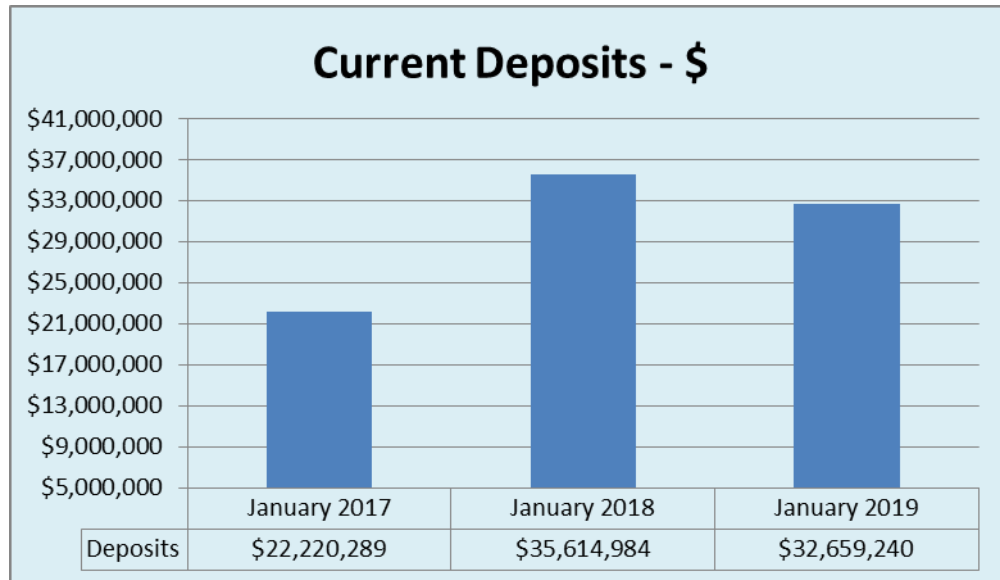
- 1.1 Council's Treasury Policy requires that a report be prepared detailing fixed borrowings and variable borrowings at the end of the preceding month, together with all investments held, their terms and interest rates. Also included is a summary of Reserve Balances and Rates and Debtor Information.
- 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.

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 to 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 31 January 2019

Date	Institution	%	Term-Days	Maturity	Value
31-Jan-2018	LGFA	1.50%	At Call	31-Jan-2019	782,756
31-Jan-2018	NAB	2.00%	At Call	31-Jan-2019	31,876,484
31-Jan-2018	35,614,984			31-Jan-2019	32,659,240



- 2.3 Current cash holdings reflect our approach in prior years to grow our financial capacity to enable the delivery of strategic projects. Cash has decreased slightly compared to January 2018, with the commencement of works relating to the Salisbury Community Hub and the delivery of the Capital Works program. Our cash position will further reduce over the remainder of the financial year as the delivery of these works progress.

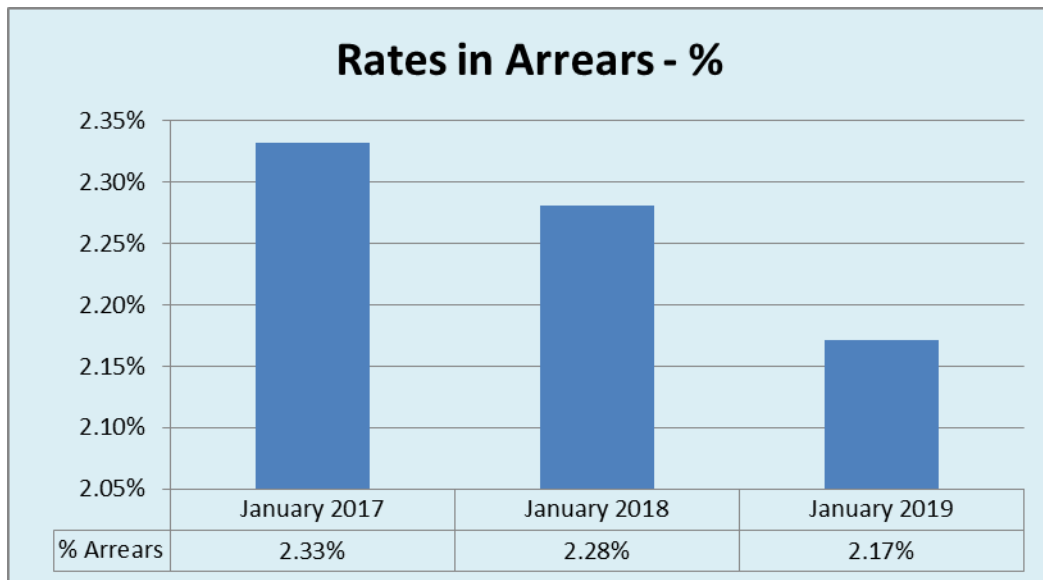
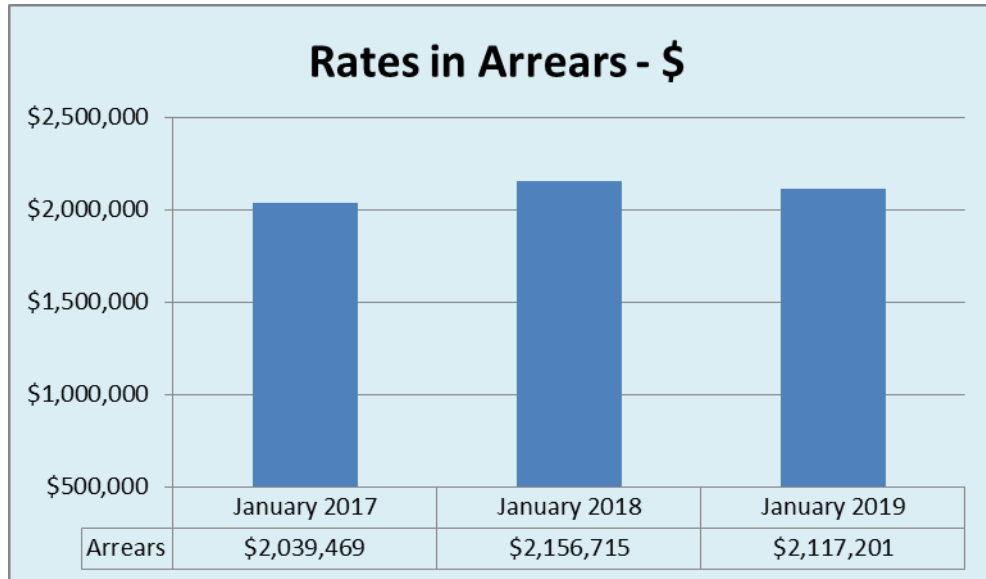
2.4 Reserves as at 31 January 2019

	Opening Balance as 1/07/2018	Transfer to Reserves	Transfer from Reserves	Current Balance
Plant Replacement Reserve	350,000	-	-	350,000
Open Space Reserve	1,234,778	117,771	-	1,352,549
Car Parking Reserve	927,667	11,636	-	939,303
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	52,094	200,000	1,446,409
Cemetery Maintenance Reserve	892,560	11,195	-	903,755
Mausoleum Perpetual Care Fund	813,826	21,348	-	835,174

- 2.5 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.
- 2.6 At 31 January 2019 the most significant movements are transfers from the Development and Public Infrastructure Reserve of \$200k being funding associated with the Developer Street Tree and Footpath Programs endorsed as part of the 2018/19 Budget. The only other material movement is a transfer to the Open Space Reserve totaling \$118k which relates to a contribution received from a private developer of \$101k and interest allocations of \$17k.
- 2.7 Other smaller movements include amounts transferred to the Development and Public Infrastructure Reserve \$52k (contributions received \$39k and interest allocation \$13k) and amounts transferred to Mausoleum Perpetual Care Fund \$21k (contributions received \$11k and interest allocation \$10k).
- 2.8 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.

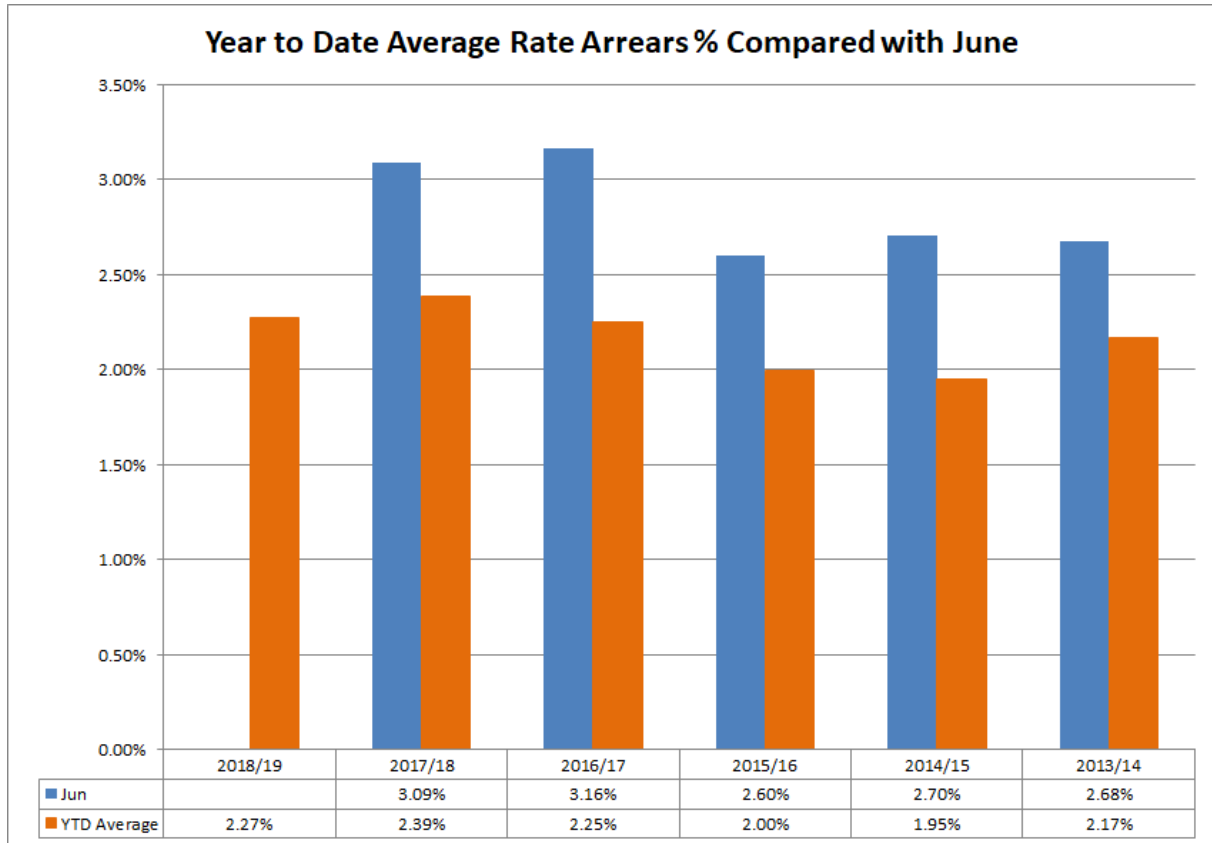
2.9 Recovery of Rates as at 31 January 2019

	No of Accounts	\$	%
Outstanding Balance as at 31 January 2019		38,543,661	39.53%
Outstanding Balance as at 31 January 2018		37,614,048	39.78%
Outstanding Rates Arrears as at 31 January 2019	4,764	2,117,201	2.17%
Outstanding Rates Arrears as at 31 January 2018	4,841	2,156,715	2.28%



2.10 The level of Council Rates in arrears at 31 January 2019 is 2.17%. The aim is to have a maximum level for Rates Arrears of 2.5% and the current level is below this. The standard process is that Rates Arrears are followed up on a daily basis and quarterly files are sent to Council’s debt collection agency.

2.11 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 normalises the cyclical impacts. The graph below depicts the Average Year to Date Rate Arrears, with the average to January being 2.27%, which is also below the target of 2.5%.



2.12 Other Debtors as at 31 January 2019

Debtor Type	Current	30 – 60 days	60 - 90 days	Over 90 days	Total
Sundry	228,466	52,124	40,161	23,299	344,050
Salisbury Water	38,888	-	-	-	38,888
Health Licensing Fees	6,997	2,616	848	4,935	15,396
Property Management	68,703	31,178	11,170	677	111,728
TOTAL	343,054	85,918	52,179	28,911	510,062

2.13 The above aged analysis represents Councils other debtors as at 31 January 2019. The Sundry Debtors current total is \$228,466 and includes two larger amounts that are typically raised at this time of the year. All of these invoices are expected to be paid in the upcoming periods. The remaining balance is comprised of numerous small invoices.

2.14 Debts outstanding greater than 90 days account for 5.67% 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.

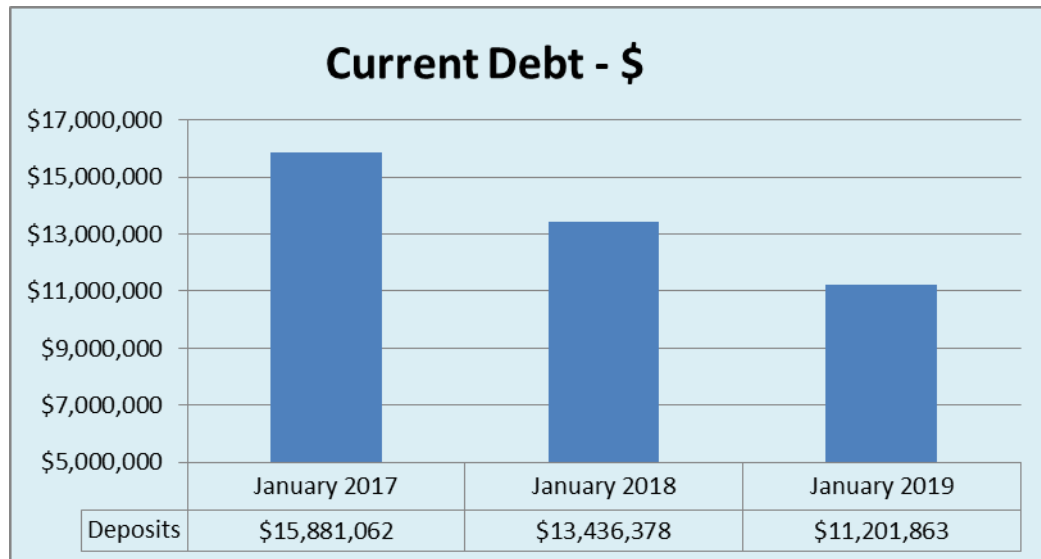
2.15 Loan Schedule as at 31 January 2019

Debenture Loans	
Principal Outstanding as at 1 July 2018	12,255,212
Loans Raised Year to Date	0
Repayments of Principal Year to Date	1,053,349
Loan Principal Outstanding - Debenture Loans	11,201,863
Comparative figure – 31 January 2018 \$13,436,378	
Cash Advance Debenture Borrowings (CADs)	
Total CAD's available	23,317,000
Current CAD's drawdown amount year to date	0
Balance of CAD's available	23,317,000
Interest Payments (Debenture Loans and CADs)	
Interest Payments - Debenture Loans	267,293
Interest Payments - CAD's	0
Total Interest Payments	267,293

2.16 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 has been made in December 2018 and another due in June 2019. As at 31 January 2019 there have been no drawdowns in relation to CAD's primarily due to Council's working capital and cash position associated with Property Development Sales that have occurred.

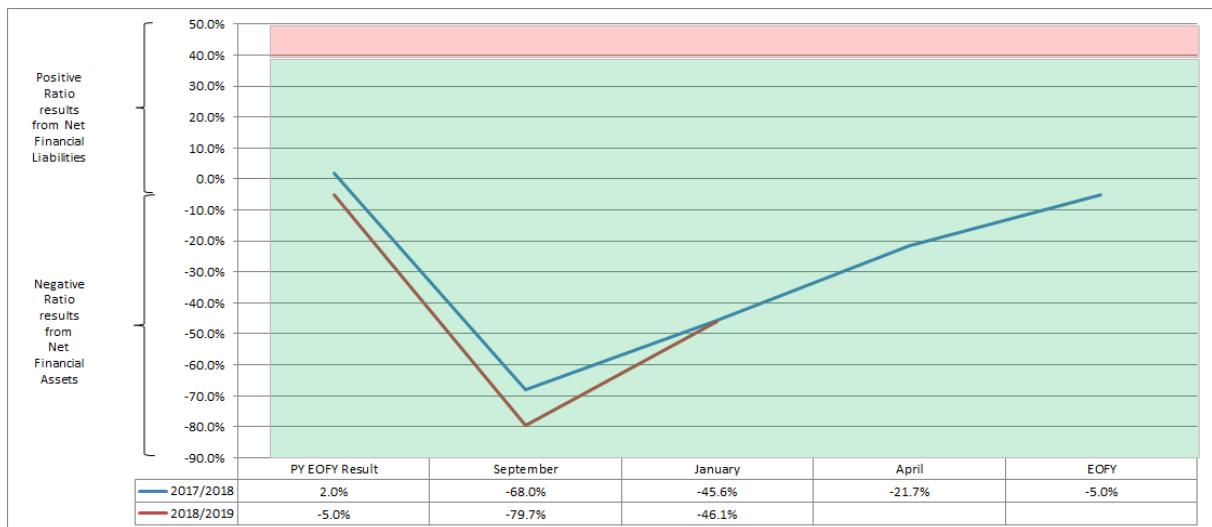
2.17 Not included in the above loan schedule is the \$462,281 Debenture Loan secured for special purpose borrowings, which is offset by a \$462,281 Loan Receivable.

- 2.18 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 and good financial management.



- 2.19 It should be noted that included in the Second Quarter Budget Review Item 6.5.1 on tonight's agenda, forecast Loan Borrowings required for the year are estimated to be \$33.1M (subject to endorsement of all recommendations). The budget review reflects delivery of all capital works, whereas to enable continuity of work, there will be a level of carried forward projects.
- 2.20 Whilst a formal report will be brought back in May 2019 regarding Councils final loan borrowing requirements, at this stage it is anticipated that our current CADs facilities of \$23.3M will be sufficient to fund our requirements this year. However, included in the \$23.3M available funds is CAD 257 that Council established 15 years ago for \$6.4 million that expires on the 15th June 2019, and the implications of this will be considered in the May Loan Borrowings report.

2.21 Net Financial Liabilities Ratio Comparison



2.22 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.

2.23 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.

2.24 As can be seen the trend is that early in both financial years Council is in a strong net financial assets position at the January month end with (45.6%) and (46.1%) 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.

2.25 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: 11/02/2019

ITEM	6.5.1
	BUDGET AND FINANCE COMMITTEE
DATE	18 February 2019
HEADING	Second Quarter Budget Review 2018/19
AUTHORS	Leigh Daddow, Senior Management Accountant, Business Excellence Kate George, Manager Financial Services, Business Excellence
CITY PLAN LINKS	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making.

RECOMMENDATION

- The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) be endorsed and net operating \$1,050,300 be credited to the Sundry Project Fund. This will bring the balance to **\$1,050,300**.
- Funds be allocated for the following **non-discretionary** net bids:

NON-DISCRETIONARY

CAPITAL

• Confidential Item (s)	\$450,500
• Dry Creek Linear Park Mawson Lakes – Rewire Irrigation System	\$60,000
• Wright/Dulkara T-Junction Upgrade	\$112,000
• Renewal of Feature Landscape Program	\$75,000
• Mawson Lakes Pedestrian Bridge – East to West Mawson Lakes	\$50,000
• Bicycle Network Improvement Program	\$118,000
• Lease to Buy Laptop / PC's	\$587,000

TOTAL	\$1,452,500
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(NB: If parts 1 & 2 of this resolution are moved as recommended this will bring the balance of the Projects Fund to a deficit balance of \$402,200.)

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

DISCRETIONARY

OPERATING

- | | |
|---|-----------|
| • Provision for WHS Improvements | \$136,000 |
| • Provision for Risk Management Initiatives | \$79,000 |

CAPITAL

- | | |
|-----------------------|-----------|
| • Bridgestone Reserve | \$500,000 |
|-----------------------|-----------|

TOTAL	\$715,000
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(NB: If parts 1, 2 & 3 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a deficit balance of \$1,117,200.)

4. Council approve the following transfers:

1. Transfer \$80,000 from the Outdoor Furniture Program to Perry Street Reserve Autism Friendly Play Space to deliver the full scope of the project – Council Resolution 0072/2019.
2. Transfer \$165,500 from Parks growth allocation and \$18,500 from Tree Inspections to the following operating areas to fund growth in services: Tree Pruning Units \$36,100, Irrigation Management \$10,000, Weed Control \$25,000, Residential Verges \$50,000 and Funding for 2 Field Services Trainees \$62,900.
3. Non-Discretionary transfer of \$95,000 operating lease budget to capital to contribute toward Budget Review Bid to enable the purchase of IT devices as part of transitioning away from Desktop PC's.
4. Transfer \$40,000 operating from Northern Economic Plan to Salisbury City Centre Investment Attraction Works to undertake market assessment this financial year.
5. Transfer \$36,900 of the Salisbury Events budgets from Contractual Services to Wages & Salaries which is a cheaper option than hiring contractors.
6. Transfer \$636,000 from capital to operating within the Salisbury Community Hub, with no change in the overall budget.
7. Transfer \$175,000 of the Digital Strategy from capital to operating.
8. Transfer \$100,000 of excess operating funds from the Asset Management Improvement Project to capital for the Salisbury Community Hub Concierge Application.
9. Transfer from Digital Strategy \$270,000, City Infrastructure consultancy \$100,000 and from Asset Management Improvement Project \$38,000 to Operational Readiness to support delivery of new operating model, which has no impact on existing service delivery.

10. Transfer \$22,650 Inspectorate Wages and Salaries to Contractual Services for weekend coverage contract agreement.
 11. Transfer \$91,700 from Budget Bid System \$41,400 and Divisional Planning Project \$50,300, to the Project and Contract Systems Improvements (Resolution 2563/2018).
5. Council approve the following budget timing adjustment which results in a decrease in loan borrowings and increase in investments in the 2018/19 financial year and an increase in loan borrowings and decrease in investments in the 2019/20 financial year:
 - Bridgestone Reserve \$2,924,000
 6. Loan Borrowings are varied to reflect the bids and transfers endorsed by Council detailed in parts 1 to 5 of this resolution.

(NB: If parts 1 to 6 of this resolution are moved as recommended loan borrowings in 2018/19 will decrease by \$1,806,800 to an overall indicative loan borrowing of \$33,131,515.)

ATTACHMENTS

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

1. Second Quarter Budget Review 2018/19

1. BACKGROUND

- 1.1 In accordance with Part 2 of the *Local Government (Financial Management) Regulations 2011*, Financial Accountability, the attached Second Budget Review for the financial year 2018/19 has been prepared.

2. CONSULTATION / COMMUNICATION

2.1 Internal

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

2.2 External

- 2.2.1 N/A

3. REPORT

- 3.1 The original budget was for an operating surplus of \$3,586k, which has been revised to a forecast surplus of \$510k. It should be noted that the final result for the year will be further impacted through other variations throughout our operations.
- 3.2 There is an increasing focus on city pride, with increased effort in sweeping in some locations where we are experiencing issues, improved responsiveness to illegal dumping, and identifying opportunities to improve the quality of some small areas in the short term, with these activities managed within existing operating budgets.

- 3.3 Budget Review Operating Bids total \$215k, with Capital Bids totalling \$1,953k.
- 3.4 The original budget for loan borrowings was \$16.3M to deliver the approved budget initiatives. The reinstatement of timing adjustment projects of \$20.7M increased indicative loan borrowings to \$37M. Each budget is prepared with the borrowings required to deliver the budget. This budget review results in a decrease in loan borrowings of \$1.8M as a result of variations contained in Appendix 1 - Budget Variation Summary and Appendix 2 - Budget Timing Adjustments. Our actual borrowings will depend on the level of carry forwards, property development proceeds, other cash variations and will be subject of a report to Council in May. Our borrowings will be significantly lower due to our opening cash balance.
- 3.5 The original expenditure budget for the capital program was \$47.4M and has been increased by carry forwards and grant funds to become \$78.7M.
- 3.6 This budget review seeks the endorsement of Budget Timing Adjustment in Appendix 2 for Bridgestone Reserve of \$2.9M. On endorsement of the Budget Review this will reduce the Revised Budget from \$78.7M to \$78.5M. The table below provides percentage completed details.

		% of Original Budget (\$47.4M)	% of Revised Budget (\$78.7M)
Spent to Date	\$18.5M	39.0%	23.5%
Spend + Commitments	\$49.5M	100.0%	62.9%

4. CONCLUSION / PROPOSAL

- 4.1 It is proposed that Council consider the Second Quarter Budget Review 2018/19 Report attached and endorse the Recommendations as detailed on pages 15 and 16 of the attached document, and above.

CO-ORDINATION

Officer: Executive Group
Date: 11/02/2019



SECOND QUARTER BUDGET REVIEW
2018/19 REPORT

For the period ended
31 December 2018

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1. Executive Summary

We commenced 2018/19 with a budgeted operating surplus of \$3,586k. The operating budget surplus was reduced to \$82k at the first quarter budget review, due to the impact of the early receipt of the Federal Financial Assistance Grants (\$4.2M), adjustments for carry forward funds (net \$1.3M) and first quarter budget review adjustments of \$2M. As a result of this budget review we are revising our operating budget surplus to \$510k.

Consolidated Funding Statement

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

2018/19 Operating Budget Forecast	\$'000
Original Budgeted Operating Surplus	3,586
Early Receipt of FAG, ULR and ACE in 2017/18	(4,272)
2017/18 Operating Carry Forward Funds	(2,652)
2018/19 Operating Carry Forward Funds - Estimated	1,400
First Quarter Budget Review Adjustments	2,019
Second Quarter Budget Review Adjustments	428
Forecast Operating Surplus / (Deficit)	510

This year's operating budget has been significantly impacted by the early receipt of the Federal Financial Assistance Grants, resulting in a reduction in the current year income of \$4.2M. These funds were received in June 2018, and although they relate to the 2018/19 financial year, had to be recognised in the year of receipt as required by the Local Government Act and relevant Accounting Standards. This had a favourable impact on our cash and surplus for the 2017/18 financial year, with a corresponding reduction in 2018/19. The forecast has assumed the 2019/20 payment will be made in 2019/20.

The operating surplus is also adversely impacted by the carry forward of prior year projects of \$2,652k into the current year. These projects were funded in last year's operating budget and are being spent during 2018/19. Similarly we have estimated that there will be carry forwards of \$1,400k from this year into 2019/20. These impacts bring the operating result to a deficit of \$1,938k. Adjustments totalling \$2,019k at the first quarter budget review and further adjustments of \$428k as part of this budget review will bring the operating surplus to \$510k.

There is an increasing focus on city pride, with increased effort in sweeping in some locations where we are experiencing issues, improved responsiveness to illegal dumping, and identifying opportunities to improve the quality of some small areas in the short term, with these activities managed within existing operating budgets.

Capital Works Program

The Capital Works spend to date is \$18.5M or 39% of the original capital budget of \$47.4M. The original capital expenditure budget of \$47.4M was increased to \$78.7M, which includes the reinstatement of budgets for timing adjusted projects from 2017/18 of \$20.7M. Also increasing in the revised budget are carry forward funds of \$7.5M, carry forwards for property development projects of \$2.2M, and changes resulting from grant funded projects and other adjustments. The delivery of the 2018/19 program is progressing, and frameworks have been put in place to better support delivery, to deal with emerging issues and improve communication across divisions.

This budget review seeks the endorsement of Budget Timing Adjustments in Appendix 2 for the Bridgestone Reserve Athletic Facility \$2.9M. On endorsement of this Review, the revised budget will reduce from \$78.7M to \$78.5M; with the year to date spend of \$18.5M being 23.6% of the revised budget and \$49.5M or 63.1% inclusive of commitments. Detailed analysis of the capital program and the status of individual projects are contained within Appendix 5.

Sundry Projects Fund

The overall impact of budget variations is a favourable \$1M as detailed in Appendix 1. Allocations for new budget bids total \$2,168k, with \$1,453k non-discretionary and \$715k discretionary, with \$1,953k being capital bids. This is offset by a Budget Timing Adjustment in Appendix 2 for the Bridgestone Reserve Athletic Facility of \$2.9M. This budget review results in a decrease in indicative loan borrowings of \$1.8M, with further details contained in Section 3.2.

Loan Borrowings / Investments

The original budget for loan borrowings was \$16.3M to deliver the approved budget initiatives. The reinstatement of timing adjustment projects of \$20.7M from 2017/18 increased indicative loan borrowings to \$37M.

The first budget review resulted in a reduction of \$2M in loan borrowings, which resulted in revised loan borrowings of \$35M. The adjustments included in this budget review provides a further decrease of \$1.8M, resulting in an overall net indicative loan borrowings of \$33.1M, as a result of the budget variations contained in Appendix 1 and new bids detailed in Section 2. Further details are contained in Section 4.

2. New Bid Proposals

New/Additional Operating Bids	Expenditure	Funding	Net Bid
	\$	\$	\$
DISCRETIONARY - OPERATING BIDS			
<p>Provision for WHS Improvements Council has recently received a Special Distribution from the LG Workers Compensation Scheme in relation to Workers Compensation of \$136k (per Appendix 1 - Budget Variation Summary Item 10). It is proposed to utilise these funds to establish a provision to fund further WHS initiatives to enhance WHS outcomes, with Executive to endorse expenditure proposals to utilise these funds. Any uncommitted funds are to be returned to general surplus at the end of financial year.</p> <p>Examples of initiatives to be funded from this provision are projects to address outcomes from Scheme audits to enhance WHS across the organisation such as:- - Hazard mapping and control plan & emergency management Plan – Community Hub - \$45K - Ergonomic Induction - Pilot Space \$25K (Jan – August) - Hazardous Chemical Audit Action Plan - \$20K</p>	136,000		136,000
<p>Provision for Risk Management Initiatives Council has recently received a Special Distribution from the Mutual Liability Scheme in relation to Risk of \$79k (per Appendix 1 - Budget Variation Summary Item 11). It is proposed to utilise these funds to establish a provision to fund further Risk Management Initiatives to enhance Organisational outcomes, with Executive to endorse expenditure proposals to utilise these funds. Any uncommitted funds are to be returned to general surplus at the end of financial year.</p> <p>Examples of initiatives to be funded from this provision are projects to address outcomes from Scheme audits to enhance Risk Management across the organisation such as to undertake a review of our Emergency Management Framework.</p>	79,000		79,000
TOTAL - DISCRETIONARY - OPERATING BIDS	215,000		215,000
TOTAL OPERATING BIDS	215,000		215,000

New/Additional Capital Bids	Expenditure	Funding	Net Bid
	\$	\$	\$
NON DISCRETIONARY – CAPITAL BIDS			
Confidential Item(s) <i>(Council Resolution 2585/2018 July 2018 and 2632/2018 August 2018)</i> In accordance with Resolution No. 2585/2018 and Resolution No. 2632/2018, Confidential Item(s).	450,500		450,500
Dry Creek Linear Park Mawson Lakes - Rewire Irrigation System <i>(Council Resolution 2563/2018 July 2018)</i> In accordance with Resolution No. 2563/2018, system faults and failures within the current system identified as part of system shut down for winter and with peak summer water period looming, approval was sought to undertake the re-wiring of the irrigation system at Dry Creek Linear Park, Mawson Lakes. This is a busy location used by the public along the various paths and trails.	60,000		60,000
Wright/Dulkara T-Junction Upgrade <i>(Council Resolution 0046/2018 December 2018)</i> In accordance with Resolution No. 0046/2018, Council endorsed a second quarter non-discretionary budget review bid to reflect the successful grant awarded for the T-Junction upgrade at the intersection of Wright Road and Dulkara Road. The grant funding for this project has been awarded by 2018/19 The State Black Sport Program.	335,000	223,000	112,000
Renewal of Feature Landscape Program <i>(Council Resolution 0072/2019 January 2019)</i> As being reported via W&S, Item 2.6.1, 21st January 2019, two feature landscape project sites for 2018/19 require additional funding in order to achieve full scope. These two locations being, Keyhole Park Reserve and Mawson Lakes Boulevard. Tenders have been received and the budget allocation was insufficient to deliver full project scope.	75,000		75,000
Mawson Lakes Pedestrian Bridge - East to West Mawson Lakes School <i>(Council Resolution 2589/2018 August 2018)</i> A Motion on Notice was endorsed August 2018 to undertake preparatory work comprising a preliminary design, hydrology studies and costings of a suitable new structure across Dry Creek, between the East and West campuses of the Mawson Lakes School.	50,000		50,000

<p>Bicycle Network Improvement Program (Council Resolution 0046/2018 December 2018) Council was successful in receiving \$32k grant funding from the State Bicycle Black Spot Program for a bicycle link, Wright Road, Ingle Farm. The total value of the project is \$65k and in accordance with Resolution No. 0046/2018, Council endorsed a second quarter non-discretionary to fund this project. This is an important link which coincides with a traffic grant awarded for Wright Road.</p> <p>In addition, as part of the Bicycle Network Program, the following locations were proposed to be constructed this financial year on the basis that grant funding would complement them;</p> <ul style="list-style-type: none"> • Cross Keys / Frost Road, Salisbury South, Roundabout shared use path \$55 CoS & \$50k Grant Funding (refer Appendix 1 - Budget Variation Summary Item 27) • Diment Road, Salisbury North, Stage 2 shared use path \$65k CoS & \$35k Grant Funding (refer Appendix 1 - Budget Variation Summary Item 28) <p>Both of these projects were unsuccessful in attaining grant funding and in accordance with Resolution No. 0046/2018, Council endorsed a second quarter non-discretionary budget review bid to retain funds for these projects in their entirety. This will enable both sites to be completed following on works undertaken last financial year.</p>	\$ 150,000	\$ 32,000	\$ 118,000
<p>Lease to Buy Laptop / PC's (Council Resolution 2612/2018 August 2018) In accordance with Resolution No. 2612/2018, Council endorsed that the change to purchasing of personal computers and mobile devices from leasing be reflected as a Non-Discretionary budget adjustment in the 2018/19 Budget Second Quarter Budget Review.</p> <p>This bid is for the capital expenditure to deploy mobile devices, and associated peripherals, for employees who are moving to the Community Hub. To date, 109 leased desktops have been replaced with new devices that have been purchased and a further 161 desktops require to be replaced. There will be a corresponding reduction in future years budgets for lease costs, as the capital cost associated with this bid is converting future years lease cost into capital in this financial year. Also included is a transfer of \$61k lease costs to capital, with total lease savings over all periods being \$368k, with capital expenditure of \$648k and expected disposal of \$104k at the end of asset life being net \$544k. Had this equipment been leased, the total lease cost would have been \$736k.</p>	587,000		587,000
TOTAL - NON-DISCRETIONARY - CAPITAL BIDS	1,707,500	255,000	1,452,500

New/Additional Capital Bids	Expenditure	Funding	Net Bid
	\$	\$	\$
<u>DISCRETIONARY – CAPITAL BIDS</u>			
Bridgestone Reserve This request is to retain \$500,000 additional grant funding received from state government included in Appendix 1 – Budget Variation Summary Item 25. These fund will enable delivery on the detailed scope required to meet the International Association of Athletics Federations (IAAF) Regional Level 2 Class 3 venue accreditation, which is the original scope and endorsed by Council. The cost estimation has been validated through the independent cost estimation, and through engagement with national and international experts. Further detail is provided within Works & Services Item 2.6.4 on tonight's agenda.	500,000		500,000
TOTAL - DISCRETIONARY - CAPITAL BIDS	500,000	0	500,000
TOTAL CAPITAL BIDS	2,207,500	255,000	1,952,500

3. Budget Review

3.1 Policy and Context

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

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

3.2 Sundry Projects Fund

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

Original Budget 1st July 2018	\$ -
Additions:	
First Quarter Budget Review (Resolution 2667/2018)	2,019,400
Allocations:	
First Quarter Budget Review (Resolution 2667/2018)	-
Impact on Loan Borrowings:	
Decrease in borrowings - First Quarter (Resolution 2667/2018)	2,019,400
Balance prior to the consideration of bids	-
Recommendations – Second Quarter Budget Review:	
Variations to Sundry Projects Fund – Appendix 1 Budget Variation Summary (Recommendation 1)	
Operating Variations	550,300
Capital Variations	500,000
Property Development Program Variation	-
Balance after Variations to the Sundry Projects Funds	1,050,300
Allocations arising from bids contained in Section 2	(2,167,500)
Budget Timing Adjustments (Appendix 2)	2,924,000
Movements in General Loan Borrowings / Investments:	
Decrease in Borrowings due to bids offset by Operating & Capital Variations	(1,806,800)
Net Movements in General Loan Borrowings	(1,806,800)
Balance Remaining	-

Budget Variations of \$1M (detailed in Appendix 1) and Budget Timing Adjustment of \$2.9M (detailed in Appendix 2) are offset by allocations arising from bids contained in Section 2 of this Budget Review of \$2.2M, resulting in an overall impact of a decrease in indicative loan borrowings of \$1.8M.

3.3 Consolidated Funding Statement

Consolidated Funding Statement	Second Quarter Revised Budget 2018/2019	Original Budget 2018/2019
	\$'000	\$'000
PART 1 - OPERATING		
Operating Revenue - Original Budget	118,372	118,372
First Quarter Budget Review Adjustments (Resolution 2667/2018)	(2,239)	
Proposed Second Quarter Adjustments:		
Operating Income Gains (Appendix 1)	429	
Operating Income Losses (Appendix 1)	(7)	
Operating Income Budget Variations (Appendix 1)	122	
Operating Revenue	116,677	118,372
Operating Expenditure - Original Budget	114,785	114,785
First Quarter Budget Review Adjustments (Resolution 2667/2018)	2,666	
Proposed Second Quarter Adjustments:		
Operating Expenditure Savings and Declarations (Appendix 1)	(128)	
Operating Expenditure Budget Variations (Appendix 1)	122	
Operating New Bids (Considered as part of this Review)	215	
Other Adjustments	(93)	
Operating Expenditure	117,567	114,785
Estimated 2018/19 Operating Carry Forwards	1,400	
Operating Surplus/(Deficit)	510	3,586
PART 2 - CAPITAL AND OTHER ADJUSTMENTS		
Capital Revenue - Original Budget	2,530	2,530
First Quarter Budget Review Adjustments (Resolution 2667/2018)	0	
Proposed Second Quarter Adjustments:		
Capital Income Gains (Appendix 1)	500	
Other Capital Income Budget Variations (Appendix 1)	716	
Capital New Bids (Considered as part of this Review)	255	
Capital Revenue	4,001	2,530
Net Surplus/(Deficit) Resulting From Operations	4,511	6,116
Capital Expenditure - Original Budget	48,027	48,027
First Quarter Budget Review Adjustments (Resolution 2667/2018)	30,373	
Proposed Second Quarter Adjustments:		
Capital New Bids (Considered as part of this Review)	2,208	
Other Capital Expenditure Budget Variations (Appendix 1)	716	
Reinstate Budget for Timing Adjusted Projects 2017/18	(2,924)	
Other Adjustments	93	
Capital Expenditure	78,492	48,027
Principal Repayments	(2,142)	(2,142)
Net Transfers to and from Reserves	660	660
Prior Year Carry Forward Funds	12,345	0
Timing Difference in Financial Assistance Grant	4,272	
Estimated Current Year Operating Carry Forward Funds	(1,400)	0
Add Back Depreciation of Non-Current Assets	26,599	26,599
Net gain (loss) on disposal or revaluation of assets	515	515
Cash Surplus/(Deficit/Borrowings)	(33,132)	(16,278)

10

The Consolidated Funding Statement (CFS) provides a comparison between the original budget and the revised position should this review be adopted. The statement identifies the projected Operating Surplus / (Deficit) which is a primary indicator of financial sustainability. The original budget was for an operating surplus of \$3,586k, and this has been revised to a forecast surplus of \$510k at this review, noting prepayment of 2018/19 Federal Financial Assistance Grants into 2017/18.

This year's operating budget has been significantly impacted by the early receipt of the Federal Financial Assistance Grants, resulting in a reduction in the current year income of \$4.2M. These funds were received in June 2018, and although they relate to the 2018/19 financial year, had to be recognised in the year of receipt as required by the Local Government Act and relevant Accounting Standards. This had a favourable impact on our cash and surplus for the 2017/18 financial year, with a corresponding reduction in 2018/19. Council has not received any notification that the Federal Government will bring forward payment for the 2018/19 financial year, therefore the forecast has assumed the 2019/20 payment will be made in the corresponding year.

Also impacting on the surplus are 2017/18 carry forwards of \$2,652k, which is partially offset by our estimate of 2018/19 operating carry forward projects of \$1,400k. Adjustments totalling \$2,019k at the first quarter budget review, and further adjustments of \$428k included in this review, after variations and new bids are also reflected in the surplus. A reconciliation of the changes to our budgeted operating surplus / (deficit) is shown below, however, it should be noted that the final result for the year will be further impacted through other variations throughout our operations.

2018/19 Operating Budget Forecast	\$'000
Original Budgeted Operating Surplus	3,586
Early Receipt of FAG, ULR and ACE in 2017/18	(4,272)
2017/18 Operating Carry Forward Funds	(2,652)
2018/19 Operating Carry Forward Funds - Estimated	1,400
First Quarter Budget Review Adjustments	2,019
Second Quarter Budget Review Adjustments	428
Forecast Operating Surplus / (Deficit)	510

The Consolidated Funding Statement provides a summary of changes to capital income and capital expenditure, with the most significant impact being Capital Carry Forwards of \$9.7M. Other impacts on cash are also considered, to arrive at the overall projected borrowings / investment balance. As this is a snapshot for the financial year, it shows that there is an increase in cash requirements resulting in an increase in indicative loan borrowings to \$33.1M.

3.4 Transfer of Funds – (Chief Executive Officer Delegation)

The Wages & Salaries Provision Account has a balance of \$282k as at 31 December 2018, with \$706k savings identified in the December Quarter. This includes \$309k saving associated with Work Cover Premium and \$131k savings identified in relation to operational improvements within Field Service which was budgeted in error. There has been a total allocation of \$352k during the December Quarter including People & Cultural - Change Lead ASG Consultant \$124k and Business System and Solutions – two Business Analysts \$177k.

3.5 Transfer of Funds Requests

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

1. Transfer \$80,000 from the Outdoor Furniture Program to Perry Street Reserve Autism Friendly Play Space to deliver the full scope of the project – Council Resolution 0072/2019.
2. Transfer \$165,500 from Parks growth allocation and \$18,500 from Tree Inspections to the following operating areas to fund growth in services: Tree Pruning Units \$36,100, Irrigation Management \$10,000, Weed Control \$25,000, Residential Verges \$50,000 and Funding for 2 Field Services Trainees \$62,900.
3. **Non-Discretionary** transfer of \$61,000 operating lease budget to capital to contribute toward Budget Review Bid enable the purchase of IT devices as part of transitioning away from Desktop PC's.
4. Transfer \$40,000 operating from Northern Economic Plan to Salisbury City Centre Investment Attraction Works to undertake market assessment this financial year.
5. Transfer \$36,900 of the Salisbury Events budgets from Contractual Services to Wages & Salaries which is cheaper option than hiring contractors.
6. Transfer \$636,000 from capital to operating within the Salisbury Community Hub, with no change in the overall budget.
7. Transfer \$175,000 of the Digital Strategy from capital to operating.
8. Transfer \$100,000 of excess operating funds from the Asset Management Improvement Project to capital for the Salisbury Community Hub Concierge Application.
9. Transfer from Digital Strategy \$270,000, City Infrastructure consultancy \$100,000 and from Asset Management Improvement Project \$38,000 to Operational Readiness to support delivery of new operating model, which has no impact on existing service delivery.
10. Transfer \$22,650 Inspectorate Wages and Salaries to Contractual Services for weekend coverage contract agreement.

11. Transfer \$91,700 from Budget Bid System \$41,400 and Divisional Planning Project \$50,300, to the Project and Contract Systems Improvements (Resolution 2563/2018).

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

4. Loan Borrowings/Investments and Reserves

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

	\$
Original Budget 1st July 2018	
Net Borrowings/(Investment)	16,277,715
Reinstate Timing Adjustments Projects	20,680,000
Net Borrowings/(Investment)	36,957,715
First Quarter Budget Review 2018/19	
Variation to (General Borrowing Requirements)/Investments recommended	(2,019,400)
Second Quarter Budget Review 2018/19	
Variation to (General Borrowing Requirements)/Investments recommended	(1,806,800)
Additional transfer of funds from the Property Disposal Reserve recommended	
Revised Borrowings/(Investments) 2018/19 Subject to this Review	33,131,515

The original budget estimate for 2018/19 loan borrowings was \$16.3M, with adjustments for the reinstatement of timing adjustments projects and the first quarter budget review, results in an overall increase to the indicative loan borrowings to \$35M. As a result of variations and allocations included in this review, indicative loan borrowings will decrease by \$1.8M. The actual borrowing depends on the level of carry forwards, property development proceeds and other cash variations.

Reserves

Details	Year to Date Actual \$000's	Full Year	
		Rev. Bud \$000's	Orig. Bud \$000's
Transfers to Reserves	199	2	2
Transfers from Reserves	200	660	660
Total	(1)	(658)	(658)

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

5. Recommendations

- The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) be endorsed and net operating \$1,050,300 be credited to the Sundry Project Fund. This will bring the balance to **\$1,050,300**.
- Funds be allocated for the following **non-discretionary** net bids:

NON-DISCRETIONARY

CAPITAL

• Confidential Item(s)	\$ 450,500
• Dry Creek Linear Park Mawson Lakes - Rewire Irrigation System	\$ 60,000
• Wright/Dulkara T-Junction Upgrade	\$ 112,000
• Renewal of Feature Landscape Program	\$ 75,000
• Mawson Lakes Pedestrian Bridge - East to West Mawson Lakes School	\$ 50,000
• Bicycle Network Improvement Program	\$ 118,000
• Lease to Buy Laptop / PC's	\$ 587,000

TOTAL **\$ 1,452,500**

(NB: If parts 1 & 2 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a deficit balance of \$402,200.)

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

DISCRETIONARY

OPERATING

• Provision for WHS Improvements	\$ 136,000
• Provision for Risk Management Initiatives	\$ 79,000

CAPITAL

• Bridgestone Reserve	\$ 500,000
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TOTAL **\$ 715,000**

(NB: If parts 1, 2 & 3 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a deficit balance of \$1,117,200.)

- Council approve the following transfers:
 - Transfer \$80,000 from the Outdoor Furniture Program to Perry Street Reserve Autism Friendly Play Space to deliver the full scope of the project – Council Resolution 0072/2019.
 - Transfer \$165,500 from Parks growth allocation and \$18,500 from Tree Inspections to the following operating areas to fund growth in services: Tree Pruning Units \$36,100, Irrigation Management \$10,000, Weed Control \$25,000, Residential Verges \$50,000 and Funding for 2 Field Services Trainees \$62,900.

3. **Non-Discretionary** transfer of \$61,000 operating lease budget to capital to contribute toward Budget Review Bid enable the purchase of IT devices as part of transitioning away from Desktop PC's.
 4. Transfer \$40,000 operating from Northern Economic Plan to Salisbury City Centre Investment Attraction Works to undertake market assessment this financial year.
 5. Transfer \$36,900 of the Salisbury Events budgets from Contractual Services to Wages & Salaries which is cheaper option than hiring contractors.
 6. Transfer \$636,000 from capital to operating within the Salisbury Community Hub, with no change in the overall budget.
 7. Transfer \$175,000 of the Digital Strategy from capital to operating.
 8. Transfer \$100,000 of excess operating funds from the Asset Management Improvement Project to capital for the Salisbury Community Hub Concierge Application.
 9. Transfer from Digital Strategy \$270,000, City Infrastructure consultancy \$100,000 and from Asset Management Improvement Project \$38,000 to Operational Readiness to support delivery of new operating model, which has no impact on existing service delivery.
 10. Transfer \$22,650 Inspectorate Wages and Salaries to Contractual Services for weekend coverage contract agreement.
 11. Transfer \$91,700 from Budget Bid System \$41,400 and Divisional Planning Project \$50,300, to the Project and Contract Systems Improvements (Resolution 2563/2018).
5. Council approve the following budget timing adjustment which results in a decrease in loan borrowings and increase in investments in the 2018/19 financial year and an increase in loan borrowings and decrease in investments in the 2019/20 financial year:
- Bridgestone Reserve - \$2,924,000
6. Loan Borrowings are varied to reflect the bids and transfers endorsed by Council detailed in parts 1 to 5 of this resolution.

(NB: If parts 1 to 6 of this resolution are moved as recommended loan borrowings in 2018/19 will decrease by \$1,806,800 to an overall loan borrowing of \$33,131,515.)

To support the transition to the Community Hub, various systems and processes need to be changed to ensure the agreed outcomes are achieved. In particular to ensure we have a customer centric approach. This has involved focusing internal resources on delivering various changes to improve the customer experience. These changes have no impact on existing services.

Appendix 1 – Budget Variation Summary as at 31 December 2018

Item	Details	Expense Increase/ (Decrease)	Revenue Increase/ (Decrease) <i>Includes Expenditure Recoveries</i>	Net Increase/ (Decrease) Sundry Projects Fund
OPERATING VARIATIONS				
Expenditure Savings				
1	International Business Growth	(25,000)		25,000
2	BPAY Merchant Service Fees, no longer applicable - 1 November 2018	(11,500)		11,500
3	Immunisation review of clinic schedule for the 2018/19 program	(26,000)		26,000
4	Parking technology trials implemented	(15,000)		15,000
5	Community Development in Salisbury Projects - Accreditation Fee	(15,000)		15,000
6	Emergencies Services Levy - Levies Paid to Government	(15,600)		15,600
7	Property Management Golf Course Contribution	(20,000)		20,000
Income Gains				
8	Recreation Services Profit Share based on audited financial statements for the period 1 October 2017 to 30 September 2018.		54,000	54,000
9	Health Act - Food Safety Auditing Fees		6,400	6,400
10	Mutual Liability Scheme - Workers Compensation		135,900	135,900
11	Mutual Liability Scheme - Risk		79,100	79,100
12	Mutual Liability Scheme - Infrastructure		26,000	26,000
13	Library Operating Subsidy		19,300	19,300
14	Planning Assessment Fees		33,000	33,000
15	Building Control - Lodgement Fees		30,000	30,000
16	Building Rules Certification Unit - Building Fees		15,000	15,000
17	Building Rules Certification Unit - Sundry Income		20,000	20,000
18	External Client Services - Building Fees		10,000	10,000
Income Losses				
19	Corporate Directional Signs		(6,500)	(6,500)
Adjustments - NII Effect				
20	Tea Tree Gully Business Advisory Service	60,000	60,000	0
21	Disability Inclusion Strategic Plan ****	10,500	10,500	0
22	LGA J.Crawford award ****	10,000	10,000	0
23	Recreation Centres utilities reimbursement by Belgravia ****	101,000	101,000	0
Net Impact to Operating Result - Transfer to Sundry Projects Fund		53,400	603,700	550,300
CAPITAL VARIATIONS				
Income Gains				
24	Bridgestone Reserve - State Government funding		500,000	500,000
Adjustments - NII Effect				
25	Greater Edinburgh Parks Interim Drain (Resolution 0072/2019)	180,000	180,000	0
26	Major Flooding Program - Halba Cres/Yalumba Res	(90,000)	(90,000)	0
27	Bicycle Network - Cross Keys / Frost Road - Unsuccessful Funding (Resolution046/2018)	(50,000)	(50,000)	0
28	Bicycle Network - Diment Road - Unsuccessful Funding (Resolution046/2018)	(35,000)	(35,000)	0
29	Major Flooding Program - Paul Drive Valley View (Resolution 0046/2018)	711,000	711,000	0
Net Impact to Capital Program		716,000	1,216,000	500,000
Transfer To / (From) Sundry Project Fund				1,050,300
NB **** Adjustment to budgets already processed				

Appendix 2 – Budget Timing Adjustments

Policy Statement

There are projects that are funded in the current year budget that are unable to be progressed in the timeframes originally planned due to external factors, including delays in external funding approvals, negotiations with third parties, community consultation, and development approval processes. It is important that the community is aware of the status of these projects which is included in Appendix 5 Capital Expenditure Report. The table below summarises timing differences resulting from external factors for the purposes of adjusting the current year and future years' budget. These changes are also reflected in our cash requirements through a reduction in borrowings in the current year, and will then be funded in future years.

	Revised Budget \$000	Budget Timing Adjustment \$000
Strategic Projects Bridgestone Reserve The project has been delayed by the need to rely on expert advice regarding the unique elements of the deliverables. We have needed to gain advice from not just national, but interational experts to ensure that project meets accreditation requirements.	\$3,096 **	\$2,924

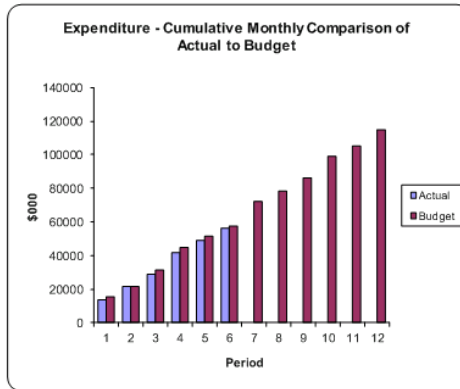
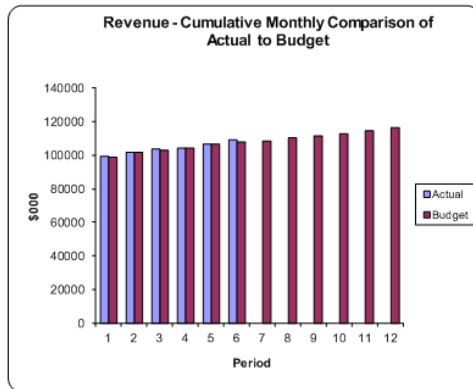
** The Revised Budget is inclusive of a \$500k bid within Section 2 – New Bids Proposals, of this Budget Review.

Appendix 3 –Statement of Comprehensive Income



City Of Salisbury
Statement of Comprehensive Income
For the Period Ending 31 December 2018

	Year to Date			Full Year	
	Actual \$000	Rev Bud \$000	Variance \$000	Rev Bud \$000	Org Bud \$000
INCOME					
Rates	97,743	97,571	172	97,693	97,693
Statutory Charges	1,783	1,801	(18)	2,860	2,860
User Charges	2,101	2,089	12	4,888	4,888
Grants, Subsidies & Contributions	5,663	5,478	184	9,723	11,908
Investment Income	420	100	320	161	159
Reimbursement	196	177	19	243	132
Other Revenue	959	606	353	689	732
Total Income	108,864	107,821	1,043	116,256	118,372
EXPENSES					
Employee Costs	18,587	19,955	1,368	37,539	36,596
Materials, Contracts and Other Expenses	24,040	25,584	1,544	51,570	49,819
Finance Costs	202	769	567	1,641	1,641
Depreciation, amortisation & impairment	13,388	13,376	(12)	26,729	26,729
Total Expenses	56,217	59,683	3,467	117,480	114,785
Operating Surplus/(Deficit) before Capital Amounts	52,648	48,138	4,510	(1,223)	3,586
Net gain (loss) on disposal or revaluation of assets	(28)	0	(28)	515	2,802
Amounts specifically for new or upgraded assets	922	1,265	(343)	2,530	2,530
Physical resources received free of charge	0	0	0	4,000	4,000
Other Comprehensive Income	0	0	0	0	0
Total Comprehensive Income	53,541	49,403	4,138	5,822	12,918



The Operating Surplus / (Deficit) before Capital Amounts reflects the Original Budget, revised for the impact of 2017/18 operating carry forwards of \$2.7M, and whilst provision is made in the consolidated funding statement for the potential carry forward from 2018/19 into 2019/20, this will not be reflected in the Operating Surplus until the end of Financial Year, when specific projects and budget lines are known. Also included is Second Quarter "nil effect" adjustments as indicated in Appendix 1- Budget Variation Summary. Following Council endorsement the revised budget will reflect all changes contained in this review.

Commentary – Statement of Comprehensive Income

Year to Date: Actual v Revised Budget

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

Revenue

Rates – Favourable Variance \$172k

The favourable variance is predominantly a result of higher than anticipated Rates Revenue of \$144k and Separate Rates of \$28k which will be offset in payments to Adelaide Mount Lofty.

Grant, Subsidies & Contribution - Favourable Variance \$184k

The favourable variance predominantly relates to Developer Contributions of \$137k and grant funding associated with the Tea Tree Gully Business Advisory Services \$60k (Refer Appendix 1 Budget Variation Summary Item 20) and the Library Operating Subsidy \$19k (Refer Appendix 1 Budget Variation Summary Item 13).

Investment Income– Favourable Variance \$320k

The favourable variance is predominantly the result of the early receipt of the Financial Assistance funding and the timing of spend within the Capital Works program.

Other Revenue – Favourable Variance \$353k

The favourable variance is predominantly related to the Mutual Liability Scheme Special Distribution for Workers Compensation \$136k, Risk \$79k and Infrastructure \$26k (Refer Appendix 1 Budget Variation Summary Item 10, 11 and 12), and Recreation Services Profit Share of \$54k (Refer Appendix 1 Budget Variation Summary Item 8).

Expenditure

Employee Costs - Favourable Variance \$1,368k

The favourable variance predominantly represents Wages and Salaries savings from various divisions that have been allocated to the Wages and Salaries Provision, which currently has a balance of \$282k. In addition, a number of operational positions are being backfilled by contractors / agency staff; however this is offset by contractor labour costs reported in Materials, Contracts and Other Expenses below.

Materials, Contracts and Other Expenses – Favourable Variance \$1,544k

The favourable variance is predominantly the result of the timing of the delivery of various programs, totalling \$2.7M with the more significant variances being operating components of Capital Works \$418k, Salisbury Water Site Operations and Maintenance \$258k, Roadsweeping \$147k, Road profiling \$68k, Dumped Rubbish Collection \$61k, Tree Pruning \$257k, Park Maintenance \$278k, Strategic Development operating projects \$136k, Underground Drainage Maintenance \$198k, Footpath Maintenance \$150k, Domestic Hard Waste Service \$124k and Feature Landscape Garden Bed Maintenance \$97k. Detail of these favourable variances are contained within the Statement of Financial Performance - Key Direction commentary section on pages 23 to 37.

The favourable variances are offset by contract labour costs, of \$1,151k, classified as contractual services for reporting purposes but budgeted for in employee costs. This is related to operational positions being backfilled by contractors, which is reported in Employee Costs; together with numerous small grant funded positions and short-term contracts.

Finance Costs – Favourable Variance \$567k

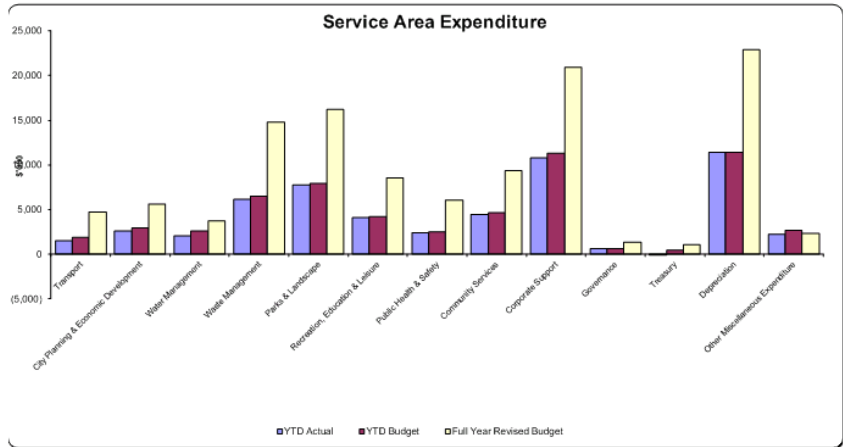
The favourable variance results from lower interest payments with no requirements for the drawdown of CAD's as a result of Council's working capital and cash position.

Appendix 4 –Statement of Financial Performance – Key Directions



City of Salisbury
Statement of Financial Performance by Key Direction
For the Period Ending December 2018

	Year to Date			Full Year	
	Actual \$000's	Budget \$000's	Variance \$000's	Rev Budget \$000's	Orig Budget \$000's
NET OPERATING RESULT					
Surplus/(Deficit)	53,541	49,403	4,138	5,822	12,918
Represented By:					
KEY DIRECTION REVENUE					
The Prosperous City:					
Transport	1,230	1,219	11	2,633	2,682
City Planning & Economic Development	838	686	152	1,321	1,321
The Sustainable City:					
Water Management	873	965	(93)	2,760	2,760
Waste Management	68	72	(4)	232	232
Parks & Landscape	41	38	3	83	83
The Living City:					
Recreation, Education & Leisure	782	695	88	776	710
Public Health & Safety	1,047	1,184	(137)	1,671	1,671
Community Development	2,537	2,479	58	3,902	3,882
Enabling Excellence:					
Corporate Support	1,379	1,067	312	1,534	1,587
Governance	1	1	0	2	2
Treasury	420	100	320	161	159
Grants Commission	1,745	1,745	0	3,489	5,590
Rates	97,743	97,571	172	97,693	97,693
Other Miscellaneous Revenue	160	0	160	0	0
Total Operating Revenue	108,864	107,821	1,043	116,256	118,372
Capital Contributions	894	1,265	(371)	7,045	9,332
Total Revenue	109,758	109,086	672	123,301	127,704
KEY DIRECTION EXPENDITURE					
The Prosperous City:					
Transport	1,522	1,854	332	4,747	4,769
City Planning & Economic Development	2,566	2,942	376	5,592	5,144
The Sustainable City:					
Water Management	2,101	2,597	496	3,719	3,716
Waste Management	6,190	6,491	301	14,821	14,821
Parks & Landscape	7,715	7,931	216	16,193	16,196
The Living City:					
Recreation, Education & Leisure	4,147	4,197	50	8,537	8,421
Public Health & Safety	2,415	2,538	123	6,089	6,058
Community Development	4,465	4,625	161	9,317	9,171
Enabling Excellence:					
Corporate Support	10,819	11,270	451	20,874	19,021
Governance	613	608	(6)	1,324	1,295
Treasury	(3)	500	503	1,062	1,062
Depreciation	11,420	11,420	0	22,839	22,839
Other Miscellaneous Expenditure	2,246	2,709	463	2,365	2,273
Total Expenditure	56,217	59,683	3,467	117,480	114,785



Full Year revised budget includes revisions to expenditure budgets for funds carried forward from 2017/18 into 2018/19. We anticipate a carry forward from 2018/19 into 2019/20, however, at this time specific programs cannot be identified, and this will be brought to account at the end of financial year.

Commentary – Key Direction**The Prosperous City - Net Favourable Variance \$870k****Transport - Net Favourable Variance \$343k****Revenue – Favourable Variance \$11k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Roadworks	GMCI	9		No significant variance to report.	Nil

Expenditure – Favourable Variance \$332k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Roads	GMCI	43		The favourable variance is primarily resulting from the timing of various programs of work, with the significant variances being \$68k Road Surfacing and \$20k Unsealed Road Maintenance. This is offset in part by an unfavourable variance of \$58k in the Kerb and Gutter Replacement Program, as a result of the program tracking ahead of schedule. It is expected that all three programs will align to budget by the end of the financial year.	Nil
Signs	GMCI	70		The favourable variance is primarily the result of the timing of works within this area, in particular Regulatory Signs \$27k and Hazard Markers Sign Maintenance \$26k. A program of works is in place and it is anticipated that budget will align by the end of the financial year.	Nil
Road Safety Engineering	GMCI	49		The favourable variance relates to Wages & Salaries \$37k and time being allocated to operating activities rather than capital projects. It is anticipated that this will be within budget by year end.	Nil
Footpath Maintenance	GMCI	150		The favourable variance is primarily related to the timing of contractual expenditure within Block Paver \$90k and Paver \$36k Footpath Maintenance, however it is anticipated that these programs will align to budget by the end of the financial year.	Nil

City Planning and Economic Development – Net Favourable Variance \$527k**Revenue – Favourable Variance \$152k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Planning Assessment	GMCID	42	33	The favourable variance is primarily related to higher than anticipated lodgements as a result of larger sized developments being processed, plus the receipt of State Government planning fees that relate to the prior financial year.	Debit \$33,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 14.</i>
Building Control	GMCID	23	30	The favourable variance primarily related to higher than anticipated lodgement fees received.	Debit \$30,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 15.</i>
Building Rules Certification Unit	GMCID	67	45	The favourable variance is primarily related to \$25k higher than anticipated external client development applications received. Also contributing are higher than budgeted lodgement fees \$22k and the reimbursement of employee costs for works undertaken at other Councils \$22k.	Debit \$45,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 16, 17 & 18.</i>
Economic Development	GMCID	30	60	The favourable variance relates to additional grant funding for the Tea Tree Gully Business Advisory Program for the current financial year. A nil effect income / expenditure adjustment has been included as part of this review.	Debit \$60,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 20.</i>

Expenditure - Favourable Variance \$376k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Development Management	GMCID	67		<p>The favourable variance is primarily the result of the timing of Consulting invoices received for Planning Assessment \$8k and the timing of Levies paid in relation to Planning applications \$7k. It is anticipated that these will realign to budget over the Third Quarter.</p> <p>City Development legal expenditure is also \$17k favourable as a result of the adhoc nature of this type of spend.</p>	Nil
Urban Planning	GMCID	254		<p>The favourable variance is primarily related to operating components of capital projects \$136k as a result of timing, it is anticipated that this will align to budget by the end of the financial year. There is also a favourable variance \$40k relating to the timing of the investigative work relating to the Saltfields Development site.</p> <p>In addition is the timing of consulting expenditure in Strategic Planning \$21k and Policy \$45k, both expected to align to budget by the end of the financial year.</p>	Nil
Economic Development	GMCID	55	40	<p>The favourable variance is predominantly related to the timing of the Northern Economic Plan \$55k. A transfer of \$40,000 has been included as part of this review to enable the commencement of the Salisbury City Centre Attraction program within the current financial year.</p>	Transfer \$40k, Refer Section 3.5 Transfer of Funds Requests No. 4
			25	<p>In addition there is less than anticipated demand for International Business Growth \$25k from local firms with international expansion matters able to be addressed through general business advisory support. No visits to or from Linyi are planned for this financial year.</p>	Credit \$25,000 to Sundry Projects Fund Refer Appendix 1 Budget Variation Summary Item 1.

The Sustainable City - Net Favourable Variance \$919k**Water Management - Net Favourable Variance \$403k****Revenue – Unfavourable Variance \$93k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Salisbury Water	GMBE	(111)		The unfavourable variance is to lower than anticipated water usage primarily as a result of lower demand from irrigation based customers.	Nil

Expenditure – Favourable Variance \$496k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Salisbury Water	GMBE	250		<p>The favourable variance is predominantly attributable to lower than anticipated electricity of \$119k and contractual services of \$185k for maintenance due to the late start to the irrigation season. In addition Finance Cost \$63k are lower than anticipated. This will be monitored and any adjustment declared as part of the Third Quarter Budget Review.</p> <p>Offsetting these favourable variances is lower than anticipated Internal Water sales \$116k, offset within Parks and Landscapes and Salisbury Memorial Park. It is anticipated that water usage will increase during the third quarter.</p>	Nil
Drainage Systems	GMCI	151		The favourable variance is primarily related to Underground Drainage Maintenance \$119k and Side Entry Pit Cleaning \$80k resulting from timing of works and seasonal conditions. Offsetting this is an unfavourable variance within Trash Rack Repair and Replacement \$32k, which is due to a higher number of repairs and replacements needing to be undertaken this financial year than originally expected. These additional costs will be managed within the Drainage Systems Program and It is anticipated that the variances will align to budget by the end of the financial year.	Nil

Waste Management - Net Favourable Variance \$297k**Revenue - Unfavourable Variance \$4k**

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

Expenditure – Favourable Variance \$301k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Roads	GMCI	234		The favourable variance is associated with timing contractual RoadswEEPing works \$144k and lower than anticipated charging of internal hours associated with migration to new tablet system (data migration). Further impacting is a favourable variance in Dumped Rubbish Collection \$61k which is due to internal labour being redirected to other activities. It anticipated that the program will align to budget by the end of the financial year.	Nil
Domestic Hard Waste	GMCI	124		The favourable variance related to the timing of payments for the Hard Waste Collection Service and Hard Waste Vouchers.	Nil

Parks and Landscape - Net Favourable Variance \$219k**Revenue – Favourable Variance \$3k**

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

Expenditure – Favourable Variance \$216k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Tree Management	GMCI	272		The favourable variance is primarily the result of the timing of the Unit Tree Pruning Program \$193k. This work is contracted out and whilst favourable, the budget will align by the end of the financial year.	Nil
Wetlands & Biodiversity	GMCI	48		The favourable variance is related to labour associated with Maintenance \$64k. It is expected this program will align to original budget estimates by the end of the financial year.	Nil
Field Services Administration	GMCI	(359)		<p>The unfavourable variance is primarily related to lower levels of Internal Labour recoveries than original budget estimates. This is due in part to the time incurred in training for the tablet roll out associated with the Asset Management Improvement Project (AMIP), which has seen an increase in administrative time as compared to original budget estimates, and also data migration associated with new time recording methods.</p> <p>Further impacting this variance is seasonal demand and timing of activities associated with various operational programs \$274k. Whilst currently unfavourable this variance is offset by the favourable variances within other operational areas, predominantly Park Maintenance \$315k, Tree Management \$95k and Feature Landscapes \$79k, reported in other sections of this Budget Review.</p>	Nil

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Park Maintenance	GMCI	285		The favourable variance primarily relates to internal labour charge \$315k and lower than anticipated internal water usage within Park Maintenance \$142k. It is anticipated that usage will increase over the next quarter of the financial year, given the seasonal conditions. Offsetting this favourable variance is higher than anticipated contractual expenditure within Pump Maintenance \$86k and Park Maintenance External \$54k, all of which will be absorbed in the original budget estimates.	Nil
Verges (Roads Reserves)	GMCI	(184)		The unfavourable variance is related to Verge Mowing on Residential Roads \$113k and Connector Roads \$79k, which is ahead of schedule. It is expected this program will align to original budget estimates by the end of the financial year.	Nil
Feature Landscape	GMCI	94		The favourable variance is related to labour associated with Garden Bed Maintenance \$97k. It is expected this program will align to original budget estimates by the end of the financial year.	Nil
Foreshore	GMCI	32		The favourable variance relates to timing of costs associated with Seaweed Removal \$24k and Boat Ramp Maintenance \$10k. It is expected this program will align to original budget estimates by the end of the financial year.	Nil

The Living City - Net Favourable Variance \$343k**Recreation, Education and Leisure - Net Favourable Variance \$138k****Revenue – Favourable Variance \$88k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Community Capacity and Learning	GMCD	32	19	The favourable variance is primarily related to higher than expected Library Subsidies Grant, which is declared as an income gain as part of this budget review.	Debit \$19,300 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 13.</i>
Recreation Centres	GMCD	55	54	The favourable variance related to the receipt of payment for the Recreation Services Profit share based on audited financial statements, and is declared as an income gain as part of this budget review.	Debit \$54,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 8.</i>

Expenditure - Favourable Variance \$50k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Community Capacity and Learning	GMCI	(30)		The unfavourable variance is predominantly from timing of Building Maintenance \$37k within Library Services.	Nil
Recreation Centres	GMCD	91		The favourable variance is relates to the timing of payment of the Recreation Services Contract management fee \$46k and timing of Building Maintenance \$45k across the Recreation Centre facilities.	Nil

Public Health and Safety - Net Unfavourable Variance \$13k**Revenue – Unfavourable Variance \$137k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Dog Control	GMCID	(98)		<p>The unfavourable variance primarily relates to lower than budgeted expiations issued \$55k, primarily as a result of a higher than anticipated number of expiations referred to the Fines Enforcement Agency for further action. As at 31 December 2018, expiations totalling \$124k have been sent to the Agency for further collection. Referrals to the Fines Enforcement Agency offset the actual expiations issued by Council.</p> <p>Also attributing is a delay in payments received from the Fines Enforcement Agency \$33k as a result of the implementation of a new computer system, with no payments made to any organisations for the period between June and October 2018. It is anticipated that this will align closer to budget by the end of the financial year.</p>	Nil
Inspectorial Services	GMCID	(30)		<p>The unfavourable variance is a result of Parking Fines Enforcement and Prosecution of \$29k relating to the timing of payments being processed by the Fines Enforcement Agency, as mentioned in the above comments. It is anticipated that this will align closer to budget by the end of the financial year.</p>	Nil

Expenditure – Favourable Variance \$123k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Crime Prevention and Repair	GMCI	104		The favourable variance is predominantly related to a lower requirement for works in Graffiti Removal \$77k. Vandalism costs are currently \$26k favourable, primarily as a result of lower than estimated costs incurred for unclaimable works. These works are inherently unpredictable and is therefore uncertain as to whether budget will meet expectations at the end of financial year.	Nil
Dog Control	GMCID	37		The favourable variance is the result of the timing of the receipt of Animal Welfare League rehoming invoices for both dogs and cats \$32k, with the expectation that these will be received before the end of the third quarter.	Nil
Inspectorial Services	GMCID	43	15	The favourable variance is related to the timing of the commencement of the Parking Technology Trials \$30k, and with lower costs to be expended with savings of \$15k to be declared as part of this review.	Credit \$15,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 4.</i>
Food & Health Regulation	GMCID	28	26	The favourable variance is the result of modified service provision as a result of the immunisation review of this area, and reduced schedule of clinics.	Credit \$26,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 3.</i>

Community Development - Net Favourable Variance \$219k**Revenue - Favourable Variance \$58k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Positive Ageing	GMCD	32		The favourable variance is related to higher Home Maintenance demand \$13k and other miscellaneous payments.	Nil

Expenditure – Favourable Variance \$161k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Salisbury Memorial Park	GMCD	(21)		The unfavourable variance is primarily the result of higher than budgeted internal water usage \$11k. This will be monitored and any adjustment will be made at the Third Quarter Budget Review.	Nil
Community Development	GMCD	138		The favourable variance relates to timing of Cultural Development of \$29k, Community Grants of \$26k, Vietnamese Boat People Memorial contribution \$23k, Drug and alcohol framework \$22k and Aboriginal Development \$13k. It is expected that the budget will be fully expended by end of Financial Year.	Nil
Positive Ageing	GMCD	79		The favourable variance primarily relates to Wages & Salaries vacancies backfilled by Agency Staff at lower levels, Saturday penalty rate no longer required and delay in recruitment of Diversity and Inclusion Officer role which is now filled.	Nil
Neighbourhood Development	GMCD	(34)		The unfavourable variance is related to the operational back filling of Wages & Salaries with agency staff \$25k. It is anticipated that this will align to budget by the end of the financial year.	Nil

Enabling Excellence – Net Favourable Variance \$2,377k**Corporate Support – Net Favourable Variance \$763k****Revenue – Favourable Variance \$312k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		Timing \$000	Permanent \$000		
City Infrastructure	GMCI	61		The favourable variance predominantly relates to timing of receipt for Commercial Rent \$40k and Reimbursements \$19k associated with Strata Maintenance costs that have been incurred.	Nil
Business Excellence	GMBE	251	241	The favourable variance relates to the receipt of the Mutual Liability Scheme Special Distribution for Workers Compensation \$136k, Risk \$79k and Infrastructure \$26k, with funds declared in Budget Variations, and also linked to budget review bids contained in this review.	Debit \$241,000 to Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Items 10, 11 and 12.</i>

Expenditure - Favourable Variance \$451k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		Timing \$000	Permanent \$000		
Business Excellence	GMBE	177		The favourable variance primarily relates to the timing of contractor and materials expenditure with Business Systems and Solutions \$137k and Insurance \$50k.	Nil
City Infrastructure	GMCI	255	100	The favourable variance primarily relates to the timing of Capital Works operating components \$321k and City Infrastructure Consulting Funds \$100k which is included within the Transfer Section of this budget Review.	Transfer \$100k, Refer Section 3.5 Transfer of Funds Requests No.8

Treasury – Net Favourable Variance \$824k**Revenue – Favourable Variance \$320k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Treasury	GMBE	320		The favourable variance is the result of higher than budgeted interest received on our investment activity due to the early receipt of the Financial Assistance funding and the timing of spend within the Capital Works program.	Nil

Expenditure – Favourable Variance \$503k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Treasury	GMBE	503		The favourable variance is predominantly related to lower interest costs associated with not having to utilise CAD's as a result of Council's working capital and cash position.	Nil

Rates and other Miscellaneous – Net Favourable Variance \$795k**Revenue – Favourable Variance \$332k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Rates	GMBE	160		The favourable variance is predominantly a result of higher than anticipated Rates Revenue of \$132k with \$102k additional rates generated due to late subdivisions, adjustments and slightly lower rebates and remissions. This favourable variance may continue to reduce due to valuation objection process.	Nil
Developer Contributions	GMBE	148		The favourable variance relates to developer contributions for Open Space \$101k, Footpaths \$16k and minor variances.	Nil

Expenditure – Favourable Variance \$463k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Building Maintenance (James Street and Operation Centre)	GMCI	40		The favourable variance is predominantly related to the timing of payment of Building Compliance Maintenance \$28k and Cleaning \$17k. It is anticipated that this will meet budget by the end of the financial year.	Nil
Salaries and Wages Provision	CEO	282		The favourable variance represents year to date Wages and Salaries savings from various divisions that have been allocated to the Provision, offset by any allocations made from the Provision. Refer 3.4 Transfers of Funds (Chief Executive Officer Delegation).	Nil
Staff Oncosts and Recovery	GMBE	134		The favourable variance is primarily related to the on-cost component of vacancies and is offset by unfavourable variances across the Organisation. This area is constantly reviewed in line with wage and salary expenses incurred within the other Service Areas.	Nil

Appendix 5 – Capital Expenditure Report as at 31 December 2018

Note: In accordance with the delegation provided to General Managers to transfer program budgets within Asset Categories: there have been no transfer requests in the second quarter of 2018/19.

	Original Budget	Revised Budget	Actuals	Commitments	Total Actuals/ Commitments	Balance Remaining	Budget & Timing Adjustments	Projected EOFY Carry Forward
EXPENDITURE								
Drainage & Waterways	3,788,000	3,825,284	886,104	712,096	1,598,200	2,227,085	891,000	811,000
Fleet	3,404,000	5,205,462	1,861,319	1,726,482	3,587,801	1,617,661	-	150,000
Parks & Streetscapes	4,358,000	5,081,002	933,141	704,766	1,637,907	3,443,094	135,000	280,000
Property & Buildings	3,784,000	5,314,955	1,018,657	324,937	1,343,594	3,971,360	-	300,000
Strategic Projects - Other	16,063,000	6,004,063	959,467	614,851	1,574,318	4,429,745	500,000	100,000
Transportation	14,010,890	14,890,534	4,219,982	1,661,976	5,881,958	9,008,577	503,000	810,000
Total City Infrastructure	45,407,890	40,321,300	9,878,671	5,745,107	15,623,778	24,697,522	2,029,000	2,451,000
Information Technology	1,146,000	2,034,446	1,114,424	237,252	1,351,676	682,770	587,000	
Salisbury Water Business	821,000	1,288,604	536,625	156,909	693,533	595,070		
Strategic Projects - SCH		31,130,404	6,712,646	24,417,758	31,130,404	-		
Strategic Property	-	3,896,189	239,824	458,648	698,472	3,197,717		
Total Other	1,967,000	38,349,643	8,603,519	25,270,567	33,874,086	4,475,558	587,000	-
Total Capital Program	47,374,890	78,670,943	18,482,190	31,015,674	49,497,864	29,173,079	2,616,000	2,451,000
INCOME								
Drainage & Waterways	(90,000)	(205,240)	(153,500)	-	(153,500)	(51,740)	(941,000)	
Fleet	-	-	-	-	-	-		
Parks & Streetscapes	(225,000)	(215,644)	(9,581)	-	(9,581)	(225,225)		
Property & Buildings	(93,000)	(13,625)	-	-	-	(13,625)		
Strategic Projects - Other	(1,000,000)	(13,750)	(500,000)	-	(500,000)	(513,750)	(500,000)	
Transportation	(220,000)	(872,000)	(42,401)	-	(42,401)	(829,599)	(223,000)	
Total City Infrastructure	(1,628,000)	(1,292,759)	(686,320)	-	(686,320)	(606,439)	(1,664,000)	-
Information Technology	(250,000)	(250,000)	-	-	-	(250,000)		
Strategic Property	-	(7,491,706)	(708,880)	-	(708,880)	(6,782,826)		
Total Other	(250,000)	(7,741,706)	(708,880)	-	(708,880)	(7,032,826)	-	-
	(1,878,000)	(9,034,465)	(1,395,200)	-	(1,395,200)	(7,639,265)	(1,664,000)	-
NET	45,496,890	69,636,478	17,086,990	31,015,674	48,102,664	21,533,815	952,000	

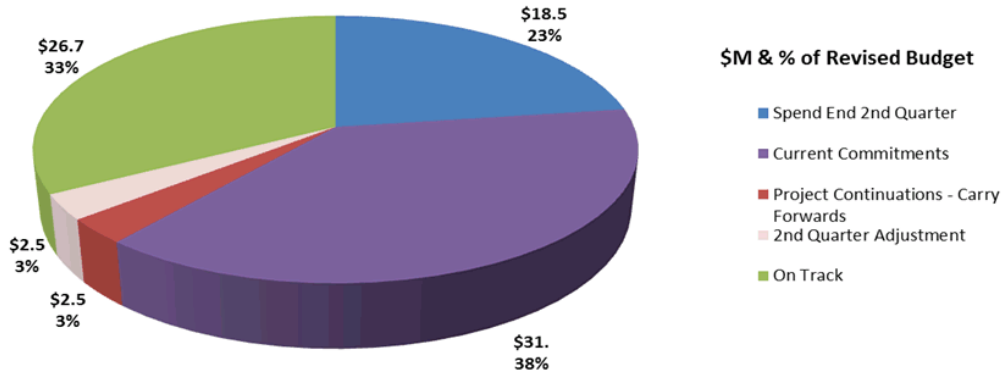
Capital Expenditure

As at the end of the Second Quarter the revised capital expenditure budget for 2018/19 was \$78.7M including carry forward funds, with \$18.5M / 23.5% spend to date and \$49.5M / 62.9% inclusive of commitments. Following administration of this quarters adjustments and project budget timings, the capital expenditure budget will decrease to \$78.5M, with \$18.5M / 23.6% spend to date and \$49.5M / 63.1% inclusive of commitments.

Capital Income

The capital works income revised budget for 2018/19 is \$9M, together with the adjustments this quarter; the revised income budget will be \$9.3M. Of this, it mainly comprises \$7.5M (whole of project life) for Strategic Property, with commentary provided within "Strategic Property".

TOTAL CAPITAL PROGRAM



Capital Program

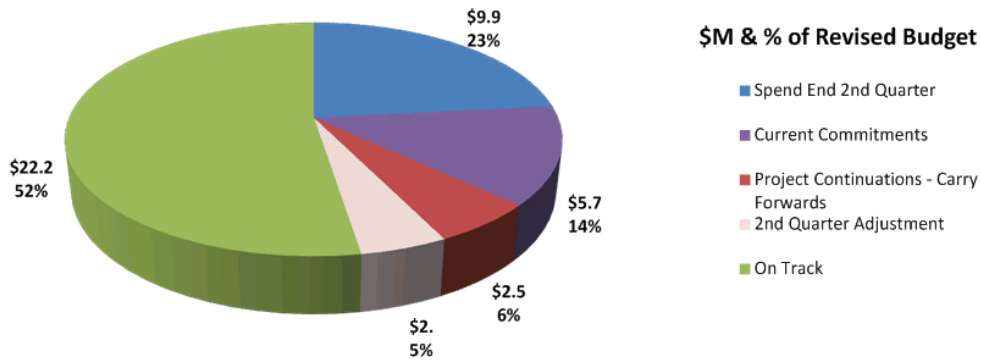
The delivery of the capital program is currently progressing in alignment with project programs across the financial year. With the remaining two quarters mostly construction, the higher rate of spend is more evident in these periods.

Program Management & Improvements

It is imperative that the delivery of the capital program is continuously reviewed in an effort to identify improvement initiatives. This covers the entire project lifecycle and enables learnings from completed projects to be incorporated into future projects. Current initiatives include the transition to paperless work practices. This results in environmental, financial and efficiency benefits. In addition, this will equip staff with the resources and capability to adapt to the new community hub work practices. There is an ongoing focus on the delivery of the capital program, and reducing the level of carry forwards, with high levels of delivery typically experienced in the second half of the financial year. Also in progress is the Project Management Improvement Project which is reviewing our project management framework and considering what practices and processes we have in place to support projects through all stages.

CITY INFRASTRUCTURE

(24.5% spent / 38.7% inclusive of commitments)

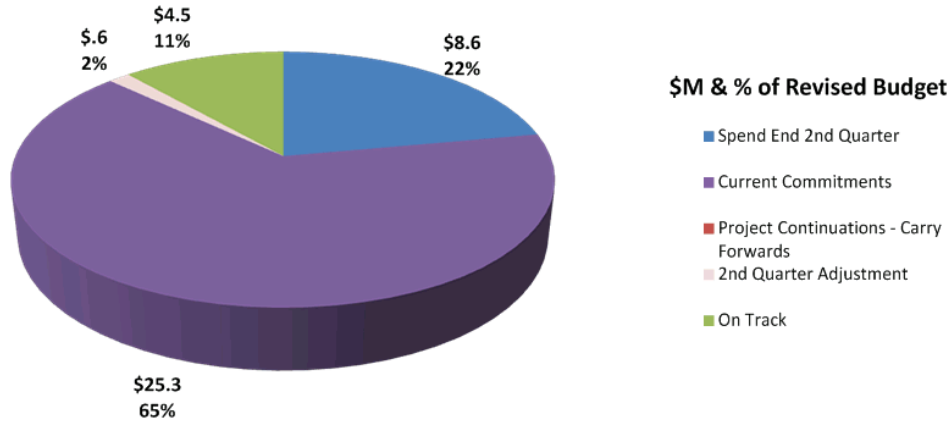


The Capital Program managed by City Infrastructure is scheduled to be progressively delivered throughout the financial year enabling construction of projects to occur in the optimum periods in an effort to minimise impact and manage seasonal constraints. Key infrastructure achievements this quarter include;

- As part of the implementation of the endorsed master plan for Salisbury Oval, the construction of the new female friendly change rooms (\$1.1M) and amenities commenced construction in 2018. This new facility reached lock up before Christmas with practical completion expected March 2019.
- The Watercourse Management Works (\$0.9M) advanced significantly during the drier climate enabling construction to occur within waterways. Erosion control and mitigation works have been occurring along sections of Dry Creek and Little Para this quarter.
- Following completion of consultation, documentation and procurement commenced in preparation for tree removals and planting in 2019, for the 2018/19 Street Trees Program (\$1.5M).
- The Building Renewal Program (\$1.5M) completed detail design enabling release to tender for delivery in 2019.

INFRASTRUCTURE OTHER

(22.4% spent / 88.3% inclusive of commitments)



Infrastructure Other category covers the following programs;

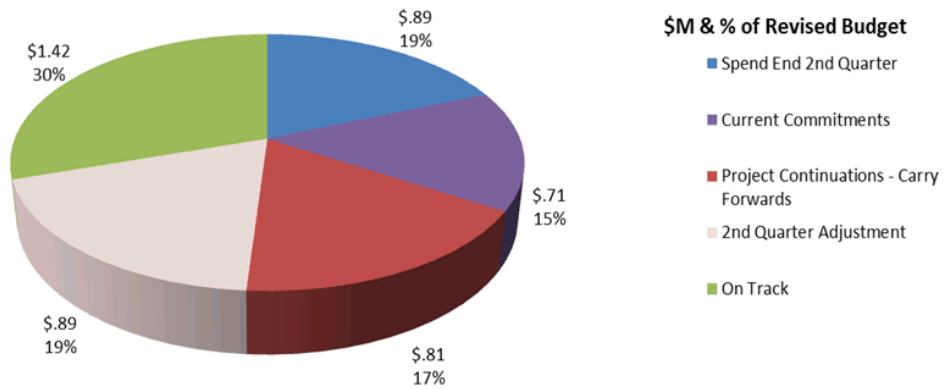
- Information Technology
- Salisbury Water Business
- Salisbury Community Hub
- Strategic Property


These programs are managed via various sections of the organisation and may or may not be ongoing rolling programs. Recent achievements for this category include;

- Asset Management Implementation Program successfully implemented tablet devices into the field enabling a new era of technology to be used for the benefit of staff, environment, asset information management and the community. Via these devices, jobs can now be raised out in the field and the requirement to complete daily paperwork is now eliminated. It should be noted that this review includes a transfer of funds to the Salisbury Community Hub Concierge Application (Section 3.5 Transfer of Funds Requests, No. 8, page 11).
- Community Hub
- Property
- Salisbury Water

DRAINAGE & WATERWAYS

(23.2% spent / 41.8% inclusive of commitments)



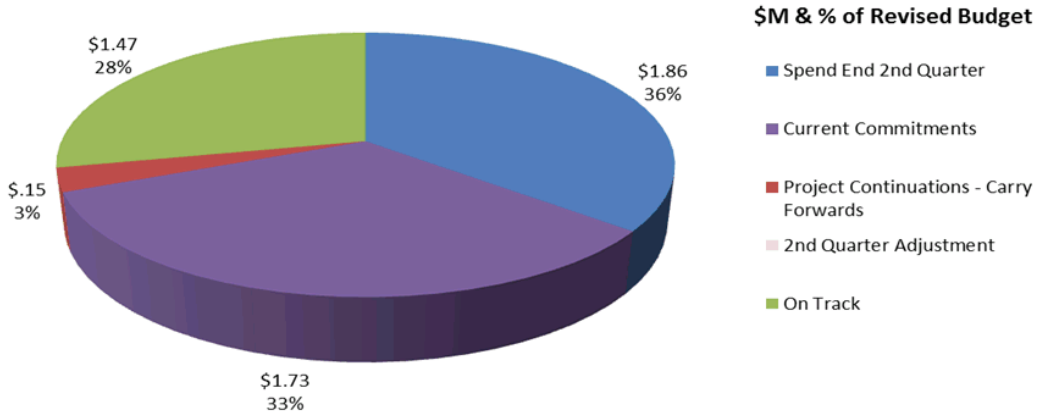
 <u>BUDGET ADJUSTMENTS</u>	Revised Budget	Second Quarter Adjustment	Forecast Carry Forward
	\$000	\$000	\$000
<u>Watercourse Management Works</u> January 2018, it was reported via the Works and Services Committee that an agreement was reached with City of Playford to contribute \$180k towards drainage infrastructure associated with Greater Edinburgh Parks and St Kilda.	\$180	\$180	\$0
<u>Major Flooding Program</u> As reported, December 2018, via Works and Services Committee, City of Salisbury was successfully awarded two sources of grant funding towards flood mitigation at Pauls Drive, Valley View. This is currently in design and not scheduled for construction until the later part of 2019 to align with optimum weather conditions.	\$157	\$711	\$711


 **ON TRACK**

- **Major Flood Mitigation Program** – As part of this program flood mitigation works are scheduled to occur at Halba Crescent and Yalumba Drive Reserve, Paralowie. As part of this initiative traffic conditions associated with the adjacent school are also being reviewed
- **Local Flooding Program** – This \$656k program progressively delivers a series of minor flood mitigation works across the City. The program is scheduled for full completion this financial year.
- **Watercourse Management Works** – Erosion control and mitigation works have been delivered along sections of Dry Creek and Little Para.

FLEET

(35.8% spent / 68.9% inclusive of commitments)



 <u>BUDGET & SCHEDULE ADJUSTMENT</u>	Revised Budget	Second Quarter Adjustment	Forecast Carry Forward
	\$000	\$000	\$000
There were no budget adjustments this quarter within the Fleet asset category.	\$0	\$0	\$0

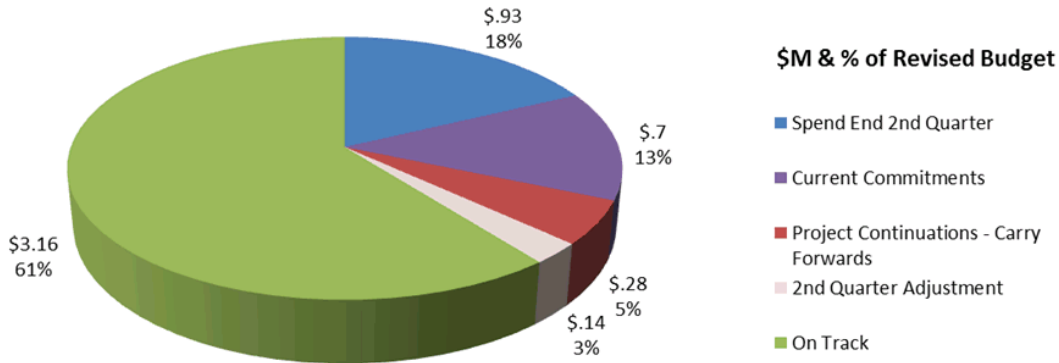



ON TRACK

- Plant and Fleet Replacement Program – This program is currently well underway with in excess of 70% of the program either purchased or committed. Currently the program is expected to be completed, however due to supply lead times it can result in a carry forward of funds across financial years.
- Fleet Lease to Purchase - This program converts vehicles from leased arrangements to purchase and continues to be progressively delivered in alignment with completion of lease periods. This program remains forecast to be fully completed before the end of the financial year.

PARKS & STREETSCAPE

(18.4% spent / 32.2% inclusive of commitments)



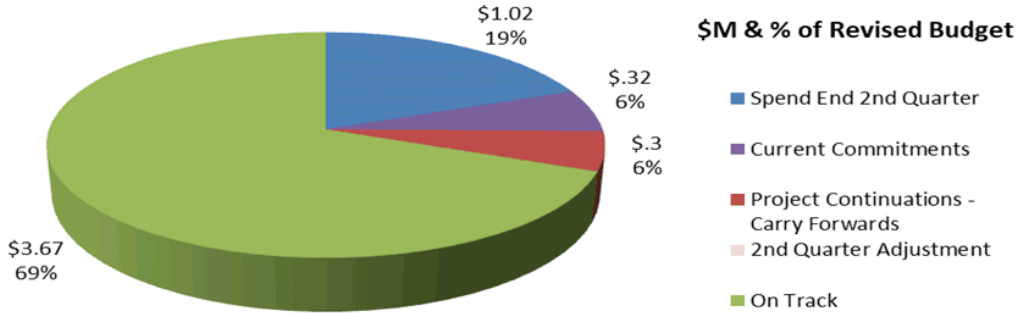
 <u>BUDGET ADJUSTMENT</u>	Revised Budget	Second Quarter Adjustment	Forecast Carry Forward
	\$000	\$000	\$000
<u>Irrigation Renewal Program</u> As reported via Works & Services Committee, July 2018, resolution 2563/2018, additional funding was endorsed for the Irrigation Renewal Program to enable the re-wire of Dry Creek Linear Park, Mawson Lakes, to be completed due to system failures and faults. This work was completed prior to summer.	\$276	\$60	\$0
<u>Feature Landscape Program</u> With tenders now received, approval was given, via Works & Services Committee, January 2019, to allocate additional funding to the Feature Landscape Program for the full scope delivery of the renewal works at Keyhole Park Reserve and Mawson Lakes Boulevard.	\$151	\$75	\$0


 **ON TRACK**

- Play Space / Playground Renewal Program –With tenders received, it is expected early 2019 that works will be awarded for the renewal of playgrounds at Reg Groth Reserve, Parafield Gardens; Roper Street Reserve, Salisbury; Rowe Park (Lower, adjacent Glenora Drive), Ingle Farm; and The Pines Grove Reserve, Paralowie. The construction of a new autism friendly
- Outdoor Furniture Program – The installation of seven new bike racks were installed this quarter across six community centres and also at Salisbury Recreation Precinct.

PROPERTY & BUILDINGS

(19.2% spent / 25.3% inclusive of commitments)



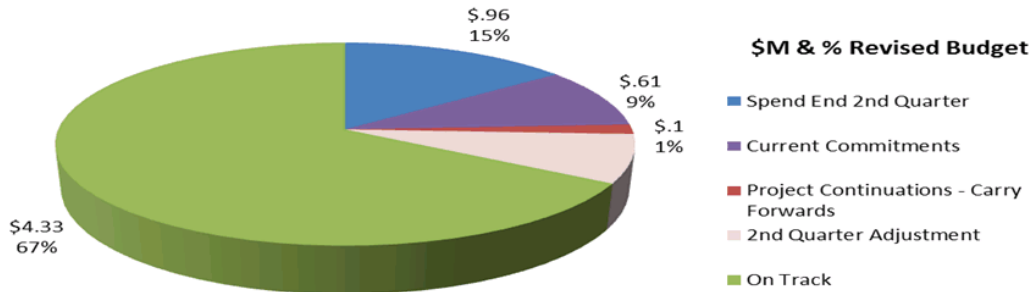
 <u>BUDGET ADJUSTMENTS</u>	Revised Budget	Second Quarter Adjustment	Forecast Carry Forward
	\$000	\$000	\$000
There were no budget adjustments this quarter within the Property and Buildings category.	\$0	\$0	\$0


 **ON TRACK**

- Building Upgrade Program – Within this program the main focus of construction delivery in 2018/19 will be the upgrade works at Jack Young Centre (\$400k) and Salisbury Recreation Precinct (\$350k). This program will also deliver the design in relation to the future upgrade of the Operations Centre.
- Building Renewal Program – The 2018/19 Building Renewal Program (\$1.5M) will transition into construction phase in 2019 following successful completion of design and documentation in 2018.
- Sport Club Additional Solar – The program to expand the existing capacity on sport club buildings via the installation of additional solar panels is now well underway. Each site has required an individual assessment to determine how these can be best achieved. In addition to this program, there is a further ten sporting clubs who now meet the criteria for solar panel installation which are scheduled to occur.

STRATEGIC PROJECTS - OTHER

(16% spent / 26.2% inclusive of commitments)



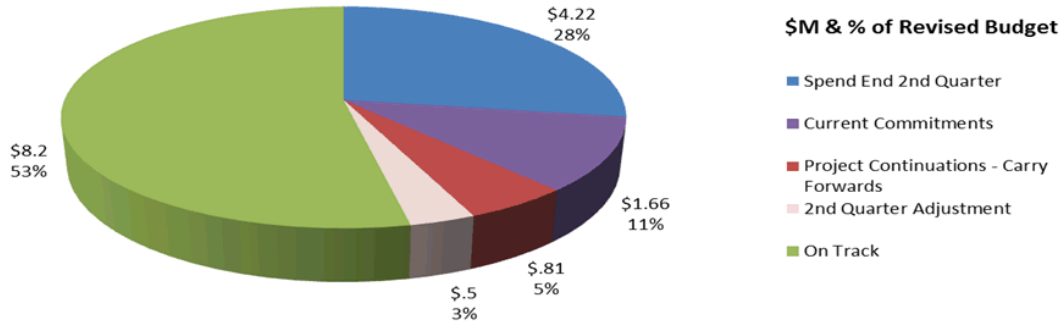
 <u>BUDGET & SCHEDULE ADJUSTMENT</u>	Revised Budget \$000	Second Quarter Adjustment \$000	Forecast Carry Forward \$000
<p><u>Bridgestone Reserve – Athletics Facility</u> A second grant, \$500k, was successfully awarded towards the redevelopment of Bridgestone Reserve, Salisbury South, in relation to the construction of a new unisex change facility and amenities. This complements the \$995k awarded for the construction of a new athletics track and field at the site. As the project is being scheduled to occur outside seasonal constraints, a Budget Timing Adjustment has been included as part of this Budget Review. Further detail is provided within Works & Services Item 2.6.4 on tonight’s agenda.</p>	\$2,596	\$500	\$0


 **ON TRACK**

- **Salisbury Oval Master Plan Implementation** –In accordance with the endorsed master plan for Salisbury Oval, work has been progressing at the site in relation to sport and recreation. The new female friendly change room and amenities are well advanced and expected to be completed March 2019. The detail design of the civil and landscape works are now complete and will be tendered early 2019. January 2019, via Works and Services Committee, approval was given to allocate an additional \$850k in 2019/20 to the program to enable the construction of the entry road, roundabout and playground to occur in 2019.
- **Paddocks Master Plan Implementation** – With the master plan for the Paddocks endorsed, a program of works is now proposed to enable the vision to be achieved. Initial works relate to clearing vegetation and improving the appearance of the wetlands, and the commencement of concept design for the site.

TRANSPORTATION

(28.3% spent / 39.5% inclusive of commitments)



 BUDGET & SCHEDULE AMENDMENT	Revised Budget	Second Quarter Adjustment	Forecast Carry Forward
	\$000	\$000	\$000
<u>Major Traffic Program</u> As per resolution 0046/2018, grant funding (\$223k) was awarded towards the upgrade of the intersection at Wright Road and Dulkara Road, Ingle Farm, via The State Black Spot Program. This grant funding program providing 2/3 of the total project value.	\$731	\$335	\$0
<u>Bicycle Network Improvement Program</u> To enable full program delivery, an additional \$118k budget was approved to be allocated to this program, resolution 0046/2018, due to unsuccessful grant funding.	\$235	\$118	\$0
<u>Mawson Lakes Pedestrian Bridge – East to West</u> As requested via a Motion of Notice, August 2018, staff will commence investigation and design option exploration in relation to the construction of a potential new pedestrian bridge, between the East and West campuses of the Mawson Lakes School.	\$0	\$50	\$0

 **SCHEDULE AMENDMENT**

- Mawson Lakes Interchange – Pedestrian & Cycle Access – As advised January 2019, via Works and Services Committee, with the re-tender of the pedestrian bridge between Waterbrook Court and Ridley Street, Mawson Lakes, the revised construction commencement is not scheduled until late 2019. The associated budget will carry forward into the new financial year.

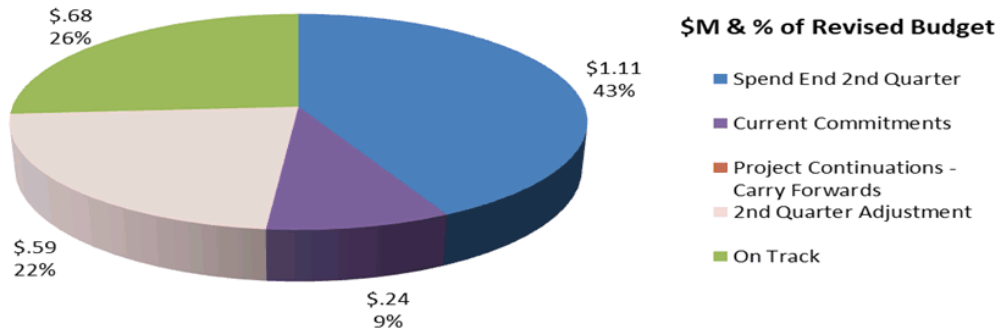
 **ON TRACK**


Road Reseal / Reconstruction Program – This program being effectively delivery

OTHER CAPITAL CATEGORIES

INFORMATION TECHNOLOGY

(54.8% spent / 66.4% inclusive of commitments)



 <u>BUDGET ADJUSTMENTS</u>	Revised Budget	Second Quarter Adjustment	Forecast Carry Forward
	\$000	\$000	\$000
Purchase of computer and laptops in lieu of leasing	\$0	\$587	\$0

 **ON TRACK**

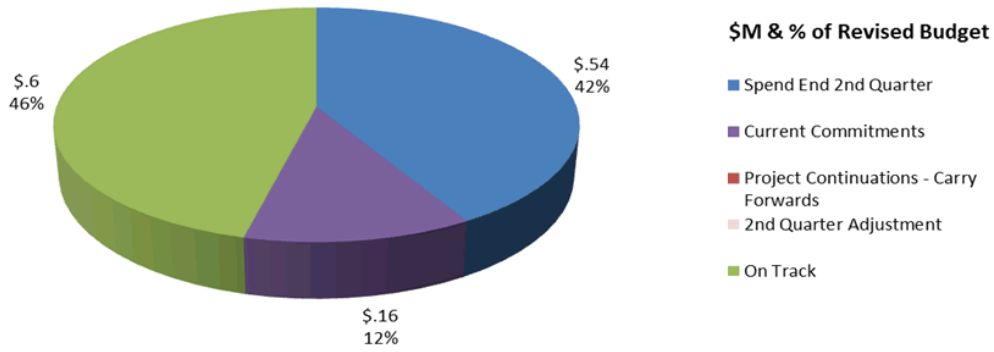
- Asset Management Improvement Project – The implementation of tablet devices into the field went live in 2018, reaching a successful milestone for the project. This transformational change provides many efficiencies and improvements for the organisation and the community alike.
- Digital Strategy Implementation – \$350k – Work continues of the identification of projects for inclusion within this program. Projects identified to date include an upgrade to the City of Salisbury’s productivity and collaboration solution associated with the Community Hub.


 **NOT ON TRACK**

- Smart City Projects - \$250k – The City of Salisbury’s submission to the Smart Cities and Suburbs program was not successful. The working group will review options and develop a report to the Executive to identify how best to use the budget allocation.
- Time, Recording, Attendance Process - \$212k - Scoping document is currently under review with GM City Infrastructure in relation to timesheets for field staff and our approach to this.

SALISBURY WATER BUSINESS

(41.6% spent / 53.8 % inclusive of commitments)



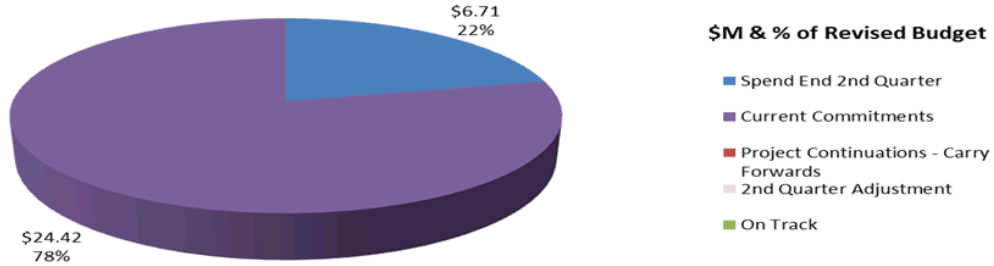
 <u>BUDGET ADJUSTMENTS</u>	Revised Budget	Second Quarter Adjustment	Forecast Carry Forward
	\$000	\$000	\$000
There were no budget adjustments this quarter within the Salisbury Water Business asset category.	\$0	\$0	\$0


 **ON TRACK**

- Groundwater Community Bores Tank and Pump Upgrades – Carisbrook Park and Happy Home Reserve are operational. Salisbury North and Adams Oval have been tendered and quotes received. Anticipated completion by the 4th Quarter.
- Salisbury Water Head Tank – The second stage of the project is completed with a new link that runs from Barker Gully to Keikebush Reserve.
- Distribution Linkages – All distribution linkages planned for 2018/19 – Ingle Farm to Walkley Heights and Edinburgh Parks underbore have been completed.
- Automated Flood Release Gates – Kaurna Park flood gate has been installed and programmed to the SCADA system. The Greenfields Wetlands flood gate is installed and the contract for automating operation has been awarded.
- Salisbury Water Water Quality Monitoring – retrofitting of EC probes on MAR wells is progressing with 20 units installed and programmed to display on the SCADA system. 15 units remain to complete the project.

STRATEGIC PROJECTS – SALISBURY COMMUNITY HUB

(21.6% spent / 100% inclusive of commitments)



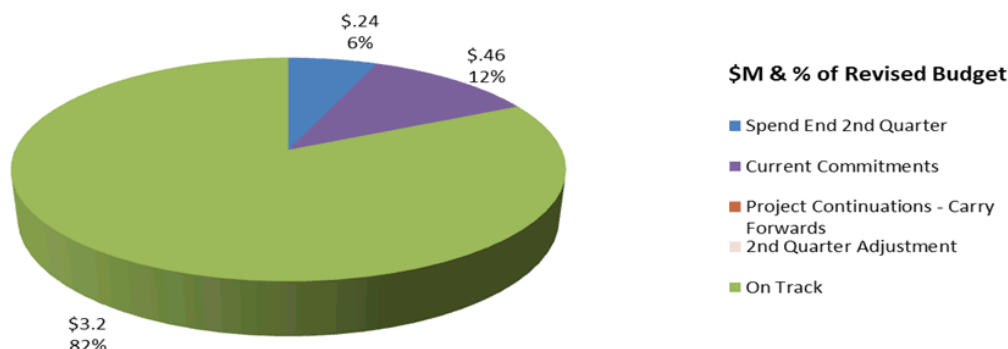
 BUDGET ADJUSTMENTS	Revised Budget \$000	Second Quarter Adjustment \$000	Forecast Carry Forward \$000
There were no budget adjustments this quarter within the Strategic Projects – Salisbury Community Hub asset category.	\$0	\$0	\$0


 **ON TRACK**

- Salisbury Community Hub - Overall the project is currently proceeding on program and within established time and budget contingencies with Practical Completion forecast for second half of 2019.

STRATEGIC PROPERTY

(6.2% spent / 17.9% inclusive of commitments)



 <u>BUDGET ADJUSTMENT</u>	Revised Budget	Second Quarter Adjustment	Forecast Carry Forward
	\$000	\$000	\$000
There were no budget adjustments this quarter within the Strategic Property asset category	\$0	\$0	\$0

 **ON TRACK**

- Tranche 1 – All sales and settlements are complete as of December 2017 for all Tranche 1 projects, final landscaping works for Emerald Green relating to the indigenous reserve was completed in November 2018. Final project close-out work is underway for final project reporting in June 2019.
- Tranche 2 – Boardwalk at Greentree project continues to be progressively sold. Project civil and landscape construction is complete, 78% of the residential project allotments are sold including all conventional allotments. Affordable Housing project Jewel Living is sold and final handover of the dwellings occurred in October 2018. The remainder of allotments require built form coordinated house and land product due to the focus on smaller lot/ infill housing designs, Parkside Town Homes with Normus Urban Projects were released to market in December 2018.
- Lake Windemere – Built form expression of interest will be released to the market in March 2019 to inform the final Business Case.
- Hoyle Green – Final project Business Case currently being prepared for presentation to Council in June 2019.
- Salisbury Oval Residential – Salisbury Oval Residential EOI closed in late December 2018. The submissions are currently being reviewed and an updated will be provided to Strategic Property Development Sub-Committee in March 2019. Noting the results of the EOI and the resultant Business Case for the residential project is subject to a final hold point approval from Council prior to project delivery commencement.

NB: Whilst the Strategic Property Program is currently forecast to continue to be successfully progressively delivered, the complex nature of this program can result in timelines extending across multiple years.

Appendix 6 – Savings from Budget Bids

During the preparation of the 2018/19 budget the following bids were approved which had associated savings. These operational savings have been included into the 2018/19 budget.

Budget Bid	2018/19 Savings
21478 Public Lighting Program	\$20,000
25013 Purchase of Mid-Size Sweeper	\$1,000
TOTAL	\$21,000

Appendix 7 – Business Units

Salisbury Memorial Park

	Year to Date			Full Year		
	Actual \$'000s	Budget \$'000s	Variance \$'000s	Rev.Bud \$'000s	Orig.Bud \$'000s	Forecast \$'000s
Revenue	274	261	13	522	522	522
Expenditure	217	204	(13)	400	400	400
Surplus/(Deficit)	57	57	0	122	122	122

The overall net result for Salisbury Memorial Park as at the Second Quarter shows a surplus of \$57k which is in line with the budgeted surplus of \$57k. The positive position for revenue is attributed to greater than normal burial sales (34) during this quarter, inurnment sales (ashes) were lower than normal (14) Total new burial leases for the quarter were 16. Total new cremation leases for the quarter were 11, with 19 ashes inurnments carried out. Currently burials are out-numbering cremations, which is an unusual trend within the modern cemetery industry; the income being received for burials is greatly assisting with our current position. It is important to note the increased expenditure in Water Charges, the current year to date is \$15k with the year to date budget being \$4k, the extra expenditure is due to the unseasonably dry weather experienced over the past three months .

Cemetery Services will continue to look at new ways of marketing Salisbury Memorial Park. Following the success of the first Cemetery Expo held in June 2017 another Cemetery Expo was held in October 2018 with 12 exhibitors displaying and 120 people attending. We are publishing a quarterly newsletter that will be distributed to Retirement Villages, Nursing Homes, Funeral Directors, Libraries and Community Centres. Staff have been guest speakers at PBA FM on a monthly basis discussing various aspects of the Salisbury Memorial Park.

The new Still Born Site was completed in October 2018, providing a beautiful memorial site for grieving families.

Building Rules Certification Unit

Details	Year to Date			Full Year		
	Actual \$'000s	Budget \$'000s	Variance \$'000s	Rev.Bud \$'000s	Orig.Bud \$'000s	Forecast \$'000s
Revenue	347	280	67	490	490	530
Expenditure	239	240	1	470	470	470
Surplus/(Deficit)	108	40	68	20	20	60

Actual income to the end of the second Quarter has exceeded the budget by 24% as a result of an increase in income from external applications above Business Plan predictions. This increased income correspondence with an increase in the total number of development applications for this period when compared to the same period last year.

Salisbury Water

Details	Year to Date			Full Year		
	Actual \$'000s	Budget \$'000s	Variance \$'000s	Rev.Bud \$'000s	Orig.Bud \$'000s	Forecast \$'000s
External Income	759	870	(111)	2,577	2,577	2,577
Internal Income	757	873	(116)	2,910	2,910	2,910
Total Income	1,516	1,743	(227)	5,487	5,487	5,487
Expenditure	2,076	2,548	472	5,062	5,062	5,062
Surplus/(Deficit)	(560)	(805)	245	425	425	425

The Salisbury Water Business Unit (SWBU) completed the second quarter of the 2018/19 financial year with a \$245k favourable variance against the revised budget. The full year outlook remains as a budget surplus of \$425k. This is largely dependent on weather conditions as the SWBU supply is highly geared to irrigation, however rainfall forecasts are for lower than average rainfall for the next 6 months.

Excluding the depreciation allowance of \$1,633k, it is anticipated that the business will deliver a positive net cash equivalent position of \$2,058k for the year.

External sales volume for the first half of the 2018/19 were 9ML lower than originally predicted for this time of year. This was in the expected range for the period for both irrigation and non-irrigation based customers.

Internal sales volumes were 44ML lower than budget predictions. While rainfall for the first 3 months was quite close to average, October was wetter than expected. November and December were quite dry, but meter reads for the quarter were carried out in late November, hence the high December usage will not be recorded until third quarter.

Rainfall for the 2 quarters was below average with 208mm recorded at Parafield, 42mm below the average. A total of 1.7GL has been harvested so far this year, compared with sales of 0.75GL. (The total aquifer balance is 9.3GL).

External income totalling \$759k has been received which is \$111k below YTD budget expectation. Internal Income is \$116k below the YTD budget, reflecting a saving in Council's watering costs.

Operational expenditure is currently \$472k below the YTD budget due to a variety of impacts including lower contractual services, lower interest on borrowings and reduced electricity use for the period. Completion of a significant consultancy work will occur during the third quarter which will reduce this expenditure surplus. Rainfall forecasts appear to be following similar trends to previous years and it expected that dry periods will continue late into the fourth quarter. Hence, the full year outlook has not been changed.

Appendix 8 – Budgeted Financial Statements

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

City of Salisbury

Long Term Financial Plan Model

BUDGETED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDING 30 JUNE	2019 \$000's
INCOME	
Rates	97,693
Statutory Charges	2,860
User Charges	4,888
Grants, Subsidies & Contributions	9,723
Investment Income	161
Reimbursements	142
Other Income	678
Total Revenues	116,145
EXPENSES	
Employee Costs	37,539
Materials, Contracts & Other Expenses	51,459
Depreciation, Amortisation & Impairment	26,729
Finance Costs	1,641
Total Expenses	117,368
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	(1,223)
Asset Disposal & Fair Value Adjustments	2,802
Amounts Received Specifically for New or Upgraded Assets	2,530
Physical Resources Received Free of Charge	4,000
NET SURPLUS/(DEFICIT)	8,109
OTHER COMPREHENSIVE INCOME	
Changes in Revaluation Surplus - I,PP&E	16,701
Total Other Comprehensive Income	16,701
TOTAL COMPREHENSIVE INCOME	24,810

City of Salisbury
Long Term Financial Plan Model
BUDGETED STATEMENT OF FINANCIAL POSITION

YEAR ENDING 30 JUNE	2019 \$000's
ASSETS	
Current Assets	
Cash & Cash Equivalents	0
Trade & Other Receivables	4,762
Inventories	1,906
Total Current Assets	6,668
Non-Current Assets	
Financial Assets	1,259
Equity Accounted Investments in Council Businesses	3,946
Infrastructure, Property, Plant & Equipment	1,503,839
Other Non-Current Assets	24,561
Total Non-Current Assets	1,533,605
TOTAL ASSETS	1,540,273
LIABILITIES	
Current Liabilities	
Cash Advance Debentures	34,594
Trade & Other Payables	14,040
Borrowings	1,978
Provisions	7,243
Total Current Liabilities	57,855
Non-Current Liabilities	
Borrowings	8,598
Provisions	1,812
Total Non-Current Liabilities	10,410
TOTAL LIABILITIES	68,265
NET ASSETS	1,472,008
EQUITY	
Accumulated Surplus	357,733
Asset Revaluation Reserves	1,089,880
Other Reserves	24,395
TOTAL EQUITY	1,472,008

City of Salisbury
 Long Term Financial Plan Model
 BUDGETED STATEMENT OF CASH FLOWS

YEAR ENDING 30 JUNE	2019 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Operating Receipts	116,101
Investment Receipts	161
Payments	
Operating Payments to Suppliers and Employees	(89,593)
Finance Payments	(1,641)
Net Cash provided by (or used in) Operating Activities	25,028
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts	
Amounts Received Specifically for New /Upgraded Assets	2,530
Sale of Replaced Assets	515
Sale of Real Estate Developments	2,287
Repayments of Loans by Community Groups	31
Payments	
Expenditure on Renew al/Replacement of Assets	(16,524)
Expenditure on New /Upgraded Assets	(52,313)
Net Cash Provided by (or used in) Investing Activities	(63,474)
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts	
Proceeds from Borrow ings	0
Payments	
Repayments of Borrow ings	(2,141)
Net Cash provided by (or used in) Financing Activities	(2,141)
Net Increase/(Decrease) in cash held	(40,587)
Cash & Cash Equivalents at Beginning of Period	5,993
Cash & Cash Equivalents/Movements in Borrowings at End of Period	(34,594)

**City of Salisbury
Long Term Financial Plan Model
BUDGETED STATEMENT OF CHANGES IN EQUITY**

YEAR ENDING 30 JUNE	2019 \$000's
Opening Balance	1,447,293
Net Surplus / (Deficit) for Year	8,014
Other Comprehensive Income	
- Gain (Loss) on Revaluation of I,PP&E	16,701
Other Comprehensive Income	16,701
Total Comprehensive Income	24,715
Transfers between Equity	0
Balance at end of period	1,472,008

City of Salisbury
 Long Term Financial Plan Model
 BUDGETED UNIFORM PRESENTATION OF FINANCES

YEAR ENDING 30 JUNE	2019 \$000's
Income	116,145
less Expenses	(117,368)
Operating Surplus / (Deficit)	(1,223)
Less: Net Outlays on Existing Assets	
Capital Expenditure on Renewal/Replacement of Existing Assets	(16,524)
less Depreciation, Amortisation & Impairment	26,729
less Proceeds from Sale of Replaced Assets	515
	10,720
Less: Net Outlays on New and Upgraded Assets	
Capital Expenditure on New /Upgraded Assets	(52,313)
less Amounts Specifically for New /Upgraded Assets	2,530
less Proceeds from Sale of Surplus Assets	2,287
	(47,496)
Net Lending / (Borrowing) for Financial Year	(37,999)

Budgeted Financial Indicators

	2019 Budget
Operating Surplus <i>Being the operating surplus (deficit) before capital amounts</i>	(\$1.223M)
Operating Surplus Ratio	(1.05%)
<u>Operating Surplus</u> Total Operating Revenue	
<i>This ratio expresses the operating surplus/(deficit) as a percentage of total operating revenue</i>	
Net Financial Liabilities	\$61.597M
<u>Total Liabilities</u> Net Financial Liabilities are defined as total financial liabilities less financial assets (excluding equity accounted investments in Council businesses)	
Net Financial Liabilities Ratio	53.03%
<u>Net Financial Liabilities</u> Total Operating Revenue	
<i>Indicates the extent that council can meet its net financial liabilities out of operating revenue.</i>	
Asset Sustainability Ratio	100%
<u>Net Asset Renewals</u> Asset Management Plan Renewal Expenditure	
<i>Indicates whether capital assets are being renewed as planned in the Asset Management Plans</i>	

ITEM	6.6.1		
	BUDGET AND FINANCE COMMITTEE		
DATE	18 February 2019		
PREV REFS	Budget and Finance Committee	6.6.5	05/06/2017
HEADING	Rate Rebate Policy and Endorsement of Discretionary Rebates for 2019/20 and 2020/21		
AUTHOR	Kathryn Goldy, Team Leader Revenue, Business Excellence		
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.		
SUMMARY	This report provides Council with details of mandatory and discretionary rate rebates provided in accordance with the Local Government Act and Council Policy. Council is asked to approve the Policy and consider whether Discretionary Rate Rebates are to be provided for a further two year period.		

RECOMMENDATION

1. Discretionary rebates be provided for 2019/20 and 2020/21 as follows:
 - a. Meals on Wheels 25% discretionary rate rebate (noting that total rebate is 100%, given 75% mandatory rate rebate is required)
 - b. John Street Salisbury Pty Ltd (Northern Volunteering SA Inc) 100% discretionary rate rebate
 - c. SA Water (St Kilda Tram Museum Depot) 100% discretionary rate rebate
 - d. Military Vehicle Preservation Society of SA Inc (National Military Vehicle Museum) 100% discretionary rebate
 - e. Australian Migrant Resource Centre 75% discretionary rate rebate and 75% Salisbury City Centre Business Association Separate rate
 - f. Marra Murranga Kumangka Inc 75% discretionary rate rebate
2. The Rate Rebate Policy as set out in Attachment 1 (Item No. 6.6.1, Budget and Finance Committee, 18/02/2019) be endorsed.

ATTACHMENTS

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

1. Rate Rebate Policy

1. BACKGROUND

- 1.1 The Local Government Act provides for the mandatory rebate of rates for certain land uses, and also provides council discretion to provide rebates in other instances. Council has a Rate Rebate Policy which was last approved on 26 June 2017, resolution no. 1872/2017. A review of discretionary rate rebates was also provided at this time.
- 1.2 As rebates are a significant budget impact it is appropriate to consider them as part of the budget cycle every 2 years, including a review of the Rate Rebate Policy and current list of mandatory rebates including supported accommodation rebates together with discretionary rebates
- 1.3 Council rebates are provided under Chapter 10, Division 5 of the Local Government Act 1999, with some being prescribed and others at Council's discretion. In 2018/2019 Council has provided rebates of \$1,193,327 with \$1,164,369 being mandatory.

2. REPORT

2.1 Rate Rebate Policy

- 2.1.1 Members will find attached the Rate Rebate Policy that has been reviewed and is included in the recommendations for endorsement. There have been no changes of substance to the Policy.

2.2 Mandatory Rebates

- 2.2.1 As previously advised, changes to the legislation in recent years has seen the introduction of compulsory rate rebates for supported accommodation, S161(4)(c)(iii), this rebate was phased in over a three year period, incrementing from 25% in 2010/11, to 50% in 2011/12, to a final 75% rebate in 2012/13.
 - 2.2.2 This change has been a significant impact for Council with the South Australian Housing Trust, which pays full rates, actively transferring its housing stocks to Community Housing Associations. Further, as a lower socio-economic community there are many of our ratepayers who are in similar financial circumstances as those occupying Community Housing, so the equity of this rebate is questionable. Council is reminded that we have sent correspondence to State Government Members of Parliament advising of dissatisfaction this has occurred and the impact it has on the setting the budget.
 - 2.2.3 Currently should the South Australian Housing Trust transfer all its remaining housing stock being 3,247 properties to Community Housing Associations, the associated mandatory rebate would increase by \$2.6M.
- 2.3 The total of all currently provided mandatory rebates are detailed in the table below by category of rebate for Council's reference.

Mandatory Rebates S161	Rebate %	No. of Rebates	Value of Rebates 2018/19
Housing Assoc - Supported Accommodation	75%	684	591,217.15
Non-Government Schools	75%	12	247,047.75
Place of Worship	100%	53	217,235.85
Not for Profit Aged Accommodation	75%	4	80,084.10
Bedford Industries Inc	75%	1	10,230.30
Orana Inc	75%	1	6,342.05
Cemeteries	100%	2	4,971.10
Supported & Emergency Accommodation	75%	6	4,905.35
Disability Support Service - Novita	75%	1	2,570.40
Legal Services for the Disadvantaged	75%	1	1,324.00
Meals on Wheels SA Inc	75%	1	754.35
TOTAL		766	1,166,682

2.3 Discretionary Rebates

2.3.1 Under the rate rebate policy and S166 (1) (g) of the Act, Council provides 100% discretionary rebates to Not for profit Kindergartens/Child Care Centres, Guides and Scouts Groups. These rebates are detailed below:

Facilities & Service for Young Children/Youth	Address	Rebate %	Value of Rebates 2018/19
Salisbury Lutheran Church Kindergarten Inc	6-10 Waterloo Corner Road , Salisbury SA 5108	100%	1,820.70
Salisbury Occasional Child Care Centre Inc	25-27 Ann Street , Salisbury SA 5108	100%	2,784.60
St Francis Community Child Care Inc	306 Waterloo Corner Road, Paralowie SA 5108	100%	2,356.20
Minister For Economic Development (NFP Kindy)	5 Park Way , Mawson Lakes SA 5095	100%	3,127.30
Guides Association SA Inc	5 Guerin Lane , Salisbury SA 5108	100%	1,435.15
Scouts SA	1909-1911 Main North Road , Salisbury Heights SA 5109	100%	1,199.50
Scouts SA	18 Canna Road , Ingle Farm SA 5098	100%	987.00
Scouts SA	7 Kalimna Crescent , Paralowie SA 5108	100%	987.00

Scouts SA	20 Jackson Street , Parafield Gardens SA 5107	100%	987.00
Guides Association SA Inc	21 Melville Road , Salisbury East SA 5109	100%	1,178.10
Mawson Lakes Park Way Child Care Centre Inc	12-28 Garden Terrace , Mawson Lakes SA 5095	100%	3,419.70
TOTAL			20,282

2.3.2 City of Salisbury has granted the following discretionary rebates under S166 (1) specifically sections:

- (c) where the rebate will conduce to the preservation of buildings or places of historic significance;
- (j) where the land is being used by an organisation which, in the opinion of the Council, provides a benefit or service to the local community;

These rebates are detailed below:

Council Endorsed Discretionary Rebates	Address	Rationale	Rebate %	Value of Rebates 2018/19
Meals on Wheels SA Inc.	13 Brown Terrace , Salisbury SA 5108	Provides a benefit or service to the Local Community	25%	251.45
John Street Salisbury Pty Ltd (Northern Volunteering SA Inc.)	39 John Street , Salisbury SA 5108	Provides a benefit or service to the Local Community	100%	987.00
SA Water (St Kilda Tram Museum Depot)	300-360 St Kilda Road , St Kilda SA 5110	Preservation of buildings or places of historic significance	100%	1456.55
Military Vehicle Preservation Society of SA Inc. (National Military Vehicle Museum)	10-20 Sturton Road , Edinburgh SA 5111	Preservation of buildings or places of historic significance	100%	1285.20
Australian Migrant Resource Centre	28 Mary Street , Salisbury SA 5108	Provides a benefit or service to the Local Community	75%	2575.40
Marra Murrangga Kumangka Inc.	22-24 Commercial Road , Salisbury SA 5108	Provides a benefit or service to the Local Community	75%	2120.60
Total				8,676

- 2.3.3 Council endorsed discretionary rebates are provided for a two year period, and consequently the rebates detailed in the table directly above will expire 30 June 2019 should Council determine to not endorse them for a further two year period.
- 2.3.4 Should Council make the decision not to provide these discretionary rebates for a further two (2) year period, staff will provide written correspondence to these organisations following Councils resolution to assist in their planning and budgeting for 2019/20 and beyond.
- 2.3.5 Recently the Returned & Services League Australia – Salisbury located at 19 Park Terrace, Salisbury SA 5108 have sought advice from staff in relation to applying to Council to receive a discretionary rebate.
- 2.3.6 An application form has been provided to the organisation. Once staff have received the application an assessment will be made on their application and a separate report will be brought back to Council.

3. CONCLUSION / PROPOSAL

- 3.1 Council has taken a balanced approach in granting discretionary rebates, and given that each rebate granted shifts the rate burden to other ratepayers this is appropriate, especially in the light of the socio-economic status of the community.

CO-ORDINATION

Officer: Executive Group
Date: 11/02/2019



RATE REBATE POLICY

Policy Type:	Policy	Decision No:	1566, 2015/0386, 2017/1872
Approved By:		Last Reapproval Date:	26 June 2017
Approval Date:		Internal Reference No.:	
Review Date:	June 2019	Division:	Financial Services
Department:	Business Excellence	Responsible Officer:	Manager, Financial Services
Function:	7 - Financial Management		

A – Preamble

1. The *Local Government Act 1999* (“the Act”) provides for Mandatory and Discretionary rebates of rates. The City of Salisbury will act in accordance with the Act in providing Mandatory Rebates. In relation to Discretionary Rebates, this policy will be applied to determine whether a rate rebate will be provided.

B – Scope

1. This Policy applies to all rateable land in the council area.

C – Policy Purpose/Objectives

1. Council has adopted a Rate Rebate Policy to assist it in its decision making functions relative to the operation of the rate rebate provisions contained within Chapter 10, Division 5 (Sections 159 to 166) of the Act.
2. This Policy provides guidance to the community, Council and Staff as to the grounds upon which a person or body is, or may be, entitled to receive a rebate of rates and the matters Council will take into account in determining an application for a rate rebate.
3. In accordance with the rebate of rates provisions contained in the Act, this Policy sets out the type of use in respect of land which the Council must grant a rebate of rates and the amount that rebate must be, and those types of land use where the Council has a discretion to grant a rebate of rates.

D – Definitions

Definitions as per the *Local Government Act 1999*

E – Policy Statement**1. Local Government Act 1999**

1.1. Section 159(3) of the Act provides that the Council may grant a rebate of rates under the Act if it is satisfied that it is appropriate to do so.

2. Mandatory Rebates

2.1. The Act stipulates that Council must grant a rebate of rates and the percentage of that rebate for specified land uses. These are set out below.

2.2. Mandatory 100% Rebate of Rates:**2.2.1. *S160—Rebate of rates – health services***

The rates on land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the South Australian Health Commission Act 1976 will be rebated at 100 per cent.

2.2.2. *S162 – Rebate of rates – religious purposes*

The rates on land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes, will be rebated at 100 per cent.

2.2.3. *S163 – Rebate of rates – public cemeteries*

The rates on land being used for the purposes of a public cemetery will be rebated at 100 per cent.

2.2.4. *S164 – Rebate of rates – Royal Zoological Society of SA*

The rates on land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Incorporated will be rebated at 100 per cent.

2.3. Mandatory 75% Rebate of Rates:**2.3.1. *S161—Rebate of rates – community services***

*(1) The rates on land being predominantly used for service delivery or administration (or both) by a community service organisation will be rebated at 75 per cent (or, at the discretion of the council, at a higher rate)**

...

(3) For the purposes of this section, a community services organisation is a body that—

(a) is incorporated on a not-for-profit basis for the benefit of the public; and

- (b) *provides community services without charge or for a charge that is below the cost to the body of providing the services; and*
- (c) *does not restrict its services to persons who are members of the body.*
- (4) *For the purposes of subsection (3)—*
 - (c) *any of the following are community services:*
 - (i) *the provision of emergency accommodation;*
 - (ii) *the provision of food or clothing for disadvantaged persons;*
 - (iii) *the provision of supported accommodation;*
 - (iv) *the provision of essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;*
 - (v) *the provision of legal services for disadvantaged persons;*
 - (vi) *the provision of drug or alcohol rehabilitation services;*
 - (vii) *the conduct of research into, or the provision of community education about, diseases or illnesses, or the provision of palliative care to persons who suffer from diseases or illnesses;*

- (d) *Disadvantaged persons are persons who are disadvantaged by reasons of poverty, illness, frailty, or mental, intellectual or physical disability*

It is necessary for a community service organisation to satisfy all of the criteria contained in the Act to be entitled to the mandatory 75% rebate.

* subject to submission of a discretionary rate rebate application

2.3.2. *S165—Rebate of rates – educational purposes*

- (1) *The rate on land –*
 - (a) *occupied by a government school under a lease or licence and being used for educational purposes; or*
 - (b) *occupied by a non-government school registered under the Education and Early Childhood Services (Registration and Standards) Act 2011 and being used for educational purposes,*
Will be rebated at 75 per cent (or, at the discretion of council, at a higher rate)
- (2) *The rates on land being used by a university or university college to provide accommodation and other forms of support for students on a not-for-profit basis will be rebated at 75 per cent (or, at the discretion of the council, at a higher rate).*

2.4. Where a person or body is entitled to a rebate of 75% the Council may, pursuant to Section 159(4) of the Act, increase the rebate up to a further 25%. The Council may grant the further 25% rebate upon application or on its own initiative. In either case the Council will take into account those matters set out at Clause 3.1 of this Policy.

- 2.5. Where an application is made to the Council for a rebate of up to a further 25% the application will be made in accordance with Clause 4.1 of this Policy and the Council will provide written notice to the applicant of its determination of that application.
- 2.6. Where Council is satisfied from its own records or from other sources that a person or body meets the necessary criteria for a mandatory 100% or 75% rebate, Council will grant the rebate of its own initiative. Where Council is not so satisfied it will require the person or body to apply for the rebate in accordance with Clause 4.1 of this Policy.
- 2.7. The Council delegate the determination of entitlement to mandatory rebates to the CEO.
3. **Discretionary Rebate of Rates:**
- 3.1. The Act gives Council the power to grant discretionary rebates for a broad range of purposes and the percentage of that rebate.
- 3.1.1. ***S166—Discretionary rebate of rates***
- (1) *A council may grant a rebate of rates or service charges in any of the following cases (not being cases that fall within a preceding provision of this Division):*
- (a) *where the rebate is desirable for the purpose of securing the proper development of the area (or a part of the area);*
 - (b) *where the rebate is desirable for the purpose of assisting or supporting a business in its area;*
 - (c) *where the rebate will conduce to the preservation of buildings or places of historic significance;*
 - (d) *where the land is being used for educational purposes;*
 - (e) *where the land is being used for agricultural, horticultural or floricultural exhibitions;*
 - (f) *where the land is being used for a hospital or health centre;*
 - (g) *where the land is being used to provide facilities or services for children or young persons;*
 - (h) *where the land is being used to provide accommodation for the aged or disabled;*
 - (i) *where the land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1997 (Cwlth) or a day therapy centre;*
 - (j) *where the land is being used by an organisation which, in the opinion of the council, provides a benefit or service to the local community;*
 - (k) *where the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996*

over which the public has a free and unrestricted right of access and enjoyment;

- (l) where the rebate is considered by the council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer due to—*
 - (i) a redistribution of the rates burden within the community arising from a change to the basis or structure of the council's rates; or*
 - (ii) a change to the basis on which land is valued for the purpose of rating, rapid changes in valuations, or anomalies in valuations;*
- (1a) A council must, in deciding whether to grant a rebate of rates or charges under subsection (1)(d), (e), (f), (g), (h), (i) or (j), take into account—*
- (a) the nature and extent of council services provided in respect of the land for which the rebate is sought in comparison to similar services provided elsewhere in its area; and*
 - (b) the community need that is being met by activities carried out on the land for which the rebate is sought; and*
 - (c) the extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons, and*
- may take into account other matters considered relevant by the council.*

The Council may take into account, but are not limited to, the following:

- (i) why there is a need for financial assistance through a rebate;
- (ii) the level of rebate (percentage and dollar amount) being sought and why it is appropriate;
- (iii) the extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies;
- (iv) whether the applicant has made/intends to make application to another Council(s);
- (v) whether, and if so to what extent, the applicant is or will be providing a service within the Council area;
- (vi) whether the applicant is a public sector body, a private not for profit body or a private for profit body;
- (vii) whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term;
- (viii) the desirability of granting a rebate for more than one year in those circumstances identified at Clause 4.2 of this policy;
- (ix) consideration of the full financial consequences of the rebate for the Council;
- (x) the time the application is received;
- (xi) the availability of any community grant to the person or body making the application;

6.6.1 Rate Rebate Policy

- (xii) whether the applicant is in receipt of a community grant; and
- (xiii) any other matters, and policies of the Council, which the Council considers relevant.

3.2. The Council has an absolute discretion –

- 3.2.1. to grant a rebate of rates or service charges in the above cases; and
- 3.2.2. to determine the amount of any such rebate, to a maximum of 100% of the relevant rate or service charges

3.3. Discretionary rebates granted under this policy will be reviewed at the time of reviewing the policy (Section E, Clause 6.1), so consequently are granted for a maximum of two years.

3.4. Persons who, or bodies which, seek a discretionary rebate will be required to submit an application form to Council and provide to Council such information as stipulated on the application form and any other information that Council may reasonably require. Further information about the application process can be found in section 4.

3.5. As a matter of policy Council will provide a 100% discretionary rebate on:

- 3.5.1. Not for profit Kindergartens/Child care Centres
- 3.5.2. Guides and Scouts Groups

and Council delegate the determination of the application of this discretionary rebate to the CEO.

3.6. Council have determined that discretionary rebates under S166 will not be granted for:

- 3.6.1. Provision of support services or direct financial support of low income families
- 3.6.2. Private residential properties
- 3.6.3. Private and not for profit residential aged care facilities.

4. **Rebate Applications**

4.1. Persons or bodies who seek a rebate of rates (and/or service charges) must make written application. Forms are available online http://www.salisbury.sa.gov.au/Services/Rates/Rate_Rebate_Policy_and_Application_Form or can be obtained from Council Offices located at James Street Salisbury, or by contacting the Customer Centre 8406 8222.

4.2. All persons who, or bodies which, wish to apply to the Council for a rebate of rates must do so on or before 31 August in the year of application. However, applicants which satisfy the criteria for a mandatory 100% rebate will be granted the rebate at any time.

4.3. There are penalties for making false statements and for failing to advise Council of changes in circumstances which would remove the entitlement to a rebate. Relevant sections of the legislation are:

4.3.1. ***S159—Preliminary***

...

(2) *A person or body must not –*

(a) Make a false or misleading statement or representation in an application to be made (or purporting to be made) under this Division; or

(b) Provide false or misleading information or evidence in support of an application made (or purporting to be made) under this Division

Maximum penalty: \$5,000

4.3.2. ***S159—Preliminary***

...

(7) *If a person or body has the benefit of a rebate of rates under this Division and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the council of that fact and (whether or not the council is informed) the entitlement to a rebate ceases.*

(8) *If a person or body fails to comply with subsection (7), the person or body is guilty of an offence.*

Maximum penalty: \$5,000

4.4. Council may determine that rebates no longer apply, and can recover rates as follows:

4.4.1. ***S159—Preliminary***

...

(10) *A council may, for proper cause, determine that an entitlement to a rebate of rates in pursuance of this Division no longer applies*

(11) *If an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.*

4.5. Council will, in writing, advise an applicant for a rebate of its determination of that application within sixty days of receiving the application or of receiving all information requested by Council. The advice will state:

4.5.1. if the application has been granted, the amount of the rebate; or

4.5.2. if the application has not been granted, the reasons why.

6.6.1 Rate Rebate Policy

4.6. A person or body that is aggrieved by a determination of Council in respect of an application for a rate rebate may seek a review of that determination by written application to the Council within three months of the making of the determination (in accordance with Council’s Internal Review of Decisions procedure).

5. Community Grants

5.1. If an application for a rebate is unsuccessful, the Council has an absolute discretion to then treat the application as one for a community grant and to determine it in accordance with the Council’s Community Grants Policy.

6. Policy Review & Availability

6.1. Council will review this policy in the twelve months following an election, and every two years thereafter.

6.2. This Policy is available for inspection at Council offices and persons may obtain a copy of this Policy without charge.

F – Delegation

1. The Council has delegated its power, pursuant to Section 44 of the Act, to grant applications for mandatory rebates which meet the requirements of the Act (sections 161- 165) to the Chief Executive Officer.
2. All discretionary rebates shall be determined by the Council with the exception of those categories identified in clause 3.5 and 3.6

G – Legislation

The Local Government Act 1999

H – Associated Policies

Council’s Internal Review of Council Decisions Policy

Document Control

Document ID	Rate Rebate Policy
Prepared by	Kathryn Goldy
Release	2.00
Document Status	Endorsed
Date Printed	14/02/2019