

#### **AGENDA**

### FOR BUDGET AND FINANCE COMMITTEE MEETING TO BE HELD ON

# 18 NOVEMBER 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 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 October 2019.

# **REPORTS**

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#### **CONFIDENTIAL ITEMS**

### 6.9.1 Salisbury Recreation Prescinct Swimming Pool Filtration System

#### Recommendation

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 grounds that:

- 1. Pursuant to Section 90(2) and (3)(h) and (i) 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 legal advice; and
  - information relating to actual litigation, or litigation that the Council or Council committee believes on reasonable grounds will take place, involving the council or an employee of the Council.
- 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
  - On that basis the public's interest is best served by not disclosing the Salisbury Recreation Prescinct Swimming Pool Filtration System 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.

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

#### Recommendation

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 grounds that:

- 1. Pursuant to Section 90(2) and (3)(a) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:
  - it relates to information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).
- 2. In weighing up the factors related to disclosure,
  - disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations
  - This report contains financial and personal information in relation to their personal circumstances, it is adequate that this information remains confidential with a review to possibly remain confidential after 5 years

On that basis the public's interest is best served by not disclosing the Action of Rate Accounts Outstanding under Section 184 of the Local Government Act 1999 item and discussion at this point in time.

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

# 6.9.3 Action of Rate Assessment for Remission and Postponement of Payment under Section 182 of the Local Government Act

#### Recommendation

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 grounds that:

- 1. Pursuant to Section 90(2) and (3)(a) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:
  - it relates to information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).
- 2. In weighing up the factors related to disclosure,
  - disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations
  - This report contains financial and personal information in relation to their personal circumstances, it is adequate that this information remains confidential for a period of 5 years and after this possibly review for futher period

On that basis the public's interest is best served by not disclosing the Action of Rate Assessment for Remission and Postponement of Payment under Section 182 of the Local Government Act item and discussion at this point in time.

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

#### **CLOSE**



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

### **21 OCTOBER 2019**

#### **MEMBERS PRESENT**

Cr B Brug (Chairman)

Mayor G Aldridge

Cr M Blackmore

Cr C Buchanan

Cr A Duncan

Cr K Grenfell

Cr N Henningsen

Cr P Jensen

Cr S Ouk

Cr D Proleta

Cr G Reynolds

Cr J Woodman

#### **STAFF**

Chief Executive Officer, Mr J Harry

General Manager Business Excellence, Mr C Mansueto

General Manager City Development, Mr T Sutcliffe

General Manager 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 7.26 pm.

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

#### **APOLOGIES**

Apologies were received from Cr L Braun, Cr D Hood and Cr S Reardon.

#### LEAVE OF ABSENCE

Nil

#### PRESENTATION OF MINUTES

Moved Cr K Grenfell Seconded Cr A Duncan

The Minutes of the Budget and Finance Committee Meeting held on 16 September 2019, be taken and read as confirmed.

**CARRIED** 

Moved Cr K Grenfell Seconded Cr M Blackmore

The Minutes of the Confidential Budget and Finance Committee Meeting held on 16 September 2019, be taken and read as confirmed.

**CARRIED** 

#### **REPORTS**

Administration

# **6.0.1** Future Reports for the Budget and Finance Committee

Moved Cr N Henningsen Seconded Cr M Blackmore

1. The information be received.

**CARRIED** 

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

Moved Mayor G Aldridge Seconded Cr K Grenfell

The information contained in the Innovation and Business Development Sub Committee of the meeting held on 14 October 2019 be received and noted with respect to the following recommendations contained therein to be adopted by Council:

**CARRIED** 

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

Moved Mayor G Aldridge Seconded Cr K Grenfell

1. The information be received.

**CARRIED** 

#### 6.0.2-IBDSC2 Customer Review Dashboard

Moved Mayor G Aldridge

#### Seconded Cr K Grenfell

1. The information be received.

**CARRIED** 

### **6.0.2-IBDSC3** Community Experience Charter Framework

Moved Mayor G Aldridge Seconded Cr K Grenfell

- 1. Endorse the proposed Community Experience Framework.
- 2. Administration bring back a final draft of the Community Experience Charter to the December 2019 Informal Strategy session before presenting to the Innovation & Business Development Sub Committee.
- 3. Note the work required on finalising and reviewing the Service Standards, Consultation & Engagement and Feedback documentation.

**CARRIED** 

# 6.0.2-IBDSC4 Local Government Reform Program - Reform Areas 3 and 4

Moved Mayor G Aldridge Seconded Cr K Grenfell

That the proposed position and associated comments made at this meeting on each of the reform proposals contained in Reform Areas 3 and 4 in the table attached to Item No. IBDSC4 on the agenda, be provided as an attachment to the report from this meeting to the Budget and Finance Committee, for inclusion in the submission to the State Government on the *Reforming Local Government in South Australia Discussion Paper*.

**CARRIED** 

# **IBDSC-OB1** Expenditure for Salisbury Plays Events

Moved Mayor G Aldridge Seconded Cr K Grenfell

- 1. That a report be provided to the Innovation and Business Development Sub Committee giving a detailed summary of expenditure for all "Salisbury Plays" events.
- 2. That the Innovation and Business Development Sub Committee undertake a review of the Salisbury Plays program.

**CARRIED** 

#### **Finance**

# **6.1.1 Budget Timetable 2020/21**

Moved Cr G Reynolds Seconded Cr D Proleta

- 1. Information be received.
- 2. Council endorse the timetable for the preparation and presentation of the 2020/21 budget, subject to adoption of the meeting schedule by Council at the November Council meeting.

**CARRIED** 

# Rating Matters

# 6.6.1 Discretionary Rate Rebate Application for SA Poultry Association Inc

Moved Cr N Henningsen Seconded Cr S Ouk

- 1. The Budget and Finance Committee recommends to Council that in relation to SA Poultry Association Inc:
  - (a) No rate rebate should be granted in respect of the premises known as 6 Acrylon Road, Salisbury South SA 5106; and
  - (b) The rate rebate application lodged by SA Poultry Association Inc dated 23 August 2019 should be dismissed.

**CARRIED** 

# 6.6.2 Discretionary Rate Rebate Applications for Royal Antediluvian Order of Buffaloes Grand Lodge of South Australia Grand Lodge of England Inc.

Moved Cr N Henningsen Seconded Cr G Reynolds

- 1. The Budget and Finance Committee recommends to Council that in relation to Royal Antediluvian Order of Buffaloes Grand Lodge of South Australia Grand Lodge of England Inc.:
  - (a) No rate rebate should be granted in respect of the commercial premises known as 30 Orange Avenue, Salisbury SA 5108; and
  - (b) The rate rebate application lodged by Royal Antediluvian Order of Buffaloes Grand Lodge of South Australia Grand Lodge of England Inc. dated 22 August 2019 be dismissed.

**CARRIED** 

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OTHER BUSINESS	
Nil	
The meeting closed at 7.29 pm.	
	CHAIRMAN
	DATE

**ITEM** 6.0.1

BUDGET AND FINANCE COMMITTEE

**DATE** 18 November 2019

**HEADING** Future Reports for the Budget and Finance Committee

**AUTHOR** Michelle Woods, Projects Officer Governance, CEO and

Governance

**CITY PLAN LINKS** 4.3 Have robust processes that support consistent service delivery

and informed decision making.

**SUMMARY** This item details reports to be presented to the Budget and Finance

Committee as a result of a previous Council resolution. If reports have been deferred to a subsequent month, this will be indicated,

along with a reason for the deferral.

#### RECOMMENDATION

1. The information be received.

#### **ATTACHMENTS**

There are no attachments to this report.

#### 1. BACKGROUND

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

### 2. CONSULTATION / COMMUNICATION

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

# 3. REPORT

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

Meeting -	Heading and Resolution	Officer
Item		
24/06/2019	Consideration of Council's Strategic Procurement	Charles Mansueto
	Direction	
13.2	Council has previously resolved this resolution to be	
	confidential.	
Due:	December 2019	
26/08/2019	Salisbury Community Hub - Project and	Pippa Webb
	<b>Construction Progress Report</b>	
1.3.1	2. That the hours of operation to Library Services is	
	increased to provide for the period 8.30am to 9:30am	
	Monday to Friday, with the increase in costs	
	(approximately \$140k) funded through existing salary &	
	wages provision for 2019/20, and a report is brought	
	back as part of the 2020/21 budget process to consider	
	any future funding and service level changes.	
Due:	April 2020	
26/08/2019	<b>Event Management Framework and Room Booking</b>	Charles Mansueto
	Fees & Charges - Salisbury Community Hub	
6.1.3	5. That a report on the operation of the Event and	
	Room Booking Framework be brought back to Council	
	following 12 months of operation from the opening of	
	the Salisbury Community Hub.	
Due:	December 2020	

# 4. CONCLUSION / PROPOSAL

3.2 Future reports for the Budget and Finance Committee have been reviewed and at this point in time there are none that require a subsequent report to be presented.

# **CO-ORDINATION**

Officer:	Executive Group	GMBE	GMCD
Date:	11/11/19	07/11/19	07/11/19

**ITEM** 6.0.2

#### BUDGET AND FINANCE COMMITTEE

**HEADING** Minutes of the Innovation and Business Development Sub

Committee meeting held on Monday 11 November 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 November 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 November 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 Civil Works and Services Circular Economy Opportunities Presentation

- 1. Council notes the City of Salisbury's innovation in creating a circular economy in the use of re-usable local resources.
- 2. Staff provide a report on how we can increase the use of local resources to 50% for gutters, roads and other infrastructure.
- 3. Staff bring back a policy to be included in the sustainability strategy to construct new roads, re-seal programs and carparks with the highest recycling material amount.
- 4. Staff provide a report including comparisons with what the City of Salisbury is doing, with the Fulton Hogan report.

# IBDSC3 Community Requests - Response Dashboard

- 1. The information be received.
- 2. Council acknowledges the year to date of 95% responses achieved within the endorsed target, and commend staff on the result.
- 3. That future dashboard response reports be broken down by departments.

# **IBDSC4** Verge Maintenance Review

- 1. That Council notes the report.
- 2. That Council endorse the trial of adjusted verge service levels for the 2020 cutting season, including additional operating budget provision of \$240k to be made through 2019/20 second quarterly review process, to be made as a non-discretionary budget bid.
- 3. A further report be provided at the completion of 2020 on the effectiveness of the trial.
- 4. Further work be undertaken over the next 12 months to identify sites for alternative verge treatments with consideration to aligning and funding through existing strategies and capital works programs., and a report be brought back recommending other sites and verge treatments.
- 5. A further report be provided on implementing changes to the Verge Development Policy with advice on the potential to provide financial and other incentives to residents to maintain their own verges.
- 6. Further advice also be provided discussing issues and costings of reducing verge cutting heights to 30-40mm.

#### **ATTACHMENTS**

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

1. Minutes Innovation and Business Development Sub Committee - 11 November 2019

### **CO-ORDINATION**

Officer: GMBE Date: 14/11/2019

Page 16 Budget and Finance Committee Agenda - 18 November 2019



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

#### **11 NOVEMBER 2019**

#### MEMBERS PRESENT

Cr K Grenfell (Chairman) Mayor G Aldridge (ex officio)

Cr L Braun

Cr C Buchanan (Deputy Chairman)

Cr A Duncan Cr D Hood Cr P Jensen Cr J Woodman

#### **OBSERVERS**

Cr N Henningsen Cr K Grenfell

# **STAFF**

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
Manager Governance, Mr M Petrovski
Governance Support Officer, Ms K Boyd
Manager Infrastructure Management, Mr D Roy
Project Manager, Mr P Levett
Graduate Engineer – Civil and Transport, Mr J Ward

The meeting commenced at 8.07 pm.

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

#### **APOLOGIES**

Nil

#### LEAVE OF ABSENCE

Nil

#### PRESENTATION OF MINUTES

Moved Cr L Braun Seconded Cr J Woodman

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

CARRIED UNANIMOUSLY

#### REPORTS

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

Moved Cr J Woodman Seconded Cr A Duncan

1. The information be received.

CARRIED UNANIMOUSLY

*Cr C Buchanan and Cr D Hood entered the meeting at 8.08 pm.* 

# IBDSC2 Civil Works and Services Circular Economy Opportunities Presentation

Mayor G Aldridge left the meeting at 8.34 pm. Mayor G Aldridge returned to the meeting at 8.38 pm.

Moved Cr C Buchanan Seconded Cr A Duncan

- 1. Council notes the City of Salisbury's innovation in creating a circular economy in the use of re-usable local resources.
- 2. Staff provide a report on how we can increase the use of local resources to 50% for gutters, roads and other infrastructure.
- 3. Staff bring back a policy to be included in the sustainability strategy to construct new roads, re-seal programs and carparks with the highest recycling material amount.
- 4. Staff provide a report including comparisons with what the City of Salisbury is doing, with the Fulton Hogan report.

CARRIED UNANIMOUSLY

### **IBDSC3** Community Requests - Response Dashboard

Moved Cr C Buchanan Seconded Cr A Duncan

- 1. The information be received.
- 2. Council acknowledges the year to date of 95% responses achieved within the endorsed target, and commend staff on the result.
- 3. That future dashboard response reports be broken down by departments.

CARRIED UNANIMOUSLY

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### **IBDSC4** Verge Maintenance Review

Cr A Duncan left the meeting at 9.14 pm.

*Cr A Duncan returned to the meeting at 9.17 pm.* 

Mayor G Aldridge left the meeting at 9.17 pm.

Mayor G Aldridge returned to the meeting at 9.21 pm.

Moved Cr C Buchanan Seconded Cr P Jensen

- 1. That Council notes the report.
- 2. That Council endorse the trial of adjusted verge service levels for the 2020 cutting season, including additional operating budget provision of \$240k to be made through 2019/20 second quarterly review process, to be made as a non-discretionary budget bid.
- 3. A further report be provided at the completion of 2020 on the effectiveness of the trial.
- 4. Further work be undertaken over the next 12 months to identify sites for alternative verge treatments with consideration to aligning and funding through existing strategies and capital works programs., and a report be brought back recommending other sites and verge treatments.
- 5. A further report be provided on implementing changes to the Verge Development Policy with advice on the potential to provide financial and other incentives to residents to maintain their own verges.
- 6. Further advice also be provided discussing issues and costings of reducing verge cutting heights to 30-40mm.

CARRIED UNANIMOUSLY

#### OTHER BUSINESS

Nil

The meeting closed at 9.45 pm.

CHAIRMAN	 						

**ITEM** 6.1.1

BUDGET AND FINANCE COMMITTEE

**DATE** 18 November 2019

**HEADING** Council Finance Report - October 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 October 2019 for

the information of Council.

#### RECOMMENDATION

1. The information be received.

#### **ATTACHMENTS**

There are no attachments to this report.

#### 1. BACKGROUND

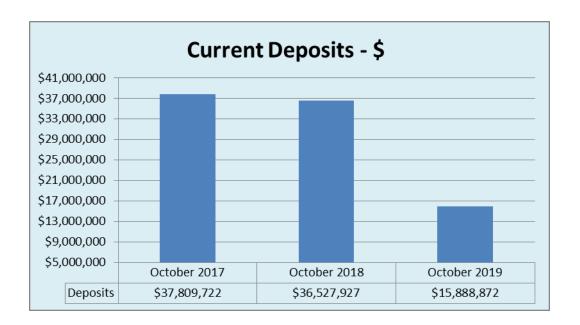
- 1.1 Council's Treasury Policy requires that a report be prepared periodically detailing fixed borrowings and variable borrowings at the end of the preceding month, together with all investments held, their terms and interest rates. Also included is a summary of Reserve Balances and Rates and Debtor 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 30-60 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 October 2019

Date	Institution	%	Term-Days	Maturity	Value
05-Sept-2019	LGFA	1.30%	91 Days	05-Dec-2019	10,000,000
31-Oct-2019	LGFA	0.75%	At Call	31-Oct-2019	179,913
31-Oct-2019	NAB	1.25%	At Call	31-Oct-2019	5,708,959
31-Oct-2018	36,527,927			31-Oct-2019	15,888,872



2.3 Cash has decreased compared to October 2018, primarily as a result of the delivery of the Infrastructure program, in particular the Salisbury Community Hub which is near practical completion, as well as upfront payments incurred during the September quarter for operational expenses such as insurance premiums etc. Further there have been no recent sales from Property Developments, whereas there had been in the lead up to October 2018. The current cash position was expected and as the year progresses the cash holdings will be monitored and when necessary, as previously reported, we will draw down on existing Cash Advance Debenture Facilities.

#### 2.4 Reserves as at 31 October 2019

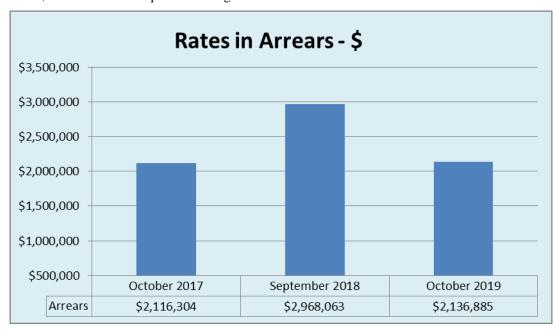
	Opening	Transfer	Transfer	Current
	Balance as	to	from	Balance
	1/07/2018	Reserves	Reserves	
Open Space Reserve	1,423,320	4,268	100,000	1,327,588
Car Parking Reserve	941,542	2,976	-	944,518
Property Disposal Reserve	463,631	-	-	463,631
Mausoleum Perpetual Care Fund	849,775	2,686	270	852,191
Salisbury Memorial Park Reserve	905,909	2,864	-	908,773
Development and Public Infrastructure Reserve	1,279,232	3,355	323,664	958,923
Salisbury Water Business Unit Reserve	2,002,333	-	-	2,002,333

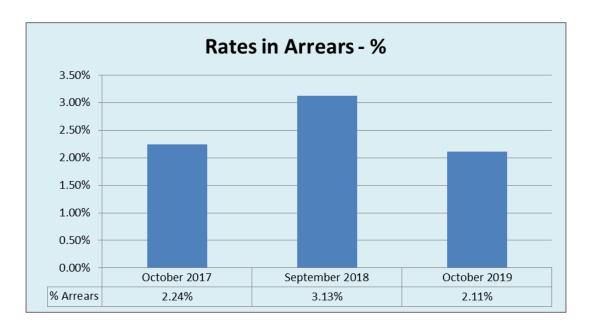
- 2.5 Reserves are a device used to ensure that Council has sufficient funds allocated for specific purposes. Transfers to the Reserves represent amounts received as contributions, indicative interest adjustments and property disposal proceeds. Transfers from the Reserves represent the funding being applied to specific projects, or to reduce loan borrowing requirements.
- 2.6 At 31 October 2019 the most significant movements are the transfers from the Development and Public Infrastructure Reserve of \$324k being the funding associated with the Developer Street Tree and Footpath Programs \$205k, the Local Flooding Program \$50k all endorsed as part of the 2019/20 budget as well as a refund to a developer totaling \$65k. The only other material movement is a transfer from the Open Space Reserve totaling \$100k for St Kilda Master Plan Stage 2 as approved in the 2019/20 budget.
- 2.7 Other smaller movements include transfers to the reserve, representing interest allocations to Open Space Reserve \$4k, Car Parking Reserve \$3k, Mausoleum Perpetual Care Fund \$3k Salisbury Memorial Park Reserve \$3k and Development and Public Infrastructure Reserve \$3k.
- 2.8 It should be noted that interest is apportioned on the balances of the Reserves on a monthly basis based on the LGFA at call rate at the beginning of the month, with the Property Disposal Reserve and the Salisbury Water Business Unit Reserve being the only exceptions.

# 2.9 Recovery of Rates

	No of	\$	%
	Accounts		
Outstanding Balance as at 31 October 2019		62,822,325	62.15%
Outstanding Balance as at 30 September 2018		64,245,072	67.85%
Outstanding Rates Arrears as at 31 October 2019	4,150	2,136,885	2.11%
Outstanding Rates Arrears as at 30 September 2018	5,484	2,968,063	3.13%

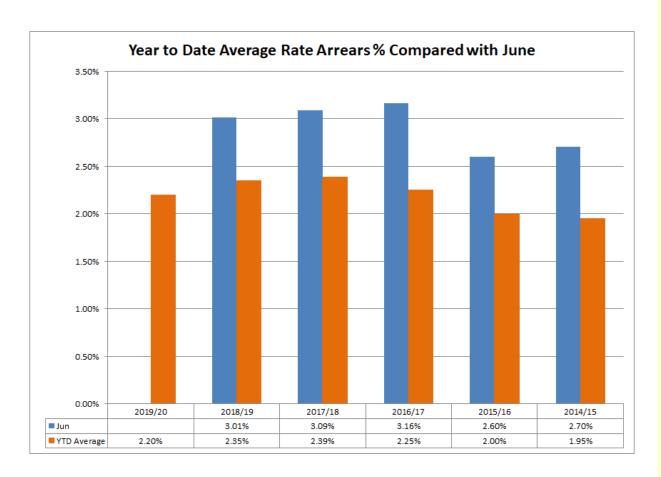
Note that comparatives are September 2018, as the Council was in caretaker mode for the November Eleciton, and the Finance Report was brought forward as a result.





2.10 The level of Council Rates in arrears at 31 October 2019 is 2.11% which is below the target maximum level for Rates Arrears of 2.5%. 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 October being 2.20%, which is below the target of 2.5%.



#### 2.12 Other Debtors as at 31 October 2019

Debtor Type	Current	30 – 60 days	60 - 90 days	Over 90 days	Total
Sundry	188,072	40,171	7,279	19,241	254,763
Salisbury Water	-	4,160		-	4,160
Inflammable Undergrowth	-	-		-	0
Health Licensing Fees	8,843	4,059	699	2,430	16,031
Property Management	71,889	22,789	11,717	9,637	116,032
TOTAL	268,804	71,179	19,695	31,308	390,986

2.13 The above aged analysis represents Councils other debtors as at 31 October 2019. The Sundry Debtors current balance of \$188,072 includes numerous debts, all of which are a normal part of Councils operations, and are expected to paid in the upcoming period.

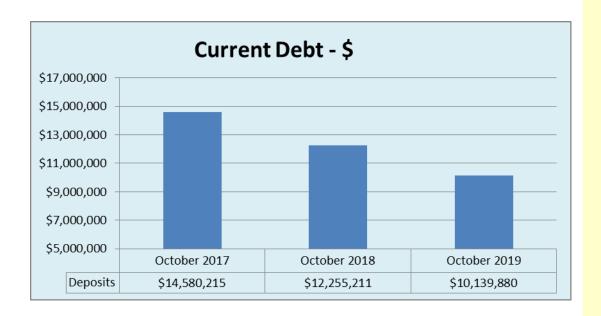
2.14 The aged analysis also represents Councils debts outstanding as at 31 October 2019. Debts outstanding greater than 90 days account for 8.00% of the total outstanding balance. Debts that are outstanding for greater than 30 days are subject to council's debt collection procedures, which include internal follow up and ultimately legal action through Councils debt collection agency.

#### 2.15 Loan Schedule as at 31 October 2019

Debenture Loans	
Principal Outstanding as at 1 July 2019	10,139,880
Loans Raised Year to Date	-
Repayments of Principal Year to Date	-
Loan Principal Outstanding - Debenture Loans	10,139,880
Cash Advance Debenture Borrowings (CADs)	
Total CAD's available	28,917,000
Current CAD's drawdown amount year to date	-
Balance of CAD's available	28,917,000
Interest Payments (Debenture Loans and CADs)	
Interest Payments - Debenture Loans	209,438
Interest Payments - CAD's	-
Total Interest Payments	209,438

- 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 to be made in December 2019 and another due in June 2020. As at 31 October 2019 there have been no drawdowns in relation to CAD's primarily due to Council's current working capital and cash position.
- 2.17 Not included in the above loan schedule is the \$435,860 Debenture Loan secured for special purpose borrowings, which is offset by a \$435,860 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. However, it is anticipated that over the 2019/20 financial year debt will increase as we draw down on CADs to fund the significant infrastructure program.



2.19 Net Financial Liabilities Ratio Comparison



2.20 The graph above shows the net financial liabilities ratio comparison for the 2019 and 2020 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.

- 2.21 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.
- 2.22 As can be seen the trend is that early in both financial years Council is in a strong net financial assets position at the October month end with (69.4%) and (52.8%) for 2018/19 and 2019/20 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 infrastructure 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 (6.0%), which is within the endorsed range.
- 2.23 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 infrastructure program. It is expected that by the end of financial year the ratio will fall within the endorsed range, noting the 2019/20 Budgeted Net Financial Liabilities Ratio is 35.2% (within the endorsed range of 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 2019/20 Budget.

### **CO-ORDINATION**

Officer: Executive Group Date: 11/11/2019

**ITEM** 6.5.1

BUDGET AND FINANCE COMMITTEE

**DATE** 18 November 2019

**HEADING** First Quarter Budget Review 2019/20

**AUTHORS** Kate George, Manager Financial Services, Business Excellence

Leigh Daddow, Senior Management Accountant, Business

Excellence

**CITY PLAN LINKS** 4.2 Develop strong capability and commitment to continually

improve Council's performance.

**SUMMARY** This report provides a high level summary of the financial impacts

of the Budget Review contained in Attachment 1, and seeks Council's endorsement of associated budget review adjustments. The attachment provides an update on Council's delivery of both the operating and capital budgets through the program view and capital summary. It also provides valuable context to the budget

review adjustments contained in this covering item.

#### RECOMMENDATION

- 1. The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) be endorsed and net operating \$1,388,756 be credited to the Sundry Project Fund. This will bring the balance to \$1,388,756.
- 2. Funds be allocated for the following **non-discretionary** net bids:

#### **OPERATING**

Salisbury Development Services Insurance Premiums	\$ 22,000
Portable CCTV Trial	\$ 65,000

### **CAPITAL**

Confidential Item - Land Acquisition	\$	779,500
Bridgestone Athletics Facility	\$	490,000
Hoyle Green Development	(\$	960,561)
School Zones and Pedestrian Crossings	\$	120,000
Traffic Counter Renewals	\$	18,000
Lease to Buy Laptop / PC's	\$	218,000

**TOTAL** \$ 751,939

(NB: If parts 1 & 2 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to \$636,817.)

- 3. There are no **discretionary** net bids included in the First Quarter Budget Review.
- 4. Council approve the following transfers:
  - 1. Transfer \$2,800 contractual services expenditure from the Continuous Improvement fund to Strategic Procurement to perform analysis works.
  - 2. Transfer \$160,000 from Wages and Salaries Provision to the Operational Readiness program.
  - 3. Transfer \$336,890 of Carry Forward funds from capital to operating for the Salisbury Community Hub, with no change in the overall budget. Refer Section 2.2 Carry Forward Review of this budget review.
  - 4. Transfer \$19,000 Legal Expenditure from City Development Administration to Environmental Health to cover ongoing Food Prosecution Act ongoing cases.
  - 5. **Non-Discretionary** transfer of \$17,000 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.
- 5. Loan Borrowings are varied to reflect the bids and transfers endorsed by Council detailed in parts 1 to 4 of this resolution.

(NB: If parts 1 to 5 of this resolution are moved as recommended loan borrowings in 2019/20 will decrease by \$636,817 to overall indicative loan borrowings of \$159,539, which includes Budget Timing Reinstatements totalling \$12,134,000 from the 2018/19 year and \$8,800,000 from the 2017/18 year, offset by Cash and Facilities Applied \$29,084,000).

- 6. The 2019/20 budget be adjusted with \$1,794,000 funds carried forward from 2018/19 (noting \$12,719,500 funds carried forward endorsed August 2019) to be applied as detailed in Carried Forward Review page 5 in Attachment 1 to this report (Item No.6.5.1, Budget and Finance Committee, 18 November 2019).
- 7. The 2018/19 project expenditure budgets be adjusted to reflect \$30,000 overstatement in returned funds (noting \$4,545,700, returned funds endorsed August 2019) as detailed in Carried Forwards Review page 5 in Attachment 1 to this report (Item No. 6.5.1, Budget and Finance Committee, 18 November 2019).

#### **ATTACHMENTS**

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

1. First Quarter Budget Review 2019/20

#### 1. BACKGROUND

1.1 In accordance with Part 2 of the Local Government (Financial Management) Regulations 2011, Financial Accountability, the attached First Budget Review for the financial year 2019/20 has been prepared.

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#### 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.

#### 3. REPORT

- 3.1 The original budget was for an operating surplus of \$3,413k, which has been revised to a forecast deficit of \$133k at this review, predominately due to early receipt of 2019/20 Financial Assistance Grant and Untied Local Roads Grant in 2018/19, and 2018/19 carry forwards, which are largely offset by 2019/20 estimated carry forwards. The revised forecast deficit has assumed the 2020/21 payment for Financial Assistance Grant and untied Local Roads Grant will be made in the 2020/21 financial year as there is no certainty that ongoing early receipt will continue into the future, and should the funds be received early they are intended for the subsequent year and should not be allocated to expenditure in the current financial year. It should be noted that the final result for the year will be further impacted through other variations throughout our operations.
- 3.2 Budget Review Operating Bids total \$87k, with Capital Bids totalling \$665k. All bids except the Salisbury Development Services Insurance Premiums \$22k operating bid have been subject of separate reports to council with recommendations to refer to this review.
- 3.3 The original budget for indicative net loan borrowings was \$8.9M to deliver the approved budget initiatives. The reinstatement of timing adjustment projects of \$12.1M from 2018/19 and \$8.8M from 2017/18 increased indicative loan borrowings to \$29.9M. These borrowings were considered in May 2019, with Council resolving to establish a CAD facility and apply cash reserves totaling \$29.1M. This results in borrowings of \$795k to fund the original budget position. Adjustments from the first quarter budget review result in a decrease in loan borrowings of \$619k, resulting in indicative net loan borrowings of \$159k.
- 3.4 The original expenditure budget for the capital program was \$45M and has been increased by carry forward funds, budget timing adjustments and changes resulting from grant funded projects to \$76.5M. The table below provides percentage completed details.

		% of Original Budget (\$45M)	% of Revised Budget (\$76.5M)
Spent to Date	\$12.6M	27.9%	16.4%
Spend + Commitments	\$27.0M	60.0%	35.3%

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- 3.5 During the compilation of the Budget Review it became apparent that there was the need to undertake a review of the Carry Forwards endorsed by Council in August 2019. The outcomes of this review are detailed on page 5 of attachment 1, and have resulted in the inclusion of recommendations 6 and 7.
- 3.6 Further detail is provided in the attached report.

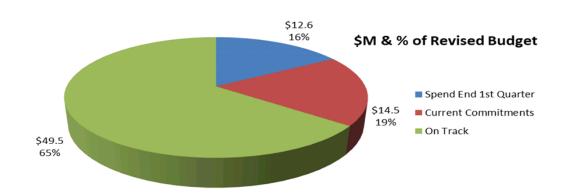
#### 4. CONCLUSION / PROPOSAL

4.1 It is proposed that Council consider the First Budget Review 2019/20 Report attached and endorse the Recommendations as detailed on pages 12 of the attached document, and above.

### **CO-ORDINATION**

Officer: Executive Group Date: 11/11/2019

#### TOTAL CAPITAL PROGRAM



#### Capital Program

For the last three consecutive years carry forward funds have been below 15% which has enabled work to promptly commence on the development of the 2019/20 program. This included the development of concept plans, estimates, under taking consultation and collation of project management documentation. This initial work enables a project scope to be effectively developed, scheduled and documented. Consideration is also given to project limitations and constraints in an effort to deliver projects with minimal inconvenience to the community.

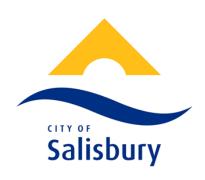
2019/20 will be a significant year of transformation for the City with the Salisbury Community Hub opening prior to Christmas, continuation of the Paddocks and Salisbury Oval Master Plan projects, and construction of a new athletics facility and track at Bridgestone Reserve, Salisbury South. These works are occurring concurrently with annual renewal and upgrade programs across the City.

#### **Project Management and Improvements**

Project reporting is continuing to occur with this aiding in the monitoring of programs and projects, and enables any potential issues to be proactively identified and addressed. As part of continuous improvement, these reports continue to be reviewed, modified and improved.

Significant efforts have been made to transform work practices into paperless flows which result in environmental, financial and efficiency benefits. The paperless workflows introduced have achieved reductions in staff time to complete these particularly tasks. Further opportunities have been identified and will be explored in 2019/20.

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# FIRST QUARTER BUDGET REVIEW 2019/20 REPORT

For the period ended 30 September 2019

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#### 1. Executive Summary

We commence 2019/20 with a budgeted operating surplus of \$3,413k and as a result of this budget review our operating position is a \$133k deficit.

#### **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:

2019/20 Operating Budget Forecast	\$'000
Original Budgeted Operating Surplus	3,413
Early Receipt of FAG, ULR in 2018/19 2018/19 Operating Carry Forward Funds	(4,556) (2,275)
2019/20 Operating Carry Forward Funds - Estimated	1,700
First Quarter Budget Review Adjustments	1,585
Forecast Operating Surplus / (Deficit)	(133)

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 \$4.6M. These funds were received in June 2019, and although they relate to the 2019/20 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 2018/19 financial year, with a corresponding reduction in 2019/20. The forecast has assumed the 2020/21 payment will be made in the 2020/21 financial year as there is no certainty that ongoing early receipt will continue into the future, and should the funds be received early they are intended for the subsequent year and should not be allocated to expenditure in the current financial year.

The operating surplus / (deficit) is also adversely impacted by the carry forward of prior year projects of \$2,275k into the current year. These projects were funded in last year's operating budget and are being spent during 2019/20. Similarly we have estimated that there will be carry forwards of \$1,700k from this year into 2020/21, which is an estimate based on historical carry forward amounts over the past 5 years. These impacts bring the operating result to a deficit of \$1,718k. Adjustments totalling \$1,585k as part of this review, will result in an operating deficit of \$133k, noting that the operating result will be further adjusted in subsequent reviews

1

#### Capital Works Program

The Capital Works spend to date is \$12.6M or 28% of the original capital budget of \$45.1M. The original capital expenditure budget has been increased to \$76.5M, which includes the reinstatement of budgets for timing adjusted projects from 2018/19 of \$12.1M and 2017/18 of \$8.8M, carry forward funds of \$10.4M and changes resulting from grant funded projects and other adjustments. The delivery of the 2019/20 program is progressing in accordance with the schedule of works and where possible works have been scheduled together to limit the impact for the community. There are no Capital Budget Timing Adjustments reported as part of this budget review. 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 \$1,389k as detailed in Appendix 1. Allocations for new non-discretionary budget bids total \$752k, with \$665k being net capital bids, the reinstatement of Budget Timing Adjustments from the 2018/19 year totalling \$12.1M and \$8.8M from 2017/18, and First Quarter Budget Review adjustments of \$637k, with further details contained in Section 3.2.

#### Loan Borrowings / Investments

The original budget for indicative net loan borrowings was \$8.9M to deliver the approved budget initiatives. The reinstatement of timing adjustment projects of \$12.1M from 2018/19 and \$8.8M from 2017/18 increased indicative loan borrowings to \$29.9M. These borrowings were considered in May 2019, with Council resolving to establish a CAD facility and cash reserves being applied totalling \$29.1M. This results in indicative borrowings of \$795k to fund the original budget position.

Adjustments from the first quarter budget review result in a decrease in loan borrowings of \$637k, resulting in indicative net loan borrowings of \$159k. Further details are contained in Section 4 of this review.

# 2. Proposals

# 2.1 New Bid Proposals

New/Additional Capital Bids	Expenditure	Funding	Net Bid
NON DISCRETIONARY – CAPITAL BIDS	\$	\$	\$
NON DISCRETIONARY CAPTREBUS			
Confidential Item - Land Acquisition	779,500		779,500
Resolution 0237/2019 July 2019			
As per recommendations in July 2019 Works and Services Item 2.9.2.			
Bridgestone Athletics Facility	490,000		490.000
Resolution 0265/2019 August 2019	ĺ		
In accordance with Item 6.9.1 Budget and Finance Committee August 2019,			
Council supported an additional allocation of \$490k towards the construction of			
the new athletics facility at Bridgestone Reserve. This allocation was			
requested to cover \$80k towards the building facade, \$60k change in track			
colour, \$100k for in-track technology and \$250k for project contingency.			
Hoyle Green Development	1,298,894	2,259,455	(960,561)
Resolution 0286/2019 September 2019	1,230,034	2,239,433	(900,301)
The revised costs and revenue budget figures and timing outlined in			
September 2019 Strategic Development Projects Sub-Committee were			
endorsed as a non-discretionary budget review bid to be included in the First			
Quarter Budget Review 2020, with staff authorised to progress this project from			
the date of the resolution as follows: Project Cost \$1,298,894 (incorporating			
provision for recycled water) and Revised Project Revenue \$2,259,455. The			
project program is premised on the sale and settlement of all allotments in			
early 2020, subject to sales rates and finance approval timelines. It is likely that			
the project costs, minus those directly linked to settlements (ie. sales			
commission) will be funded in the current financial year and the income will			
primarily be received in 2019/20 with potential for some revenue flows into			
2020/21. This bid recognises the total income and expenditure budgets.			
225, 22 mil sid receptions the total medical dispersional subjects.			
School Zones and Pedestrian Crossings	120,000		120,000
Resolution 0271/2019 September 2019			
In accordance with Works & Services Committee Item 2.6.2 September 2019, an			
additional program allocation of \$120,000 is required for PR:13952 School Zone			
and Pedestrian Crossings. This is to cover the cost of an additional project			
being Carey Street, plus complete the full scope of program works, of which a			
\$25,000 nil effect variation has been included in this review with funds			
received from DPTI (Budget Variation 21). The power supply for Barassi Street			
and requirement to install push activated lights at Endeavour College is the			
reason for the additional program funds.			

New/Additional Capital Bids	Expenditure	Funding	Net Bid
NON DISCRETIONARY – CAPITAL BIDS	\$	\$	\$
Traffic Counter Renewals	18,000		18,000
Resolution 0296/2019 October 2019			
As reported to Council, October 2019 via Works and Services Committee, an			
allocation of \$18k is required to fund the replacement of two 8 year old traffic			
counters as they had reached the end of their useful life. Future replacements			
are proposed to be incorporated within the Plant and Fleet Asset Management			
Plan, which will be adjusted as par of the update of Asset Management Plans			
for 2020/21.			
Lease to Buy Laptop / PC's	218,000		218,000
Resolution 2612/2018 August 2018			
In accordance with Resolution 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 future Budget Reviews.			
This bid covers the period from Second Quarter Budget Review 2018/19 to			
current where a total of 44 additional devices have been purchased. This will			
result in 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. Also included is a transfer of \$17k lease cost to capital, with capital			
expenditure of \$88k and expected disposal of \$14k at the end of asset life			
being net \$74k for the 44 devices. Had this equipment been leased, the total			
lease cost would have been \$100k.			
Included within this bid is also the associated peripherals of the 314 devices			
Council has purchased to date, including the 270 devices allocated as part of the			
Second Quarter Budget Review 2018/19. The average cost of the devices is			
\$2,775 for both standard and high-end equipment, including the associated			
peripherals such docking stations, headsets, keyboards and mouse and some			
monitors.			
Future expenditure is also required for the purchase of 6 new devices for the			
Customer Service Pods - \$12k.			
TOTAL - NON-DISCRETIONARY - CAPITAL BIDS	2,924,394	2,259,455	664,939

New/Additional Operating Bids	Expenditure	Funding	Net Bid
NON-DISCRETIONARY - OPERATING BIDS	\$	\$	\$
Salisbury Development Services Insurance Premiums Professional indemnity insurance has increased for the financial year from \$14k to \$36k. The increase is market based and essential for business requirements.	22,000		22,000
Portable CCTV Trial  Resolution 0299/2019 October 2019  In accordance with Resolution 0299/2019, Council endorsed that in an effort to mitigate illegal dumping, graffiti and hoon driving to conduct a CCTV trial for a period of approximately 6 to 9 months at a cost of approximately \$600 per week, and a non-discretionary bid be included at the First Quarter Budget	65,000		65,000
TOTAL - NON-DISCRETIONARY - OPERATING BIDS	87,000	0	87,000

# 2.2 Carry Forwards Review

We have undertaken a review of our carry forwards requests to ensure that all budgets are available as intended in the 2019/20 financial year. There are a number of changes that are needing to be resolved and are detailed below:

Project	Capital Carry Forward	Rationale
PR20968 Boardwalk Greentree Walpole Stage 3 Paralowie	1,723k	This property development project had a remaining expenditure budget what should have been included as a carry forward into 2019/20
PR25222 Wynn Vale Dr Gulfview Heights - 18/19 Minor Traffic	85k	This project had a nil effect budget endorsed in 2018/19, however the expenditure budget was not carried forward into 19/20.
PR23484 Prettejohn Gully Autism Friendly Space	(10k)	The project budget was overstated by \$10k due to an error in recognising the unsuccessful grant funding
PR25053 Kingswood Cres Res - 18/19 Small Dog	(4k)	Capital carry forward endorsed was \$4k higher than available budget due to the need to offset operating expenditure costed to the project
Total	1,794k	

Project	Returned Funds	Rationale
PR20017 Building	(35k)	Returned funds overstated by \$35k
Upgrade Program		
PR14804 Bicycle	10k	Returned funds understated by \$10k, as it was the same
Network Improvements		amount as a similarly named project
Program		
Bicycle Network		
Improvements Program		
PR25028 St Kilda Stage	(5k)	Returned funds overstated by \$5k
2		
Total	(30k)	

Recommendations for the changes in the tables above have been included in the covering report as recommendations 6 and 7. The adjustment below is also required, and has been included within the transfers section of the budget review.

Project	Capital	Operating	Rationale
	Carry	Carry	
	Forward	Forward	
PR25000 Salisbury	(337k)	337k	The carry forward was incorrectly disclosed
Community Hub			as being capital, whereas a portion needs to
			be recognised as operating component of
			capital
Total	(337k)	337k	

# 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.
- 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 2019	-
Recommendations – First Quarter Budget Review:	
Variations to Sundry Projects Fund – Appendix 1 Budget Variation Summary	
(Recommendation 1)	
Operating Variations	2,043,256
Capital Variations	(654,500)
Balance after Variations to the Sundry Projects Funds	1,388,756
Allocations arising from bids contained in Section 2	(751,939)
Movements in General Loan Borrowings / Investments:	
Decrease in Borrowings due to bids offset by Operating & Capital Variations	(636,817)
Net Movements in General Loan Borrowings	(636,817)
Balance Remaining	-

Budget Variations of \$1,389k (detailed in Appendix 1) are offset by allocations arising from net bids contained in Section 2 of this review of \$752k, resulting in a reduction of \$637k in indicative loan borrowings.

/

# 3.3 Consolidated Funding Statement

	First Quarter	
0 111 15 11 01 1		Original Budget
Consolidated Funding Statement	Revised Budget	2019/20
	2019/20	·
PART 1 - OPERATING	\$'000	\$'000
Operating Revenue - Original Budget	122,052	122,052
Proposed First Quarter Adjustments:		
Operating Income Gains (Appendix 1)	1,754	
Operating Income Losses (Appendix 1)	(4,589)	
Operating Income Budget Variations (Appendix 1)	246	
Interest on Reserves	13	
D	440.475	422.052
Operating Revenue	119,476	
Operating Expenditure - Original Budget	118,639	118,639
Proposed First Quarter Adjustments:	(000)	
Operating Expenditure Savings and Declarations (Appendix 1)	(323)	
Operating Expenditure Budget Variations (Appendix 1)	246	
Operating Bids (Considered as part of this Review)	87	
Operating Prior Year Carry Forwards Funds	2,275 337	
Transfers from Capital Transfers to Capital	(17)	
Transfers from Reserves	65	
Transfers from Reserves	03	
Operating Expenditure	121,309	118,639
Estimated 2019/20 Operating Carry Forwards	1,700	
Operating Surplus/(Deficit)	(133)	3,413
PART 2 - CAPITAL AND OTHER ADJUSTMENTS		
Capital Revenue - Original Budget	7,150	7,150
Proposed First Quarter Adjustments:		
Capital Income Losses (Appendix 1)	(679)	
Other Capital Income Budget Variations (Appendix 1)	(370)	
Capital Bids (Considered as part of this Review)	2,259	
Capital Revenue	8,359	7,150
Net Surplus/(Deficit) Resulting From Operations	8,226	10,563
Capital Expenditure - Original Budget	45,067	45,067
Proposed First Quarter Adjustments:		
Capital Expenditure Savings and Declarations (Appendix 1)	(25)	
Capital Prior Year Carry Forwards Funds (Endorse Aug 2019)	10,445	
Capital Bids (Considered as part of this Review)	2,925	
Other Capital Expenditure Budget Variations (Appendix 1)	(370)	
Reinstate Budget for Timing Adjusted Projects 2018/19	12,134	
Reinstate Budget for Timing Adjusted Projects 2017/18	8,800	
Carry Forward Review	1,824	
Transfers from Operating	17	
Transfers to Operating	(337)	
Conital Europeditura	90.490	45,067
Capital Expenditure	80,480	45,067
Principal Repayments	(1,977)	(1,977)
Net Transfers to and from Reserves	407	355
Prior Year Carry Forward Funds and Carry Forward Review	14,544	
Timing Difference in FAG, ULR & ACE Grants	4,556	
Estimated Current Year Operating Carry Forward Funds	(1,700)	
Add Back Depreciation of Non-Current Assets	27,181	27,181
Add Back Cash and Facilities applied (May 2019)	29,084	l i
Add Back Cash and Facilities applied (May 2019)  Cash Surplus/(Deficit/Borrowings)	29,084 (159)	(8,945)

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 \$3,413k, and this has been revised to a forecast deficit of \$133k at this review, noting prepayment of 2019/20 Federal Financial Assistance Grants into 2018/19.

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 \$4.6M. These funds were received in June 2019, and although they relate to the 2019/20 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 2018/19 financial year, with a corresponding reduction in 2019/20. The forecast has assumed the 2020/21 payment will be made in the 2020/21 financial year as there is no certainty that ongoing early receipt will continue into the future, and should the funds be received early they are intended for the subsequent year and should not be allocated to expenditure in the current financial year.

Also impacting on the surplus / (deficit) are 2018/19 carry forwards of \$2,275k, which is partially offset by our estimate of 2019/20 operating carry forward projects of \$1,700k. Adjustments totalling \$1,585k 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.

2019/20 Operating Budget Forecast	\$'000
Original Budgeted Operating Surplus	3,413
Early Receipt of FAG, ULR in 2018/19 2018/19 Operating Carry Forward Funds 2019/20 Operating Carry Forward Funds - Estimated	(4,556) (2,275) 1,700
First Quarter Budget Review Adjustments	1,585
Forecast Operating Surplus / (Deficit)	(133)

The Consolidated Funding Statement provides a summary of changes to capital income and capital expenditure. 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 indicative loan borrowings of \$159k.

# 3.4 Transfer of Funds - Chief Executive Officer Delegation

The Wages and Salaries Provision Account has a balance of \$51k as at 30 September 2019, with \$386k savings identified during the first quarter. There has been a total allocation of \$328k during the quarter including \$140k relating to an updated community integrated customer service model for the Community Hub, and \$94k Employee Services Manager.

## 3.5 Transfer of Funds Requests

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

- Transfer \$2,800 contractual services expenditure from the Continuous Improvement fund to Strategic Procurement to perform analysis works.
- Transfer \$160,000 from Wages and Salaries Provision to the Operational Readiness program.
- Transfer \$336,890 of Carry Forward funds from capital to operating for the Salisbury Community Hub, with no change in the overall budget. Refer Section 2.2 Carry Forward Review of this budget review.
- 4. Transfer \$19,000 Legal Expenditure from City Development Administration to Environmental Health to cover Food Prosecution Act ongoing cases.
- Non-Discretionary transfer of \$17,000 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.

For reference there has been no utilisation in the first 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 2019	
Net Borrowings/(Investment)	8,945,356
Reinstate Timing Adjustments Projects	20,934,000
Net Borrowings/(Investment)	29,879,356
Cash and Facilities applied (Budget and Finance - May 2019)	(29,084,000)
First Quarter Budget Review 2019/20	
Variation to (General Borrowing Requirements)/Investments recommended	(636,817)
Revised Borrowings/(Investments) 2019/20 Subject to this Review	158,539

The original budget for indicative net loan borrowings was \$8.9M to deliver the approved budget initiatives. The reinstatement of timing adjustment projects of \$12.1M from 2018/19 and \$8.8M from 2017/18 increased indicative loan borrowings to \$29.9M. These borrowings were considered in May 2019, with Council resolving to establish a CAD facility and apply cash reserves being applied totalling \$29.1M. This results in borrowings of \$795k to fund the original budget position, which has been decreased to \$159k as a result of variations and allocations included in this review. The actual borrowings depend on the level of carry forwards, property development proceeds and other cash variations.

#### Reserves

	Year to Date	Full Year	
	Actual	Rev.Bud	Orig.Bud \$000's
	\$000's	\$000's	
Transfers to Reserves	13	13	0
Transfers from Reserves	420	420	355
Total	(407)	(407)	(355)

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

- 1. The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) be endorsed and net capital and operating \$1,388,756 be credited to the Sundry Project Fund. This will bring the balance to \$1,388,756.
- 2. Funds be allocated for the following **non-discretionary** net bids:

#### NON-DISCRETIONARY

#### **OPERATING**

TOTAL

<ul> <li>Salisbury Development Services Insurance Premiums</li> <li>Portable CCTV Trial</li> </ul>	\$	65,000
CAPITAL		
<ul> <li>Confidential Item - Land Acquisition</li> </ul>	\$	779,500
<ul> <li>Bridgestone Athletics Facility</li> </ul>	\$	490,000
Hoyle Green Development	(\$	960,561)
<ul> <li>School Zones and Pedestrian Crossings</li> </ul>	\$	120,000
<ul> <li>Traffic Counter Renewals</li> </ul>	\$	18,000
<ul> <li>Lease to Buy Laptop / PC's</li> </ul>	\$	218,000

(NB: If parts 1 & 2 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a balance of \$636,817.)

- 3. There are no discretionary net bids included in the First Quarter Budget Review.
- 4. Council approve the following transfers:
  - 1. Transfer \$2,800 contractual services expenditure from the Continuous Improvement fund to Strategic Procurement to perform analysis works.
  - Transfer \$160,000 from Wages and Salaries Provision to the Operational Readiness program.
  - Transfer \$336,890 of Carry Forward funds from capital to operating for the Salisbury Community Hub, with no change in the overall budget. Refer Section 2.2 Carry Forward Review of this budget review.
  - Transfer \$19,000 Legal Expenditure from City Development Administration to Environmental Health to cover ongoing Food Prosecution Act ongoing cases.
  - Non-Discretionary transfer of \$17,000 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.
- Loan Borrowings are varied to reflect the bids and transfers endorsed by Council detailed in parts 1 to 4 of this resolution.

(NB: If parts 1 to 5 of this resolution are moved as recommended loan borrowings in 2019/20 will decrease by \$636,817 to overall indicative loan borrowings of \$159,539, which includes Budget Timing Reinstatements totalling \$12,134,000 from the 2018/19 year and \$8,800,000 from the 2017/18 year, offset by Cash and Facilities Applied \$29,084,000).

12

751,939

# Appendix 1 – Budget Variation Summary as at 30 September 2019

ltem	Details	Expense Increase/ (Decrease)	Revenue Increase/ (Decrease)	Net Increase/ (Decrease)
			Includes Expenditure Recoveries	Sundry Projects Fund
OPERA	ITING VARIATIONS			
	Expenditure Savings			
1 2	City Infrastructure - Review of Capitalisation percentages across various areas Electricity Costs - Street Lighting Maintenance	(72,500) (250,000)		72,500 250,000
	Income Gains			
3	External funding - Financial Assistance Grant		1,120,966	1,120,96
4	External funding - Local Roads Grant		159,139	159,13
5	External funding - Roads to Recovery Grant	. 11\	451,751	451,75
6	Salisbury Development Services increase in applications (Refer Adjustments - Nil Effects	-11)	22,000	22,00
	Income Losses			
7	External funding - Financial Assistance Grant paid in advance 2018/19		(3,553,147)	(3,553,147
8	External funding - Local Roads Grant paid in advance 2018/19		(1,002,636)	(1,002,636
-	Waste Management - City of Tea Tree Gully Kara Crescent Services no longer required External funding - ACE Program funding received in 2018/19		(3,100)	(3,10)
10	External fullding - Not Frogrammulating received in 2020/20		(30,000)	(30,000
	Adjustments - Nil Effect			
11	Salisbury Development Services increase in applications requiring additional	25,000	25,000	
	consultancy (Refer Income Gains - 6)	20.500	20.500	
	Belgravia Contract Management - Utilities Reimbursement ****  Client Contributions - Home and Community Support Program ****	39,600 24,613	39,600 24,613	
	External funding - Home and Community Care additional funding ****	156,899	156,899	
	Salisbury Water - Internal Interest	(65,000)	(65,000)	
	Net Impact to Operating Result - Transfer to Sundry Projects Fund	(141,388)	(2,653,915)	(2,512,52
	Add back Timing Difference (FAG and ULR Grant)			4,555,78
	Adjusted Net Impact Excluding Timing Difference (FAG&ULR Grant)			2,043,25
ΔΡΙΤΑ	AL VARIATIONS			
AI 117	L YAMANONS			
10	Expenditure Savings	(35,000)		25.00
10	Para Hills Tennis Club Sportsfield Lighting (Resolution 0257/2019 August 2019)	(25,000)		25,00
	Income Losses			
17	City Wide Trails (Resolution 0250/2019 August 2019)		(652,000)	(652,000
18	Para Hills Tennis Club Sportsfield Lighting (Resolution 0257/2019 August 2019)		(27,500)	(27,50
	Adjustments - Nil Effect			
19	Mawson Lakes Central CCTV - unsuccessful grant funding	(395,000)	(395,000)	
	(Resolution 0247/2019 August 2019)			
20	External funding - School Zones and Pedestrian Crossing Carey Street (Resolution 0271/2019 September 2019)	25,000	25,000	
	Net Impact to Capital Program	(395,000)	(1,049,500)	(654,50
ransf	er To / (From) Sundry Project Fund			1,388,75

# Appendix 2 - Capital 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. At the First Quarter Budget Review there are no current year capital budget timing adjustments that fall into this category.

#### **Prior Year Projects Timing Adjustments:**

The following projects had adjusted timing during prior financial years. These changes are also reflected in our cash requirements through a reduction in borrowings in the last financial year, and will then be funded in current year's borrowings, subsequently reflected in this budget review and offset through the application of cash and the establishment of a CAD facility in May 2019.

	Reinstatement of Budget Timing Adjustments \$000
Salisbury Community Hub	6,900
Bridgestone Reserve	2,924
Salisbury Oval Carpark and Masterplan	950
Mawson Lakes Interchange – Pedestrian and Cycle	800
Waste Transfer Station – Civil Works and Transformer	560
Total	12,134

	Reinstatement of Budget Timing Adjustments \$000
Salisbury Community Hub	8,800
Total	8,800

# Appendix 3 – Statement of Comprehensive Income

	,	ear to Date		Full	ear/
				Rev	Orig
	Actual	Budget	Variance	Budget	Budget
	\$000's	\$000's	\$000's	\$000's	\$000's
INCOME					
Rates	101,461	101,144	317	101,278	101,278
Statutory Charges	822	760	63	2,819	2,819
User Charges	937	987	(49)	5,038	5,014
Grants, Subsidies & Contributions	2,003	2,897	(894)	12,028	11,871
Investment Income	81	42	39	170	158
Reimbursement	81	58	23	256	217
Other Revenue	127	83	45	696	696
Total Income	105,513	105,970	(457)	122,286	122,052
EXPENSES					
Employee Costs	10,666	11,183	518	38,436	38,375
Materials, Contracts and Other Expenses	12,749	14,368	1,619	54,037	51,537
Finance Costs	176	138	(38)	1,410	1,410
Depreciation, amortisation & impairment	6,791	6,763	(28)	27,316	27,316
Total Expenses	30,382	32,452	2,070	121,200	118,639
Operating Surplus/(Deficit) before Capital Amounts	75,132	73,518	1,614	1,086	3,413
Net gain (loss) on disposal or revaluation of assets	5	0	5	3,447	3,447
Amounts specifically for new or upgraded assets	23	917	(894)	3,703	3,703
Physical resources received free of charge	0	0	0	1,000	1,000
Other Comprehensive Income	0	0	0	0	0
Total Comprehensive Income	75,160	74,435	725	9,237	11,563

The Operating Surplus / (Deficit) before Capital Amounts reflects the Original Budget, revised for the impact of 2018/19 operating carry forwards of \$2.3M, and whilst provision is made in the consolidated funding statement for the potential carry forward from 2019/20 into 2020/21, this will not be reflected in the Operating Surplus until the end of Financial Year, when specific projects and budget lines are known. Note:- The Statement of Comprehensive Income does not include the revised budget adjustments contained in this budget review. The adjustments contained within this budget review will be reflected in the revised budget following Council endorsement of this budget 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 \$317k

The favourable variance is primarily the result of slightly higher final growth numbers when we generated rates, and lower levels of objection adjustment to date.

#### Statutory Charges - Favourable Variance \$63k

The favourable variance is primarily the result of higher than budgeted External Client Services Building Fees \$65k of which \$47k has been included as an income gain in this Review (Refer Appendix 1 Budget Variation Summary Item Items 6 and 11), Parking Fines \$38k as a result of higher than budgeted tickets issued year to date and Planning Fees \$19k as a result of a large size development application processed in the September quarter.

Offsetting these favourable variances are lower than budgeted Animal Registration fees \$34k and amounts received from the Fines Enforcement Agency totalling \$28k.

#### Grant, Subsidies and Contributions - Unfavourable Variance \$894k

The unfavourable variance is primarily related to the advanced payment of two quarters of the Financial Assistance funding, which was received in June 2019, of which adjustments have been included as part of this Review (Refer Appendix 1 Budget Variation Summary Items 7 and 8). The total paid in advance was \$4,556k, with Income Gains totalling \$1,280k for the increase in the current year grant funding also included as part of this Review, and partially offsetting grant funding paid in advance in the 2019 financal year (Refer Appendix 1 Budget Variation Summary Items 3 and 4).

#### **Expenditure**

#### Employee Costs - Favourable Variance \$518k

The favourable variance predominantly represents Wages and Salaries savings from various divisions that have been allocated to the Wages and Salaries Provision, with a total of \$514k allocated to the Provision during the September quarter. In addition, a number of operational positions are being backfilled by contractors/agency staff \$226k, which is reported in Materials, Contracts and Other Expenses below.

#### Materials, Contracts and Other Expenses – Favourable Variance \$1,619k

The favourable variance is predominantly the result of the timing of delivery of various programs, with the more significant variances being Waste Management \$212k, Lighting \$140k, Salisbury Water \$135k and Verge Mowing \$106k.

There are also favourable variances within Operational Readiness \$237k, Organisational Change Initiatives \$213k and Computing \$129k.

The favourable variances are offset by contract labour cost, classified as contractual services for reporting purposes but budgeted for in employee cost \$226k.

Details of these favourable variances are contained within Appendix 4 Statement of Financial Performance - Key Directions.

# Appendix 4 – Statement of Financial Performance – Key Directions

		Year to Date		Full Year		
	Actual	Budget	Variance	Rev Budget	Orig Budget	
	\$000's	\$000's	\$000's	\$000's	\$000's	
NET OPERATING RESULT						
Surplus/(Deficit)	75,132	73,518	1,614	1,086	3,413	
Represented By:		,	-,		.,	
KEY DIRECTION REVENUE						
The Prosperous City:						
Transport	324	671	(347)	2,685	2,685	
City Planning & Economic Development	448	344	103	1,487	1,487	
The Sustainable City:						
Water Management	533	427	107	5,681	5,681	
Waste Management	36	75	(39)	255	255	
Parks & Landscape	20	27	(7)	93	93	
The Living City:			,			
Recreation, Education & Leisure Public Health & Safety	113 420	134 427	(22) (8)	749 1,680	709 1,680	
Community Development	1,138	1,079	59	4,214	4,032	
, ,	1,250	2,010		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1,032	
Enabling Excellence: Corporate Support	1,916	1,840	77	5,678	5,678	
Governance	0	0	ó	2	2	
Treasury	81	42	39	170	158	
Grants Commission	789	1,398	(608)	5,590	5,590	
Rates Other Miscellaneous Revenue	101,461	101,144 0	317 29	101,278	101,278	
Total Operating Revenue	107,309	107,608	(300)	129,563	129,329	
Capital Contributions	28	917	(889)	8,150	8,150	
Total Revenue	107,337	108,525	(1,188)	137,713	137,479	
KEY DIRECTION EXPENDITURE						
The Prosperous City:						
Transport	916	794	(122)	4,869	4,869	
City Planning & Economic Development	1,387	1,555	168	5,646	5,193	
The Sustainable City:		-,			,	
Water Management	1,680	1,687	7	6,787	6,782	
Waste Management	2,751	3,000	249	15,698	15,698	
Parks & Landscape	4,219	4,348	129	17,461	17,584	
	4,2.23	-,,5-10	123	17,701	27,504	
The Living City:	2 022	1.046	(06)	0.551	0.403	
Recreation, Education & Leisure Public Health & Safety	2,032 1,113	1,946 1,365	(86) 253	8,551 6,302	8,402 6,292	
Community Development	2,369	2,565	197	9,769	9,445	
, ,	2,309	2,303	197	9,709	9,445	
Enabling Excellence:						
Corporate Support	7,623	8,837	1,214	25,962	24,482	
Governance	185	194	9	919	894	
Treasury	102	35	(67)	955	955	
Depreciation	5,581	5,581	0	22,590	22,590	
Other Miscellaneous Expenditure	2,220	2,182	(37)	2,967	2,728	
Total Expenditure	32,177	34,091	1,913	128,476	125,916	

Full Year revised budget includes revisions to expenditure budgets for funds carried forward from 2018/19 into 2019/20. We anticipate a carry forward from 2019/20 into 2020/21, 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 Unfavourable Variance \$198k

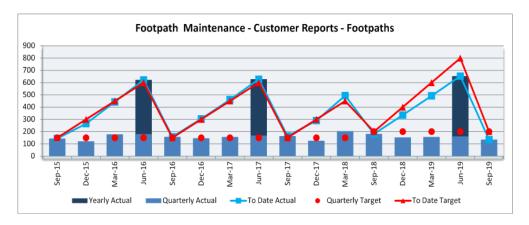
#### Transport - Net Unfavourable Variance \$469k

#### Revenue - Unfavourable Variance \$347k

Program/Budget Area	General	Vari	ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Roadworks	GMCI	(348)	(392)	The unfavourable variance is the result of the advance payment of two quarters of the 2019/20 Untied Local Roads Grant being paid in the 2018/19 financial year, resulting in a income timing loss of \$1M required to be recognised in 2019/20.  Partially offsetting this unfavourable variance is a favourable variance related to the Roads to Recovery Grant \$452k and the Untied Local Roads Grant \$159k, as a result of these being higher than originally budgeted. These have been included as income gain adjustments in this budget review.	Credit \$1,002,636 to Sundry Projects Fund Refer Appendix 1 Budget Variation Summary Item 8. Debit \$610,890 to Sundry Projects Fund Refer Appendix 1 Budget Variation Summary Items 4 and 5.

#### Expenditure - Unfavourable Variance \$122k

Program/Budget Area	General	Variance		Comment	Action Required	
	Manager	YTD \$000	Permanent \$000			
Roads	GMCI	(144)		The unfavourable variance is primarily due to Internal Labour Charges \$89k. The main affected areas being repair of Potholes, Kerb and Gutter Reinstatement and Miscellaneous Civil Works.  This is purely a timing variance and it is expected that the budgets will align over the upcoming quarters.	Nil	
Footpath Maintenance	GMCI	30		The favourable variance is primarily related to \$44k within the Block Paver Footpath Maintenance Program. This is purely a timing variance and it is expected that the budgets will align over the upcoming quarters.	Nil	



The number of footpath enquires received in the first quarter was lower than expected, with a total of 135 enquiries, including 41 enquires which were raised internally.

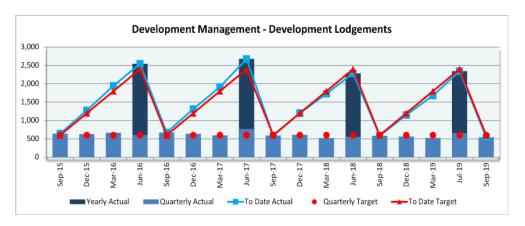
#### City Planning and Economic Development – Net Favourable Variance \$271k

# Revenue – Favourable Variance \$103k

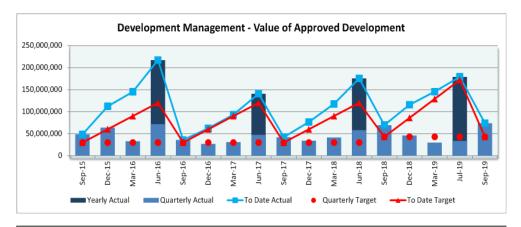
Program/Budget Area	General	Varia	ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Building Rules Certification Unit	GMCiD	64	47	The favourable variance is primarily related to higher than budgeted development applications received from external clients, with an income gain of \$22k included as part of this review. Further a nil effect adjustment has been included for \$25k recognisnig additional income and associated expenditure for additional consultancy services required as a result of the increase in applications.	Debit \$47,000 to Sundry Projects Fund Refer Appendix 1 Budget Variation Summary Item 6 and 11.

# Expenditure – Favourable Variance \$168k

Program/Budget Area	General	Varia	ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
City Development Administration	GMCiD	40	(19)	The favourable variance is primarily related to legal expenditure \$18k as a result of the unpredictability of timing of this type of expenditure, plus other minor variances.  Included within the Transfer Section of this budget revew is a transfer request to transfer \$19,000 Legal Expenditure from City Development Administration to Environmental Health to cover ongoing Food Prosecution Act ongoing cases.	Transfer \$19,000 Refer 3.5 Transfer of Funds Requests
Business Advisory Services	GMCiD	40		The favourable variance is primarily related to the timing of contractual services \$51k as a result of the timing of expenditure within the program, plus other minor variances offsetting this.	Nil
Planning	GMCiD	27		No significant variance to report.	Nil



The number of development applications for the period is below the 5 year average. This reflects a reduction in activity for smaller less complicated developments.



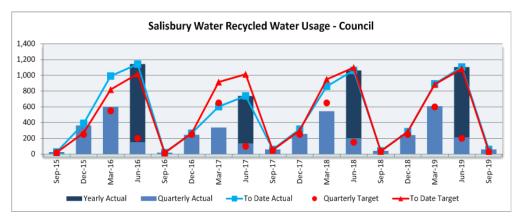
The increased value is due to development approval of large industrial development (DeLorean Energy - waste to energy plant) during this period.

# The Sustainable City - Net Favourable Variance \$447k

#### Water Management - Net Favourable Variance \$114k

#### Revenue - Favourable Variance \$107k

Program/Budget Area	General	Variance		Comment	Action Required	
	Manager	YTD \$000	Permanent \$000			
Salisbury Water	GMBE	49		The favourable variance is a result of \$70k higher than initial budget estimates internal water sales as a result of below average rainfall conditions during the first quarter. Also contributing is a minor favourable variance of \$8k due to income received for unscheduled connections and contributions.  Slightly offsetting these is a \$21k unfavourable variance with lower than budgeted external water sales as a result of reduced sales to customers in the education and community facilities sectors.	Nil	
Water Systems	GMCI	50		The favourable variance is primarily related to the timing of quarterly grant funding payments received from Adelaide and Mount Lofty NRM Board. It is anticipated this will realign to budget over the upcoming quarters.	Nil	



Council recycled water usage is higher than anticipated and can be attributed to an earlier start to the irrigation season with below average rainfall conditions and higher evaporation rates during September due to warmer conditions.

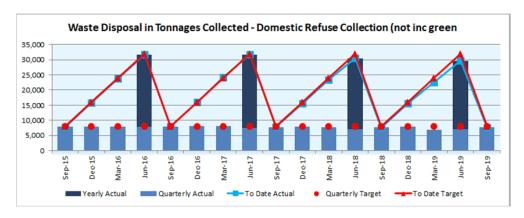
#### Waste Management - Net Favourable Variance \$211k

## Revenue - Unfavourable Variance \$39k

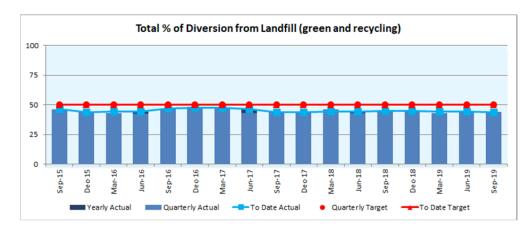
Program/Budget Area	General	Variance		Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Domestic Refuse Collection	GMCI	(42)		The unfavourable variance is a result of the timing of the transition of additional bin administration from Council to NAWMA. Invoices will be sent out to residents in the coming period.	Nil

## Expenditure - Favourable Variance \$249k

Program/Budget Area	General Variance		ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Domestic Refuse Collection	GMCI	90		The favourable variance is relatively minor considering the size of the expenditure budget, representing 5.7% of the year to date budget. The service will continue to be monitored for potential future Budget Review adjustments.	Nil
Kerbside Recycling	GMCI	106		The favourable variance relates to lower levels of Kerbside Recycling, with invoices for July \$111k and August \$90k being lower than the YTD budget allocation of \$307k.  The invoice for September \$98k was paid in October 2019.	Nil



Tonnages collected are within expected ranges



44% diversion from landfill is consistent with prior years outcomes.

#### Parks and Landscape - Net Favourable Variance \$122k

## Expenditure - Favourable Variance \$129k

Program/Budget Area	General	Vari	ance	Comment	Action Required
Trogram/ Budget/ tied	Manager	YTD \$000	Permanent \$000	Comment	neton required
Tree Management	GMCI	(107)		The unfavourable variance is primarily due to Tree Pruning – Units \$49k as a result of the contractor being ahead of schedule. This is purely a timing variance and it is expected that the budgets will align over the upcoming quarters.  Also impacting is a \$93k unfavourable variance in Tree Planting resulting from the timing of the program, however there is also unbudgeted costs related to utility searches, markings done by a contractor to identify underground pipes and cables prior to planting. Whilst currently overspent it is anticipated that these programs will align to budget estimates and the unbudgeted utility costs will be absorbed within existing program budgets.	Nil
Field Services Administration	GMCI	324		The favourable variance is primarily due to the over recovery of staff time, resulting from staff costing more time to productive areas than initial budget estimates for the quarter.  This variance is offset by unfavourable variances, primarily within Roads \$89k, Park Maintenance \$75k, Wetland & Native Landscape Maintenance \$32k and Feature Landscapes \$46k. It should be noted that this is purely a seasonal and timing variance and it is expected that budgets will align to initial estimates over the upcoming quarters.	Nil

Program/Budget Area	General	Vari	ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Feature Landscapes	GMCI	(55)		The unfavourable variance is primarily related to higher than budgeted Internal Labour Charges as a result of program timing, which is offset by the favourable variance within Field Services Admin.  This is purely a timing variance and it is expected that the budgets will align over the upcoming quarters.	Nil
Park Maintenance	GMCI	(68)		The unfavourable variance is primarily related to \$46k higher than budgeted electricity charges. It should be noted that these charges relate to prior year invoices that were being disputed and following reaching agreement they were reissued by the service provider and paid. This program will be monitored over the upcoming periods.	Nil
Verges (Road Reserves)	GMCI	106		The favourable variance is associated with numerous minor variances related to the timing of receipt of invoices as compared to original budget estimates, primarily within the Residential Roads Program \$77k and Connector Roads Programs \$27k. It should be noted this is purely a budget timing variance and the program is on schedule. It is expected that the current budget and spend will align over the upcoming quarter.	Nil

# The Living City - Net Favourable Variance \$393k

# Recreation, Education and Leisure - Net Unfavourable Variance \$108k

## Revenue – Unfavourable Variance \$22k

Program/Budget Area	General		ance	Comment	Action Required
	Manager	YTD	Permanent		
		\$000	\$000		
Library Community	GMCD	(32)	(30)	The unfavourable variance is	Credit \$30,000
Learning Program				primarily resulting from the early	from Sundry
				payment of \$30k ACE funds in	Projects Fund
				2018/19 and consequently the	Refer Appendix
				current year budget is included as	1 Budget
				an income loss in appendix 1.	Variation
					Summary Item
					10.

#### Expenditure - Unfavourable Variance \$86k

Program/Budget Area	General Variance		ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Community Sport and Club Facilities	GMCI	(62)		The unfavourable variance is primarily related to higher than budgeted Insurance premiums \$13k, timing of contractual services \$24k and minor capital works expenditure \$10k.  Whilst unfavourable, this is a timing variance and it is expected that the budgets will align over the upcoming quarters.	Nil
Recreation Centres	GMCI	(21)		The unfavourable variance is primarily related to higher than anticipated Internal Labour charges for the September quarter. This is purely a timing variance and it is expected that the budgets will align over the upcoming quarters.	Nil

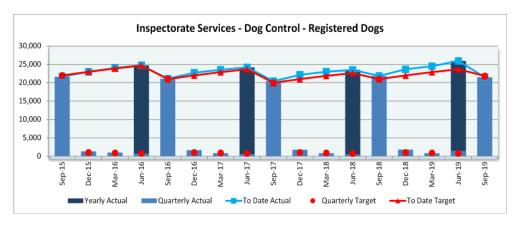
## Public Health and Safety – Net Favourable Variance \$245k

## Revenue – Unfavourable Variance \$8k

Program/Budget Area	General	Vari	ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Animal Control	GMCiD	(51)		The unfavourable variance primarily relates to \$32k Dog and Cat Expiations as a result of a large number of expiations being referred to the Fines Enforcement and Recovery Unit (FERU), with 235 expiations totalling \$58k being referred as at 30 September 2019. It should be noted that when a expiation is referred to FERU we are required to remove the income assocuiated from that expiation from our results.  Fines Enforcement and Prosecution income is \$17k unfavourable as a result of the timing of payments received from the Agency. Due to the uncertainty around collection of outstanding fines, the timing of funds received is likely to continue to vary somewhat to budget.	Nil
Inspectorial Services	GMCiD	20		The favourable variance is primarily related to \$38k higher than budgeted Parking Expiations as a result of having a dedicated staffing resource engaged to undertake these duties. As at 30 September 2019, 1,582 expiations have been issued compared to 827 at the same time last financial year.  Partially offsetting this is an unfavourable variance of \$11.4k from Fines Enforcement Agency collections, as a result of the unpredictable nature of when these fines will be collected.	Nil

#### Expenditure - Favourable Variance \$253k

Program/Budget Area	General Variance			Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Street Lighting	GMCI	123	250	The favourable variance is the result of negotiations with SAPN associated with Street Lighting asset data discrepancy, with \$250k included as savings in this budget review. This will continue to be monitored.	Debit \$250,000 to Sundry Projects Fund Refer Appendix 1 Budget Variation Summary Item 2.
Building Maintenance Graffiti	GMCI	41		The favourable variance is predominantly related to lower requirements for works in Graffiti Removal \$32k and the Volunteer Graffiti Team \$9k for the September quarter. This work is reactive in nature and as such unpredictable.	Nil
Animal Control	GMCI	36		The favourable variance is primarily related to contractual services as a result of the timing of invoices associated with the Animal Welfare League, Kennel Cleaning and Weekend Inspector / Call Outs, all of which were paid in October 2019.	Nil
Inspectorial Services	GMCI	22		No significant variance to report.	Nil



YTD -21,507 dogs were registered compared to 21,857 at the same time last year.

350 less dogs registered that at the same period last year.

Budget variance associated with timing of payments for 1st quarter and receipt of funds from Dog and Cat Management Board (DCMB) via Dog and Cat Online (DACO).

Actuals at end of June from DACO is \$670k, compared to \$738k at the same period last year. Unfavourable variance associated with reduction in registered dogs and also predicted increase in ratio of Standard dogs eligible for full 50% rebate. This has increased to 72% compared to 62% previous years average.



Positive variance associated with increase in number of expiations issued compared to last year. YTD 1,582 expiations issued compared to 827 at the same time last year. This is due to a dedicated staffing resource engaged to undertake parking duties which was not carried out in previous years due to staffing reduction and other demands on resources.

For the YTD 244 expiations at \$36k in value (including late fees) were enforced to the Fines Enforcement and Recovery Unit.

#### Community Development - Net Favourable Variance \$256k

## Revenue - Favourable Variance \$59k

Program/Budget Area General Manager	General Variance		ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Positive Ageing	GMCD	28		The favourable variance is primarily related to \$19k higher than budgeted NDIS payments plus other minor variances.	Nil
Neighbourhood Development	GMCD	23		The favourable variance is primarily related to \$10k unbudgeted income associated with programs held at the Mawson Centre, plus \$10k grant funding received for the Operation Bounce Back program.	Nil

## Expenditure - Favourable Variance \$197k

Program/Budget Area	General	Varia	ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Community Development	GMCD	65		The favourable variance is primarily related to the timing of Salisbury Events facilitated by the Cultural Development division \$25k and the timing of the Community Grants program within Community Development Adminstartion \$33k. Both of these areas will continue to be monitored.	Nil
Positive Ageing	GMCD	55		The favourable variance is primarily related to \$27k timing of expenditure associated with additional Home and Community Serve Program (CHSP) funding which is expected to align to budget in upcoming periods.  Also attributing is \$19k Disability Services expenditure as a result of timing. It is anticipated that this will align to budget in upcoming periods.	Nil

Program/Budget Area	General	Varia	ance	Comment	Action Required
Manager	YTD \$000	Permanent \$000			
Neighbourhood Development	GMCD	89		The favourable variance is primarily related to \$49k Building Maintenance associated with the timing of expenditure in cleaning \$21k and \$28k Internal Labour charges. It is anticipated that this will align to budget over the upcoming periods. The balance results from a number of minor variances.	Nil

## Enabling Excellence - Net Favourable Variance \$972k

Corporate Support – Net Favourable Variance \$1,291k

## Revenue – Favourable Variance \$77k

Program/Budget Area	General	l Variance		Comment	Action Required
	Manager	Timing \$000	Permanent \$000		
City Infrastructure	GMCI	61		The favourable variance is primarily related to higher than budgeted cost recovery of Council vehicles, with corresponding cost variances in productive areas. This is primarily related to hourly charged vehicles and will be monitored over the upcoming quarters to ensure that the budget estimates are correct.	Nil

## Expenditure – Favourable Variance \$1,214k

Program/Budget Area	General	V	ariance	Comment	Action Required
	Manager	Timing \$000	Permanent \$000		
Business Excellence GMBE	611		The favourable variance is primarily related to the timing of contractor and materials expenditure for:  Operational Readiness \$190k associated with the timing of expenditure associated with ensuring the organisation is ready for the move to the Community Hub.	Nil	
				Business Systems and Support: Primarily related to the timing of carry forward funds for Office 365 \$80k and Disaster Recovery Planning \$17k. These are anticipated to be completed this financial year.	
				Accounting Services: Primarily related to \$30k Wages and Salaries resulting from increased leave taken during the September quarter, plus the timing of expenditure for consulting services \$12k and corporate banking charges \$18k, which are expected to align to budget during the upcoming quarter.	
				People and Culture: Primarily related to the timing of Invoices for contractors \$40k and trainee wages and salaries \$10k, both of which are expected to align to budget estimates in the upcoming quarter.	
				Promotion: Primarily related to the timing of programs including Tourism and Marketing \$8k, Shaping the Future \$8k Building Community Pride \$7k and Biophilic Cities \$7k.	

Program/Budget Area	General	V	ariance	Comment	Action Required
	Manager	Timing \$000	Permanent \$000		
City Infrastructure	GMCI	63		The favourable variance is primarily related to the timing of Invoices for security charges and other numerous immaterial timing variances.  Whilst favourable, this is purely a timing variance and it is expected that the budgets will align over the upcoming quarters.	Nil

#### Treasury - Net Unfavourable Variance \$28k

## Revenue – Favourable Variance \$39k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Treasury	GMBE	39		The favourable variance is the result of higher than budgeted cash deposits held associated with prior years Property Development sales and the timing of spend within the Infrastructure Program.	Nil

# Expenditure – Unfavourable Variance \$67k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Treasury	GMBE	(67)	(65)	The unfavourable variance is primarily related to lower than anticipated internal loan charges for Salisbury Water \$39k, with a six month nil effect adjustment of \$65k included as part of this Review.	Projects Fund  Refer Appendix  1 Budget

# Rates and other Miscellaneous - Net Unfavourable Variance \$299k

# Revenue – Unfavourable Variance \$262k

Program/Budget Area	General	Varia	ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Rates	GMBE	317		The favourable variance is primarily related to higher rates generation with slightly higher growth and lower levels of objecitons to date.	Nil
Grants Commission	GMBE	(608)	(2,432)	The unfavourable variance is the result of the advance payment of two quarters of the 2019/20 Financial Assistance Grant being paid in the 2018/19 financial year resulting in a income timing loss of \$3.5M required to be recognised in 2019/20.	Credit \$3,553,147 to the Sundry Projects Fund Refer Appendix 1 Budget Variation Summary Item 7.
				Partially offsetting the unfavourable variance is a favourable variance related to the Financial Assistance Grant \$1.1M, as a result of this Grant being higher than originally budgeted. This has been included as income gain adjustment in this budget review.	Debit \$1,120,966 to the Sundry Projects Fund Refer Appendix 1 Budget Variation Summary Item 3.

# Expenditure - Unfavourable Variance \$37k

Program/Budget Area	General	Vari	ance	Comment	Action Required
	Manager	YTD \$000	Permanent \$000		
Salaries and Wages Provision	CEO	144	160	The favourable variance represents year to date Wages and Salaries savings from various divisions that have been allocated to the Provision, offset by subsequent approvals made from the Provision to cover operational needs and current vacancies. Refer Item 3.4 Transfers of Funds (Chief Executive Officer Delegation).  Within this budget review is a request to transfer \$160,000 from the Wages and Salaries provision account to the Operational Readiness program.	Transfer \$160,000 Refer 3.5 Transfer of Funds Requests
Staff Oncosts and Recovery	GMBE	(224)		The unfavourable variance relates to the oncost component of vacancies, some of which are backfilled by Agency staff. This variance is offset by favourable variances across the organisation.  This area is continually monitored and reviewed in line with Wage and Salary expenses incurred across the organisation.	Nil

# Appendix 5 - Capital Expenditure Report as at 30 September 2019

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 first quarter of 2019/20.

	Revised Budget	Actuals	Commitments	Total Actuals/ Commitments	Balance Remaining	Budget & Timing Adjustments
EXPENDITURE						
Drainage & Waterways	6,397,582	831,141	284,408	1,115,549	5,282,033	0
Fleet	2,431,783	633,432	712,400	1,345,832	1,085,951	18,000
Parks & Streetscapes	6,153,763	560,435	823,785	1,384,219	4,769,544	0
Property & Buildings	7,338,289	939,058	349,377	1,288,436	6,049,853	404,500
Strategic Projects - Other	11,598,600	225,839	5,387,172	5,613,011	5,985,589	490,000
Transportation	19,171,096	1,223,654	725,135	1,948,789	17,222,307	(534,500)
Total City Infrastructure	53,091,113	4,413,559	8,282,278	12,695,837	40,395,276	378,000
Information Technology	665,056	272,414	409,283	681,697	(16,641)	218,000
Salisbury Water Business	1,435,304	519,734	103,333	623,067	812,237	0
Strategic Projects - SCH	19,422,202	7,349,326	5,387,172	12,736,498	6,685,704	0
Strategic Property	1,929,463	14,734	301,419	316,153	1,613,310	1,298,900
Total Other	23,452,025	8,156,208	6,201,207	14,357,415	9,094,610	1,516,900
	76,543,138	12,569,767	14,483,485	27,053,252	49,489,886	1,894,900
INCOME						
Drainage & Waterways	373	0	0	0	373	0
Fleet	(377,300)	0	0	0	(377,300)	0
Parks & Streetscapes	(225,419)	0	0	0	(225,419)	0
Property & Buildings	(395,000)	0	0	0	(395,000)	395,000
Strategic Projects	(3,075,000)	0	0	0	(3,075,000)	0
Transportation	(3,139,000)	(54,302)	0	(54,302)	(3,084,698)	627,000
Total City Infrastructure	(7,211,346)	(54,302)	0	(54,302)	(7,157,044)	1,022,000
Information Technology	0	0	0	0	0	0
Salisbury Water Business	(19,000)	0	0	0	(19,000)	0
Strategic Property	(4,034,128)	473	0	473	(4,034,601)	(2,259,500)
Total Other	(4,053,128)	473	0	473	(4,053,601)	(2,259,500)
	(11,264,474)	(53,829)	0	(53,829)	(11,210,645)	(1,237,500)
NET	65,278,664	12,515,938	14,483,485	26,999,423	38,279,241	657,400

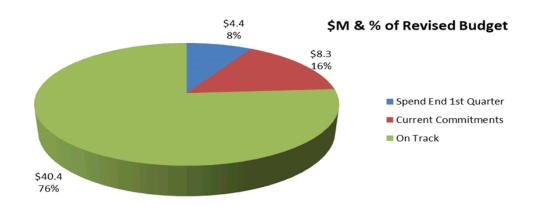
# **Capital Expenditure**

As at the end of the First Quarter, the revised capital expenditure budget for 2019/20 was \$76.5M including the reinstatement of budget timing adjusted projects from 2018/19 \$12.1M and 2017/18 \$8.8M, and carry forward funds of \$10.4M, with \$12.6M or 16.4% spend to date and \$27M or 35.3% inclusive of commitments.

# **Capital Income**

The capital works income revised budget for 2019/20 is \$11.3M which mainly comprises \$4M (remaining whole of project life) for Strategic Property, with commentary provided within 'Strategic Property'. Other contributing sources of income are via Strategic Projects \$3.1M and Transportation \$3.1M asset categories where external grant funding is applied for.

# CITY INFRASTRUCTURE

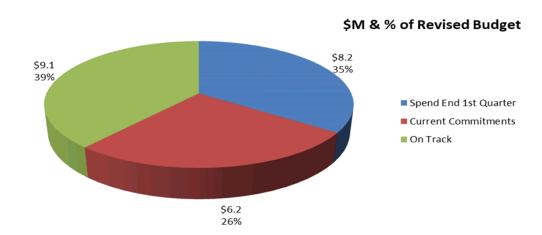


# **Key Achievements**

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 the impact to our Community and manage seasonal constraints. Key infrastructure achievements this quarter include;

- Successful completion of the 2019/20 Play Space / Playground and Tree Screen Renewal Programs public consultation. This has enabled the development of design to commence.
- Community Engagement commenced in relation to the Salisbury Oval Master Plan 2019/20 program of works.
   This program delivered a new female friendly change facility last financial year.
- Completion of the building upgrade at Jack Young Centre was completed in the first quarter of this financial year and officially opened on 26th September 2019.
- Contracts were awarded for the construction of the new track and facility at Bridgestone Reserve, Salisbury South, with the official ground breaking ceremony held on 1st November 2019.
- Pauls Drive, Valley View, Major Flood Mitigation contract was awarded and preliminary work in relation to services in underway
- The Street Tree Program commenced consultation. The 2019/20 program is significant as it aims to cover 56 streets throughout the City.

# INFRASTRUCTURE OTHER



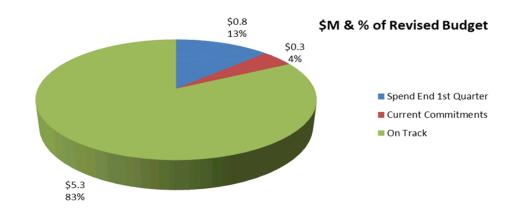
#### **Key Achievements**

Infrastructure Other category encompasses organisational initiatives such as information technology system improvements, Water Business Unit capital projects, the Salisbury Community Hub and strategic property development projects. This broad category has had several achievements including:

- The construction of the Salisbury Community Hub continues to progress and is forecast to open late 2019.
   To complement the hub and scheduled for completion prior to the hub opening, early wins work along John Street and the adjacent historical cemetery commenced.
- The Business Case for the residential development at Hoyle Green, Para Hills, was endorsed by Council in July 2019 and the project is proceeding through land division approval and detailed design for release to market in 2020 with associated bid included in this review.
- The construction of 650 metres of new distribution mains to provide a new recycled water connection for Salisbury North R7 Primary School was completed. This location was the final site within the City and now completes the program to supply recycled water connection to all Department of Education schools within the
- The devices for the Salisbury Community Hub Concierge have been configured and tested by the Customer Centre and Library in preparation for transition to the hub later this year.

#### **DRAINAGE & WATERWAYS**

(13% spent / 17.4% inclusive of commitments)

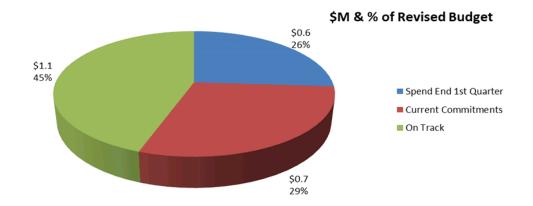


<b>BUDGET ADJUSTMENTS</b>	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
There were no budget adjustments this quarter within the Drainage and Waterways asset category	\$0	\$0	\$0



- Major Flood Mitigation Program The main deliverable this financial year for this program is the
  construction of the Pauls Drive, Valley View, crossing. The contract for this work was awarded and
  preliminary work has commenced in relation to services. This project successfully achieved Federal
  Government grant funding towards its delivery.
- <u>Local Flooding Program</u> The Local Flooding Program is a series of minor works which looks to address localised minor flooding issues. The flood modelling associated with this year's program has been progressively undertaken prior to detail design.
- Watercourse Management Works This program is progressively delivered across various locations within the City's waterways. Erosion control and water management works occurring along sections of Dry Creek this quarter.

FLEET
(26% spent / 55.3% inclusive of commitments)



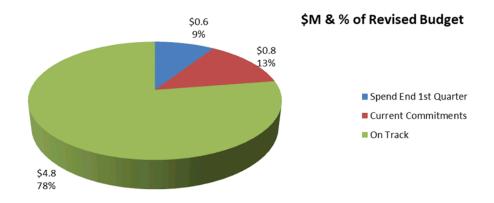
BUDGET & SCHEDULE ADJUSTMENT	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
Traffic Counter Replacements  As part of managing the road network, traffic counters are used to gain traffic data. The existing two units had reached the end of their useful life and usability and therefore were replaced. These unique items will in future be included within the Plant and Fleet Asset Management Plan. This budget bid is in accordance with resolution 296/2019.	\$0	\$18	\$0

# ON TRACK

- <u>Plant and Fleet Replacement Program</u> In alignment with renewal dates and delivery timeframes, plant and fleet items are progressively delivered across the financial year. The program is currently tracking as per schedule. The program can encounter delays for items which require long lead times, and where possible these items are procured earlier to accommodate for this.
- <u>Fleet Purchase</u> This program converts vehicles from leased arrangements to purchased, with this being the final year of the program, and is currently 50% complete.

## **PARKS & STREETSCAPE**

(9.1% spent / 22.5% inclusive of commitments)



BUDGET ADJUSTMENT	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
There were no budget adjustments this quarter within the Parks and Streetscape asset category	\$0	\$0	\$0

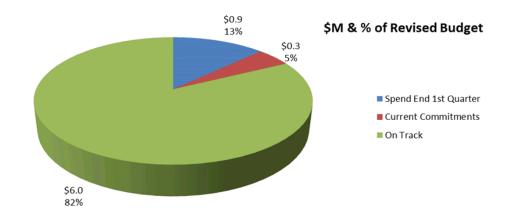


# ON TRACK

- <u>Play Space / Playground Renewal Program</u> Public consultation for this program was completed within the
  first quarter. This has enabled the design to commence. Projects of various sizes are scheduled to occur across
  10 sites within the City this financial year.
- <u>Historical Cemetery Upgrade</u> Work commenced this quarter on the upgrade to the Historical Cemetery
  adjacent to the Salisbury Community Hub. Works include landscaping and path creation. This project will be
  completed prior to the official opening of the hub.
- Reserve Upgrade Program There are several sites programmed for upgrade as part of the 2019/20 Reserve
  Upgrade Program these include; Kiekebusch Road Reserve, Gulfview Heights; Tregoning Green, Salisbury Park;
  Allen Green, Para Hills West, and Kingswood Crescent Reserve, Paralowie. Following consultation, design and
  documentation, theses project will predominately see construction occur in the final two quarters of the
  financial year.

#### **PROPERTY & BUILDINGS**

(12.8% spent / 17.6% inclusive of commitments)



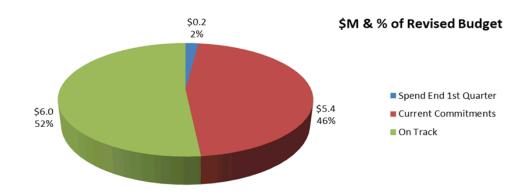
<b>BUDGET ADJUSTMENTS</b>	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
Confidential Item - Land Acquisition As per recommendations in July 2019 Works and Services Item 2.9.2. Confidential Resolution 0237/2019. Refer Section 2. Proposals, of this budget review.	\$0	\$799	\$0
Mawson Lakes Central CCTV In accordance with resolution 0247/2019, the application for grant funding towards CCTV at Mawson Lakes Central was unsuccessful. Refer Appendix 1, item 19.	\$395	(\$395)	\$0

# **ON TRACK**

- <u>Building Upgrade Program</u> The Operations Centre, Salisbury South, and the Waterwheel, Salisbury, will both be upgraded this financial year. Design and documentation is underway for these projects.
- <u>Building Renewal Program</u> Various projects are scheduled to occur as part of the 2019/20 Building Renewal Program. The replacement of five air conditioning units and the demolition of the redundant house at 10 Spains Road were recently completed. The demolition of this aged house assists with future planning at Salisbury Memorial Park. The renewal of the Civic Square art sculpture is in progress and the design and documentation for the four main building renewal projects has commenced.
- <u>Public and Community Art Program</u> Recently artwork was successfully installed in the John Street Lane Way, Salisbury, Salisbury North Skate Park and Salisbury Recreation Precinct. Further sites are being reviewed and proposed for delivery in 2019/20.

#### **STRATEGIC PROJECTS - OTHER**

(1.9% spent / 48.4% inclusive of commitments)



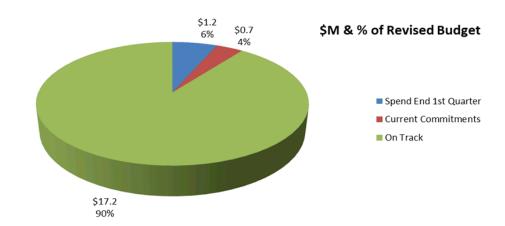
BUDGET & SCHEDULE ADJUSTMENT	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
Bridgestone Athletics Facility			
In accordance with Item 6.9.1 Budget and Finance			
Committee August 2019, Council supported an additional			
allocation of \$490k towards the construction of the new			
athletics facility at Bridgestone Reserve. This allocation	\$4,692	\$490	\$0
was requested to cover \$80k towards the building facade,			
\$60k change in track colour, \$100k for in-track technology			
and \$250k for project contingency. Refer Section 2.			
Proposals, of this budget review.			

# **ON TRACK**

- Bridgestone Reserve Athletics Facility —Contracts were awarded this quarter for the construction of the new
  athletics facilities at Bridgestone Reserve. The ground breaking ceremony was held on 1<sup>st</sup> November 2019.
  This project successfully attained State Government grant funding of \$995k towards the installation of a new
  synthetic athletic track, and \$500k towards the construction of the community/change facility.
- <u>Salisbury Oval Masterplan Implementation</u> In accordance with the April Council resolution, community consultation commenced. This consultation will help inform future recreational and landscape works for Salisbury Oval precinct.
- <u>John Street Improvement Plan</u> To complement the Hub, a series of 'early wins' were identified for John Street. These have been documented and scheduled for delivery in the second quarter.

# TRANSPORTATION

(6.4% spent / 10.2% inclusive of commitments)



BUDGET & SCHEDULE AMENDMENT	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
City Wide Trails  As per Council Resolution 0250/2019, Council was awarded in late June 2019 \$1M towards the next stage of the City Wide Trails. As a result existing 2018/19 and 2019/20 budgets need to be adjusted to reflect the actual income. Refer Appendix 1, item 17.	(\$1,652)	(\$652)	\$0
Sportsfield Lighting Assistance Program  As per Council Resolution 0257/2019, Para Hills Tennis Club was awarded a sports lighting grant from CoS to the value of \$75k of which the club would be contributing \$22,500 exc GST. Refer Appendix 1, item 18.	\$100	(\$27)	\$0
School Zones and Pedestrians Crossing Program  As per Council Resolution 0271/2019, Council received a \$25k contribution from Dept Planning, Transport and Infrastructure towards the construction of a new crossing in Carey Street, Salisbury. This contribution together with additional program funds approved resulted in an increase to the program budget. Refer Appendix 1, 20 and Section 2. Proposals, of this budget review.	\$246	\$145	\$0

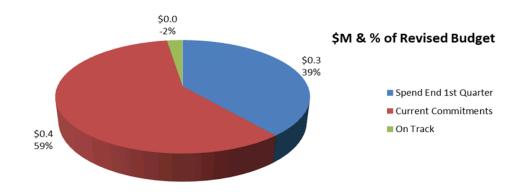
#### ON TRACK

- Road Reseal / Reconstruction Program The Road Reseal / Reconstruction Program is progressively
  delivered across the financial year throughout the City. Several key locations are being prepared for the
  main construction work to occur over the quieter summer holiday period.
- Minor Traffic Improvements Program This program of safety and traffic improvement initiatives is partly a
  series of planned minor works and partly reactive to aid in addressing any urgent issues which arise during
  the year. Minor traffic improvements, including the construction of a new parking bay, were completed this
  quarter at Goodfield Road, Para Hills West.
- <u>Sportsfield Lighting Program</u> As part of this program the renewal of sportsfield lighting is scheduled to occur at Wildwood Reserve, Salisbury Park, this financial year. Currently requirements and technical scoping is being undertaken.

# **OTHER CAPITAL CATEGORIES**

# **INFORMATION TECHNOLOGY**

(41% spent / 102.5% inclusive of commitments)



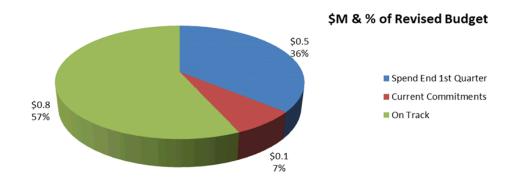
<b>BUDGET ADJUSTMENTS</b>	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
Lease to Purchase  As per Council Resolution 2612/2018, Council endorsed the change to the purchase of personal computers and mobile devices in lieu of leasing. This budget review includes a budget bid to cover the cost of an additional 44 devices and associated peripherals for the 314 devices purchased to date. 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 costs into capital in this financial year. Refer Section 2. Proposals, of this budget review	\$0	\$218	\$0

# **ON TRACK**

- Smart City Projects A proposal for allocating the funds is scheduled to be presented to the Executive in December 2019, and then to Council.
- <u>Time, Recording, Attendance Process</u> New functionality is being provided as part of a cloud based solution from our current provider. Enabling work to transition to the cloud is due to be completed in Nov/Dec 2019 and then work will commence on rolling out the new processes for recording time and attendance.
- <u>Salisbury Community Hub Concierge Application</u> The devices for the concierge have been configured and tested by the Customer Centre and Library concierge.

# **SALISBURY WATER BUSINESS**

(36.2% spent / 43.4% inclusive of commitments)



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

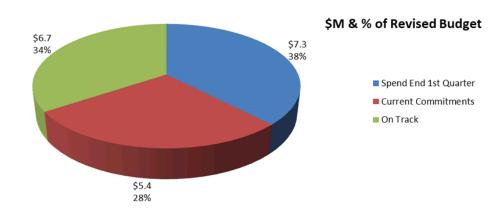


# **ON TRACK**

- <u>Salisbury Water Distribution Main Linkages</u> Construction of 650 metres of new distribution mains to
  provide a new recycled water connection for Salisbury North R7 Primary School is complete. Salisbury
  North R7 is the last remaining Department of Education (DECD) school to be connected to recycled water
  and now completes the program to supply all DECD schools within the City of Salisbury.
- <u>Council Reserve Upgrades Recycled Water Connections</u> Construction of new distribution pipework to facilitate new recycled water connections at Kingswood Reserve, Camelot Reserve, The Pines and Allen Green is complete.

# STRATEGIC PROJECTS - SALISBURY COMMUNITY HUB

(37.8% spent / 65.6% inclusive of commitments)



BUDGET ADJUSTMENTS	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
Within the Salisbury Community Hub asset category a carry forward was incorrectly disclosed as being capital, whereas a portion needs to be recognised as operating component of capital with no change in the overall budget. Refer Section 2.2 Carry Forward Review of this budget review	\$0	\$0	\$0

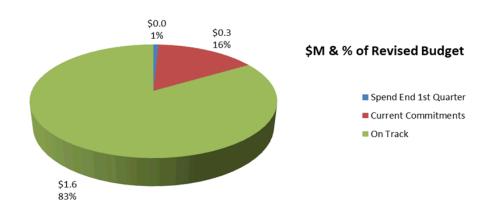


# ON TRACK

Salisbury Community Hub - Overall the project is currently proceeding within established time and budget expectations, with Practical Completion / Opening forecast for late 2019. In alignment with this, complementary work along John Street and adjacent historical cemetery commenced in preparation with completion scheduled to align with the opening of the Community Hub.

#### STRATEGIC PROPERTY

(0.8% spent / 16.4% inclusive of commitments)



BUDGET ADJUSTMENT	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
Hoyle Green, Para Hills As reported via Strategic Property Development Sub Committee, September 2019, the Hoyle Green residential development project will progress to division approval and detail design in preparation for release to the market in 2020. Refer Section 2. New Bid Proposals.	\$57	\$1,299	\$0

# **ON TRACK**

- Boardwalk at Greentree This project continues to be progressively sold. Project civil and landscape construction is complete, 80% of the residential project allotments are sold including all conventional allotments. 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. This property development project had a remaining expenditure budget that should have been included as a carry forward into 2019/20. Refer Section 2.2 Carry Forwards Review.
- <u>Lake Windemere</u> Holmes Dyer have been engaged to review the concept and prepare a built form
  expression of interest will be released to the market in early 2020 to inform the final Business Case.
- Hoyle Green Final project Business Case endorsed in July 2019 and the project is proceeding through land division approval and detailed design for release to market in 2020.
- <u>Salisbury Oval Residential</u> On hold, pending outcomes of the revised masterplan community consultation.

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 2019/20 budget the following bids were approved which had associated savings. These operational savings have been included into the 2019/20 budget.

Budget Bid	2019/20
	Savings
TRN000230 Public Lighting Program	\$30,000
TOTAL	\$30,000

# Appendix 7 – Business Unit Reporting

# **Salisbury Memorial Park**

		Year to Date		Full Year		
	Actual	Budget	Variance	Orig.Budget	Rev.Budget	Forecast
Salisbury Memorial Park	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue	(124)	(121)	3	(512)	(512)	(512)
Expenditure	124	112	(12)	443	443	443
Surplus/(Deficit)	0	9	(9)	69	69	69

The overall net result for Salisbury Memorial Park as at the First Quarter shows a balanced budget compared to the budgeted surplus of \$9k. The positive position for revenue is attributed to steady sales in licences and inurnments during the first quarter. Total new burial leases for first quarter were 11 with total burials for the quarter reaching 19. Total new cremation leases for the quarter were 7, with 16 ashes inurnments carried out.

It is important to note the increased expenditure which is mainly due to higher than expected internal water charges, (the current year to date water cost is \$7k with the year to date budget being \$2k), the extra expenditure is due to the unseasonably dry weather experienced over the past three months and two burst pipes in the same period.

Cemetery Services will continue to look at new ways of marketing Salisbury Memorial Park, the Cemetery Expo will be held in 2020 lifting the public awareness of Salisbury Memorial Park and the services it provides. Along with another Expo we will once again be celebrating Mother's Day at Salisbury Memorial Park with musicians placed around the cemetery. We have planned a monthly radio sessions for 19/20 with PBA FM discussing various aspects of the Cemetery.

The revenue outlook for the end of June 2020 is expected to be \$512k and expenditure \$443k resulting in a net favourable variance of \$69k

# **Building Rules Certification Unit**

•						
	Year to Date				Full Year	
	Actual	Actual Budget Variance			Rev.Budget	Forecast
<b>Building Rules Certification Unit</b>	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue	(198)	(134)	64	(513)	(513)	(560)
Expenditure	138	121	(17)	486	486	532
Surplus/(Deficit)	60	13	47	27	27	28

Income for the period is above predictions as a result of increased development application activity from external clients. Professional indemnity Insurance has increased for the financial year to \$36k, from the predicated budgeted level of \$14k, Refer Section 2. New Bid Proposals, within this budget review. The increase is market based and essential for business requirements. An increase of \$25k is proposed for contractual services to resource the increase in development application activity, Refer Appendix 1, item 11. This contractual service provides specialised structural engineering expertise required for development assessment process. The increase in revenue will offset the increased expenditure. The Revised Budget does not include the adjustments contained in this budget review, and will be reflected in the revised budget following Council endorsement of this budget review.

# Salisbury Water

		Year to Date			Full Year	
	Actual	Budget	Variance	Orig.Budget	Rev.Budget	Forecast
Salisbury Water	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
External Revenue	(266)	(283)	(17)	(2,449)	(2,449)	(2,477)
Internal Revenue	(161)	(91)	70	(3,047)	(3,047)	(2,944)
Total Income	(427)	(374)	53	(5,496)	(5,496)	(5,421)
Expenditure	1,226	1,260	34	5,046	5,051	4,902
Surplus/(Deficit)	(799)	(886)	87	450	445	519

The Salisbury Water Business Unit (SWBU) completed the first quarter of the 2019/20 financial year with a favourable variance against the revised budget of \$87k. Assuming interest rates continue to remain low, the current full year outlook is for an increased budget surplus of \$519k. This forecast is largely dependent on weather conditions as the SWBU supply is highly geared to irrigation. Excluding the depreciation allowance of \$1,759k, it is anticipated that the business will deliver a positive net cash equivalent position of \$2,278k for the year.

Income totalling \$427k has been received to date, which is \$53k above the YTD budget. Operational expenditure is \$34k below the YTD budget as a result of lower financial charges. Interest on borrowings continues to remain lower than predicted and savings in the order of \$65k are included as part of this budget review.

A total of 209 ML of water was distributed to internal (59 ML) and external (150 ML) customers during the first quarter. Internal sales volumes were slightly higher than anticipated and can be attributed to an earlier start to the irrigation season due to below average rainfall conditions. External consumption was lower than predicted and is associated with lower sales to irrigation based customers in the education and private community facilities sectors. This shortfall is expected to be reduced over the irrigation season.

Lower than average rainfall has been received so far this year with 111 mm recorded at Parafield compared to an average of 158 mm for this time of year. Rainfall received YTD is an additional 12mm lower than the same time last year and BOM reports that this is South Australia's 10<sup>th</sup> driest winter since 2007. The BOM is predicting dryer and warmer than average conditions for the next 3 months with increased risk of early heat waves. At this stage the El Niño-Southern Oscillation (ENSO) outlook is that it will remain neutral for the remainder of 2019 and into early 2020. When the ENSO outlook is neutral, it has little effect on Australian and global climate, meaning other influences are more likely to dominate, for example a positive Indian Ocean Dipole – which underpins current BOM predictions for lower than average rainfall, warmer days and severe bush fire risk to South, South East and Central Australia.

Rainfall received in the past 3 months has resulted in a total harvest of 1,057 ML, bringing the combined aquifer balance to 11,496ML, with available credits of 9,197ML. Note: 4,375ML is currently 'quarantined' at the Edinburgh Parks South and Kaurna Park MAR schemes. This is a reasonable harvest result given below average rainfall conditions and closely mirrors last year's harvest. This further confirms the importance of the highly developed Dry Creek Catchment.

# Appendix 8 - Budgeted Financial Statements

The Budgeted Financial Statements presented in this Appendix are as originally budgeted and adjusted for endorsed changes from the first and second quarter budget reviews. The recommendations resulting from this Budget Review will be incorporated subsequently upon endorsement.

City of Salisbury
Long Term Financial Plan Model
BUDGETED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDING 30 JUNE	2020 Revised Budget \$000's
INCOME	<b>4000</b> 3
Rates	101,278
Statutory Charges	2,866
User Charges	5,036
Grants, Subsidies & Contributions	9,174
Investment Income	170
Reimbursements	256
Other Income	696
Total Revenues	119,476
EVERNORS	
EXPENSES  For all areas Contains	20.200
Employee Costs	38,398
Materials, Contracts & Other Expenses	54,185
Depreciation, Amortisation & Impairment	27,316
Finance Costs	1,410
Total Expenses	121,309
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	(1,833)
Asset Disposal & Fair Value Adjustments	4,408
Amounts Received Specifically for New or Upgraded Assets	2,654
Physical Resources Received Free of Charge	1,000
NET SURPLUS/(DEFICIT)	6,229
OTHER COMPREHENSIVE INCOME	
Changes in Revaluation Surplus - I,PP&E	21,804
Total Other Comprehensive Income	21,804
TOTAL COMPREHENSIVE INCOME	28,033

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

	2020 Original Budget
YEAR ENDING 30 JUNE	\$000's
ASSETS	
Current Assets	
Trade & Other Receivables	5,103
Inventories	2,175
Total Current Assets	7,278
Non-Current Assets	
Financial Assets	395
Equity Accounted Investments in Council Businesses	3,877
Infrastructure, Property, Plant & Equipment	1,542,011
Other Non-Current Assets	25,441
Total Non-Current Assets	1,571,724
TOTAL ASSETS	1,579,002
LIABILITIES	
Current Liabilities	
Cash Advance Debentures	28,380
Trade & Other Payables	15,704
Borrowings	1,773
Provisions	7,058
Total Current Liabilities	52,915
Non-Current Liabilities	
Borrowings	6,825
Provisions	1,662
Total Non-Current Liabilities	8,487
TOTAL LIABILITIES	61,402
NET ASSETS	1,517,600
EQUITY	
Accumulated Surplus	396,517
Asset Revaluation Reserves	1,097,146
Other Reserves	23,937
TOTAL EQUITY	1,517,600

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

YEAR ENDING 30 JUNE	2020 Original Budget \$000's
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Operating Receipts	119,271
Investment Receipts	170
Payments Operating Payments to Suppliers and Employees	(93,874)
Finance Payments	(1,410)
Net Cash provided by (or used in) Operating Activities	24,157
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts	
Amounts Received Specifically for New/Upgraded Assets Sale of Replaced Assets	2,654 377
Net Disposal of Investment Securities	1,592
Sale of Real Estate Developments	4,031
Repayments of Loans by Community Groups	32
Payments	
Expenditure on Renewal/Replacement of Assets	(20,026)
Expenditure on New/Upgraded Assets	(59,154)
Net Cash Provided by (or used in) Investing Activities	(70,494)
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts	
Proceeds from Borrowings	
Payments	
Repayments of Borrowings	(1,978)
Net Cash provided by (or used in) Financing Activities	(1,978)
Net Increase/(Decrease) in cash held	(48,315)
Cash & Cash Equivalents at Beginning of Period	19,935
Cash & Cash Equivalents/(Movements in Borrowings at End of Period)	(28,380)

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

YEAR ENDING 30 JUNE	2020 Original Budget \$000's
Opening Balance	1,489,567
Net Surplus / (Deficit) for Year	6,229
Other Comprehensive Income	
- Gain (Loss) on Revaluation of I,PP&E	21,804
Other Comprehensive Income	21,804
Total Comprehensive Income	28,033
Balance at end of period	1,517,600

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

YEAR ENDING 30 JUNE	2020 Original Budget \$000's
Income	119,476
less Expenses	(121,309)
Operating Surplus / (Deficit)	(1,833)
Less: Net Outlays on Existing Assets	
Capital Expenditure on Renewal/Replacement of Existing	(20,026)
less Depreciation, Amortisation & Impairment	27,316
less Proceeds from Sale of Replaced Assets	377
	7,667
Less: Net Outlays on New and Upgraded Assets	
Capital Expenditure on New/Upgraded Assets	(59,154)
less Amounts Specifically for New/Upgraded Assets	2,654
less Proceeds from Sale of Surplus Assets	4,031
	(52,469)
Net Lending / (Borrowing) for Financial Year	(46,635)

In any one year, the above financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

**ITEM** 6.8.1

BUDGET AND FINANCE COMMITTEE

**DATE** 18 November 2019

**HEADING** Financial Reserve Policies Review

**AUTHOR** Kate George, Manager Financial Services, Business Excellence

**CITY PLAN LINKS** 4.5 To apply business and resource management that enables

excellent service delivery and financial sustainability

# RECOMMENDATION

1. The Open Space Reserve Fund Policy as set out in attachment 2 to this report (Item No. 6.8.1, Budget and Finance Committee, 18/11/2019) be endorsed.

2. The Business Unit Reserve Policy as set out in attachment 3 to this report (Item No. 6.8.1, Budget and Finance Committee, 18/11/2019) be endorsed.

# **ATTACHMENTS**

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

- 1. Open Space Reserve Fund Policy (with Markup)
- 2. Open Space Reserve Policy (without Markup)
- 3. Business Unit Reserve Policy (with Markup)

# 1. BACKGROUND

1.1 Council's Policy Framework provides for Council Policies to be reviewed every two years, and in the first 12 months following Council general election, and as a result the Open Space Reserve Fund and Business Unit Surplus policies are due for review.

# 2. REPORT

- 2.1 Policies covered within this report are:
  - 2.1.1 Open Space Reserve Fund
  - 2.1.2 Business Unit Surplus Policy
- 2.2 The **Open Space Reserve Fund Policy** has been reviewed with the following changes highlighted in Attachment 1:
  - 2.2.1 Changes to City Plan linkages due to the update of the City Plan since the last review of the policy.
  - 2.2.2 Inclusion in the scope a paragraph detailing open space requirements and the importance and relevance to the City of Salisbury.

2.2.3 The policy has been rewritten to directly quote the relevant section of the Development Act, with subsequent paragraphs written to support the application of the Act.

This approach has been taken to simplify the policy, and due to the number of changes a final version of the policy without markup is also attached to aid readability, (Attachment 2).

2.3 **Business Unit Reserve Policy** has been reviewed with minor editing changes made as highlighted in Attachment 3.

# **Policy Application**

- 2.3.1 Given the complexity of the Business Unit Reserve policy it is appropriate to detail the application and rationale of the policy.
- 2.3.2 Salisbury Water is the only business unit that the policy applies to. The rationale for this application is that Salisbury Water has significant infrastructure which will require reinvestment in the future and this should be funded by its operations. Further Salisbury Water is expected to generate significant returns which should not be used to offset councils normal cost of operations without a council decision to do so. Transferring these returns to the reserve provides visibility of the returns made by the business unit and enables Council to make strategic decisions in relation to how these funds can be best applied for the benefit of the community.
- 2.3.3 City of Salisbury has business units that are not subject to this policy; these business units together with the rationale for their exclusion is detailed below:
  - Building Rules Certification Unit as there is no capital investment required to support this business unit the returns are used to reduce the rating impact to our community.
  - Salisbury Memorial Park has a maintenance fund (provision account) provided which is reviewed annually and increased to reflect the expected future outlays to maintain the cemetery. Should the Salisbury Memorial Park provide a return over these amounts then these are treated as general revenue as calculations indicate that the current approach is sufficient to meet our future liabilities.

# 3. CONCLUSION / PROPOSAL

3.1 Policies have been reviewed and are provided for Councils consideration. Minor editorial changes have been made to both policies. Also the Open Space Reserve Policy has been updated to enable the clearer articulation of the legislative requirements and the how this legislation is to be applied.

# **CO-ORDINATION**

Officer: Executive Group Date: 13/11/2017



# Open Space Reserve Fund Policy

Policy Type:	Policy		
Approved By:	Council	Decision No:	2008/1207, 2011/327,
			2013/1927, 2015/0688,
			2183/2017
Approval Date:	27 April 2011	Last Reapproval Date:	26 October 2015 27 November
	_	1	2017
Review Date:	October 2017 November	Internal Reference No.:	
	2019		
Department:	Business Excellence	Division:	Financial Services
Function:	7 - Financial Management	Responsible Officer:	Manager Financial Services

#### A - PREAMBLE

- Council and the community value open space for leisure and recreation, biodiversity, fresh air
  and the amenity and aesthetics it provides. The City is relatively abundant with open space
  compared with many cities and this establishes a positive point of difference which the
  community appreciates.
- The Salisbury City Plan 2030 contains the following objectives relevant to the provision of open space:
  - 2.1. Key Direction 1: The Prosperous City
    - To enhance and create quality urban areas with high amenity and integrated infrastructure
  - 2.2.2.1. Key Direction 2: The Sustainable City
    - To have sustainable and resilient natural environments that support biodiversity and contribute to quality amenity
    - To have sustainable and resilient built environments that contribute to quality amenity
    - Have natural resources and landscapes that support biodiversity and community wellbeing
  - 2.3 Key Direction 3 The Living City
  - To have a community that embraces healthy and active lifestyles
  - To have a city where a quality of life is achievable
- The city operates an Open Space Reserve Fund for the purpose of receiving cash contributions from developers in lieu of the provision of actual open space as required under Section 50 (10) of the Development Act 1993.

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#### B - SCOPE

- This policy applies to the operation of the Open Space Fund.
- 1. Open space is integral to the character of the City of Salisbury and is a major contributor to the lifestyle experienced by the Community. As part of sub division and residential infill developments across the City, it is a requirement that open space or open space assets are provided for the community within these developments, or that financial contributions are made to Council to be used to enhance the existing open space within the City. The legislative requirements recognises that having open space and open space assets, such as reserves and parks, enhances the quality of life of residents through recreation and play, positive physical and mental health impacts, diversity in flora and fauna, aesthetic and economic value and social interaction opportunities.

#### C - POLICY PURPOSE/OBJECTIVES

 This policy sets out the basis on which the Open Space Reserve Fund is to be administered and for what purpose the funds can be applied.

#### D - DEFINITIONS

- Financial Reserve an accounting treatment that 'reserves' (sets aside) part of council's
  equity for a specific purpose.
- Open Space Council owned or controlled areas which are permanently set aside and/or used for public recreation and/or reserved to protect or buffer natural areas.

#### E - POLICY STATEMENT

Section 50(10) of the Development Act 1993 states:

(10) Money received under this section -

(a) in the case of money received by a council-must be immediately paid into a special fund established for the purposes of this section and applied by the council for the purpose of acquiring or developing land as open space;

1.—All open space cash contributions received under Section 50(10) of the Development Act 1993\*

must—beare initially received as contributions as required for recognition purposes by

Australian Accounting Standards and allocated to the financial reserve account 'Open Space

Reserve Fund', being the "special fund" as required by Development Act \$50(10)(a).—as soon

as practicable but no later than one month after receipt. Interest is applied to the monthly

balance of the reserve account at the LGFA twenty four hour at call rate applicable on the first

of each month

- The Open Space Reserve Fund is treated as a financial reserve in the financial statements but there is no separate bank account established.
- Interest is to be applied to the monthly balance in the fund at a rate equal to the LGFA twenty four hour call rate on the first of the month.
- 4-2. The funds may only be applied to projects following formal approval by Council, either through the budget, or budget review, and for the purposes of acquisition and development of open space, which include:
- The funds may only be used 'for the purposes of acquiring or developing land as open-space' \$50(10)(a) Development Act 1993.
- 6. Acquisition and development for the purposes of this policy may include:

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Page 100 Budget and Finance Committee Agenda - 18 November 2019 6.1.2.1. The purchase of land for parks or open space generally;

6.2.2.2. Developing land as open space may include:

- · Seating/spectator cover
- Grass areas/ovals
- · Public toilets
- Landscaping
- Barbeque facilities
- Play equipment
- Pathways/walking trails
- Fencing
- Carparking
- Signs relating to recreation pursuits
- · Reticulation/irrigation systems

6.3.2.3. Other purposes designed to increase the use and unrestricted access by the community.

#### F - LEGISLATION

Development Act 1993

Document Control

Document Control	
Document ID	Open Space Reserve Fund Policy
Prepared by	Kate George
Release	3.00
Document Status	Current
Date Printed	08/11/201905/11/201904/11/2019



# Open Space Reserve Fund Policy

Policy Type:	Policy		
Approved By:	Council	Decision No:	2008/1207, 2011/327,
			2013/1927, 2015/0688,
			2183/2017
Approval Date:	27 April 2011	Last Reapproval Date:	27 November 2017
Review Date:	November 2019	Internal Reference No.:	
Department:	Business Excellence	Division:	Financial Services
Function:	7 - Financial Management	Responsible Officer:	Manager Financial Services

# A - PREAMBLE

- Council and the community value open space for leisure and recreation, biodiversity, fresh air
  and the amenity and aesthetics it provides. The City is relatively abundant with open space
  compared with many cities and this establishes a positive point of difference which the
  community appreciates.
- The Salisbury City Plan 2030 contains the following objectives relevant to the provision of open space:
  - 2.1. Key Direction 2: The Sustainable City
    - Have natural resources and landscapes that support biodiversity and community wellbeing
- 2.3 The city operates an Open Space Reserve Fund for the purpose of receiving cash contributions from developers in lieu of the provision of actual open space as required under Section 50 (10) of the *Development Act 1993*.

#### **B-SCOPE**

- 1. This policy applies to the operation of the Open Space Fund.
- 2. Open space is integral to the character of the City of Salisbury and is a major contributor to the lifestyle experienced by the Community. As part of sub division and residential infill developments across the City, it is a requirement that open space or open space assets are provided for the community within these developments, or that financial contributions are made to Council to be used to enhance the existing open space within the City. The legislative requirements recognises that having open space and open space assets, such as reserves and parks, enhances the quality of life of residents through recreation and play, positive physical and mental health impacts, diversity in flora and fauna, aesthetic and economic value and social interaction opportunities.

# C – POLICY PURPOSE/OBJECTIVES

1. This policy sets out the basis on which the Open Space Reserve Fund is to be administered and for what purpose the funds can be applied.

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#### **D-DEFINITIONS**

- Financial Reserve an accounting treatment that 'reserves' (sets aside) part of council's
  equity for a specific purpose.
- Open Space Council owned or controlled areas which are permanently set aside and/or used for public recreation and/or reserved to protect or buffer natural areas.

#### **E - POLICY STATEMENT**

- 1. Section 50(10) of the Development Act 1993 states:
  - (10) Money received under this section -
    - (a) in the case of money received by a council—must be immediately paid into a special fund established for the purposes of this section and applied by the council for the purpose of acquiring or developing land as open space;
- 3. All open space cash contributions received under Section 50(10) of the *Development Act 1993* are initially received as contributions as required for recognition purposes by Australian Accounting Standards and allocated to the financial reserve account 'Open Space Reserve Fund', being the "special fund" as required by *Development Act S50(10)(a)*. Interest is applied to the monthly balance of the reserve account at the LGFA twenty four hour at call rate applicable on the first of each month. The funds may only be applied to projects following formal approval by Council, either through the budget, or budget review, and for the purposes of acquisition and development of open space, which include
  - 3.1. The purchase of land for parks or open space generally;
  - 3.2. Developing land as open space may include:
    - Seating/spectator cover
    - Grass areas/ovals
    - · Public toilets
    - Landscaping
    - Barbeque facilities
    - Play equipment
    - · Pathways/walking trails
    - Fencing
    - Carparking
    - · Signs relating to recreation pursuits
    - · Reticulation/irrigation systems
  - 3.3. Other purposes designed to increase the use and unrestricted access by the community.

#### F - LEGISLATION

Development Act 1993

#### **Document Control**

Document ID	Open Space Reserve Fund Policy
Prepared by	Kate George
Release	3.00
<b>Document Status</b>	Current
Date Printed	08/11/2019

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# **Business Units Reserves Policy**

Policy Type:	Policy		
Approved By:	Council	Decision No:	2008/1206, 2011/522,
			2013/1927, 2015/0688,
			2017/2183
Approval Date:	25 July 2011	Last Reapproval Date:	26 October 201527 November
			2017
Review Date:	October 2017November	Internal Reference No.:	
	2019		
Department:	Business Excellence	Division:	Financial Services
Function:	7 - Financial Management	Responsible Officer:	Manager Financial Services

#### A - INTRODUCTION

- Business Units are discrete areas of the organisation that operate on commercial or business principles. That is, they operate in an environment of selling goods or services, setting prices and managing costs in order to provide a return or minimise the cost to Council. As such, a Business Unit is not necessarily defined by being a 'profit making' operation and can be deficit funded to provide services, albeit in a 'commercial like' environment. Business Units should be fully costed including finance, depreciation and a share of corporate costs. They are expected to develop good business cases for capital investment decisions.
- 2. The application of these disciplines enables Council to assess the performance of Business Units in commercial terms, examine pricing issues, asset utilisation, and the extent of subsidisation. It encourages managers to consider all costs when looking at revenue targets, as well as improving marketing analysis and techniques, and asset utilisation. This practice also protects Council from allegations of unfair competition by private operators of similar business.

# **B-SCOPE**

- 1. This Policy applies to the following Business Units:
  - a. Water Business Unit
- The Policy may also apply to Business Units (subject to Council resolution) for which the following questions can be answered in the affirmative:
  - a. Is the Business Unit sufficiently large to justify a process of retained earnings?
  - b. Is the Business Unit expected to make significant surpluses on a regular basis?

c. Is there a purpose for utilising retained earnings in the Business Unit (eg future business investment needs, asset replacement, offset losses, dividend distribution etc)?

#### C – POLICY PURPOSE/OBJECTIVES

- This Policy:
  - Establishes the use of Retained Earning Funds (Reserve Account) to prevent Business
    Units from inadvertently subsidising general council operations and compromising the
    rating effort needed to support normal services;
  - b. Specifies the purposes for which a Retained Earnings Fund may be used.

#### **D - DEFINITIONS**

- Business Unit discrete areas of the organisation that operate on commercial or business principles.
- 2. **Retained Earnings Fund** a Reserve Account into which actual surpluses and deficits from a Business Unit are transferred at the conclusion of each financial year.
- Surplus a positive result after all operating income and expenditure has been accounted for, including finance, depreciation, provisions, and a share of corporate costs.
- 4. **Deficit** a negative result after all operating income and expenditure has been accounted for, including finance, depreciation, provisions, and a share of corporate costs.

#### **E - POLICY STATEMENT**

- The use of a Retained Earnings Fund will be limited to Business Units specified within this Policy.
- A Retained Earnings Fund may be used for the purposes detailed below following Council resolution:
  - a. Reinvesting in the business of the Business Unit;
  - b. Assisting in the replacement of assets of the Business Unit;
  - c. Offsetting future deficits up to but not exceeding the available balance
  - d. Distributing 'dividends' to Council general operations.
- A Retained Earnings Fund may be comprised of one or more accounts (for example one for retained earnings and one for asset renewal) with separate transaction records maintained for each account.
- 4. Where borrowings exist for a Business Unit, in the first instance, cash generated from the funding of depreciation will be allocated to reduce those borrowings. Where borrowings have been eliminated, any cash generated from the funding of depreciation may be allocated to any account within the Retained Earnings Asset Renewal Account.
- Ongoing Deficits which exceed the available balance for the respective business unit indicates
  that the operations are no longer commercially viable, and this policy should therefore not
  apply.

# F - LEGISLATION

- 1. Local Government Act 1999
- 2. Local Government (Financial Management) Regulations 2011.

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# **G - REFERENCES**

1. City of Salisbury Financial Reporting Process

# **Document Control**

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