



AGENDA
FOR BUDGET AND FINANCE COMMITTEE MEETING TO BE HELD ON
16 NOVEMBER 2020 AT CONCLUSION OF POLICY AND PLANNING
COMMITTEE
IN LITTLE PARA CONFERENCE ROOMS, 34 CHURCH 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 City Infrastructure, Mr J Devine
General Manager Community and Org.Development, Ms G Page
Manager Governance, Mr M Petrovski
Risk and Governance Program Manager, Ms J Crook
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 19 October 2020.

Presentation of the Minutes of the Confidential Budget and Finance Committee Meeting held on 19 October 2020.

REPORTS

Administration

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OTHER BUSINESS

CONFIDENTIAL ITEMS

6.9.1 Operating Savings Initiatives - Library Services

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)(b)(i) and (b)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*

- *it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*
- *information the disclosure of which would, on balance, be contrary to the public interest.*

2. *In weighing up the factors related to disclosure,*

- *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
- *Non disclosure of this matter at this time will protect sensitive information relating to operational matters and commercial position of Council.*

*On that basis the public's interest is best served by not disclosing the **Operating Savings Initiatives - Library Services** 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

Confidential Item 6.9.1



**MINUTES OF BUDGET AND FINANCE COMMITTEE MEETING HELD IN LITTLE
PARA CONFERENCE ROOMS, 34 CHURCH STREET, SALISBURY ON**

19 OCTOBER 2020

MEMBERS PRESENT

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

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager City Development, Mr T Sutcliffe
General Manager City Infrastructure, Mr J Devine
General Manager Community and Org. Development, Ms G Page
Manager Governance, Mr M Petrovski
Risk and Governance Program Manager, Ms J Crook
Governance Support Officer, Ms K Boyd

The meeting commenced at 6.54 pm.

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

APOLOGIES

An apology was received from Cr N Henningsen.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr D Hood
Seconded Cr P Jensen

The Minutes of the Budget and Finance Committee Meeting held on 21 September 2020, be taken as read and confirmed.

CARRIED

REPORTS

Administration

6.0.1 Future Reports for the Budget and Finance Committee

Moved Cr D Proleta
Seconded Cr S Reardon

1. The information is received.

CARRIED

6.0.2 Recommendations of the Innovation and Business Development Sub Committee meeting held on Monday 12 October 2020

Moved Cr L Braun
Seconded Cr C Buchanan

The information contained in the Innovation and Business Development Sub Committee of the meeting held on 12 October 2020 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 Cr L Braun
Seconded Cr C Buchanan

1. The information be received.

CARRIED

6.0.2-IBDSC2 Salisbury Fringe - Change to Friday Night Event

Moved Cr L Braun
 Seconded Cr C Buchanan

1. The information contained within this report be received and noted and that:
 - a. Ward Councillors will invite up to 10 individuals per Ward from the local community or business in that Ward.
 - b. The Mayor will invite up to 10 individuals from the local community or businesses.
 - c. City of Salisbury Citizens of the Year be invited.
 - d. The Chief Executive Officer & General Managers and partners be invited.
 - e. Remainder of invitees be endorsed by the Mayor and the Chief Executive Officer.
 - f. A formal acknowledgement be made within the Mayor’s opening address to reference the contribution the community clubs and groups make to the City of Salisbury.
2. Council notes the existing Protocol for Civic Events and Functions organised by the City of Salisbury Policy but due to COVID restrictions and to ensure that the maximum number of community groups and businesses can be invited that only local State and Federal MP’s be invited without partners.

CARRIED

6.0.2-IBDSC3 Salisbury Community Achievement Awards incorporated into the Australia Day Awards Program

Moved Cr L Braun
 Seconded Cr C Buchanan

1. The information contained within this report be received.
2. The brand new Award for Active Citizenship in the 2021 Australia Day Awards Program introduced by the Australia Day Council is supported.
3. That a separate award called ‘The Salisbury Community Achievement Award’ is included, and
 - a. The award will be presented at the Australia Day breakfast event as part of the awards ceremony.
 - b. All award winners will be engaged after the awards ceremony and remain connected to our Salisbury Community by becoming an invited guest at future City of Salisbury events.

CARRIED

6.0.2-IBDSC4 Roxby Downs Public and Environmental Health Services

Moved Cr L Braun
Seconded Cr C Buchanan

1. The information be received.
2. The City of Salisbury withdraws from the provision of Public and Environmental Health Services for the Roxby Downs Council.
3. Staff formally write to Roxby Downs and advise of the intent to withdraw and cease Public and Environmental Health services at the end of 2020/21 or until such time that a new service provider is engaged (whichever occurs first).
4. The City of Salisbury provides Roxby Downs with remote support for the duration of the 2020/21 period or until such time that a new service provider is engaged (whichever occurs first).

CARRIED

6.0.2-IBDSC5 Community Requests - Response Dashboard

Moved Cr L Braun
Seconded Cr C Buchanan

1. The information be received.

CARRIED

6.0.2-IBDSC6 Community Bus to Service Western Suburbs

Moved Cr L Braun
Seconded Cr C Buchanan

1. That the information contained in this report be noted.
2. That Council endorse a 6-month trial of a Fixed Route Community bus service linking the greater Salisbury area to the suburbs west side of Pt Wakefield Road during the 2021/2022 daylight savings period - 3 October 2021 to 3 April 2022, and that a corresponding New Initiative Bid be developed by staff for consideration in the 2021/22 budget.
3. That the service be a fully funded council-provided service operating 3 times per day on 3 days per week.
4. That the Route of the Community bus service incorporate;
 - The Salisbury Hub
 - Hollywood Plaza
 - Globe Derby Park
 - Bolivar (Highway One Caravan Park/Truck stop)
 - Paralowie Village Shop Shopping Centre

- Springbank Plaza
 - St Kilda Tram Museum
 - St Kilda Playground
5. That Council promote the trial through social media, print media and use of the Hub tele-screen.
 6. That a report be brought back at the conclusion of the trial, analysing the success or otherwise of the trial, including;
 - the uptake of the service overall
 - which stops are used the most/least
 - Customer and staff feedback

CARRIED
UNANIMOUSLY

6.0.3 Council Solutions Update

Moved Cr G Reynolds
Seconded Cr K Grenfell

1. The information be received.

CARRIED

Finance

6.1.1 Treasury Policy

Moved Cr C Buchanan
Seconded Cr K Grenfell

1. Information be received
2. The amended Treasury Policy, as set out in Attachment 1 to this report (Item 6.1.1, Budget & Finance Committee, 19/10/2020) be endorsed with the replacement of the third and last dot point under the new section titled, “Budget Review Process / Funding Requests Arising Throughout the Financial Year” to:
 - To be considered for funding during the year the project must be urgent or advantageous to Council, and where possible Council should consider options for cancelling or deferring existing projects to enable funds to be made available. It should be considered a last resort to add to the program and increase borrowings as this does not enable Council to consider the merits of the specific project in light of all other proposed projects.
 - From time to time a matter may be referred to the next quarterly budget review as a “Non-discretionary Budget Review Bid”. This mechanism is only to be used when funds must be expended without delay, and consequently should be regarded as an extraordinary situation or advantageous to Council.

CARRIED

Rating Matters

6.6.1 Discretionary Rate Rebate Application for Calvary Central Districts Hospital

Cr G Reynolds declared an actual conflict of interest on the basis of having a family member who is an employee of the Calvary Health Care. Cr G Reynolds left the meeting at 7:31 pm.

Moved Mayor G Aldridge
Seconded Cr S Ouk

1. In relation to LCM Calvary Health Care Holdings Ltd consideration has been given to providing a 75% rebate or any level of rebate and:
 - (a) That no rate rebate should be granted in respect of Assessment Number 39542, the premises known as 25-37 Jarvis Rd, Elizabeth Vale SA 5112; and
 - (b) That the rate rebate application lodged by LCM Calvary Health Care Holdings Ltd dated 6 August 2020 is dismissed.

CARRIED

Cr G Reynolds returned to the meeting at 7:32 pm.

OTHER BUSINESS

Nil

CONFIDENTIAL ITEMS

6.9.1 Operating Surplus Initiative Update

Moved Cr K Grenfell

Seconded Cr S Ouk

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*

- it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and

- information the disclosure of which would, on balance, be contrary to the public interest.

2. *In weighing up the factors related to disclosure,*

- disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations

- Non disclosure of this matter at this time will protect sensitive commercial information relating to the operations of Council that may confer an advantage on a third party or prejudice the commercial position of Council

*On that basis the public's interest is best served by not disclosing the **Operating Surplus Initiative Update** item and discussion at this point in time.*

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

CARRIED

The meeting moved into confidence at 7.32 pm.

The meeting moved out of confidence and closed at 7.40 pm.

CHAIRMAN.....

DATE.....

ITEM	6.0.1
	BUDGET AND FINANCE COMMITTEE
DATE	16 November 2020
HEADING	Future Reports for the Budget and Finance Committee
AUTHOR	Michelle Woods, Projects Officer Governance, CEO and Governance
CITY PLAN LINKS	4.2 We deliver quality outcomes that meet the needs of our community
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 is 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 table below outlines the reports to be presented to the Budget and Finance Committee as a result of a Council resolution.

Meeting Item	- Heading and Resolution	Officer
26/08/2019 6.1.3 Due:	Event Management Framework and Room Booking Fees & Charges - Salisbury Community Hub 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. December 2020	Charles Mansueto
27/05/2020 6.9.2 Due:	Update on Action on Rates Assessment Outstanding under Section 184 of the Local Government Act 1999 Council has previously resolved this resolution to be confidential. December 2020	Kate George
27/05/2020 6.9.3- IBDSC5 Due:	Public Lighting LED Business Case Council has previously resolved this resolution to be confidential. March 2021	Dameon Roy
24/08/2020 2.0.2- AMSC3 Due:	Information report inclusiveness in Playspaces 5. Staff bring back a further report proposing a discretionary budget bid to be considered for the provision of an accessible toilet with adult changing facility at Unity Park at the second quarter budget review. February 2021	Craig Johansen

4. CONCLUSION / PROPOSAL

4.1 Future reports for the Budget and Finance Committee have been reviewed and are presented to Council for noting.

CO-ORDINATION

Officer: Executive Group
Date: 09/11/2020

ITEM 6.0.2

BUDGET AND FINANCE COMMITTEE

HEADING Recommendations of the Innovation and Business Development Sub Committee meeting held on Monday 9 November 2020

AUTHOR Mechelle Potter, Administrative Coordinator - Business Excellence, Business Excellence

CITY PLAN LINKS 4.1 Members of our community receive an exceptional experience when interacting with Council

SUMMARY The minutes and recommendations of the Innovation and Business Development Sub Committee meeting held on Monday 9 November 2020 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 09 November 2020 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 is received.

IBDSC2 Community Market - City of Salisbury

1. That the report is noted.
2. That a Council operated market is not pursued but that where possible and viable staff incorporate a community market component into the approved 3 year Event Calendar.

IBDSC3 Community Requests - Response Dashboard

1. The information is received.

ATTACHMENTS

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

1. Minutes Innovation and Business Development Sub Committee - 9 November 2020

CO-ORDINATION

Officer: GMBE
Date: 11/11/2020

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**MINUTES OF INNOVATION AND BUSINESS DEVELOPMENT SUB COMMITTEE
MEETING HELD IN WITTBER & DR RUBY DAVY ROOMS, SALISBURY
COMMUNITY HUB, 34 CHURCH STREET, SALISBURY ON**

9 NOVEMBER 2020

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 S Reardon and Cr S Ouk

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

The meeting commenced at 6.58 pm.

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

APOLOGIES

There were no Apologies.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr L Braun
Seconded Mayor G Aldridge

The Minutes of the Innovation and Business Development Sub Committee Meeting held on 12 October 2020, be taken as read and confirmed.

CARRIED

REPORTS

IBDSC1 Future Reports for the Innovation and Business Development Sub Committee

Moved Cr P Jensen
Seconded Cr L Braun

1. The information is received.

CARRIED

IBDSC2 Community Market - City of Salisbury

Mayor G Aldridge declared a perceived conflict of interest on the basis of a family member being the operator of a market. Mayor Aldridge left the meeting at 6.59 pm.

Moved Cr C Buchanan
Seconded Cr D Hood

1. That the report is noted.
2. That a Council operated market is not pursued but that where possible and viable staff incorporate a community market component into the approved 3 year Event Calendar.

CARRIED

Mayor G Aldridge returned to the meeting at 7.07 pm.

Cr C Buchanan left the meeting at 7.08 pm.

Cr C Buchanan returned to the meeting at 7.09 pm.

IBDSC3 Community Requests - Response Dashboard

Moved Cr P Jensen
Seconded Cr J Woodman

1. The information is received.

CARRIED

OTHER BUSINESS

Nil

CLOSE

The meeting closed at 7.10 pm.

CHAIRMAN.....

DATE.....

ITEM	6.1.1
	BUDGET AND FINANCE COMMITTEE
DATE	16 November 2020
HEADING	Council Finance Report - October 2020
AUTHORS	Kate George, Manager Financial Services, Business Excellence Tim Aplin, Senior Accountant, Business Excellence
CITY PLAN LINKS	4.4 We plan effectively to address community needs and identify new opportunities
SUMMARY	This report provides key financial data as at 31 October 2020 for the information of Council.

RECOMMENDATION

1. The information is received.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

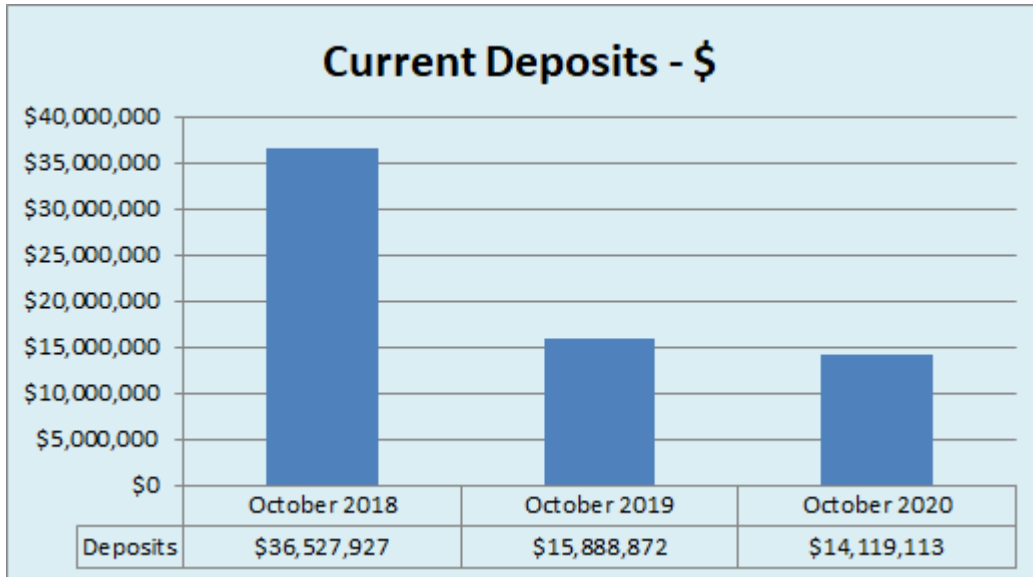
- 1.1 Treasury Policy requires that a report be prepared detailing fixed borrowings and variable borrowings at the end of the preceding month, together with all investments held, their terms and interest rates. Also included is a summary of Reserve Balances and Rates and Debtor Information. The policy 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. It should be noted that there is a bonus paid on deposits with the LGFA each year, and whilst the percentage varies from year to year, typically it is around 0.5%.

2.2 Investments as at 31 October 2020

Date	Institution	%	Term-Days	Maturity	Value
19-Oct-2020	LGFA	0.45%	30 Days	19-Nov-2020	3,000,000
31-Oct-2020	LGFA	0.45%	At Call	31-Oct-2020	309,297
31-Oct-2020	NAB	0.25%	At Call	31-Oct-2020	10,809,816
31-Oct-2019	15,888,872			31-Oct-2020	14,119,113



- 2.3 The cash position has decreased slightly compared to October 2019. It was expected to be lower given the impacts of Covid as well as the significant infrastructure program. However the current position can be attributed primarily to the timing of delivery of the Infrastructure program, noting there is significant expenditure yet to come, combined with a similar level of operational costs incurred year to date as compared to October 2019 when adjusted for Operational Surplus Initiative measures.
- 2.4 It should be noted that whilst currently there are cash holdings, Council has been in a drawn down Cash Advance Debenture (CAD) position with a maximum exposure of \$8.0M over the preceding quarter which incurred total interest costs of \$12k. Council's cash holdings and borrowings will be monitored closely over the upcoming quarters and when necessary we will draw down further on existing CAD Facilities, noting there are appropriate levels of facilities available to manage any cash shortfalls.

2.5 Reserves as at 31 October 2020

	Opening Balance as 1/07/2019	Transfer to Reserves	Transfer from Reserves	Current Balance
Open Space Reserve	1,356,739	1,945	100,000	1,258,684
Car Parking Reserve	947,803	1,438	-	949,241
Property Disposal Reserve	750,918	-	-	750,918
Mausoleum Perpetual Care Fund	857,195	6,073	-	863,268
Salisbury Memorial Park Reserve	911,933	1,384	-	913,317
Developer and Public Infrastructure Reserve	1,430,820	112,358	208,000	1,335,178
Salisbury Water Business Unit Reserve	2,108,962	-	-	2,108,962

2.6 Reserves are a device used to ensure that Council has allocated amounts for specific purposes. Transfers to the Reserves represent amounts received as contributions, indicative interest adjustments and property disposal proceeds. Transfers from the Reserves represent these amounts being applied to specific projects, or to reduce loan borrowing requirements.

2.7 At 31 October 2020 the most significant movements are the transfers from the Developer and Public Infrastructure Reserve of \$208k being the funding associated with the Developer Funded Infrastructure Programs and \$100k being funding associated with Open Space Infrastructure Program, both of which were endorsed as part of the 2020-21 budget. Transfers to the Developer and Public Infrastructure Reserve of \$110k have also been received which relate to the residential property development at Hoyle Green as well as an external contribution relating to a development at Penner Avenue, Burton.

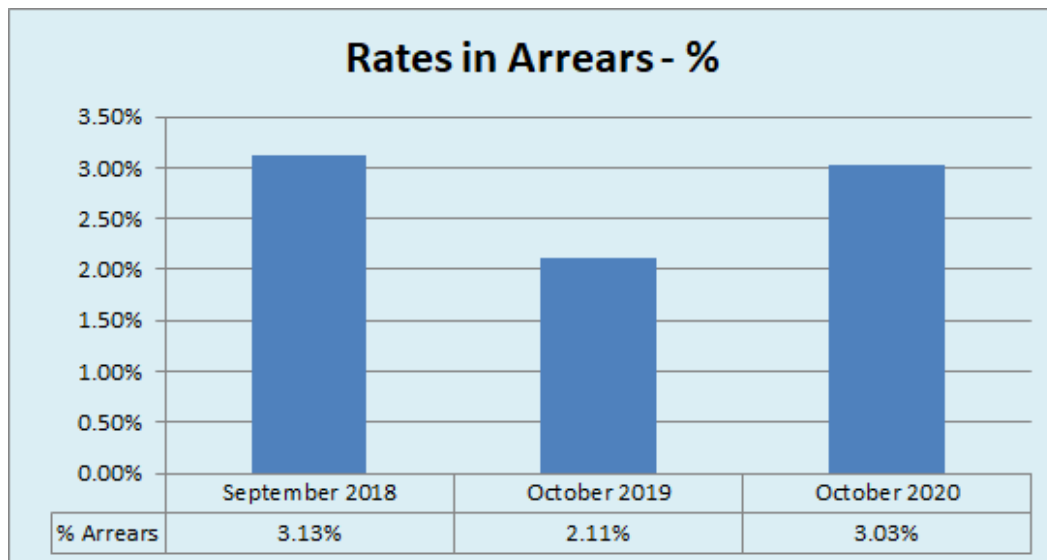
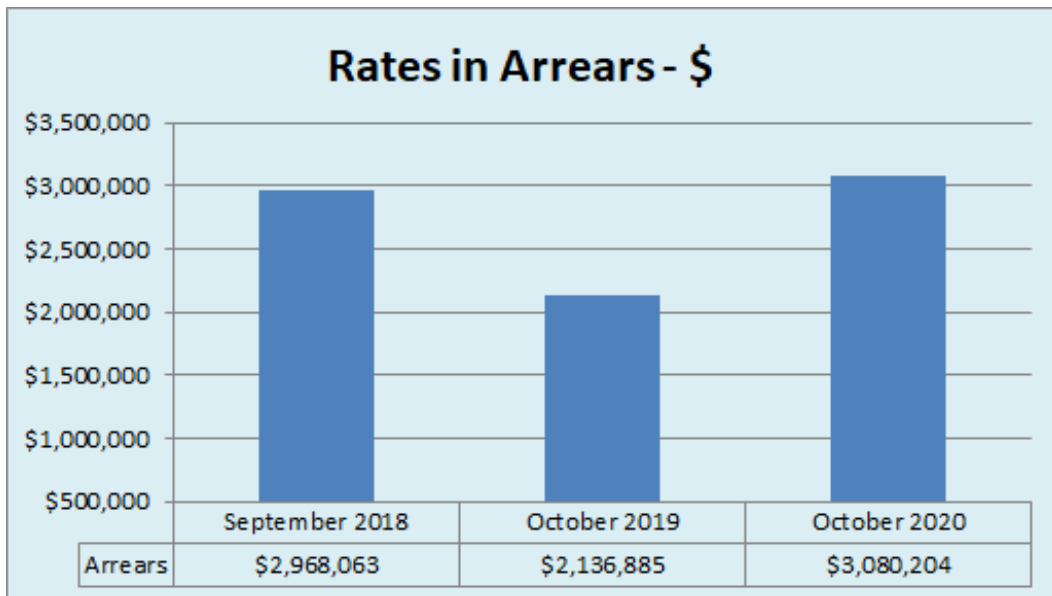
2.8 Other smaller movements include transfers representing interest allocations totaling \$7k across all the reserves, as well as a \$4.7k contribution received to the Mausoleum Perpetual Care Fund.

2.9 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.

2.10 Recovery of Rates

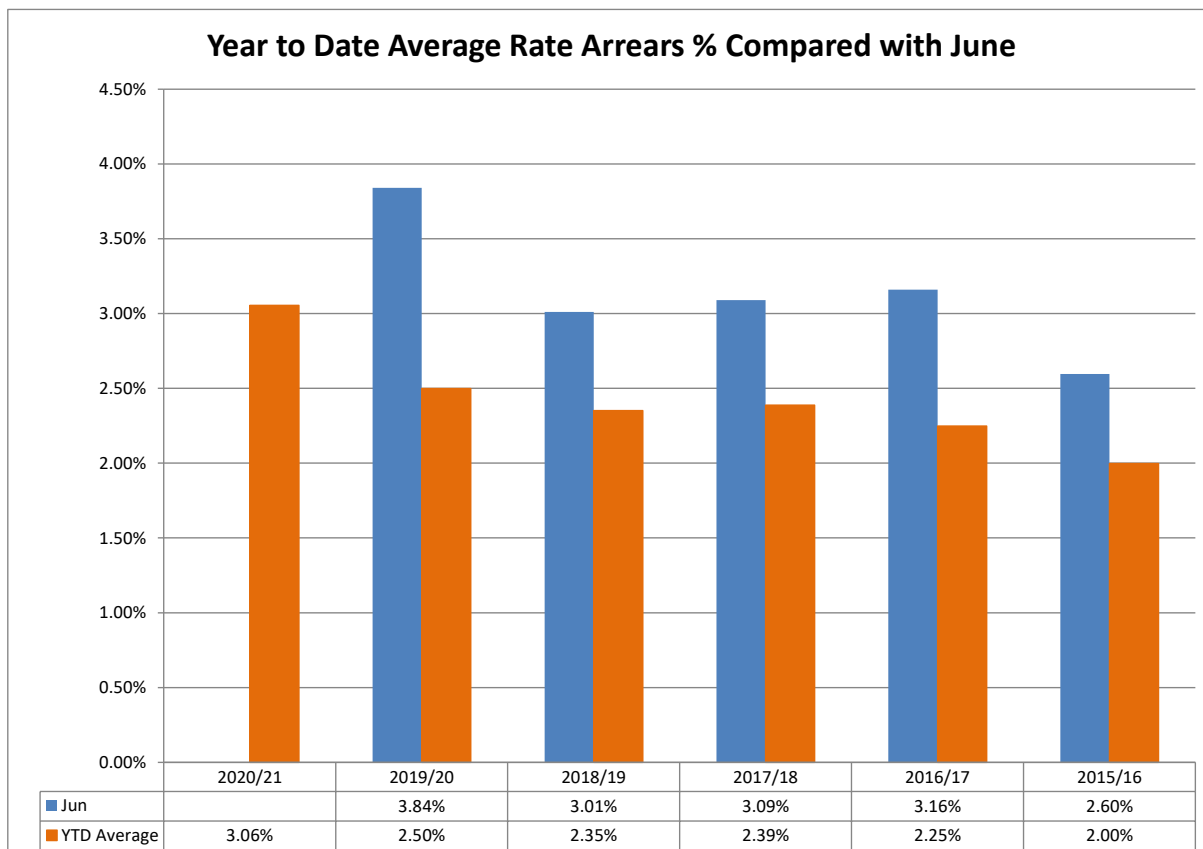
	No of Accounts	\$	%
Outstanding Balance as at 31 October 2020*		62,627,973	61.51%
Outstanding Balance as at 31 October 2019*		62,822,325	62.15%
Outstanding Rates Arrears as at 31 October 2020	4,318	3,080,204	3.03%
Outstanding Rates Arrears as at 31 October 2019	4,150	2,136,885	2.11%

*The calculation of the outstanding balance is comprised of the amount outstanding at the time of the report, offset by payments for rates that have been received in advance. In previous reports, these amounts had also included Water Debtors.



- 2.11 The level of Council Rates in arrears at 31 October 2020 is 3.03%, which is above the target maximum level for Rates Arrears of 2.5%. It was anticipated that the levels of arrears would increase as a result of the extended payment date for the June Fourth Quarter rates in the 2020 financial year and also into the current 2021 financial year for September First Quarter rates for those meeting the Covid-19 Hardship policy.
- 2.12 Further to the above, at the time of preparing this report Council has received a total of 169 applications under the Covid-19 Rates Financial Hardship Policy, with 118 currently approved, 38 acknowledged or awaiting further information from the rate payers, 11 that were deemed ineligible under the provisions of the policy and 2 that have been withdrawn.

- 2.13 Rate arrears are cyclical in that they peak in the month rate installments fall due, with September being an installment month, and then trend down for the next two months, meaning that rate arrears at a point in time may be distorted, and that the average rate arrears normalizes the cyclical impacts. The graph below depicts the average year to date rate arrears, with the average to October being 3.06%.



- 2.14 Consideration in the coming period to collection practices that encourage payment were possible will be important to ensure that rate arrears do not become too large for rate payers to effectively manage. Rate arrears will continue to be monitored closely.

2.15 Other Debtors as at 31 October 2020

Debtor Type	Current	30 – 60 days	60 - 90 days	Over 90 days	Total
Sundry	201,331	50,864	71,357	87,242	410,794
Salisbury Water	-	2,030	-	-	2,030
Inflammable Undergrowth	-	-	-	-	0
Health Licensing Fees	7,709	1,677	1,677	4,797	15,860
Property Management	224,936	6,031	2,545	614	234,126
TOTAL	433,976	60,602	75,579	92,653	662,810

- 2.16 The above aged analysis represents Councils other debtors as at 31 October 2020. The Sundry Debtors current balance of \$410,794 includes numerous debts, all of which are a normal part of Councils operations, and are expected to be paid in the upcoming period.

2.17 The aged analysis also represents Councils debts outstanding as at 31 October 2020. Debts outstanding greater than 90 days account for 14% of the total outstanding balance. Debts that are outstanding for greater than 30 days are currently not being referred to debt collection, but are internally followed up. Consideration in the coming period to recommencing debt collection referral will be an important decision to ensure these debts, which have entered into at the debtors' discretion, are collected.

2.18 Loan Schedule as at 31 October 2020

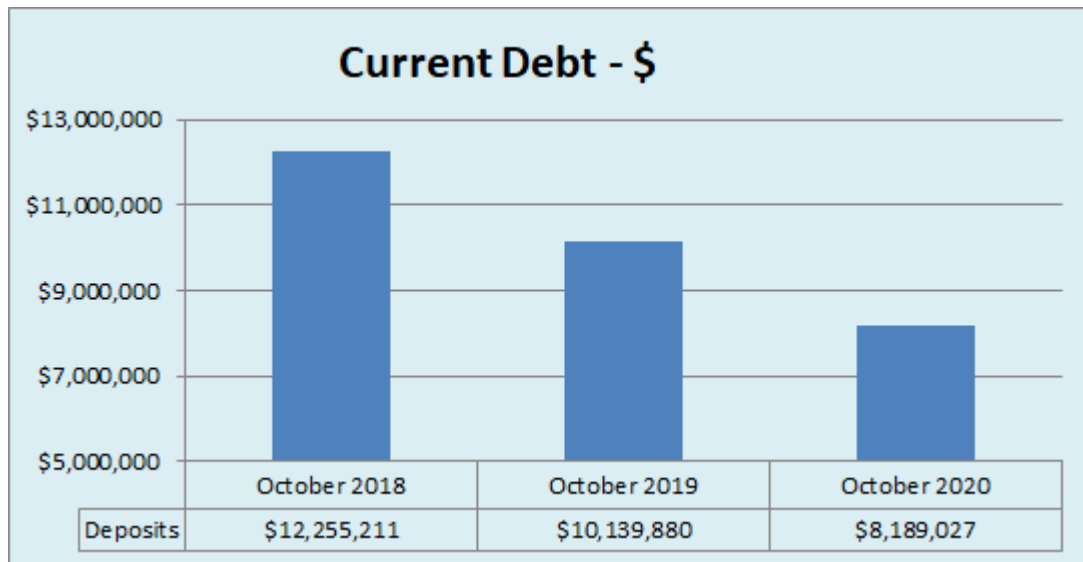
Debenture Loans	
Principal Outstanding as at 1 July 2020	8,189,026
Loans Raised Year to Date	-
Repayments of Principal Year to Date	-
Loan Principal Outstanding - Debenture Loans	8,189,026
Cash Advance Debenture Borrowings (CADs)	
Total CAD's available	50,317,000
Current CAD's drawdown amount year to date	-
Balance of CAD's available	50,317,000
Interest Payments (Debenture Loans and CADs)	
Interest Payments - Debenture Loans	185,351
Interest Payments - CAD's	12,091
Total Interest Payments	197,442

2.19 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 made in December 2020 and another due in June 2021. Over the last quarter there was a maximum draw down of \$8.0M which was repaid by 31 October 2020 and the interest cost associated with this drawn down was \$12k.

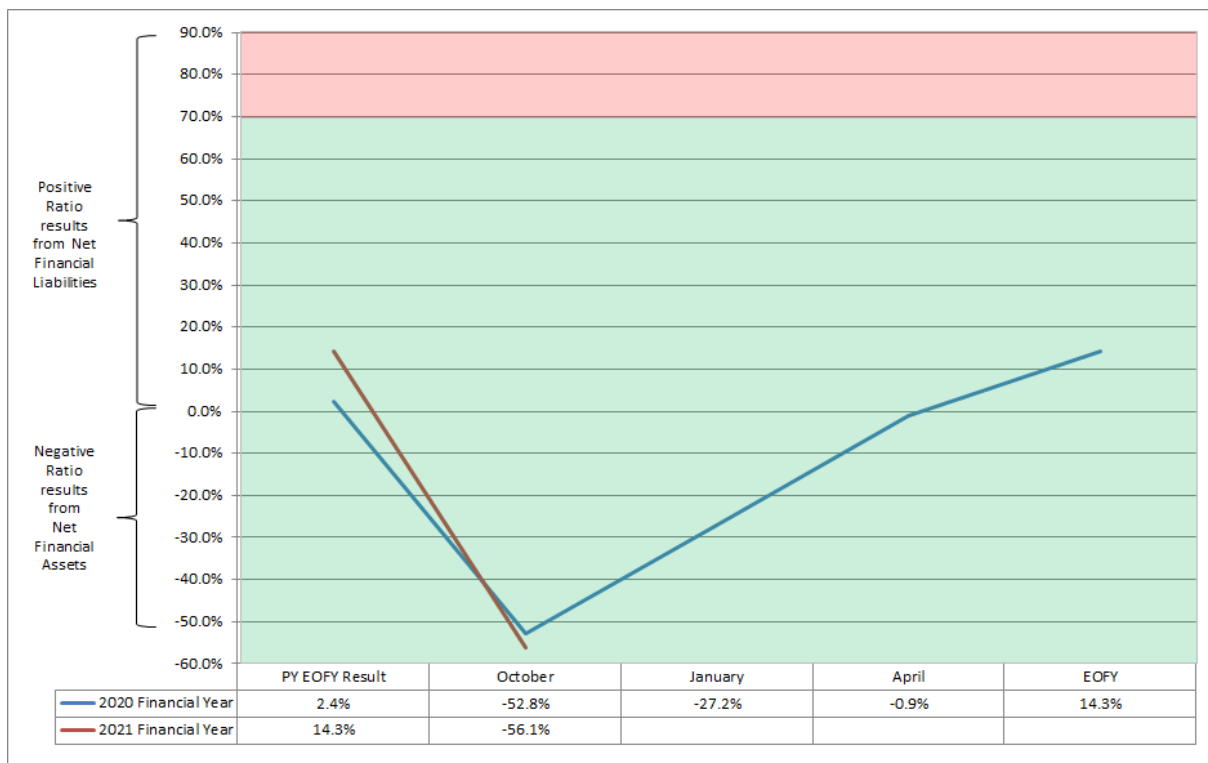
2.20 Not included in the above loan schedule is the \$408k Debenture Loan secured for special purpose borrowings, which is offset by a Loan Receivable. It should be noted that this loan receivable was equivalent to the Debenture loan payable of \$408k, however as loan repayments were deferred by Council for a period of 6 months with interest capitalised during this period (resolution 0492/2020), the Loan Receivable is now higher. The deed of variation to affect this has now been formalised and the total interest capitalised into the loan principle is \$8.4k, bring the Loan Receivable to \$416k.

2.21 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 fixed term debt. This has resulted from Council's decision to utilise property development proceeds to offset borrowing requirements.

2.22 Our level of borrowings, primarily in the form of drawing down on CAD's is expected to increase in the upcoming quarters with cash balances decreasing, and the scale of the infrastructure program. A further impact on borrowings will be the measures Council have resolved in response to Covid-19. However, at this stage this is not a cause for major concern with our borrowing levels continuing to be monitored together with the Net Financial Liability Ratio.



2.23 Net Financial Liabilities Ratio Comparison



2.24 The graph above shows the net financial liabilities ratio (NFL) comparison for the 2020 and 2021 financial years as at the time of preparation of each Council finance report. Council's endorsed range for the NFL is less than 70% as

endorsed for the 2020-21 budget year which is represented by the green shaded area on the graph, noting that the endorsed range for 2019-20 was less than 40%.

- 2.25 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.
- 2.26 As can be seen the trend is that early in both financial years Council is in a sound net financial assets position. 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 as the infrastructure program is delivered, and last financial year Council was in a net financial liability position at the end of financial year with a ratio of 14.3% which is within the endorsed range.
- 2.27 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 2020-21 Budgeted Net Financial Liabilities Ratio is 54.3%. Borrowings and Net Financial Liabilities will continue to be monitored and the final net financial liabilities ratio will be reported in the future finance reports.

3. CONCLUSION / PROPOSAL

- 3.1 The analysis above demonstrates that Council is currently in a sound financial position, considering the adverse impacts on our cash holdings over the last two quarters. It should be noted that Council has appropriate levels of borrowing facilities to manage the cash shortfalls that may result.

CO-ORDINATION

Officer: Executive Group
Date: 09/11/2020

ITEM	6.4.1
	BUDGET AND FINANCE COMMITTEE
DATE	16 November 2020
HEADING	Budget Timetable 2021/22
AUTHOR	Kate George, Manager Financial Services, Business Excellence
CITY PLAN LINKS	4.4 We plan effectively to address community needs and identify new opportunities

SUMMARY To enable appropriate diary management the budget workshops and meetings are being planned now. This report details proposed meeting and workshop dates, and associated draft agendas required to ensure the 2021/22 Budget is adopted at the June 2021 Council meeting.

RECOMMENDATION

1. Information is received.
2. Council endorses the timetable for the preparation and presentation of the 2021/22 budget, subject to adoption of the meeting schedule by Council at the November Council meeting.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 To enable Elected Members to plan for and prioritise budget meetings the proposed meeting and workshop schedule for the 2021/22 Budget process has been prepared.

2. CONSULTATION / COMMUNICATION

- 2.1 Internal
 - 2.1.1 NA

3. REPORT

- 3.1 The 2021/22 budget planning process has commenced and it is anticipated that the formal adoption of the budget and declaration of rates for 2021/22 will occur at the June 2021 Council meeting. To ensure this timeframe is met a series of meetings with Council are required between March and June 2021.
- 3.2 The Elected Member Workshop Forum in February will include a discussion of strategic direction, key projects, and long term financial sustainability concepts and impacts. The information considered at the relevant sessions of this weekend workshop will help to inform the budget and the information that is presented to

Council during the budget process. Further details on the structure and content of the Elected Member Workshop Forum will be provided closer to the event.

- 3.3 A series of Council workshops and meetings are proposed between March and June. Public consultation of the Annual Plan and Budget is planned for May, with time set aside for any verbal representations at the May Council meeting and consultation feedback will be reported to Council at the June Budget and Finance meeting. The dates of the meetings and workshops and the associated draft agendas are detailed in the table below:

Meeting Date	Meeting Time	Purpose
Saturday 20 & Sunday 21 February 2021	9am-5pm Sat 9am-1pm Sun (TBC)	Elected Member Workshop Forum <ul style="list-style-type: none"> • Long Term Financial Plan Concepts and sustainability indicators • Strategic Initiatives
Wednesday 24 February 2021	First Budget Workshop 6.30pm - 9.30pm Council Chambers (Informal)	<ul style="list-style-type: none"> • Capital New Initiatives • PF&E New Initiatives
Wednesday 3 March 2021	Second Budget Workshop 6.30pm - 9.30pm Council Chambers (Informal)	<ul style="list-style-type: none"> • Recap Elected Member Workshop Outcomes • Base Operating Budget • Operating New Initiatives • IT New Initiatives • Recreation Fees & Charges
Monday 15 March 2021	Finance and Corporate Services Committee (at Conclusion of Policy and Planning)	<ul style="list-style-type: none"> • Business Units report on current year and overview of Budget 2019/20 • Update from first budget workshop • Budget Bids Report
Wednesday 24 March 2021	Third Budget Workshop 6.30pm - 9.30pm Council Chambers (Informal)	<ul style="list-style-type: none"> • Update on second workshop • Updated Consolidated Summary • Long Term Financial Plan • NAWMA Presentation • Recreation Services Presentation
Wednesday 31 March 2021	Fourth Budget Workshop <i>(if required)</i> 6.30pm – 9.30pm Council Chambers (Informal)	<ul style="list-style-type: none"> • If required to complete budget discussions prior to finalising the draft budget for public consultation
Tuesday 13 April 2021	Audit Committee 6.30pm	<ul style="list-style-type: none"> • S126(4)(AB) review of the draft annual plan
Monday 19 April 2021	Finance and Corporate Services Committee (at Conclusion of Policy and Planning)	<ul style="list-style-type: none"> • Updated Consolidated Summary • Update on Budget Workshop Actions • Other Budget Refinements • Finalise Draft Budget • Draft Annual Plan and Budget
Tuesday 27 April 2021	Council Meeting 7:00pm	<ul style="list-style-type: none"> • Adoption of draft Annual Plan for consultation
Monday 17 May 2021	Finance and Corporate Services Committee (at Conclusion of Policy and Planning)	<ul style="list-style-type: none"> • Updated Consolidated Summary • Rating Updated • Update on any other outstanding items

ITEM 6.4.1

Meeting Date	Meeting Time	Purpose
Tuesday 15 June 2021*	Finance and Corporate Services Committee	<ul style="list-style-type: none">• Feedback from Public Consultation• Update Consolidated Summary• Rating Update• Final changes
Monday 28 June 2021	Council Meeting 7.00pm	<ul style="list-style-type: none">• Formal Adoption of the Budget and Declaration of Rates

* June Budget and Finance Committee meeting brought forward

3.4 The timetable is consistent with the timetable established for the prior year.

4. CONCLUSION / PROPOSAL

4.1 The proposed budget meeting and workshop dates are provided for consideration. The timing of these meetings is required to ensure smooth passage of the budget to enable its endorsement at the June 2021 Council meeting.

CO-ORDINATION

Officer: Executive Group
Date: 09/11/2020

ITEM	6.5.1
	BUDGET AND FINANCE COMMITTEE
DATE	16 November 2020
HEADING	First Quarter Budget Review 2020/21
AUTHORS	Kate George, Manager Financial Services, Business Excellence Melissa Hamilton, Assistant 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 capital and operating \$1,722,854 be debited to the Sundry Project Fund. This will bring the balance to a negative \$1,722,854, prior to the allocation of approved net bids.
2. Funds be allocated for the following non-discretionary net bids:

OPERATING

Salisbury Development Services Insurance Premiums	\$16,000
Workers Compensation Insurance Scheme Premiums	\$265,000
Elected Member Allowances Periodic Adjustment	\$10,000
Para Hills Community Hub Operational Costs	\$42,000

CAPITAL

Major Traffic – George St & Ryans Rd	\$70,000
Inclusive Play Equipment – Unity Park	\$150,000
Dunkley Green Reserve Valley View	\$97,700
Lease to Buy Laptop/PC's	\$13,700
Burton Park Pitch Remediation	\$375,000
TOTAL	\$1,039,400

(NB: If parts 1 & 2 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a negative balance of \$2,762,254.)

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

OPERATING

Confidential Item \$10,000

CAPITAL

Mobara Park Bridge \$70,000

TOTAL \$80,000

(NB: If parts 1, 2 & 3 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a negative balance of \$2,842,254.)

4. Approval of the following transfers:

1. Transfer \$4,000 Continuous Improvement funding to Development Services to fund an educational video for the community to answer common questions associated with land divisions.
2. Transfer \$110,000 Contractor Agency expenditure to Wages and Salaries within the Security area to align the Security Coordinator position budget to actuals.
3. Transfer \$13,200 operating expenditure related to the Unity Park toilet facility from Infrastructure Delivery Operating Projects to Property and Buildings Public Toilet Maintenance expenditure.
4. Transfer \$75,000 capital expenditure from the Public Art Feature Artwork program to the upgrade of Unity Park landscaping and a relocated entry statement, as per Council Resolution 0677/2020.
5. Transfer \$50,000 capital expenditure from the Public Art Feature Artwork program to smaller mural artworks, as per Council Resolution 0677/2020.
6. Transfer \$30,000 capital expenditure from the Public Art Feature Artwork program to urgent upgrades of new signage panels for a small number of existing corporate major entry statements, as per Council Resolution 0677/2020.

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 2020/21 will increase by \$2,842,254 to an indicative loan borrowings position of \$5,056,906).

6. Operating Surplus Initiative

1. To ensure ongoing financial sustainability and in response to COVID-19, a \$2,400,000 Operating Surplus Initiative (OSI) fund was recognised to offset the impact of the 0% rate increased resolved for the 2020/21 financial year.
2. Ongoing savings totalling \$608,000 were included in the 2020/21 Original Budget, bringing the remaining balance to be achieved for 2020/21 to \$1,792,000.

3. The following ongoing operating savings achieved resulting from the OSI be included to bring the remaining balance to be achieved to \$1,646,490:

Twelve25 Coffee Connoisseurs (Net)	\$ 3,010
Twelve25 Pizza Gioventu Program	\$ 2,400
Park Maintenance	\$ 50,000
Financial Services Salary Savings	\$ 90,100
	\$145,510

4. One off operating savings resulting from the OSI identified with total savings of \$2,962,000 (Refer Appendix 2 Operating Surplus Initiative Fund) to be reflected at First Quarter Budget Review as non-discretionary expenditure savings.
5. The total of ongoing and one off savings achieved as at 30 September 2020 total \$3,677,830, with \$2,400,000 already recognised in the initial loan borrowings of \$29M. Adjustments to be considered at First Quarter Budget Review total \$1,277,830 to be utilised to decrease indicative loan borrowings.

(NB: If parts 6.1 to 6.5 of this resolution are moved as recommended loan borrowings in 2020/21 will decrease by \$1,277,830 to an indicative loan borrowings position of \$3,779,076).

7. Fees and Charges

1. The following fees and charges in relation to Salisbury Water be incorporated into the 2020/21 Fees and Charges Book for Salisbury Water:

- Meter Relocation Fee Actual contractor cost + \$179.00
- Special / Final Meter Read \$28.00

The following fees and charges in relation to Mobile Food Vendor Permits be incorporated into the 2020/21 Fees and Charges book

Mobile Food Vendors Permit	Proposed Permit Fees (GST exempt)	Exiting Permit Fees (GST exempt)
Monthly (per month) (valid for the entire month that is nominated or for a period of 30 days from the preferred start date if not the 1st of the month)	\$100	\$200
6 monthly (valid from date of issue or nominated start date)	\$500	N/A
Annual (valid for 1 year from date of issue or nominated start date)	\$1000	\$2000

ATTACHMENTS

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

1. First Quarter Budget Review 2020/21

1. BACKGROUND

- 1.1 In accordance with Part 2 of the Local Government (Financial Management) Regulations 2011, Financial Accountability, the attached First Quarter Budget Review for the financial year 2020/21 has been prepared.

2. CONSULTATION / COMMUNICATION

2.1 Internal

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

3. REPORT

- 3.1 As evident in the attached First Quarter Budget Review for 2020/21 Council is in a good financial position however, there are a number of agendas, projects and opportunities in the short term which will have significant financial impacts including Northern Connector cost structures, Dry Creek Catchment upgrade and potential investment in further infrastructure upgrades associated with development West of Port Wakefield Road. These future opportunities together with the need to identify a further \$1.6M to support the Operating Surplus Initiative, and the scale of the \$100M COVID Infrastructure Recovery Program, require careful consideration of any proposals that add to the works program in the current year or increase operating costs, as these decisions will negatively impact on Council's financial sustainability.
- 3.2 The original budget was for an operating surplus of \$1,746k, which has been revised to a forecast deficit of \$1,869k at this review, predominantly due to early receipt of 2020/21 Financial Assistance Grant and Untied Local Roads Grant in 2019/20, and 2019/20 carry forwards. The revised forecast deficit has assumed the 2021/22 payment for Financial Assistance Grant and untied Local Roads Grant will be made in the 2021/22 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.
- 3.3 Budget Review Operating Bids total \$343k, with Capital Bids totalling \$776k, with most of these items subject to separate reports to Council and resolutions to refer to this budget review as referenced within the bid details.
- 3.4 Loan Borrowing requirements for 2020/21 were considered in May 2020, with the original budget indicative net loan borrowings being \$26.8M, and when adjusted for reinstatement of 2019/20 timing adjustment projects of \$7.5M increased indicative loan borrowings to \$36.5M. Offsetting this were Project Returned Funds of \$4.5M and Surplus Facilities from 2019/20 of \$8.4M, resulting in indicative net borrowings of \$21.4M, with a facility established to support delivery of Councils decisions. When the budget was adopted indicative borrowings had increased from \$26.8M to \$29M, which necessitates an additional \$2.2M to fund the original budget position. As a result of the budget variations

contained in Appendix 1, new bids detailed in Section 2 and Operating Surplus Initiatives detailed in Appendix 2, loan borrowings are increased by \$1.6M resulting in an additional indicative loan borrowings position of \$3.8M.

- 3.5 The original expenditure budget for the capital program was \$61.6M and has been increased by carry forward funds, budget timing adjustments and changes resulting from grant funded projects to \$88M. The table below provides percentage completed details.

		% of Original Budget (\$61.6M)	% of Revised Budget (\$88M)
Spent to Date	\$4.5M	7.3%	5.1%
Spend + Commitments	\$14.1M	22.9%	16.0%

- 3.6 Further detail is provided in Attachment 1.

Fees and Charges 2020/21

- 3.7 During the first quarter of 2020/21, it was found that there were two fees and charges associated with Salisbury Water that whilst included within the Salisbury Water Budget Report (Resolution 0462/2020 March 2020) were omitted from the Fees and Charges endorsed by Council in May 2020 (Resolution 0556/2020 May 2020). These fees are detailed below and are consistent with 2019/20 fees:

- Meter Relocation Fee Actual contractor cost + \$179.00
- Special / Final Meter Read \$28.00

- 3.8 It was also found that the following Mobile Food Vendor Permit fees were endorsed in February 2020 (Resolution 0425/2020) to be reduced for the 2020/21 year; however these changes were omitted from the Fees and Charges endorsed in May 2020. Details of these fees are:

Mobile Food Vendors Permit	Proposed Permit Fees (GST exempt)	Exiting Permit Fees (GST exempt)
Monthly (per month) (valid for the entire month that is nominated or for a period of 30 days from the preferred start date if not the 1st of the month)	\$100	\$200
6 monthly (valid from date of issue or nominated start date)	\$500	N/A
Annual (valid for 1 year from date of issue or nominated start date)	\$1000	\$2000

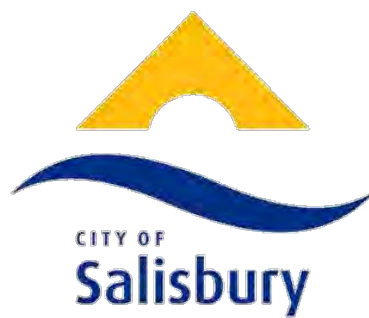
- 3.9 Recommendation 7 has been included to make the necessary revisions to the Fees and Charges book.

4. CONCLUSION / PROPOSAL

- 4.1 It is proposed that Council consider the First Budget Review 2020/21 Report attached and endorse the Recommendations as detailed on pages 13 to 15 of the attached document, and above.
- 4.2 It is proposed that Council consider the late inclusion of the Fees and Charges listed above and endorse Recommendation 7 of this report.

CO-ORDINATION

Officer: Executive Group
Date: 09/11/2020



**FIRST QUARTER BUDGET REVIEW
2020/21 REPORT**

**For the period ended
30 September 2020**

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1. Executive Summary

While the Council is in a good financial position with detailed insights provided within the Budget Review, we are mindful that there are a number of agendas, projects and opportunities in the short term which will have significant financial impacts including Northern Connector cost structures, Dry Creek Catchment upgrade and potential investment in further infrastructure upgrades associated with development West of Port Wakefield Road. These future opportunities together with the need to identify a further \$1.6M to support the Operating Surplus Initiative, and the scale of the \$100M Covid Infrastructure Recovery Program, require careful consideration of any proposals that add to the works program in the current year or increases in operating costs, as these decisions will negatively impact on Council's financial sustainability.

The Budget Review is a legislative requirement under Part 9 of the Local Government (Financial Management) Regulations 2011, and Councils approach to managing its budget throughout the year has been set within the Treasury Policy, Part E – Policy Statement, paragraph 1.2:

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

- *Maintain target ranges for its Net Financial Liabilities ratio;*
- *Generally only borrow funds when it needs cash and not specifically for particular projects;*
- *Apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.*
Budget Review Process/Funding Requests Arising throughout the financial year
- *Apply surplus contained within the Sundry Projects Fund, following adjustments for variations to existing estimates, to a reduction in borrowings.*
- *To ensure ongoing financial sustainability and appropriate deliberation of arising matters, it is imperative that wherever possible any new bids/projects arising through the year are to be referred to the budget process for the subsequent year as this enables Council to consider the merits of these proposals with all other bids/projects.*
- *To be considered for funding during the year the project must be urgent or advantageous to Council, and where possible Council should consider options for cancelling or deferring existing projects to enable funds to be made available. It should be considered a last resort to add to the program and increase borrowings as this does not enable Council to consider the merits of the specific project in light of all other proposed projects.*
- *From time to time a matter may be referred to the next quarterly budget review as a 'Non-discretionary Budget Review Bid'. This mechanism is only to be used when funds must be expended without delay, and consequently should be regarded as an extraordinary situation or advantageous to Council.*

This policy position has been set to strike a balance between being responsive to emerging issues, and ensuring that budget Financial Targets are achieved.

1

Financial Sustainability Targets

We commenced 2020/21 with a budgeted operating surplus of \$1,746k, which will be reduced to an operating deficit of \$1,612k following adoption of this review. The current forecast position with respect to the financial sustainability indicators is detailed below:

	Target	Budget	Current Forecast	Current Forecast (adj)
Operating Surplus		1,745	(1,869)	(1,869)
Operating Surplus Ratio	0.5%-5%	1.41%	(1.55%)	1.18%
Net Financial Liabilities	<70%	54.35%	63.98%	63.98%
Asset Renewal Funding Ratio	90%-110%	122%	129%	129%

Note: Current Forecast includes Operating Carry Forwards of \$1.7M, and Capital Carry Forwards of \$11.6M, and Timing adjustments of \$5.0M. With these figures based on prior years adjusted for significant items which provides a conservative estimate for current year forecast

Current Forecast (adj) uses the Current Forecast Assumptions and adds back the early receipt of the Financial Assistance Grant in calculating the Operating Surplus Ratio, which is consistent with EOFY disclosures

The reduction in the operating surplus results from a number of budget changes reflected through this budget review, with one significant item being the timing of payments of the Financial Assistance Grants. With the Federal Government now moving into significant long term deficits the rationale for early payment of the Financial Assistance Grant is no longer relevant. We have taken the conservative approach and have assumed that there will not be an early payment of 2021/22 Financial Assistance Grant, and consequently only the equivalent of two quarters of payments will be received in the 2020/21 year. The current forecast for the Operating Surplus / (Deficit) results in an operating surplus ratio outside of Council's financial targets, which reduces the capacity for Council to make further changes to its budget without moving to outside its endorsed financial targets.

When the Operating Surplus Ratio is adjusted for the early payment of the Financial Assistance Grant, the ratio is back within the endorsed range, which is consistent with EOFY disclosures, but does not impact on the Deficit itself.

Net Financial Liabilities Ratio (NFLR) and Asset Renewal Funding Ratio (ARFR) will depend on the timing of the capital program. It is expected that the NFLR will be within the endorsed range of less than 70%, and that the ARFR will be above the endorsed range reflecting that renewal works programmed for years 2022/23 and 2023/2024 were brought forward into years 2020/21 and 2021/22 to support economic recovery following Covid-19.

All ratios will continue to be monitored and reported to Council.

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:

2020/21 Operating Budget Forecast	\$'000
Original Budgeted Operating Surplus	1,746
2019/20 Operating Carry Forward Funds	(3,320)
2020/21 Operating Carry Forward Funds - Estimated	1,700
2020/21 Operating Surplus Initiatives	1,279
First Quarter Budget Review Adjustments	(3,274)
Forecast Operating Surplus/(Deficit)	(1,869)

The operating budget deficit is forecast at \$1,869k following adoption of this review; inclusive of the estimated carry forwards of \$1,700k and both ongoing and one off Operating Surplus Initiative savings identified year to date (refer Appendix 2 Operating Surplus Initiatives).

This year's operating budget has been significantly impacted by the early receipt of the Federal Financial Assistance Grant, resulting in a reduction in the current year income of \$4.3M. These funds were received in June 2020, and although they relate to the 2020/21 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 2019/20 financial year, with a corresponding reduction in 2020/21. The forecast has assumed the 2021/22 payment will be made in the 2021/22 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 is also adversely impacted by the carry forward of prior year projects of \$3,320k into the current year. These projects were funded in last year's operating budget and are being spent during 2020/21. Similarly we have estimated that there will be carry forwards of \$1,700k from this year into 2021/22, which is an estimate based on historical carry forward amounts over the past 5 years.

As part of the 2020/21 Budget, a \$2.4M Operating Surplus Initiative was resolved to counteract the impacts of applying a zero percent rate increase which was resolved to assist the community in dealing with the financial impacts of COVID-19. To date ongoing savings of \$753k have been identified, and the shortfall of \$1.6M covered by one off savings this year. However, we must continue to identify and implement further savings of \$1,659k to ensure ongoing financial sustainability, and any decisions to increase operating cost must be carefully considered, as this effectively increases the savings that must be delivered.

Capital Program

The Capital Program spend to date is \$4.5M or 7.3% of the original capital budget of \$61.6M. The original capital expenditure budget has been increased to \$88M which includes the reinstatement of budgets for timing adjusted projects from 2019/20 of \$7.5M, carry forward funds of \$15.1M and changes resulting from grant funded projects and other adjustments. The first quarter of 2020/21 saw the commencement of the two year COVID-19 Capital Infrastructure Recovery Program, with a key activity being the creation and development of the program which includes the formulation of project briefs and establishing the framework which to manage the works by. This work occurred simultaneously with existing active projects.

Due to COVID-19 various projects encountered delays and will continue to be delivered into 2020/21, with all projects impacted by the pandemic continuing to be monitored and managed within the current pandemic guidelines.

Detailed analysis of the capital program and the status of individual projects are contained within Appendix 4.

Sundry Projects Fund

The overall impact of budget variations is an unfavourable \$1.7M as detailed in Appendix 1 which includes the adjustment for the early payment of the Financial Assistance Grants \$4.3M, with two quarters of the 2020/21 payment being received in the prior financial year. There are also further financial impacts associated with Council's response to the COVID-19 pandemic, including the waiving of Commercial and Sporting Club leases for the period July to December 2020 (Resolutions July 0634/0220 and September 0693/2020 respectively). Offsetting these are adjustments for the Financial Assistance Grant above budget expectations for the 2020/21 year \$901k and income gains associated with a confidential item \$188k and Workers Compensation Scheme Bonus \$130k.

Also included in the sundry project fund are allocations for budget review bids totalling \$1,119k, with \$1,039k non-discretionary and \$80k discretionary, with \$776k being net capital bids. This budget review results in an increase in indicative borrowings for the year of \$2.8M, with further details contained in Section 3.2.

Loan Borrowings / Investments

Loan Borrowing requirements for 2020/21 were considered in May 2020, with the original budget indicative net loan borrowings being \$26.8M, and when adjusted for reinstatement of 2019/20 timing adjustment projects of \$7.5M increased indicative loan borrowings to \$36.5M. Offsetting this were Project Returned Funds of \$4.5M and Surplus Facilities from 2019/20 of \$8.4M, resulting in indicative net borrowings of \$21.4M, with a facility established to support delivery of Councils decisions. When the budget was adopted indicative borrowings had increased from \$26.8 to \$29M, which necessitates an additional \$2.2M to fund the original budget position.

As a result of the budget variations contained in Appendix 1, new bids detailed in Section 2 and Operating Surplus Initiatives detailed in Appendix 2, loan borrowings are increased by \$1.6M resulting in an additional indicative loan borrowings position of \$3.8M. Further details are contained in Section 4 of this review.

4

2. New Bid Proposals

New/Additional Capital Bids	Expenditure	Funding	Net Bid
	\$	\$	\$
NON DISCRETIONARY -- CAPITAL BIDS			
Major Traffic Program - George St and Ryans Rd Greenfields (Resolution 0678/2020, September 2020) In accordance with September 2020 Works and Services Committee Item 2.6.1, Resolution 0678/2020, Council endorsed an additional \$70,000 be allocated to the George Street and Ryans Road Roundabout project to cover unforeseen expenses associated with services relocations. As part of the Major Traffic Program, a new roundabout at the intersection of George Street and Ryans Road, Greenfields, has commenced construction. As a result unplanned service relocations have been required and includes relocating existing aged infrastructure to new depths.	70,000		70,000
Inclusive Play Equipment - Unity Park (Resolution 0657/2020, August 2020) In accordance with Asset Management Sub Committee held on Monday 10 August 2020 Item AMSC3 allocate \$150,000 non-discretionary First Quarter Budget to fund the supply and installation of new inclusive play elements at Unity Park, Pooraka.	150,000		150,000
Dunkley Green Reserve, Valley View (Resolution 0589/2020, June 2020) In accordance with Works and Services Committee 15 June 2020, Item W&S-OB1 and subsequent June 2020 Council Resolution 0589/2020 a non-discretionary Budget Review bid for additional works at Dunkley Green Reserve to bring forward the delivery of the playground renewal to align with the Reserve Upgrade.	97,700		97,700
Lease to Buy Laptop/PC's (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 first quarter period where a total of seven devices have been purchased, with a corresponding reduction in future years lease costs.	13,700		13,700
Burton Park Pitch Remediation (Resolution 0704/2020, October 2020) In accordance with October 2020 Works and Services Committee Item 2.6.2, approval has been requested that a \$375,000 non discretionary budget bid be endorsed to enable pitches at Burton Park soccer facility to be remediated.	375,000		375,000
TOTAL - NON-DISCRETIONARY - CAPITAL BIDS	706,400	0	706,400

New/Additional Capital Bids	Expenditure	Funding	Net Bid
	\$	\$	\$
DISCRETIONARY – CAPITAL BIDS			
Mobara Park Bridge (Resolution 0704/2020, October 2020) In accordance with October 2020 Works and Services Committee Item 3.6.1, bring forward \$70,000 expenditure budget from 2021/22 into 2020/21 within PR20548 Bridge Program to enable preparatory work to occur for the Mawson Lakes Mobara Park Bridge, which is scheduled for construction in 2021/22.	70,000	0	70,000
TOTAL - DISCRETIONARY - CAPITAL BIDS	70,000	0	70,000
TOTAL CAPITAL BIDS	776,400	0	776,400

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 \$35k in 2019/20 to \$51k in 2020/21. The increase is market based and essential for business requirements.	16,000		16,000
Workers Compensation Insurance Scheme Premiums The Workers Compensation Insurance Scheme premiums were budgeted in 2020/21 at the prior year percentage rate of 3.88%, however the percentage has increased for 2020/21 to 4.05% and subsequently a bid is required to fund the shortfall within the budget of \$265k. Workers Compensation Bonus payment relating to the 2019/20 was received and is \$131k above budget predictions, with an income gain declared as part of this Review (Refer Appendix 1 Budget Variation Summary Item 6).	265,000		265,000
Elected Member Allowances Periodic Adjustment Section 76(9) of the LG Act requires allowances to be adjusted on the first, second and third anniversaries of the periodic election in accordance with a calculation method prescribed in regulation 4(2) of the <i>Local Government (Members Allowance and Benefits) Regulations 2010</i> . The second anniversary of the 2018 local government periodic election is 9 November 2020. As a result of this, a further \$10k budget allocation is required to align with the adjustment.	10,000		10,000
Para Hills Community Hub Operational Costs Para Hills Community Hub require budget allocations for various service provision expenditure to enable accurate financial management for the site. These provisions were not included in the 2020/21 base budget. \$42k Wages and Salaries Allowances have been declared to the Salary and Wages provision as it was not required for the 2020/21 financial year.	42,000		42,000
TOTAL - NON-DISCRETIONARY - OPERATING BIDS	333,000	0	333,000
New/Additional Operating Bids	Expenditure	Funding	Net Bid
	\$	\$	\$
DISCRETIONARY - OPERATING BIDS			
Confidential Item (Council Resolution 0611/2020, June 2020) In accordance with Council Resolution 0611/2020 June 2020 (Works and Services Committee Item 2.9.2).	10,000		10,000
TOTAL - DISCRETIONARY - OPERATING BIDS	10,000		10,000
TOTAL OPERATING BIDS	343,000	0	343,000

3. Budget Review

3.1 Policy and Context

The Budget Review is a legislative requirement under Part 9 of the Local Government (Financial Management) Regulations 2011, and Councils approach to managing its budget throughout the year has been set within the Treasury Policy, Part E – Policy Statement, paragraph 1.2:

- 1.2 Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets. This means Council will:
- Maintain target ranges for its Net Financial Liabilities ratio;
 - Generally only borrow funds when it needs cash and not specifically for particular projects;
 - Apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required. Budget Review Process/Funding Requests Arising throughout the financial year
 - Apply surplus contained within the Sundry Projects Fund, following adjustments for variations to existing estimates, to a reduction in borrowings.
 - To ensure ongoing financial sustainability and appropriate deliberation of arising matters, it is imperative that wherever possible any new bids/projects arising through the year are to be referred to the budget process for the subsequent year as this enables Council to consider the merits of these proposals with all other bids/projects.
 - To be considered for funding during the year the project must be urgent or advantageous to Council, and where possible Council should consider options for cancelling or deferring existing projects to enable funds to be made available. It should be considered a last resort to add to the program and increase borrowings as this does not enable Council to consider the merits of the specific project in light of all other proposed projects.
 - From time to time a matter may be referred to the next quarterly budget review as a 'Non-discretionary Budget Review Bid'. This mechanism is only to be used when funds must be expended without delay, and consequently should be regarded as an extraordinary situation or advantageous to Council.

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 1 July 2020	\$ -
Recommendations – First Quarter Budget Review:	
Variations to Sundry Projects Fund – Appendix 1 Budget Variation Summary (Recommendation 1)	
Operating Variations	(3,048,854)
Capital Variations	1,326,000
Balance after Variations to the Sundry Projects Funds	(1,722,854)
Allocations arising from bids contained in Section 2	(1,119,400)
Movements in General Loan Borrowings / Investments:	
Increase in Borrowings due to bids offset by Operating & Capital Variations	2,842,254
Net Movements in General Loan Borrowings	2,842,254
Balance Remaining	-

Budget Variations of an unfavourable \$1.7M (detailed in Appendix 1) and allocations arising from net bids of \$1.1M contained in Section 2 of this review totalling a negative adjustment \$2.8M, resulting in an increase in indicative loan borrowings as detailed in Section 4.

3.3 Consolidated Funding Statement

Consolidated Funding Statement	First Quarter Revised Budget 2020/21	Original Budget 2020/21
	\$'000	\$'000
PART 1 - OPERATING		
Operating Revenue - Original Budget	123,730	123,730
Proposed First Quarter Adjustments:		
Operating Income Gains (Appendix 1)	1,349	
Operating Income Losses (Appendix 1)	(4,501)	
Operating Income Budget Variations (Appendix 1)	211	
Adjustments endorsed via Carry Forward Report (Res 0664/2020 Part 14)	3	
Interest on Reserves	6	
Developer Contributions	110	
Operating Revenue	120,907	123,730
Operating Expenditure - Original Budget	121,984	121,984
Proposed First Quarter Adjustments:		
Operating Expenditure Savings and Declarations (Appendix 1)	(103)	
Operating Expenditure Budget Variations (Appendix 1)	227	
Operating Bids (Considered as part of this Review)	327	
Operating Prior Year Carry Forwards Funds	3,342	
Ongoing Operating Surplus Initiative Adjustments to Budget	(146)	
One Off Operating Surplus Initiative Adjustments to Budget	(1,133)	
Adjustments endorsed via Carry Forward Report (Res 0664/2020 Parts 12 & 14)	(22)	
Operating Expenditure	124,476	121,984
Estimated 2020/21 Operating Carry Forwards	1,700	
Operating Surplus/(Deficit)	(1,869)	1,746
PART 2 - CAPITAL AND OTHER ADJUSTMENTS		
Capital Revenue - Original Budget	4,702	4,702
Proposed First Quarter Adjustments:		
Other Capital Income Budget Variations (Appendix 1)	906	
Capital Revenue	5,608	4,702
Net Surplus/(Deficit) Resulting From Operations	3,739	6,448
Capital Expenditure - Original Budget	63,633	63,633
Proposed First Quarter Adjustments:		
Capital Expenditure Savings and Declarations (Appendix 1)	(1,328)	
Capital Prior Year Carry Forwards Funds (Endorse Aug 2020)	14,787	
Capital Bids (Considered as part of this Review)	776	
Other Capital Expenditure Budget Variations (Appendix 1)	906	
Reinstate Budget for Timing Adjusted Projects 2019/20	7,479	
Adjustments endorsed via Carry Forward Report (Res 0664/2020 Parts 5, 7, 9 and 12)	(226)	
Capital Expenditure	86,029	63,633
Principal Repayments	(1,773)	(1,773)
Net Transfers to and from Reserves	192	303
NAWMA Equity Adjustment	855	855
Prior Year Carry Forward Funds and Carry Forward Review	17,878	
Estimated Current Year Operating Carry Forward Funds	(1,700)	
Add Back Depreciation of Non-Current Assets	28,733	28,753
Cash Surplus/(Deficit/Borrowings)	(38,185)	(29,062)
Facilities Applied	34,326	26,847
Proposed / Investment Balance/(Loan Borrowings)	(3,779)	(2,215)

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 \$1,746k, and this has been revised to a forecast deficit of \$1,869k at this review, noting prepayment of 2020/21 Federal Financial Assistance Grants into 2019/20.

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 \$4.3M. These funds were received in June 2020, and although they relate to the 2020/21 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 2019/20 financial year, with a corresponding reduction in 2020/21. The forecast has assumed the 2021/22 payment will be made in the 2021/22 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 deficit are 2019/20 carry forwards of \$3,320k, which is partially offset by our estimate of 2020/21 operating carry forward projects of \$1,700k. As part of the 2020/21 Budget, a \$2.4M Operating Surplus Initiative was resolved to counteract the impacts of applying a zero percent rate increase which was resolved to assist the community in dealing with the financial impacts of COVID-19. To date ongoing savings of \$753k have been identified, and the shortfall of \$1.6M offset by one off savings this year. However, we must continue to identify and implement further savings of \$1,659k to ensure ongoing financial sustainability, and any decisions to increase operating cost must be carefully considered, as this effectively increases the savings that must be delivered. Details of the OSI are included in Appendix 2 Operating Surplus Initiative.

Adjustments totalling an unfavourable \$3,274k at first quarter budget review will result in an operating deficit of \$1,869k, 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.

2020/21 Operating Budget Forecast	\$'000
Original Budgeted Operating Surplus	1,746
2019/20 Operating Carry Forward Funds	(3,320)
2020/21 Operating Carry Forward Funds - Estimated	1,700
2020/21 Operating Surplus Initiatives	1,279
First Quarter Budget Review Adjustments	(3,274)
Forecast Operating Surplus/(Deficit)	(1,869)

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 of \$1.3M when compared to the original budget position.

3.4 Transfer of Funds – Chief Executive Officer Delegation

The Wages and Salaries Provision Account has a balance of \$144k as at 30 September 2020, which includes \$552k savings identified during the first quarter. There has been a total allocation of \$408k during the first quarter including allocations made including \$120k for the period July to December 2020 for the Community Hub Customer Service team, \$104k for the period July to June 2021 for the Diversity & Inclusion Project Officer and \$70k for Facilities Management.

3.5 Transfer of Funds Requests

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

1. Transfer \$4,000 Continuous Improvement funding to Development Services to fund an educational video for the community to answer common questions associated with land divisions.
2. Transfer \$110,000 Contractor Agency expenditure to Wages and Salaries within the Security area to align the Security Coordinator position budget to actuals.
3. Transfer \$13,200 operating expenditure related to the Unity Park toilet facility from Infrastructure Delivery Operating Projects to Property and Buildings Public Toilet Maintenance expenditure.
4. Transfer \$75,000 capital expenditure from the Public Art Feature Artwork program to the upgrade of Unity Park landscaping and a relocated entry statement, as per Council Resolution 0677/2020.
5. Transfer \$50,000 capital expenditure from the Public Art Feature Artwork program to smaller mural artworks, as per Council Resolution 0677/2020.
6. Transfer \$30,000 capital expenditure from the Public Art Feature Artwork program to urgent upgrades of new signage panels for a small number of existing corporate major entry statements, as per Council Resolution 0677/2020.

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 1 July 2020	
Net Borrowings/(Investment)	29,061,754
Reinstate Timing Adjustments Projects	7,479,000
Project Returned Funds (Budget and Finance - May 2020)	(4,515,700)
Surplus Facilities 2019/20 (Budget and Finance - May 2020)	(8,410,402)
Net Borrowings/(Investment)	23,614,652
Cash and Facilities applied (Budget and Finance - May 2020)	(21,400,000)
First Quarter Budget Review 2020/21	
Variation to (General Borrowing Requirements)/Investments recommended	2,842,254
Adjustments to Operating Surplus Initiative Fund at First Quarter Budget Review	(1,277,830)
Revised Borrowings/(Investments) 2020/21 Subject to this Review	3,779,076

Loan Borrowing requirements for 2020/21 were considered in May 2020, with the original budget indicative net loan borrowings being \$26.8M, and when adjusted for reinstatement of 2019/20 timing adjustment projects of \$7.5M increased indicative loan borrowings to \$36.5M. Offsetting this were Project Returned Funds of \$4.5M and Surplus Facilities from 2019/20 of \$8.4M, resulting in indicative net borrowings of \$21.4M, with a facility established to support delivery of Councils decisions. When the budget was adopted indicative borrowings had increased from \$26.8 to \$29M, which necessitates an additional \$2.2M to fund the original budget position.

As a result of the budget variations contained in Appendix 1, new bids detailed in Section 2 and Operating Surplus Initiatives detailed in Appendix 2, loan borrowings are increased by \$1.6M resulting in an additional indicative loan borrowings position of \$3.8M.

Reserves

	Year to Date Actual \$000's	Full Year	
		Rev.Bud \$000's	Orig.Bud \$000's
Transfers to Reserves	116	116	0
Transfers from Reserves	308	308	308
Total	(192)	(192)	(308)

The above table summarises 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 – Sundry Projects Fund

- The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) be endorsed and net capital and operating \$1,722,854 be debited to the Sundry Project Fund. This will bring the balance to a negative \$1,722,854, prior to the allocation of approved net bids.
- Funds be allocated for the following **non-discretionary** net bids:

OPERATING

• Salisbury Development Services Insurance Premiums	\$ 16,000
• Workers Compensation Insurance Scheme Premiums	\$ 265,000
• Elected Member Allowances Periodic Adjustment	\$ 10,000
• Para Hills Community Hub Operational Costs	\$ 42,000

CAPITAL

• Major Traffic Program - George St and Ryans Rd Greenfields	\$ 70,000
• Inclusive Play Equipment - Unity Park	\$ 150,000
• Dunkley Green Reserve, Valley View	\$ 97,700
• Lease to Buy Laptop/PC's	\$ 13,700
• Burton Park Pitch Remediation	\$ 375,000

TOTAL **\$ 1,039,400**

NB: If parts 1 & 2 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a negative balance of \$2,762,254.

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

OPERATING

• Confidential Item	\$ 10,000
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CAPITAL

• Mobara Park Bridge	\$ 70,000
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TOTAL **\$ 80,000**

NB: If parts 1, 2 & 3 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a negative balance of \$2,842,254.

4. Approval of the following transfers:

1. Transfer \$4,000 Continuous Improvement funding to Development Services to fund an educational video for the community to answer common questions associated with land divisions.
 2. Transfer \$110,000 Contractor Agency expenditure to Wages and Salaries within the Security area to align the Security Coordinator position budget to actuals.
 3. Transfer \$13,200 operating expenditure related to the Unity Park toilet facility from Infrastructure Delivery Operating Projects to Property and Buildings Public Toilet Maintenance expenditure.
 4. Transfer \$75,000 capital expenditure from the Public Art Feature Artwork program to the upgrade of Unity Park landscaping and a relocated entry statement, as per Council Resolution 0677/2020.
 5. Transfer \$50,000 capital expenditure from the Public Art Feature Artwork program to smaller mural artworks, as per Council Resolution 0677/2020.
 6. Transfer \$30,000 capital expenditure from the Public Art Feature Artwork program to urgent upgrades of new signage panels for a small number of existing corporate major entry statements, as per Council Resolution 0677/2020.
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 2020/21 will increase by \$2,842,254 to an indicative loan borrowings position of \$5,056,906).

6. Recommendations – Operating Surplus Initiative Fund

To ensure ongoing financial sustainability and in response to COVID-19, a **\$2,400,000** Operating Surplus Initiative (OSI) fund was recognised to offset the impact of the 0% rate increased resolved for the 2020/21 financial year. Ongoing savings totalling \$570,320 were included in the 2020/2021 Original Budget, bringing the remaining balance to be achieved for 2020/21 to \$1,829,680, and noting the Northern Business Breakfast impact for 2021/22 onwards, ongoing savings of \$1,804,680 are required.

1. The following ongoing operating savings achieved resulting from the OSI be included to bring the remaining balance to be achieved to \$1,659,170 (inclusive of Northern Business Breakfast):

Twelve25 Coffee Connoisseurs (Net)	\$ 3,010
Twelve25 Pizza Gioventu Program	\$ 2,400
Park Maintenance	\$ 50,000
Financial Services Salary Savings	\$ 90,100
	\$145,510

2. One off operating savings resulting from the OSI have been identified with total savings achieved of \$2,962,000 (Refer Appendix 2 Operating Surplus Initiative Fund) to be reflected at First Quarter Budget Review as non-discretionary expenditure savings.
3. The total of ongoing and one off savings achieved as at 30 September 2020 total \$3,677,830, with \$2,400,000 already recognised in the initial borrowings of \$29M. Adjustments to be considered at First Quarter Budget Review total **\$1,277,830** to be utilised to decrease indicative loan borrowings.

(NB: If parts 6.1 to 6.3 of this resolution are moved as recommended loan borrowings in 2020/21 will decrease by \$1,277,830 to an indicative loan borrowings position of \$3,779,076).

Appendix 1 – Budget Variation Summary as at 30 September 2020

Item	Details	Expense Increase/ (Decrease)	Revenue Increase/ (Decrease) <i>Includes Expenditure Recoveries</i>	Net Increase/ (Decrease) <i>Sundry Projects Fund</i>
OPERATING VARIATIONS				
Expenditure Savings				
1	Asset Management Predictive Modelling Operating Components - Carry Forward Amount overstated	(90,000)		90,000
2	Operating Components of Building Renewal Program - Carry Forward Amount overstated	(13,800)		13,800
Income Gains				
3	External funding - Financial Assistance General Purpose Grants		673,502	673,502
4	External funding - Financial Assistance Identified Local Road Grants		27,504	27,504
5	Confidential Item		187,500	187,500
6	Workers Compensation Insurance Scheme Bonus Payment - relates to 2019/20		130,712	130,712
7	NWMA Leasing Arrangement (Resolution 0619/2020 July 2020)		50,000	50,000
8	Development Services External Client Services - increase in applications		50,000	50,000
9	Various Statutory Fees amended by State Government 2020/21		21,000	21,000
Income Losses				
10	External funding - Financial Assistance General Purpose Grants (paid in advance 2019/20)		(3,299,828)	(3,299,828)
11	External funding - Financial Assistance Identified Local Road Grants (paid in advance 2019/20)		(1,029,162)	(1,029,162)
12	Community and Sporting Club Lease Income - COVID-19 Community Support measures extended to September 2020 (Resolution 0634/2020 July)		(59,765)	(59,765)
13	Community and Sporting Club Lease Income - COVID-19 Community Support measures extended to December 2020 (Resolution 0693/2020 September)		(59,765)	(59,765)
14	Parking Fines - reduction in patrols associated with COVID-19		(23,000)	(23,000)
15	Lease Income - PBAFM (Resolution 0682/2020 September)		(18,963)	(18,963)
16	Commercial Leases - COVID-19 Community Support measures (Resolution 0633/2020 July)		(8,389)	(8,389)
Adjustments - Nil Effect				
17	External funding - Community Home Support Program additional grant funding****	86,100	86,100	0
18	External funding - Wellbeing SA 'A World of Wellbeing' grant funding****	50,000	50,000	0
19	External funding - Home and Community Care additional grant funding****	39,925	39,925	0
20	Property & Buildings - James Street Telecommunications Tower reimbursements****	20,700	20,700	0
21	External funding - Operation Bounceback Program****	10,000	10,000	0
22	Recreation Services Utility Reimbursements****	8,500	8,500	0
23	External funding - Duke of Edinburgh Awards****	5,400	5,400	0
24	External funding - Get Online Week events****	1,000	1,000	0
25	External funding - The Shed Program reduction in grant allocation	(10,000)	(10,000)	0
Net Impact to Operating Result - Transfer to Sundry Projects Fund		207,825	(2,941,029)	(3,048,854)
CAPITAL VARIATIONS				
Expenditure Savings				
26	George/Belfree Roundabout - Carry Forward amount overstated	(575,000)		575,000
27	Nelson Road/Westers Road - grant funding received (0619/2020 July 2020) refer Item 33	(545,000)		545,000
28	Patterson Court Inclusive Play - Carry Forward amount overstated	(111,000)		111,000
29	Coleman Road Landfill - funds no longer required	(50,000)		50,000
30	Public Art Feature Artwork - funds not required in 2020/21 (Resolution 0677/2020)	(45,000)		45,000
Adjustments - Nil Effect				
31	Black Spot funding - Upgrade of Wright Road and Canna Road Ingle Farm (Resolution 0619/2020 July 2020)	368,000	368,000	0
32	Black Spot funding - Wright/Canna Road Ingle Farm reported as GST inclusive refer Item 31	(33,500)	(33,500)	0
33	Nelson Road/Westers Road (0619/2020 July 2020) refer Item 27	571,000	571,000	0
Net Impact to Capital Program		(420,500)	905,500	1,326,000
Transfer To / (from) Sundry Project Fund				(1,722,854)
Items 1, 2, 26 and 28 are associated with the carry forwards that were resolved in August. The complexity of the report and associated adjustments resulted in these errors which are included to correct effective at this budget review, noting that the quantum of the resolution in August totalled more than \$28.7M.				
NB **** Adjustment to budgets already processed				

Appendix 2 – Operating Surplus Initiative Fund

ADMINISTRATIVE SAVINGS

Administrative – Ongoing	Ongoing	2020/21	Mechanism	Reported to Council
Salary & Wages Savings	\$87,320	\$87,320	OB	B&F 9/6/20 Item 6.4.2
Commercial Leasing Arrangements	\$35,000	\$35,000	OB	B&F 9/6/20 Item 6.4.2
Reduction in R&D program (Salisbury Water)	\$25,000	\$25,000	OB	B&F 9/6/20 Item 6.4.2
Enhanced contract management of waste contract	\$200,000	\$200,000	OB	B&F 9/6/20 Item 6.4.2
Financial Services Salary Savings	\$90,100	\$90,100	BR1	B&F 19/10/20 Item 6.9.1
Total Ongoing Administrative Measures	\$437,420	\$437,420		

Administrative – One-off	Ongoing	2020/21	Mechanism	Reported to Council
Consultancy reduction across Council		\$100,000	BR1	B&F 9/6/20 Item 6.4.2
Various Resourcing (eg defer filling positions)		\$287,000	BR1	B&F 9/6/20 Item 6.4.2
LED Change Over Savings (full ongoing impact captured in 2021/22)		\$200,000	BR1	B&F 9/6/20 Item 6.4.2
Reduction in travel, accommodation, conferences & seminars		\$75,000	BR1	B&F 9/6/20 Item 6.4.2
Total One-off Administrative Savings		\$662,000		

Total Administrative Savings	\$437,420	\$1,099,420
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CHANGES IN SERVICE LEVEL SAVINGS

Change in Service Levels – Ongoing	Ongoing	2020/21	Mechanism	Reported to Council
Tree Management – Pruning	\$100,000	\$100,000	OB	B&F 9/6/20 Item 6.4.2
Road Sweeping	\$50,000	\$50,000	OB	B&F 9/6/20 Item 6.4.2
Kerb House Numbering	\$63,000	\$63,000	OB	B&F 9/6/20 Item 6.4.2
Sports Development	\$10,000	\$10,000	OB	B&F 9/6/20 Item 6.4.2
Northern Business Breakfast	\$25,000			
Park Maintenance	\$50,000	\$50,000	BR1	B&F 19/10/20 Item 6.9.1
Twelve25 Coffee Connoisseurs program	\$3,010	\$3,010	BR1	B&F 19/10/20 Item 6.9.1
Twelve25 Pizza Gioventu program	\$2,400	\$2,400	BR1	B&F 19/10/20 Item 6.9.1
Total Ongoing Changes in Service levels	\$303,410	\$278,410		

Change in Service Levels – One-off	Ongoing	2020/21	Mechanism	Reported to Council
Various Resourcing (eg defer filling positions)		\$335,000	BR1	B&F 9/6/20 Item 6.4.2
Tree Pruning – Program		\$200,000	BR1	B&F 9/6/20 Item 6.4.2
Footpath Maintenance		\$400,000	BR1	B&F 9/6/20 Item 6.4.2
Drainage Systems		\$100,000	BR1	B&F 9/6/20 Item 6.4.2
Sports field Maintenance		\$100,000	BR1	B&F 9/6/20 Item 6.4.2
Park Maintenance		\$100,000	BR1	B&F 9/6/20 Item 6.4.2
Reduce water level in Main Lake (Mawson Lakes)		\$50,000	BR1	B&F 9/6/20 Item 6.4.2
Verge Maintenance		\$150,000	BR1	B&F 9/6/20 Item 6.4.2
Kerb & Gutter Reactive		\$100,000	BR1	B&F 9/6/20 Item 6.4.2
Defer Kerb Work to align with Road Reseal Program		\$800,000	BR1	B&F 9/6/20 Item 6.4.2
Reduced water Sales (main lake Mawson Lakes)		-\$50,000	BR1	B&F 19/10/20 Item 6.9.1
LPR Parking Trial		\$15,000	BR1	B&F 19/10/20 Item 6.9.1
Total One-off Changes to Service Levels		\$2,300,000		

Total Service Level Savings	\$303,410	\$2,578,410
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Total Savings	\$740,830	\$3,677,830
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Remaining Balance to Achieve	\$1,659,170
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During the 2020/21 Budget deliberations, and in response to COVID-19, Council resolved a 0% rate increase. As a result of this decision and to ensure our ongoing financial sustainability Council also resolved a \$2.4M Operating Surplus Initiative to offset the impact of the 0% rate increase, and without this inclusion Council's ongoing financial sustainability would have been adversely impacted. The Operating Surplus Initiative requires ongoing operating savings of \$2.4M to be delivered.

Ongoing savings totalling \$570,320 were included in the 2020/2021 Original Budget, bringing the remaining balance to be achieved for 2020/21 to \$1,829,680, and noting the Northern Business Breakfast impact for 2021/22 onwards, ongoing savings of \$1,804,680 are required. Further ongoing savings of \$145,510 are included within this budget review, resulting in a further \$1,659,170 to be delivered.

One off savings of \$2,962,000 have been identified YTD and included within this review, with total savings achieved this year of \$3,677,830.

Careful consideration of any expansion of service delivery or construction of new infrastructure is required as this impacts on the operating budget into the future through maintenance, depreciation, interest costs and will therefore erode what is being achieved through this OSI. It is imperative for Council to consider that every decision to fund a project or initiative carries with it the opportunity costs of what then cannot be funded.

Appendix 3 – 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 but not limited to 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 are included in Appendix 4 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 the previous financial year. 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 2020.

	Reinstatement of Budget Timing Adjustments \$000
Bridgestone Reserve Athletics Facility	\$950
St Kilda Masterplan – St Kilda Channel Renewal and Boat Ramp	\$2,200
Salisbury Oval Master Plan – Major Flood Mitigation	\$2,540
Major Traffic Program - George Street/Belfree Drive/Ryans Road	\$1,789
Total	\$7,479

Appendix 4 – Statement of Comprehensive Income

	Year to Date			Full Year	
	Actual \$000's	Budget \$000's	Variance \$000's	Rev Budget \$000's	Orig Budget \$000's
INCOME					
Rates	101,897	101,712	185	101,869	101,869
Statutory Charges	900	720	180	2,790	2,790
User Charges	915	1,004	(89)	5,027	5,027
Grants, Subsidies & Contributions	2,115	3,313	(1,199)	13,285	12,982
Investment Income	15	15	(0)	84	78
Reimbursement	41	27	14	222	193
Other Revenue	746	615	131	794	791
Total Income	106,628	107,407	(779)	124,070	123,730
EXPENSES					
Employee Costs	11,564	11,976	412	38,725	39,101
Materials, Contracts and Other Expenses	12,380	13,123	743	54,977	52,268
Finance Costs	143	137	(5)	889	889
Depreciation, amortisation & impairment	7,217	7,221	4	28,871	28,871
Share of Loss-Joint Ventures & Associates	0	0	0	855	855
Total Expenses	31,304	32,457	1,153	124,318	121,984
Operating Surplus/(Deficit) before Capital Amounts	75,324	74,950	374	(248)	1,745
Net gain (loss) on disposal or revaluation of assets	0	0	0	2,529	2,529
Amounts specifically for new or upgraded assets	934	944	(10)	4,702	4,702
Physical resources received free of charge	0	0	0	1,500	1,500
Other Comprehensive Income	0	0	0	0	0
Total Comprehensive Income	76,258	75,894	364	8,484	10,477

Note: The above Statement of Comprehensive Income does not include the budget adjustments recommended within this Budget Review; however these adjustments have been reflected in the revised Financial Statements as contained within Appendix 9 Budgeted Financial Statements.

Commentary – Statement of Comprehensive Income

Year to Date: Actual compared to 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 \$185k

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

Statutory Charges – Favourable Variance \$180k

The favourable variance is primarily the result of higher than budgeted External Client Services Building Fees \$95k as a result of an increase in income from external applications above Business Plan predictions, with an Income Gain of \$50k included as part of this review (refer Appendix 1 Budget Variation Summary Item 8). General internal building applications are also favourable \$32k and Planning applications \$48k favourable against budget predictions. Increased income in these areas corresponds with an increase in the total number of both internal and external development applications for this period when compared to the same period last year as a result of Government Stimulus packages currently on offer to assist the building industry and homeowners during the COVID-19 crisis.

Animal registration income is \$33.7k higher than budget predictions year to date, however this is anticipated to align to budget over the upcoming quarter. Offsetting these variances is an unfavourable variance in Parking Fines \$36k as a result of a reduction in patrols due to COVID-19, with an income loss of \$25k included as part of this Review (refer Appendix 1 Budget Variation Summary Item 14).

User Charges – Unfavourable Variance \$89k

The unfavourable variance is primarily the result of lower than budgeted sporting and community club rents \$54k and commercial rents \$26k as a result of further waiving of these rents for the period July 2020 to September 2020 (Resolution July 0633/2020 and 0634/2020) with adjustments included as part of this budget review (refer Appendix 1 Budget Variation Summary Item 12 and 16). An extension to this decision for a further waiving period of October 2020 to December 2020 associated with sporting and community club rents was endorsed by Council in September 2020 (Resolution September 0693/2020), with a further income loss reported as part of this review (refer Appendix 1 Budget Variation Summary Item 13). Income is also lower than budgeted for Home and Community Support Programs \$47k as a result of reduced and suspended programs associated with COVID-19, with these areas to be monitored over the second quarter.

Offsetting these variances are higher than anticipated burials and licences at Salisbury Memorial Park \$24k and Salisbury Water fees, primarily related to \$21k Water Connection income.

Grant, Subsidies and Contributions - Unfavourable Variance \$1,199k

The unfavourable variance is primarily related to the advanced payment of two quarters of the Financial Assistance funding totalling \$4,329k which was received in May 2020, of which adjustments have been included as part of this Review (Refer Appendix 1 Budget Variation Summary Items 10 and 11). Income Gains have also been included as part of this review totalling \$901k, which recognises the increase in the current year grant funding and partially offsets the grant funding paid in advance in the 2020 financial year (Refer Appendix 1 Budget Variation Summary Items 3 and 4).

Other Revenue – Favourable Variance \$131k

The favourable variance is primarily related to higher than budgeted Workers Compensation Scheme Bonus \$131k (refer Appendix 1 Budget Variation Summary Item 6).

Expenditure**Employee Costs - Favourable Variance \$412k**

The favourable variance primarily relates to various staff vacancies with subsequent savings allocated to the Wages and Salaries Provision (refer Section 3.4) totalling \$144k which represents the savings and allocations up to 30 September 2020, plus a number of operational positions that are backfilled by contractors/agency staff resulting in a favourable variance of \$94k. Agency staff are reported in Materials, Contracts and Other Expenses below. Also contributing is the timing of Superannuation payments for September \$337k which will be paid in October 2020, and lower levels of Annual Leave \$288k than estimated for the first quarter. This is offset in part by higher than budgeted Workers Compensation Insurance \$265k as a result of the premiums increasing from 3.88% to 4.05% (Refer Item 2 New Bid Proposals); noting that a rebate was also received that was higher than budgeted by \$131k (refer comments under Other Revenue) which brings the actual variance to \$134k.

Materials, Contracts and Other Expenses – Favourable Variance \$743k

The favourable variance is primarily the result of the timing of delivery of various programs, with the more significant variances being Tree Pruning Units \$78k, Waste Management \$65k, operating components of Kerb and Gutter Replacement \$34k, Roadsweeping \$30k, and Footbridges, Culverts and Boardwalk maintenance \$30k. Also contributing to the favourable variance are timing of expenditure within City Infrastructure Admin \$62k, Telecommunications \$44k, Organisational Development Initiatives \$42k and Salisbury Events \$33k, all of which are expected to align to budget expectations over the upcoming periods plus other minor variances across the organisation. Agency staffing costs are also unfavourable \$94k which partially offsets savings in Employee Costs mentioned above.

Appendix 5 – Statement of Financial Performance – Key Directions

	Year to Date			Full Year	
	Actual \$000's	Budget \$000's	Variance \$000's	Rev Budget \$000's	Orig Budget \$000's
NET OPERATING RESULT					
Surplus/(Deficit)	75,324	74,050	324	607	2,600
Represented By:					
KEY DIRECTION REVENUE					
The Prosperous City:					
Transport	228	824	(596)	3,296	3,298
City Planning & Economic Development	626	395	232	1,677	1,677
The Sustainable City:					
Water Management	680	455	225	5,761	5,811
Waste Management	49	93	(43)	291	351
Parks & Landscape	33	18	15	91	91
The Living City:					
Recreation, Education & Leisure	62	59	4	746	737
Public Health & Safety	396	387	10	1,576	1,576
Community Development	1,104	1,124	(20)	4,426	4,248
Enabling Excellence:					
Corporate Support	2,163	2,116	49	5,465	5,414
Governance	0	0	0	2	2
Treasury	15	15	(0)	84	78
Grants Commission	868	1,475	(607)	5,900	5,900
Rates	101,897	101,712	185	101,869	101,869
Other Miscellaneous Revenue	113	110	3	211	1
Total Operating Revenue	108,236	108,782	(546)	131,203	130,912
Capital Contributions	934	944	(10)	8,731	8,731
Total Revenue	109,170	109,726	(556)	139,934	139,644
KEY DIRECTION EXPENDITURE					
The Prosperous City:					
Transport	882	720	38	3,657	4,976
City Planning & Economic Development	1,400	1,538	179	5,861	5,394
The Sustainable City:					
Water Management	1,510	1,560	(51)	6,646	6,739
Waste Management	3,005	3,138	133	17,007	17,007
Parks & Landscape	4,073	4,037	(38)	17,549	18,385
The Living City:					
Recreation, Education & Leisure	1,977	1,923	(54)	8,727	8,737
Public Health & Safety	1,261	1,288	27	5,852	5,218
Community Development	2,365	2,828	463	10,060	9,257
Enabling Excellence:					
Corporate Support	7,609	7,965	356	26,698	28,693
Governance	168	199	31	1,109	938
Treasury	92	77	(15)	626	626
Depreciation	5,889	6,883	0	28,531	28,531
Other Miscellaneous Expenditure	2,763	2,957	195	4,120	8,894
Total Expenditure	32,888	33,832	943	131,448	129,166

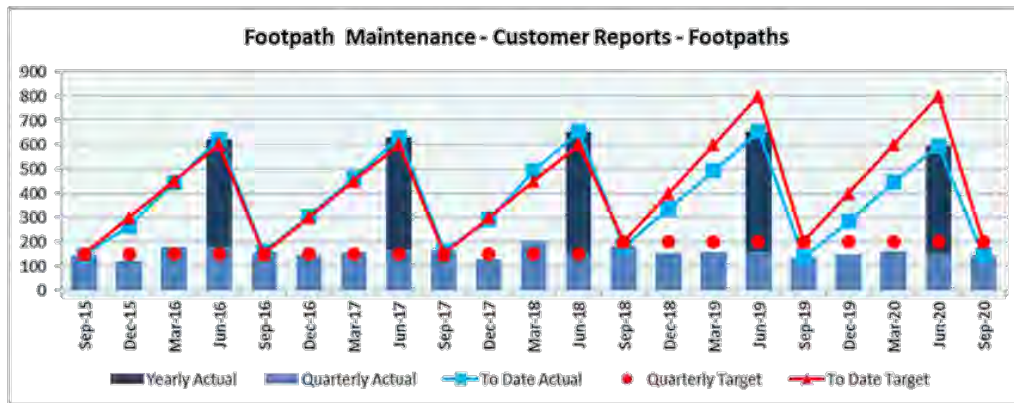
The Full Year Revised Budget includes revisions to expenditure budgets for funds carried forward from 2019/20 to 2020/21. We anticipate a carry forward from 2020/21 to 2021/22, however, at this time specific programs cannot be identified, and this will be brought to account at the end of financial year.

Commentary – Key Direction**The Prosperous City - Net Unfavourable Variance \$148k****Transport - Net Unfavourable Variance \$558k****Revenue – Unfavourable Variance \$596k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Roadworks	GMCI	(596)	(1,001)	<p>The unfavourable variance is the result of the advance payment of two quarters of the 2020/21 Untied Local Roads Grant being paid in the 2019/20 financial year, resulting in an income timing loss of \$1M required to be recognised as part of this Review.</p> <p>Partially offsetting this timing adjustment is a \$27.5k income gain associated with an increase in the current year funding.</p>	<p>Credit \$1,029,162 to the Sundry Projects Fund Refer Appendix 1 Budget Variation Summary Item 11.</p> <p>Debit \$27,504 to the Sundry Projects Fund Refer Appendix 1 Budget Variation Summary Item 4.</p>

Expenditure – Favourable Variance \$38k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Roads	GMCI	31		The favourable variance is primarily related to Kerb and Gutter Replacement Concrete works \$36k, offset by other minor variances. It is anticipated this will meet budget expectations within the upcoming periods	Nil
Footpath Maintenance	GMCI	(45)		<p>The unfavourable variance is primarily related to the timing of both the concrete and paver footpath maintenance programs \$46k which is expected to align over the upcoming quarters.</p> <p>Also impacting is minor costs incurred of \$6k for the hire of a water cart utilised in the unsealed track maintenance program which will be funded within the overall bottom line of the program</p>	Nil



The number of footpath enquiries received in the first quarter was lower than expected.

City Planning and Economic Development – Net Favourable Variance \$410k

Revenue – Favourable Variance \$232k

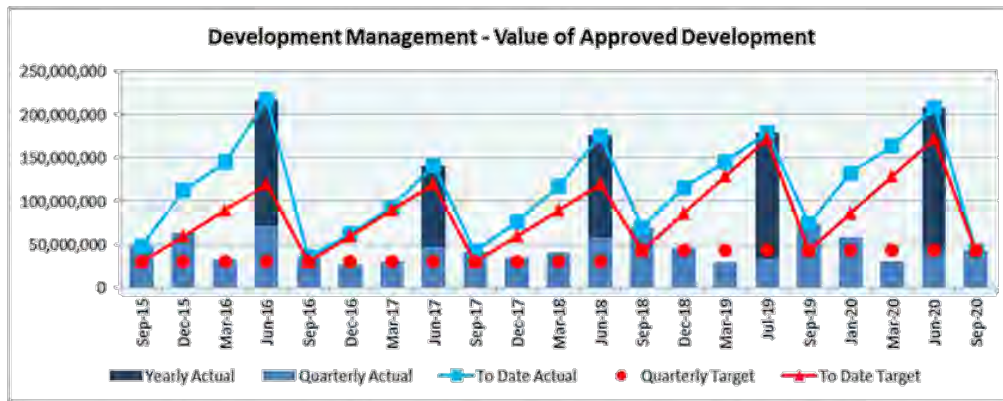
Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Planning	GMCiD	48		The favourable variance is primarily related to higher than budgeted Planning Applications processed year to date, as a result of recent Government Grants provided to support the building industry and homeowners. It is anticipated this this will realign to budget once the Grants have ceased.	Nil
Building Rules Certification Unit	GMCiD	96	50	The favourable variance is primarily related to an increase in development applications lodged by external clients as a result of Government Stimulus packages available to homeowners.	Debit \$50,000 to Sundry Projects Fund Refer Appendix 1 Budget Variation Summary Item 8.

Expenditure – Favourable Variance \$178k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Urban Planning	GMCID	74		<p>The favourable variance is primarily related to the timing of Strategic Development Projects feasibility study expenditure \$25k, which is expected to align to budget over the upcoming periods.</p> <p>Also contributing is favourable contractual expenditure within Urban Policy, primarily the timing of payments towards the Thematic Heritage Study, which is also expected to align to budget over the second quarter.</p>	Nil
City Development Admin	GMCID	81		<p>The favourable variance primarily relates to the timing of the Salisbury City Centre Investment Attraction Strategy project \$51k.</p> <p>Also contributing is \$18k favourable legal expenditure, due to the reactive and adhoc nature of this type of expenditure it is difficult to accurately budget for this timing or quantum of this over the financial year.</p>	Nil



The number of development applications submitted for this period has significantly exceeded predictions (by 40%). The increased application activity appears to be as a direct result of Commonwealth and State Government building stimulus programs.



The value of approvals for this period is consistent with budget predictions. The value of approvals is expected to increase given the significant increase in application activity for this period that is likely to increase the value of development approvals in future reporting periods.

The Sustainable City - Net Favourable Variance \$221k

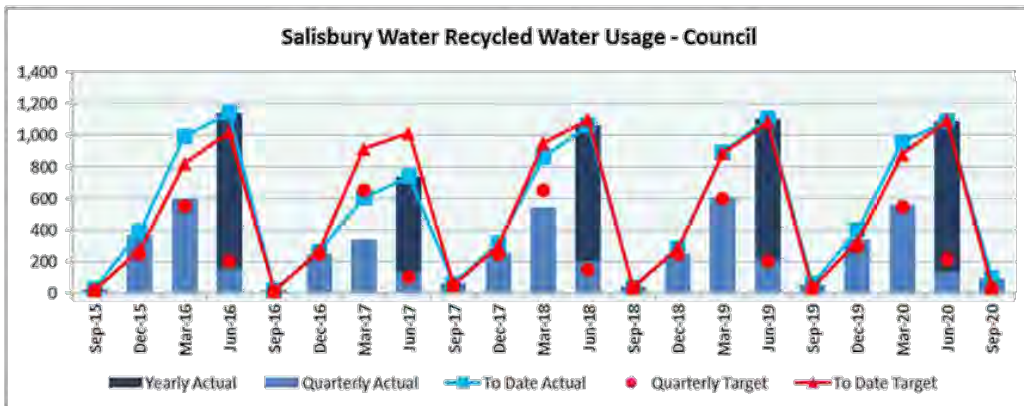
Water Management - Net Favourable Variance \$174k

Revenue – Favourable Variance \$225k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Salisbury Water Retail Marketing/Sales	GMBE	190		The favourable variance is primarily related to internal water sales of \$174k due to below average rainfall and proactive nature of internal customers. This will be offset within other operational areas of Council, including Park Maintenance \$85k.	Nil

Expenditure – Unfavourable Variance \$51k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Salisbury Water – Water Factory	GMBE	71		The favourable variance primarily relates to electricity costs \$42k as a result of the dry first quarter harvest, which has since picked up and it is anticipated that this expenditure will align to budget during the second quarter, plus other minor variances. Also contributing is slightly favourable Internal Interest costs \$9.2k which is offset in Treasury.	Nil
Drainage Systems	GMCI	(82)		The unfavourable variance is primarily related to Internal Labour Charges \$47k as a result of undertaking more work year to date in this program than original budget estimates. This is a timing variance and it is expected that the budget will align over the upcoming quarters, with less emphasis in low risk/priority works. Also impacting is an unfavourable variance of \$32k for Darren Avenue, Ingle Farm and Springbank Boulevard related to reactive unplanned works.	Nil



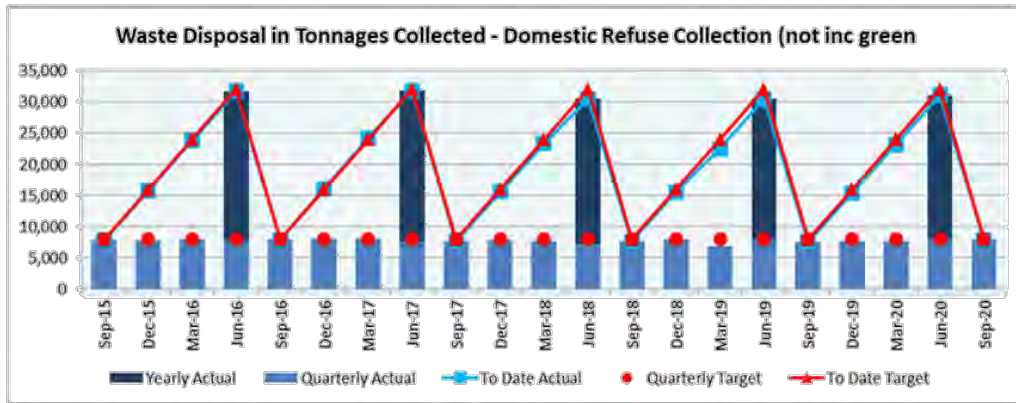
Councils usage has been quite high due to a very dry start to the quarter.

Waste Management – Net Favourable Variance \$70k**Revenue - Unfavourable Variance \$43k**

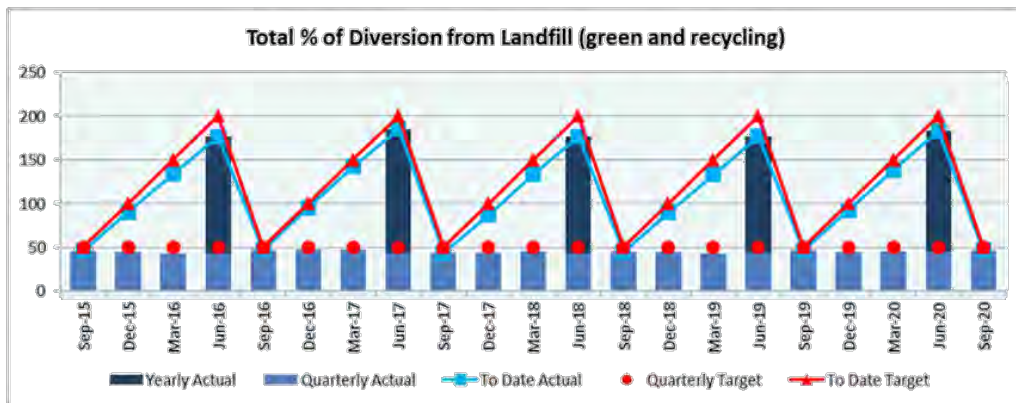
Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Waste Management	GMCI	(45)		The unfavourable variance is related to the delay in receipt of big bin income, which has been outsourced to NAWMA. Invoices have been issued by NAWMA with income expected to flow through to Council in the upcoming period.	Nil

Expenditure – Favourable Variance \$113k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Waste Management	GMCI	63		The favourable variance is 0.43% of the full year budget of \$14M and is subsequently immaterial, with the area continued to be monitored over the upcoming months.	Nil
Cleansing and Waste	GMCI	44		The favourable variance is primarily due to the timing of works associated with contracted Loose Litter Collection \$18k as well as Road Sweeping \$35k as compared to original budget estimates. This is a timing variance and it is expected that the budget will align over the upcoming quarters.	Nil



Consistent with previous financial year results.



Consistent with previous financial year results.

Parks and Landscape - Net Unfavourable Variance \$23k**Revenue - Favourable Variance \$15k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Tree Management	GMCI	17		The favourable variance is as a result of higher than budgeted levels of private works associated with tree removals, noting this is offset by expenditure within the area. The full year budget is \$60k with current actuals of \$32k.	Nil

Expenditure – Unfavourable Variance \$38k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Field Services Administration	GMCI	331		The favourable variance is primarily related to the over recovery of staff time, resulting from staff costing more time to productive areas than initial budget estimates for this time of year. This variance is offset by unfavourable variances in other operational areas. This is a timing variance and it is expected that the budget will align over the upcoming quarters.	Nil
Verges	GMCI	(86)		The unfavourable variance is primarily related to the timing of the cuts and invoices received, as compared to budget. The delivery of the Operating Surplus Initiative of \$150k will be presented to Council as part of the 2020 Verge Trial Review and future recommendations, in December 2020.	Nil

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Feature Landscapes	GMCI	(72)		The unfavourable variance is primarily due to Internal Labour Charges \$78k as a result of undertaking more work year to date in this program than original budget estimates. This is a timing variance and it is expected that the budget will align over the upcoming quarters.	Nil
Park Maintenance	GMCI	(181)		The unfavourable variance is primarily related to higher than budgeted internal water supply \$85k which is offset within Salisbury Water. Also impacting is an unfavorable variance of \$76k relating to internal labour charges as a result of the timing of work as compared to budget estimates. This unfavourable variance is offset by a favourable variance within Field Services Administration.	Nil

The Living City - Net Favourable Variance \$130k

Recreation, Education and Leisure - Net Unfavourable Variance \$50k

Expenditure - Unfavourable Variance \$54k

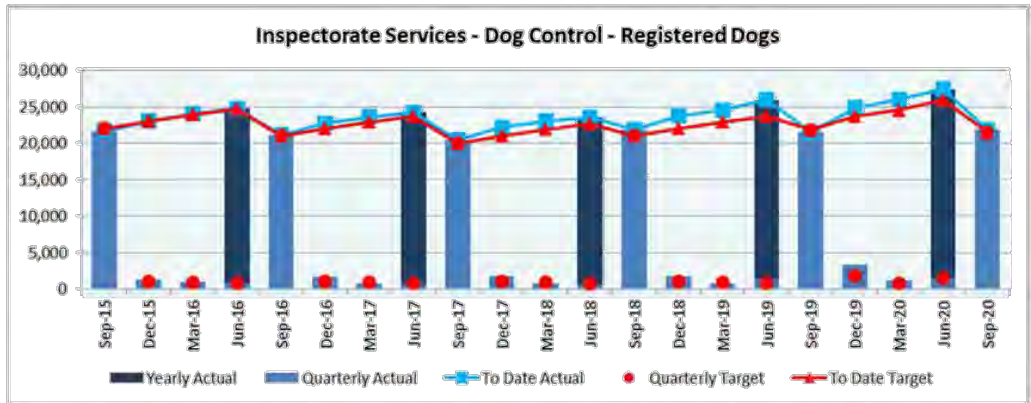
Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Sportsfield Cutting	GMCI	(54)		The unfavourable variance is primarily related to contractual services costs \$36k as a result of the timing of spend on turf renovations for various sites including Burton Park. This program will be monitored over the upcoming periods and is expected to align to budget over the upcoming quarters.	Nil

Public Health and Safety – Net Favourable Variance \$37k**Revenue – Favourable Variance \$10k**

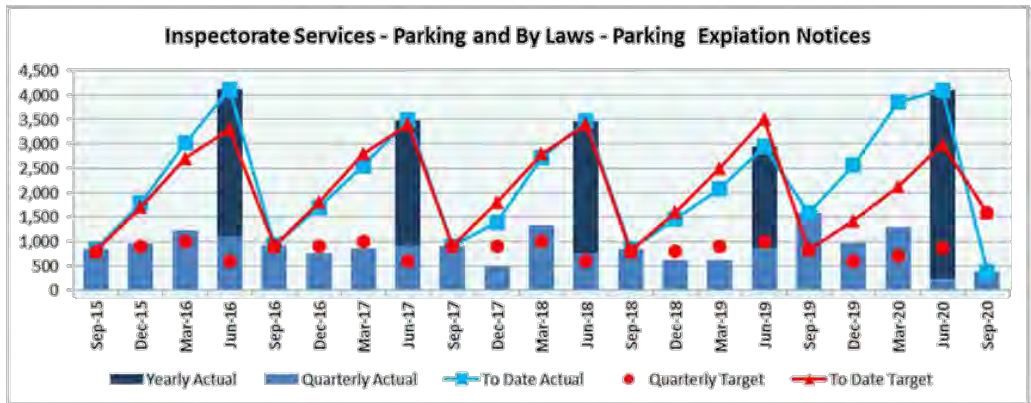
Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Animal Control	GMCiD	32		The favourable variance primarily relates to Dog Registration fees \$33.7k higher than budgeted as a result of the timing of the receipt of funds. Registration numbers are on par with the prior financial year.	Nil
Parking and Bylaws Control	GMCiD	(37)	(25)	The unfavourable variance is primarily the result of a reduction in expiations issued as a result of the impacts of COVID-19, with lower patrols being undertaken in particular within the Town Centres. As at 30 September 2020, 381 expiations have been issued compared to 1,582 at the same time last financial year.	Credit \$25,000 to the Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 14.</i>

Expenditure – Favourable Variance \$27k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Street Lighting	GMCI	(64)		The unfavourable variance is primarily related to \$35k Street Lighting Maintenance, plus energy costs tracking slightly higher than budget year to date.	Nil
Crime Prevention and Repair (Building Maintenance Graffiti)	GMCI	44		The favourable variance is primarily the result of lower levels of works and requests within the Graffiti Removal Program \$19k, noting this program is highly reactive and unpredictable in nature. Also impacting is a favourable variance of \$11k relating to Volunteer Graffiti removal team as a result of a lower number of volunteers available. Both programs will be monitored over the upcoming months.	Nil



YTD DACO registrations are 21,852, compared to 21,507 during same period last year. DACO income to CoS is \$688,480 compared to \$670,072 during same period last year. Timing of payments to CoS reflects July Income only of \$238,180.



YTD 381 expiations issued compared to 1,582 as a result of educative focus and warnings and no parking enforcement in town centre precincts due to the impacts of COVID-19 on the community. Unfavourable variance also attributed to 54 expiations referred to FERU with a value of \$9,992.

Community Development - Net Favourable Variance \$143k

Revenue - Unfavourable Variance \$20k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$'000	Permanent \$'000		
Salisbury Memorial Park Cemetery	GMCD	25		The favourable variance is primarily related to steady burial sales with 21 sites sold in the first quarter, plus inurnment sales are currently sitting at 33 sales year to date. It is anticipated that this will align to budget over the upcoming periods.	Nil
HCSP - Home and Community Services Program	GMCD	(48)		The unfavourable variance is primarily related to suspended and restricted services as a result implications associated with COVID-19. These services will continue to be monitored over the second quarter.	Nil
Neighbourhood Development	GMCD	39	50	<p>The favourable variance is primarily related to \$50k Wellbeing SA grant funding received at Para Hills Community Club, with a nil effect adjustment to income and expenditure included as part of this Review.</p> <p>Offsetting this is unfavourable user charges, primarily \$9k hall hire fees and \$5.4k Course Fees at Twelve25 as a result of the suspension of programs due to COVID-19. These services will continue to be monitored over the second quarter.</p>	Nil Effect Adjustment \$50k to the Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 18.</i>
Disability Program	GMCD	(43)	(10)	<p>The unfavourable variance is primarily related to lower than budgeted NDIS funding received year to date as a result of COVID-19 suspended services and the modified return of these services.</p> <p>Also contributing is \$10k lower than budgeted grant funding for The Shed program, with a nil effect adjustment to income and expenditure included as part of this Review.</p>	Nil Effect Adjustment \$10k to the Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 25.</i>

Expenditure – Favourable Variance \$163k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Home and Community Support Services	GMCD	42		The favourable variance is primarily related to staff vacancies and variations in hours worked as a result of the suspension of programs due to COVID-19. This is offset by a decrease in income associated with these suspended and reduced programs.	Nil
Twelve25 Enterprise Centre	GMCD	29		The favourable variance is primarily related to training course and contractual expenditure as a result of the timing of recommencement of programs at the Centre.	Nil
Community Development	GMCD	95		The favourable variance is primarily related to the timing of Community Grants \$35k and the timing of program spend in Social Planning \$15k, Youth Development \$7k and other minor variances. It is anticipated that these programs will align to budget over the upcoming period.	Nil

Enabling Excellence – Net Favourable Variance \$197k**Corporate Support – Net Favourable Variance \$436k****Revenue – Favourable Variance \$49k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		Timing \$000	Permanent \$000		
Property Management	GMC1	(99)	(128)	<p>The unfavourable variance is primarily related to further extension of COVID-19 support measures in the waiving of Community and Sporting Club rents (Resolution July 0634/2020 and Resolution September 0693/2020) for the period July to December 2020 totaling \$120k.</p> <p>A further decision was made to waive some commercial leases for the period July to September 2020 totaling \$8.4k (Resolution July 0633/2020) again associated with COVID-19 support measures</p> <p>Adjustments for these resolutions have been included as part of this Review.</p>	<p>Credit \$119,530 to the Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Items 12 and 13.</i></p> <p>Credit \$8,389 to the Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 16.</i></p>
Business Excellence	GMBE	136	131	The favourable variance relates to higher than anticipated Workers Compensation Rebate/Bonus that relates to 2019/20, with an adjustment included as part of this Review.	Debit \$130,712 to the Sundry Projects Fund <i>Refer Appendix 1 Budget Variation Summary Item 6.</i>

Expenditure – Favourable Variance \$387k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		Timing \$000	Permanent \$000		
Cultural Development	GMBE	50		The favourable variance primarily relates to the timing of Salisbury Events expenditure \$43k as a result of delays caused by COVID-19. A revised event calendar was endorsed by Council in July 2020, Resolution 0617/2020.	Nil
Organisation Development	GMCD	56		The favourable variance is primarily related to the timing of Organisational Development programs \$41.7k with expenditure expected to align to budget in the upcoming quarters with the commencement of the OCI program.	Nil
Computing	GMBE	71		The favourable variance is primarily related to internet expenditure \$35k as a result of an increase in chargeout to other areas of Council for internet related expenditure and \$34k timing of operating components of capital projects.	Nil
City Infrastructure Administration	GMCI	46		The favourable variance is primarily related to the timing of contractual expenditure \$54k offset by other minor variances. It is anticipated that this will align to budget expectations over the upcoming quarters.	Nil

Treasury – Net Unfavourable Variance \$15k**Expenditure – Unfavourable Variance \$15k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Treasury	GMBE	(15)		The unfavourable variance is primarily related to slightly lower than anticipated Internal Interest for Salisbury Water, which is offset with a favourable variance within that division.	Nil

Rates and other Miscellaneous – Net Unfavourable Variance \$224k**Revenue – Unfavourable Variance \$419k**

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Rates	GMBE	149		The favourable variance is primarily the result of slightly higher final growth numbers when we generated rates, and lower levels of objection adjustments to date	Nil
Grants Commission	GMBE	(607)	(2,426)	<p>The unfavourable variance is the result of the advance payment of two quarters of the 2020/21 Financial Assistance General Purpose Grants being paid in the 2019/20 financial year, resulting in an income timing loss of \$3.3M required to be recognised as part of this Review.</p> <p>Partially offsetting this timing adjustment is an \$874k income gain associated with an increase in the current year funding.</p>	<p>Credit \$3,299,828 to the Sundry Projects Fund Refer Appendix 1 Budget Variation Summary Item 10.</p> <p>Debit \$873,502 to the Sundry Projects Fund Refer Appendix 1 Budget Variation Summary Item 3.</p>

Expenditure – Favourable Variance \$195k

Program/Budget Area	General Manager	Variance		Comment	Action Required
		YTD \$000	Permanent \$000		
Wages and Salaries Provision	CEO	144		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 Transfer of Funds (Chief Executive Officer Delegation).	Nil
Inside Staff Oncosts	GMBE	(105)	(265)	The unfavourable variance is primarily related to higher than budgeted Workers Compensation Insurance Premiums paid for the current financial year \$265k with premiums shifting from 3.88% in 2019/20 to 4.05% in the current year, and higher than budgeted Paid Parental Leave \$45k and Sick Leave \$62k year to date. Offsetting this is the timing of the September Superannuation payment \$249k which will be paid in October 2020.	Credit \$265,000 to the Sundry Projects Fund Refer Item 2 New Bid Proposals Non-Discretionary Operating Bids
Salisbury Community Hub	GMCI	79		The favourable variance is primarily the result of the timing of expenditure for general maintenance, cleaning and utilities \$87k which are expected to align to budget over the upcoming quarters. Offsetting these favourable variances are unbudgeted utility and minor maintenance costs incurred at James Street \$11k, incurred prior to the commencement of the demolition.	Nil

Appendix 6 – Capital Expenditure Report as at 30 September 2020

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 2020/21.

Description	Revised Budget	Actuals	Commitments	Total Actuals / Commitments	Balance Remaining	Budget & Timing Adjustments	Projected EOFY Carry Forward
EXPENDITURE							
Transportation	34,378,100	1,671,028	1,432,491	4,103,528	30,274,522	486,500	
Property & Buildings	10,048,500	524,979	758,755	1,383,734	8,664,766	(200,000)	
Drainage & Waterways	6,356,600	344,954	841,374	1,386,329	4,970,271	(50,000)	
Parks & Streetscapes	10,865,100	583,001	302,139	1,485,140	9,379,960	623,000	
Fleet	1,854,094	159,881	479,408	639,289	1,214,805	0	
Strategic Projects	17,619,000	837,607	2,889,508	3,327,115	14,291,884	0	
Total City Infrastructure	81,131,994	3,311,449	3,403,676	12,315,339	68,816,655	789,500	0
Information Technology	931,700	33,400	256,232	289,631	642,069	13,700	
Salisbury Water Business	4,212,500	319,823	466,722	786,545	3,425,955	0	
Strategic Property	1,732,500	191,416	469,166	660,582	1,071,918	0	
Total	88,008,094	4,466,149	9,595,796	14,061,945	73,946,149	873,200	0
INCOME							
Transportation	(1,893,000)	(909,109)	0	(909,109)	(983,891)	(891,500)	
Property & Buildings	(237,500)	0	0	0	(237,500)	0	
Parks & Streetscapes	(1,183,000)	(63,750)	0	(63,750)	(1,119,250)	0	
Strategic Projects	(50,000)	0	0	0	(50,000)	0	
Total City Infrastructure	(3,363,500)	(972,859)	0	(972,859)	(2,390,641)	(891,500)	0
Strategic Property	0	(139,956)	0	(139,956)	139,956	0	
Total Other	0	(139,956)	0	(139,956)	139,956	0	0
Total	(3,363,500)	(1,112,814)	0	(1,112,814)	(2,250,684)	(891,500)	0
NET	84,644,594	3,353,334	9,595,796	12,949,130	71,695,464	(18,300)	0

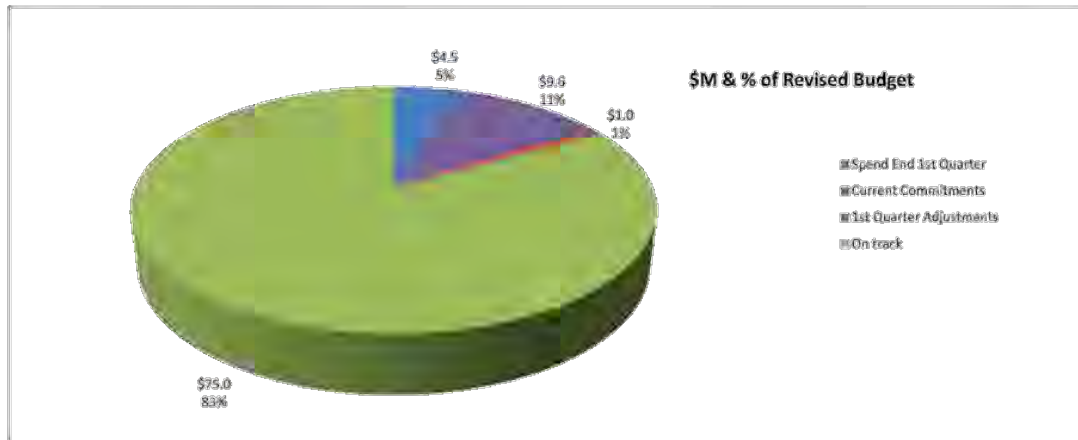
Capital Expenditure

As at the end of the first quarter, the revised capital expenditure budget for 2020/21 was \$88M including the reinstatement of budget timing adjusted projects from 2019/20 \$7.5M, and carry forward funds of \$15.1M, with \$4.5M or 5.07% spend to date and \$9.9M or 11.2% inclusive of commitments.

Capital Income

The capital income revised budget for 2020/21 is \$3.4M which mainly comprises \$1.9M (remaining whole of project life) for Transportation and \$1.2M (remaining whole of project life) for Parks and Streetscapes, with commentary provided within those areas.

TOTAL CAPITAL PROGRAM



Capital Program

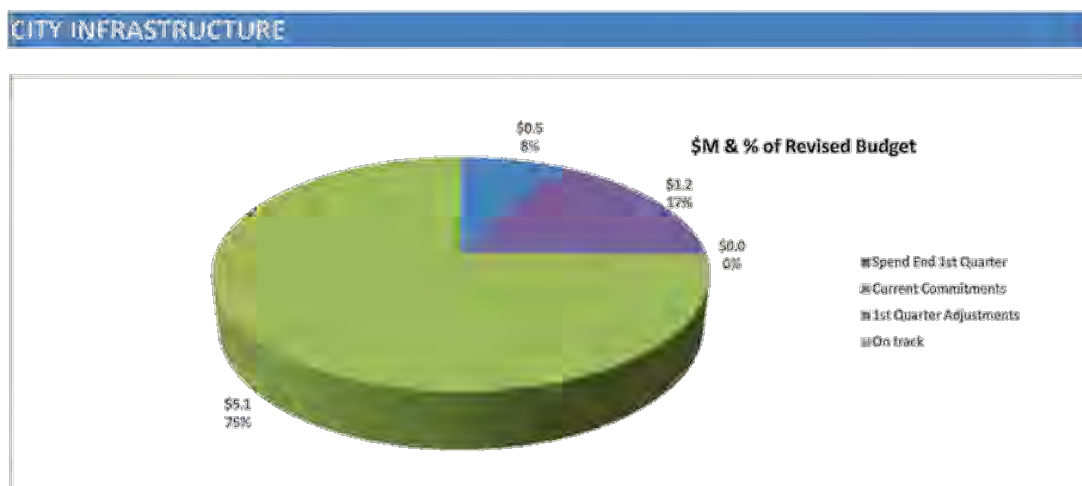
The first quarter of 2020/21 was the commencement of the two year COVID-19 Capital Infrastructure Recovery Program. A priority of the program is to stimulate the economy and create local employment, which in turn will result in infrastructure improvements for the community. A key activity undertaken this quarter has been the creation and development of the program which includes the formulation of project briefs and establishing the framework which to manage the works by. This work occurred simultaneously with existing active projects.

Due to COVID-19 various projects encountered delays this year and therefore continue to be delivered into 2020/21, such as the completion of the new Bridgestone Athletics Facility which was delayed with the laying of the synthetic track pending specialist crews from interstate. Similarly, supply of some vehicles was impacted by supply chain issues associated with the pandemic. All projects impacted by the pandemic continue to be monitored and managed within the current pandemic guidelines.

With easing of restrictions and modification to work practices, staff have been able to return to working within the Salisbury Community Hub. This has assisted staff delivering the Capital Infrastructure Program to be able to work collaboratively and effectively on this two year large program of works.

Community engagement is an important component in the development of projects for delivery. This assists to inform design solutions and provide the community with infrastructure that meets their needs. This was a key activity that commenced in the first quarter including engagement commenced for playground renewals and feature landscape works.

The planting of the 2019/20 Street Tree Program continued this quarter to align with optimum planting weather conditions. This program enables the change to more appropriate tree species whilst aiming to achieve City Pride and environmental benefits.



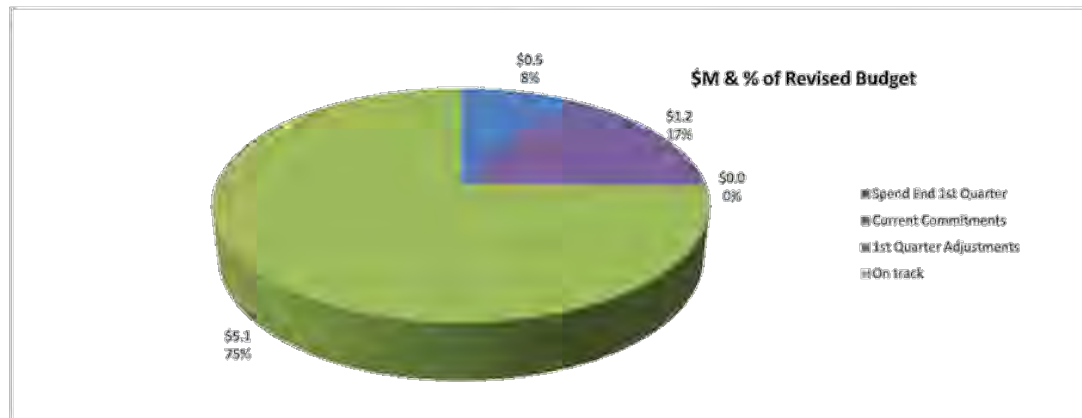
Key Achievements

City Infrastructure continued to manage existing active projects and programs whilst establishing the two year COVID-19 Capital Infrastructure Recovery Program. This large program includes the creation of new playground destinations, delivery of the Salisbury Oval Master Plan, installation of residential street lighting LED's, plus many other infrastructure improvements for the community.

There has been several positive outcomes this quarter despite the pandemic, some of which include:

- Grant funding was awarded for the construction of a new roundabout at the intersection of Nelson and Kesters Roads, Para Hills. In addition, funding was also awarded for the construction of a new protected right turn at the intersection of Wright and Canna Roads, Ingle Farm. These will result in transport safety improvements for the community.
- Community engagement for the Burton Community Hub was successfully completed.
- Following successful completion of community engagement, detail design was completed for the Salisbury Oval Master Plan which enabled the works to be released to the market for tender.
- Successful completion of Pauls Drive, Valley View Major Flood Mitigation Program, which resulted in a safe raised road crossing across the waterway.
- Building Renewal works at Cycle Speedway, Adams Oval Salisbury North, were completed this quarter. Works included internal refurbishment works and external works.
- New toilet facilities were opened this quarter at Unity Park, Pooraka. These amenities complement the existing playspace, dog park and fitness equipment.
- Investigation and design development is now well advanced for the Building Renewal and Upgrade Program. It is anticipated the upgrade and renewal works at Pooraka Farm Community Centre will be the first of the 2020/21 program to commence construction late 2020. This will be followed by renewal works at Cross Keys BMX Club, Unity Park Pooraka and Para Hills Tennis Club, Twell Green Para Hills.
- Community engagement commenced for the Playground/Playspace Program to assist with informing design development.
- Discussions commenced with SA Power Networks in relation to the changeover of minor road street lighting to LED's. This initiative is expected to result in operational savings for the community.

INFRASTRUCTURE OTHER



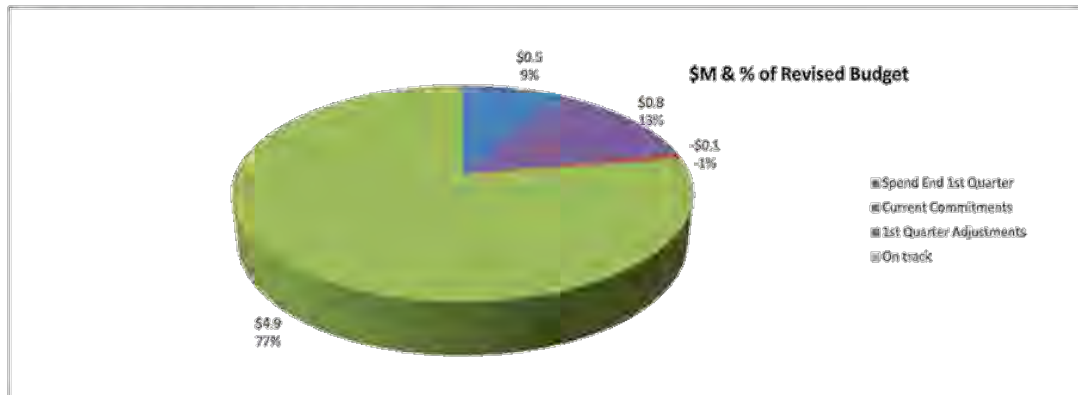
Key Achievements


The 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:

- Construction of the new distribution pipework to facilitate new recycled water connections at Dameon Reserve, Bean Park, Camelot Reserve and Dunkley Reserve is complete.
- Orders have been placed for the fitout of emergency power backup supply provisions at Moyes Green and Kentish Green Pump Stations.
- An experienced managed aquifer recovery (MAR) consultant has been engaged to undertake a hydrogeological site assessment as part of the Greenfields MAR upgrade, with this site assessment required to determine optimal MAR operations and approvals by relevant regulatory agencies.
- The demolition of 12 James Street is progressing well, with completion due December 2020.

CITY INFRASTRUCTURE
DRAINAGE & WATERWAYS

(8.6% spent / 21.8% inclusive of commitments)



 BUDGET ADJUSTMENTS	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
Coleman Road Landfill – returned funds from 2019/20 not included in Carry Forward report	\$0	{ \$50 }	\$0

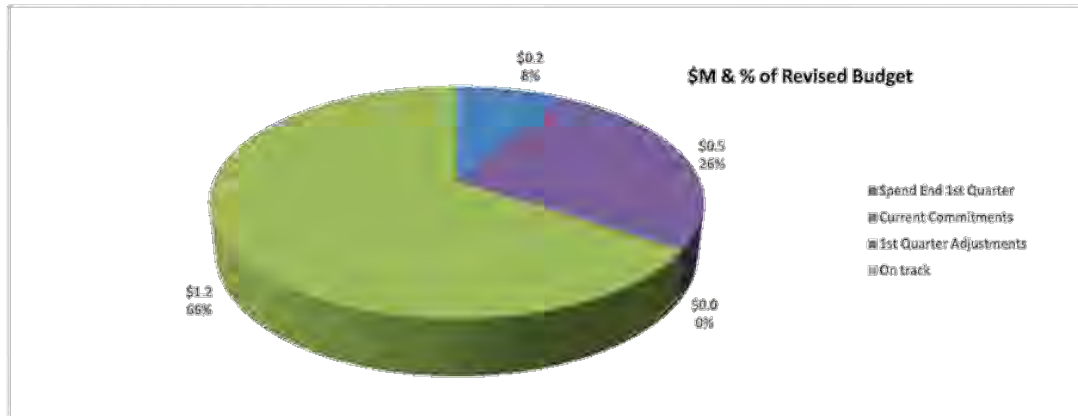
 **ON TRACK**


- Major Flood Mitigation Program** – The successful completion of the construction of the Pauls Drive Valley View crossing occurred this quarter, resulting in a safe path of travel across Dry Creek and installation of erosion control mitigation measures. This project is jointly funded by City of Salisbury and the Federal Government.

Development of the 2020/21 program of works commenced including survey, flood modelling and concept development. Key projects scheduled for delivery this financial year include flood mitigation works at Bluehills Reserve Salisbury East, Kiekebusch Reserve Gulfview Heights and Camelot Drive Reserve Paralowie. The multi-million dollar mitigation works proposed for sections of Dry Creek Pooraka, adjacent Pratt Avenue, are progressing into detailed design which will be followed by preparatory works this financial year.
- Local Flooding Program** – The Local Flooding Program is a series of scheduled works and minor reactive flood mitigation works. As part of this program, works were awarded this quarter to complete drainage and flood mitigation works along a section of Waterloo Corner Road at Burton. This work is expected to be completed during the current year.
- Watercourse Management Works** – This program has erosion control and desilting works proposed for Dry Creek, Little Para, Cobbler Creek and Edinburgh/Helps Road Drain. This important program assists to maintain the City’s waterways.

FLEET

(2.5% / 18.9% inclusive of commitments)



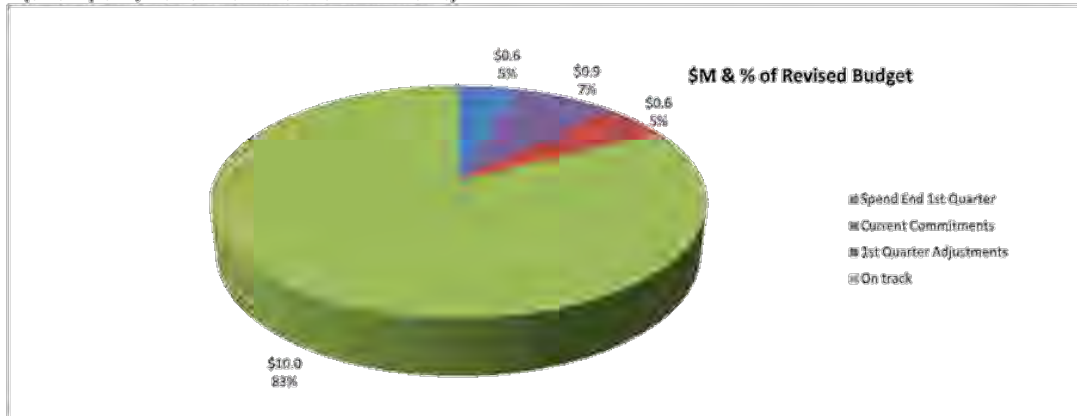
 BUDGET & SCHEDULE ADJUSTMENT	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
There were no budget adjustments this quarter within the Fleet asset category.	\$0	\$0	\$250


 **ON TRACK**

- Plant and Fleet Replacement Program – As part of the Fleet Asset Category, plant and fleet items are renewed and upgraded. This program provides the important equipment to enable staff to deliver services to the community. Currently, requirements are being gathered which help inform equipment specification.

PARKS & STREETScape

(5.4% spent / 13.7% inclusive of commitments)



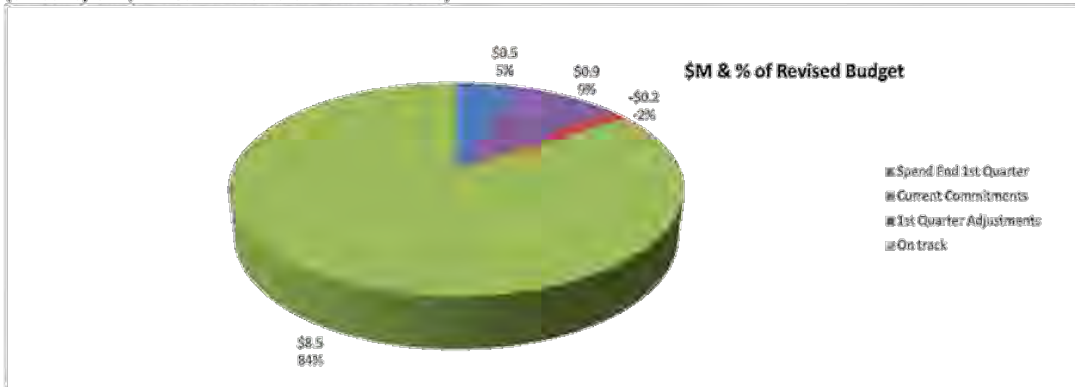
 BUDGET ADJUSTMENT	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
<u>Playground/Playspace Program</u> As per Resolution 0589/2020, the playground renewal at Dunkley Green Valley View, has been brought forward to align with the reserve upgrade works occurring there this financial year.	\$0	\$98	\$0
In addition, Resolution 0657/2020 saw the inclusion of new inclusive play elements at Unity Park Pooraka, to complement the existing playspace.	\$0	\$150	\$0
<u>Burton Park Pitch Remediation</u> To remediate the sports pitches at Burton Park, \$375k was approved October 2020 as per Resolution 0704/2020.		\$375	


 **ON TRACK**

- Play Space / Playground Program – The development of the 2020/21 program commenced including site investigation and community engagement. In addition to renewal work this year, a new playground is proposed to be constructed at Coomurra Drive Salisbury Heights and Noack Reserve Pooraka.
- Reserve Upgrade Program – Several sites have been nominated to be upgraded this financial year including Finnis Avenue Reserve Ingle Farm, Baltimore Reserve Parafield Gardens and Dunkley Green Valley View. Also, new irrigation is proposed to be installed at DeMille Street Reserve Salisbury Downs, and Blue Hills Reserve Salisbury East. These new systems will increase the level of service to the community with the ability to manage and provide green space.
- Irrigation Reactivation and Renewal – The reactivation of irrigation systems across 10 reserves this financial year is tracking well and being rolled out across the sites progressively. Current indications are that this program can be completed this financial year.
- Street Tree Program – The continuation of planting of the 2019/20 program occurred whilst the 2020/21 program was developed for delivery.

PROPERTY AND BUILDINGS

(5.25% spent / 13.8% inclusive of commitments)



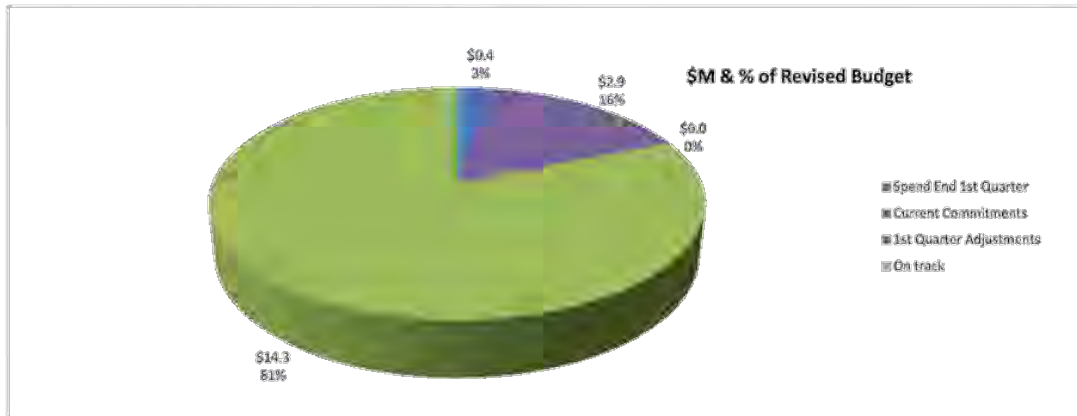
 BUDGET ADJUSTMENTS	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
Public Art – Feature Artwork As per Council Resolution 0677/2020, a major art piece was not progressed and funds redirected to upgrade of Unity Park \$75k, smaller murals \$50k, urgent upgrades of entry statements \$30k and \$45k savings declared as part of this Review.	\$0	(\$200)	\$0


 **ON TRACK**

- Building Upgrade Program** – Works have been continuing to detail the upgrade to the Operations Centre to enable the works to be released for tender. The upgrade of Pooraka Farm Community Centre commenced and is well advanced to enable release for tender in the second quarter.
- Building Renewal Program** – The works associated with 2019/20 Building Renewal Program continued this quarter following delays associated with the pandemic, including renewal works at Pooraka Tennis Clubrooms, Brahma Lodge Football and Sports Clubrooms, Adams Oval Salisbury Cycle Speedway facilities and Para Hills West Soccer Clubrooms at Manor Farm Oval Salisbury East. The works at Adams Oval were completed this quarter with Pooraka Tennis Clubrooms currently being closed out. The requirements and design commenced for the 2020/21 program for Para Hills Tennis Club, Twell Green Para Hills and Cross Keys BMX Club, Unity Park Pooraka.
- Kentish Green Toilet Facility** – Similar to the new amenities constructed at Unity Park, a new ablution block will be constructed at Kentish Green, Para Vista. This facility providing new infrastructure and services for the community and will complement the new BBQ scheduled also to be installed there.
- Public Art – Feature Artwork** - As per Council Resolution 0677/2020, a major art piece to the value of \$200k will not be progressed and the funds redirected to other projects with \$45k declared as savings.

STRATEGIC PROJECTS - OTHER

(2.5% spent / 18.9% inclusive of commitments)



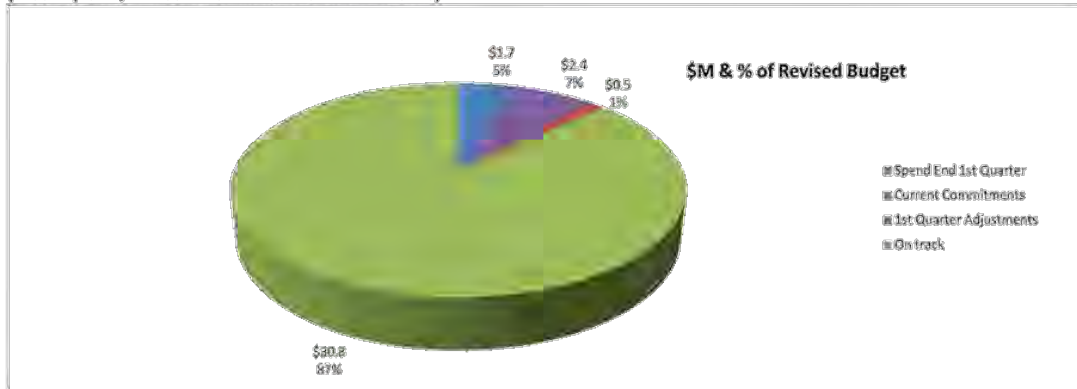
 BUDGET & SCHEDULE ADJUSTMENT	Revised Budget	First Quarter Adjustment	Forecast Carry Forward
	\$000	\$000	\$000
There are no adjustments this quarter within the Strategic Projects Asset Category.	\$0	\$0	\$0


 **ON TRACK**

- Bridgestone Reserve - Athletics Facility – Pending the requirements associated with the pandemic, the laying of the synthetic turf will be scheduled once the specialist crews are able to arrive.
- Salisbury Oval Masterplan Implementation – In accordance with community engagement, design and documentation was able to be completed this quarter in preparation for tender release. The new play destination includes various inclusive elements, multi-court sports facility and fitness equipment. Following a successful tender it is expected construction will commence early in the new year.
- Salisbury City Centre Revitalisation – Community engagement provided important understanding in relation to community needs. It is proposed to deliver the works across the next two years with year one being John Street improvements which will then be followed by improvements to Church Street.
- Paddocks Master Plan – The implementation will continue this financial year with the construction of a new nature playspace, path connections and lighting, parklands development and new toilet facilities.
- Burton Community Hub – Following successful completion of community engagement, detail design has commenced for the new Burton Community Hub.

TRANSPORTATION

(4.9% spent / 11.9% inclusive of commitments)



 BUDGET & SCHEDULE AMENDMENT	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
<p>Major Traffic Improvement Program</p> <p>As reported July 2020 Resolution 0619/2020, 100% grant funding of \$332k was awarded for the delivery of new protect right turn treatment at the intersection of Wright and Canna Roads, Ingle Farm.</p> <p>Also as part of this report, it was documented the successful funding of a new roundabout at the intersection of Nelson and Kesters Roads, Para Hills. This project was originally scheduled to be part Council funded and therefore savings have been included this quarter.</p> <p>Due to unforeseen service relocation associated with the construction of a new roundabout at the intersection of George Street and Ryans Road, Greenfields, an additional \$70k was approved within Resolution 0678/2020.</p>	<p>\$0</p> <p>Net Bud \$617</p> <p>\$880</p>	<p>\$332</p> <p>(\$545)</p> <p>\$70</p>	<p>\$0</p> <p>\$0</p> <p>\$0</p>
<p>Mobara Park Bridge</p> <p>In accordance with October 2020 Works and Services Committee Item 2.6.1, bring forward \$70k from 2021/22 to enable preparatory work to occur.</p>	<p>\$70</p>	<p>\$70</p>	<p>\$0</p>



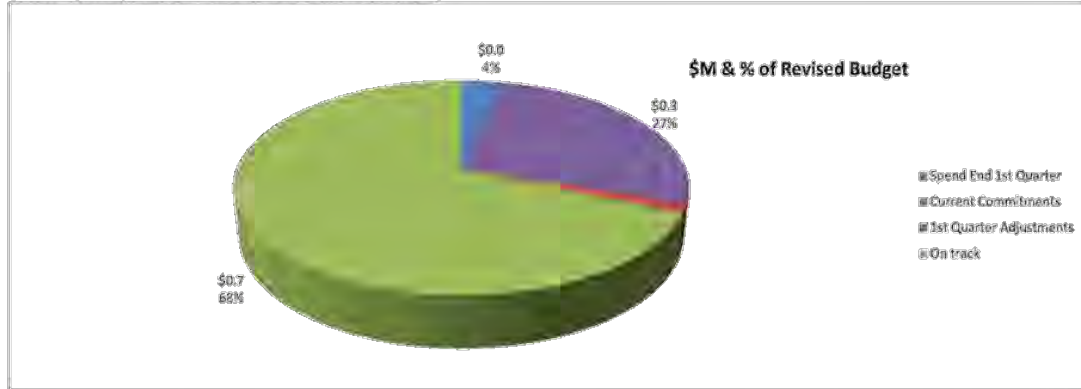
ON TRACK

- **Bus Shelter and Stop Improvement Program** – Design and documentation has commenced for this program with a portion of the program now ready for quotation.
- **Road Reseal / Reconstruction Program** – The Road Reseal Program is progressively delivered. Preparatory work has commenced to enable asphalt works to follow. Pavement preservation works are underway.

OTHER CAPITAL CATEGORIES

INFORMATION TECHNOLOGY

(3.6% spent / 31.1% inclusive of commitments)



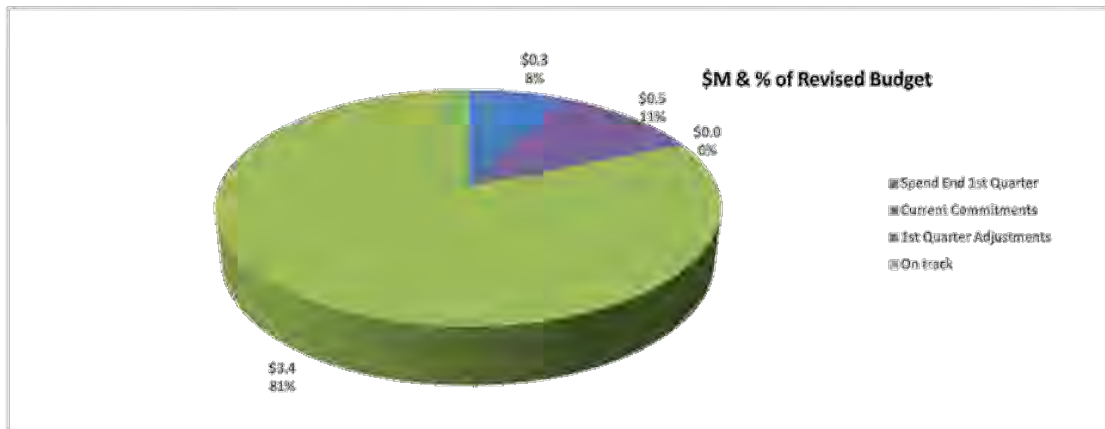
 <u>BUDGET ADJUSTMENTS</u>	Revised Budget	First Quarter Adjustment	Forecast Carry Forward
	\$000	\$000	\$000
Lease to Buy Laptops/PCs	\$0	\$14	\$0


 **ON TRACK**

- Smart City Projects – A Draft Smart Salisbury Framework and Smart City Implementation plan included in reports to the Resources and Governance Committee and Council in September 2020. Continuing internal consultation on the documents with divisional managers and developing the approach for broader community consultation on Smart Salisbury.
- Time, Recording, Attendance Process – The project has recommenced with review and finalisation of the Scope requirements document completed in November 2020 to ensure any changes have been captured. The project Go Live date is now scheduled for April 2021 and completion is on track for the end of the 2020/21 year.
- Salisbury Community Hub Concierge Application – Project has been completed in the 2019/20 financial year.

SALISBURY WATER BUSINESS

(7.6% spent / 18.7% inclusive of commitments)



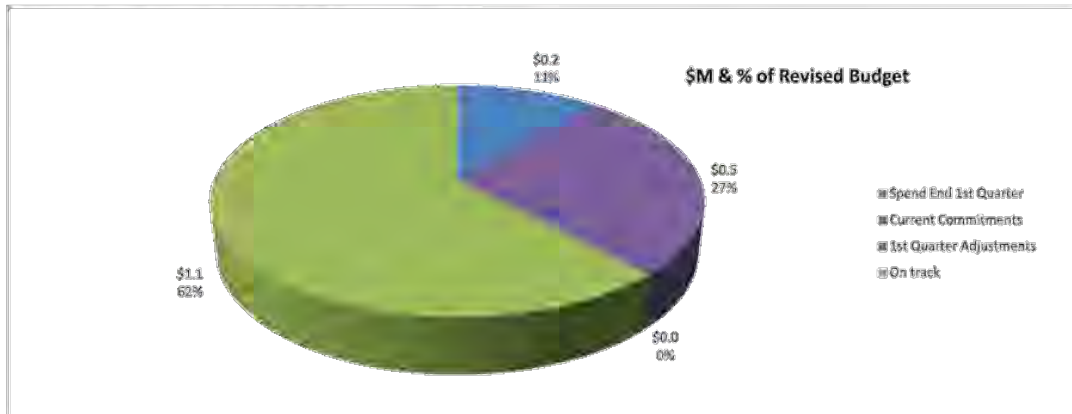
 BUDGET ADJUSTMENTS	Revised Budget \$000	First Quarter Adjustment \$000	Forecast Carry Forward \$000
There were no budget adjustments this quarter within the Salisbury Water Business asset category.	\$0	\$0	\$0


 **ON TRACK**

- Council Reserve Recycled Water Connections – Construction of new distribution pipework to facilitate new recycled water connections at Dameon Reserve, Bean Park, Camelot Reserve and Dunkley Reserve is complete.
- Emergency Power Backup Supply – Orders placed for the fitout of emergency power backup supply provisions at Moyes Green and Kentish Green Booster Pump stations.
- Greenfields MAR Upgrade – Experienced managed aquifer recovery (MAR) consultant engaged to undertake a hydrogeological site assessment. This site assessment is required to determine optimal MAR operations and approvals by relevant regulatory agencies.

STRATEGIC PROPERTY

(11.0% spent / 38.1% 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 Strategic Property asset category	\$0	\$0	\$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.
- **Hoyle Green** – Final project Business Case was endorsed in September 2019. Civil construction on the site has commenced and allotments have been released to the market. Settlements are expected to occur within the next 3 months.

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 7 – Savings from Budget Bids

During the preparation of the 2020/21 budget the following bids were approved which had associated savings. These operational savings have been included into the 2020/21 budget.

Budget Bid	2020/21 Savings
Public Lighting Program – Council Owned LED Changeover	\$30,000
TOTAL	\$30,000

Appendix 8 – Business Unit Reporting

Salisbury Memorial Park

	Year to Date			Full Year		
	Actual	Budget	Variance	Original Budget	Revised Budget	Forecast
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue	142	117	25	496	496	496
Expenditure	124	119	(6)	466	463	463
Surplus/(Deficit)	18	(2)	19	31	33	33

The overall net result for Salisbury Memorial Park as at the First Quarter shows a surplus of \$18k compared to the budgeted deficit of \$2k. The positive position for revenue is attributed to steady burial sales of 21 during this quarter, with 33 inurnment sales (ashes). Total new burial leases for the quarter were 15. Total new cremation leases for the quarter were also 15. Currently cremations are out-numbering burials, which is the current trend within the cemetery industry.

Increased expenditure is partially due to expenditure in Memorials, Inscriptions and Plaques with associated income recognised in the prior financial year, together with higher costs to support increased burial and cremation sales in the current year.

Cemetery Services will continue to look at new ways of marketing Salisbury Memorial Park. We are hoping to host another Mother's Day event, placing musicians around the Salisbury Memorial Park to assist in celebrating the day; a fairly unique approach that will lift the profile of the Cemetery. Staff will once again guest speak on PBA FM discussing various aspects of the Salisbury Memorial Park.

The revenue outlook for the end of June is forecast to be \$496k and the expenditure to be \$463k resulting in a net favourable variance of \$33k.

Building Rules Certification Unit

	Year to Date			Full Year		
	Actual	Budget	Variance	Original Budget	Revised Budget	Forecast
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue	243	147	96	565	565	615
Expenditure	155	162	7	523	523	539
Surplus/(Deficit)	89	(15)	103	42	42	76

Income for the period is 65% or \$96k above budget predictions as a result of increased development application activity from external clients arising from the Commonwealth Government's Home Builder Program and State Governments First Home Owner Grant Program. An income gain of \$50k has been included as part of this Review.

Professional Indemnity Insurance has increased for the financial year to \$51k, from the predicated budgeted level of \$35k. The increase is market based and essential for business requirements. This increase in premiums has been included as a non-discretionary bid within this Review. Offsetting this is \$9k favourable Levies Paid to Government which is anticipated to realign to budget predictions within the upcoming quarter.

Salisbury Water

	Year to Date			Full Year		
	Actual	Budget	Variance	Original Budget	Revised Budget	Forecast
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
External Revenue	289	254	35	2,476	2,476	2,476
Internal Revenue	265	91	174	3,147	3,097	3,097
Total Income	554	345	209	5,622	5,572	5,572
Expenditure	1,077	1,135	57	5,065	5,051	5,051
Surplus/(Deficit)	523	790	267	558	522	522

The Salisbury Water Business Unit (SWBU) completed the first quarter of the 2020/21 financial year with a favourable variance of \$267k against the revised budget. Assuming interest rates remain low, the current full year outlook is a budget surplus of \$522k. This forecast is largely dependent on weather conditions as the SWBU supply is highly geared to irrigation.

Excluding the depreciation allowance of \$1,821k which is a non-cash item, it is anticipated that the business will deliver a positive net cash equivalent position of \$2,342k for the year.

Income totalling \$554k has been received to date, which is \$209k above the YTD budget. Operational expenditure was \$57k below the YTD budget due largely to lower electricity costs associated with lower harvest and interest charges.

A total of 237 ML of water was distributed to Salisbury Water customers during the first quarter. Of this 95ML was supplied to irrigate Council reserves, sporting ovals and facilities across the City and 142ML was supplied to external customers including industry, schools and residents. Water supplied to Council facilities for the period is significantly higher than anticipated and can be attributed to an earlier start to the irrigation season with an extremely dry July and below average rainfall for both August and September. External water use was slightly lower than anticipated (almost identical to last year) and is linked to schools and private community groups who tend to start their irrigation much later than Council.

Well below average rainfall was received in the first 3 months of this year with 88 mm recorded at Parafield Airport, compared to an average of 158mm for this time of year. Rainfall received YTD is an additional 23mm lower than the same time last year. At this stage, the Bureau of Meteorology 'November to January' 2021 outlook states that overall it is likely to be wetter than average for nearly all of Australia.

The very low rainfall resulted in a total harvest of 781 ML (compared to 1,057 ML for this time last year), bringing the combined aquifer balance to 11,221 ML (11,496 ML last year), with available credits of 8,977 ML.

Appendix 9 – Budgeted Financial Statements

The Budgeted Financial Statements presented in this Appendix are as originally budgeted adjusted for the recommended changes as a result of this budget review.

City of Salisbury
Long Term Financial Plan Model
Budgeted Statement of Comprehensive Income

	2021 Revised Budget \$000's	2021 Original Budget \$000's
YEAR ENDING 30 JUNE		
INCOME		
Rates Revenues	101,869	101,869
Statutory Charges	2,834	2,790
User Charges	4,937	5,027
Grants, Subsidies & Contributions	9,847	12,982
Investment Income	84	78
Reimbursements	222	193
Other Income	1,111	791
Total Income	120,904	123,730
EXPENSES		
Employee Costs	39,089	39,101
Materials, Contracts & Other Expenses	54,768	52,269
Depreciation, Amortisation & Impairment	28,869	28,871
Finance Costs	892	889
Net loss - Equity Accounted Council Businesses	855	855
Total Expenses	124,473	121,985
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	(3,569)	1,745
Asset Disposal & Fair Value Adjustments	2,529	2,529
Amounts Received Specifically for New or Upgraded Assets	5,607	4,702
Physical Resources Received Free of Charge	1,500	1,500
NET SURPLUS/(DEFICIT)	6,067	10,476
OTHER COMPREHENSIVE INCOME		
Changes in Revaluation Surplus - I, PP&E	23,226	23,226
Total Other Comprehensive Income	23,226	23,226
TOTAL COMPREHENSIVE INCOME	29,293	33,702

Note the above operating deficit does not match the estimated operating surplus of \$1,869k contained within Section 3.3 'Consolidated Funding Statement' as that Statement estimates current year carry forwards of \$1,700k. This estimate cannot be reflected in these Statements as they are required to be prepared in accordance with the Australian Accounting Standards.

City of Salisbury
 Long Term Financial Plan Model
 Budgeted Statement of Financial Position

YEAR ENDING 30 JUNE	2021 Revised Budget \$000's	2021 Original Budget \$000's
ASSETS		
Current Assets		
Trade & Other Receivables	6,015	6,274
Inventories	2,503	2,488
Total Current Assets	8,518	8,762
Non-Current Assets		
Financial Assets	365	365
Equity Accounted Investments in Council Businesses	3,036	3,036
Infrastructure, Property, Plant & Equipment	1,613,379	1,590,982
Other Non-Current Assets	39,613	37,895
Total Non-Current Assets	1,656,393	1,632,278
TOTAL ASSETS	1,664,911	1,641,040
LIABILITIES		
Current Liabilities		
Cash Advance Debentures	69,243	41,661
Trade & Other Payables	17,087	16,389
Borrowings	1,735	1,735
Provisions	7,352	7,352
Total Current Liabilities	95,417	67,137
Non-Current Liabilities		
Borrowings	5,090	5,090
Provisions	1,659	1,659
Total Non-Current Liabilities	6,749	6,749
TOTAL LIABILITIES	102,166	73,886
NET ASSETS	1,562,745	1,567,154
EQUITY		
Accumulated Surplus	390,584	394,994
Asset Revaluation Reserves	1,152,239	1,152,239
Other Reserves	19,922	19,921
TOTAL EQUITY	1,562,745	1,567,154

City of Salisbury
Long Term Financial Plan Model
Budgeted Statement of Cash Flows

YEAR ENDING 30 JUNE	2021 Revised Budget \$000's	2021 Original Budget \$000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating Receipts	120,932	123,471
Investment Receipts	90	84
Payments		
Operating Payments to Suppliers and Employees	(95,316)	(91,761)
Finance Payments	(892)	(889)
Net Cash provided by (or used in) Operating Activities	24,814	30,905
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Amounts Received Specifically for New/Upgraded Assets	5,607	4,702
Sale of Replaced Assets	242	242
Sale of Real Estate Developments	2,287	2,287
Repayments of Loans by Community Groups	34	34
Payments		
Expenditure on Renewal/Replacement of Assets	(28,541)	(22,015)
Expenditure on New/Upgraded Assets	(57,488)	(41,618)
Net Cash Provided by (or used in) Investing Activities	(77,859)	(56,368)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts		
Proceeds from CAD's	54,818	27,236
Payments		
Repayments of Borrowings	(1,773)	(1,773)
Net Cash provided by (or used in) Financing Activities	53,045	25,463
Net Increase/(Decrease) in Cash Held		
Cash & Cash Equivalents at Beginning of Period		
Cash & Cash Equivalents/Movements in Borrowings at End of Period		

City of Salisbury
Long Term Financial Plan Model
Budgeted Statement of Changes in Equity

YEAR ENDING 30 JUNE	2021 Revised Budget \$000's	2021 Original Budget \$000's
Opening Balance	1,533,452	1,533,452
Net Surplus / (Deficit) for Year	6,067	10,476
Other Comprehensive Income		
- Gain (Loss) on Revaluation of I,PP&E	23,226	23,226
Other Comprehensive Income	23,226	23,226
Total Comprehensive Income	29,293	33,702
Balance at end of period	1,562,745	1,567,154

City of Salisbury
Long Term Financial Plan Model
Budgeted Uniform Presentation of Finances

YEAR ENDING 30 JUNE	2021 Revised Budget \$000's	2021 Original Budget \$000's
Income	120,904	123,730
less Expenses	(124,473)	(121,985)
Operating Surplus / (Deficit)	(3,569)	1,745
Less: Net Outlays on Existing Assets		
Capital Expenditure on Renewal/Replacement of Existing Assets	(28,541)	(22,015)
less Depreciation, Amortisation & Impairment	28,869	28,871
less Proceeds from Sale of Replaced Assets	242	242
	570	7,098
Less: Net Outlays on New and Upgraded Assets		
Capital Expenditure on New/Upgraded Assets	(57,488)	(41,618)
less Amounts Specifically for New/Upgraded Assets	5,607	4,702
less Proceeds from Sale of Surplus Assets	2,287	2,287
	(49,594)	(34,629)
Net Lending / (Borrowing) for Financial Year	(52,593)	(25,786)

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.

Note the above operating deficit does not match the estimated operating surplus of \$1,869k contained within Section 3.3 'Consolidated Funding Statement' as that Statement estimates current year carry forwards of \$1,700k. This estimate cannot be reflected in these Statements as they are required to be prepared in accordance with the Australian Accounting Standards.

City of Salisbury
Long Term Financial Plan Model
Budgeted Financial Indicators

	2021 Forecast Budget ⁽¹⁾ \$000's	2021 Original Budget \$000's
YEAR ENDING 30 JUNE		
Operating Surplus	(1,869)	1,745
The operating surplus (deficit) before capital amounts.		
Operating Surplus Ratio	(1.55%)	1.41%
Operating surplus divided by total operating revenue. This ratio expresses the operating surplus/(deficit) as a percentage of total operating revenue.		
Adjusted Operating Surplus Ratio ⁽²⁾	1.18%	N/A
The adjusted operating surplus is the ratio as above, adjusted for the timing impacts of the Financial Assistance Grant being \$3,299k		
Net Financial Liabilities	77,352	67,247
Net Financial Liabilities are defined as total financial liabilities less financial assets (excluding equity accounted investments in Council businesses).		
Net Financial Liabilities Ratio	63.98%	54.35%
Net Financial Liabilities divided by total operating revenue. Indicates the extent that council can meet its net financial liabilities out of operating revenue.		
Asset Renewal Funding Ratio	129%	122%
Net Asset Renewals divided by Asset Management Plan Renewal Expenditure. Indicates whether capital assets are being renewed as planned in the Asset Management Plans.		

Explanatory Notes to the Financial Indicators

(1) The above ratio's are as originally budgeted and then adjusted by all of the recommendations being variations, operating surplus initiative adjustments, new bids and transfers as a result of this budget review.

Further other adjustments such as estimates of the 2020/21 operating carry forwards \$1,700k, the 2020/21 infrastructure carry forwards \$11,649k (being new \$6,428k and renewal \$5,221k) and 2020/21 timing adjustments \$5,085k have also been incorporated into the Forecast Budget Financial Indicators for the year ended 30 June 2021. The estimates of the carry forwards are based on 80% of the prior year carry forwards, and the estimate of the timing adjustment is 80% of the average over the preceding 2 years excluding the adjustments related to the Salisbury Community Hub.

(2) The Adjusted Operating Surplus Ratio is the current forecast Operating Surplus Ratio, further adjusted for the timing impacts of the Financial Assistance Grant \$3,299k.

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