



AGENDA

**FOR FINANCE AND CORPORATE SERVICES COMMITTEE MEETING TO BE
HELD ON**

**15 NOVEMBER 2021 AT CONCLUSION OF POLICY AND PLANNING
COMMITTEE**

**IN THE LITTLE PARA CONFERENCE ROOMS, SALISBURY COMMUNITY HUB,
34 CHURCH STREET, SALISBURY**

MEMBERS

Cr D Proleta (Chairman)
Mayor G Aldridge
Cr M Blackmore
Cr L Braun
Cr B Brug
Deputy Mayor, Cr C Buchanan
Cr A Duncan
Cr K Grenfell
Cr N Henningsen
Cr D Hood
Cr P Jensen (Deputy Chairman)
Cr S Ouk
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 Infrastructure, Mr J Devine
General Manager Community Development, Mrs A Pokoney Cramey
General Manager City Development, Ms M English
Manager Governance, Mr R Deco
Team Leader Corporate Governance, Mr B Kahland
Governance Support Officer, Ms K Boyd

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Finance and Corporate Services Committee Meeting held on 18 October 2021.

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Administration

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For Decision

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OTHER BUSINESS

CLOSE



**MINUTES OF FINANCE AND CORPORATE SERVICES COMMITTEE MEETING
HELD IN THE LITTLE PARA CONFERENCE ROOMS, SALISBURY COMMUNITY
HUB, 34 CHURCH STREET, SALISBURY ON**

18 OCTOBER 2021

MEMBERS PRESENT

Cr D Proleta (Chairman)
Mayor G Aldridge
Cr L Braun
Cr B Brug (*via Teams VC*)
Cr C Buchanan
Cr A Duncan
Cr K Grenfell
Cr N Henningsen
Cr D Hood
Cr P Jensen (Deputy Chairman)
Cr S Ouk
Cr S Reardon
Cr G Reynolds
Cr J Woodman

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
A/General Manager City Infrastructure, Mr D Roy
General Manager Community Development, Mrs A Pokoney Cramey
General Manager City Development, Ms M English
Manager Governance, Mr R Deco
Team Leader Corporate Governance, Mr B Kahland
Governance Support Officer, Ms K Boyd

The meeting commenced at 6.42 pm.

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

APOLOGIES

An apology was received from Cr M Blackmore.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr P Jensen
Seconded Cr K Grenfell

The Minutes of the Finance and Corporate Services Committee Meeting held on 20 September 2021, be taken as read and confirmed.

CARRIED

REPORTS

Administration

2.0.1 Future Reports for the Finance and Corporate Services Committee

Moved Cr B Brug
Seconded Cr S Ouk

That Council:

1. Notes the report.

CARRIED

For Decision

2.1.1 Budget Timetable 2022/23

Moved Cr C Buchanan
Seconded Mayor G Aldridge

That Council:

1. Approves the timetable for the preparation and presentation of the 2022/23 budget, subject to adoption of the meeting schedule by Council at the November 2021 Council meeting.

CARRIED

2.1.2 Operating Surplus Initiative Closeout Report

Moved Cr A Duncan
Seconded Cr K Grenfell

That Council:

1. Notes the report.

CARRIED

2.1.3 Discretionary Rate Rebate Application for GP Kurian Nominees Pty Ltd

Moved Cr G Reynolds
Seconded Mayor G Aldridge

That Council:

1. In relation to GP Kurian Nominees Pty 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 Numbers 71276, 71277, 71278 and 71279 for the premises located at Units 1-4 / 30-32 Main Street, Mawson Lakes SA 5095; and
 - (b) That the rate rebate application lodged by GP Kurian Nominees Pty Ltd dated 16 August 2021 is dismissed.

CARRIED

2.1.4 End of Year Financial Statement and Analysis

Moved Cr K Grenfell
Seconded Cr B Brug

That Council:

1. Receives the information.
2. The Annual Financial Statements for the year ended 30 June 2021 be adopted.

CARRIED

OTHER BUSINESS

F&CS-OB1 Confidential Exclusion Order: CEO Verbal Report – Waste Management

Moved Cr L Braun
Seconded Cr K Grenfell

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

1. *Pursuant to Section 90(2) and (3)(a) and (3)(d)(i) and (d)(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 would involve the unreasonable disclosure of information concerning the personal affairs of a person;*
 - *it relates to commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and*
 - *commercial information of a confidential nature (not being a trade secret) 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 the matter and discussion of this item in confidence would protect the commercial position of the party who supplied the information, the disclosure of which may impact Council's commercial position.*

*On that basis the public's interest is best served by not disclosing the **CEO's Verbal Report** item and discussion until such time as the matter is resolved.*
3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, all staff excluding the Chief Executive Officer, members of the Executive, Manager Governance and the Minute Taker of the City of Salisbury, be excluded from attendance at the meeting for this Agenda Item.*

CARRIED

**F&CS-OB1 Confidential Exclusion Order: CEO Verbal Report
– Waste Management**

Further Motion:

Moved Cr G Reynolds

Seconded Cr J Woodman

1. That the discussion on this item (F&CS-OB1, Finance and Corporate Services 18/10/2021) is to remain in confidence until this matter is resolved.

CARRIED

The meeting moved into confidence at 6.51pm

The meeting moved out of confidence and closed at 6.55pm

CHAIRMAN.....

DATE.....

ITEM	2.0.1
	FINANCE AND CORPORATE SERVICES COMMITTEE
DATE	15 November 2021
HEADING	Future Reports for the Finance and Corporate Services 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 Finance and Corporate Services 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.

RECOMMENDATIONThat Council:

1. Notes the report.

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 Finance and Corporate Services Committee as a result of a Council resolution.

Meeting Item	- Heading and Resolution	Officer
22/02/2021 2.1.2 Due:	Event Management Framework & Room Booking Fees & Charges, Salisbury Community Hub 1. That the update on the use of the Salisbury Community Hub be noted and pending further assessment a report be brought back to Council. February 2022	Julie Kushnir
22/02/2021 2.4.1 Due: Deferred to: Reason:	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. November 2021 February 2022 Due to a number of matters currently being finalised and limited time to serve S184 notices for any newly identified properties prior to Christmas.	Kate George

4. CONCLUSION / PROPOSAL

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

ITEM	2.1.1
	FINANCE AND CORPORATE SERVICES COMMITTEE
DATE	15 November 2021
HEADING	First Quarter Budget Review 2021/22
AUTHORS	Kate George, Manager Financial Services, Business Excellence Joe Scordo, Senior Management Accountant, Business Excellence
SUMMARY	This report provides a high-level summary of the financial impacts of the Budget Review contained in Attachment 1, and seeks Council's approval 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.

RECOMMENDATIONThat Council:

1. Notes the First Quarter Budget Review 2021/22 report.
2. Approves the budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) and net capital and operating \$2,182,387 be credited to the Sundry Project Fund. This will bring the Sundry Project Fund balance to \$2,182,387, prior to the allocation of approved net bids.
3. Approves the allocation of funding for the following non-discretionary net bids:

OPERATING

Bowls SA Sponsorship	\$15,000
BS&S Hardware Agreements	\$136,000
Capital Works Project Manager	\$11,900
Salisbury Lions Club Civic Convention	\$7,000
Salisbury United Football Club Temporary Relocation	\$25,000
Senior Civil Environment Engineer	\$24,400
Senior Engineer - Civil & Transport Assets	\$11,800
Senior Landscape Architect	\$12,900
Senior Project lead	\$12,900

CAPITAL

Burton Community Hub – The Shed & Community Garden Full Allocation	\$150,000
Confidential Item 1	\$871,000
Confidential Item 2	\$450,000

TOTAL	\$1,727,900
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(NB: If parts 1, 2 & 3 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a balance of \$454,487.)

4. Approves the allocation of funding for the following discretionary net bids:

OPERATING

Salisbury Fringe Carnival	\$10,000
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TOTAL	\$10,000
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(NB: If parts 1, 2, 3 & 4 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a balance of \$444,487.)

5. Approves the following transfers:

Bridgestone Athletics Centre – Expenditure Budget Transfer	20,000
Bridgestone Athletics Centre – Income Budget Transfer	20,000
New Street Sweeper – Contractual Services to S&W	95,000
Production of Land Division Video	950
Staff Uniforms	7,500
Strategic & International Partnerships	35,900
Sustainability Strategic Coordination and Partnerships	50,000
Transfer of Funds for Operating Contracts	66,500
Confidential Item	19,000

6. Approves the reduction of capital income disclosed in the Consolidated Funding Statement by \$1,284k to correct the overstatement reported in the 2021/22 Consolidated Summary presented as part of the budget process, noting that proceeds from plant and fleet disposals \$840k and transfers from reserves for developer contributions \$424k should not be recognised as capital income

7. Approves the variation of Loan Borrowings to reflect the bids, transfers, corrections and timing adjustments endorsed by Council detailed in parts 1 to 6 of this resolution.

(NB: If parts 1 to 6 of this resolution are moved as recommended loan borrowings in 2021/22 will increase by \$819,513.)

8. Approves the adjustment of 2020/21 Project Returned Funds, previously approved by Council Resolution 1097/2021, by \$134,000 to correct returned funds relating to the Salisbury Community Hub project.

ATTACHMENTS

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

1. First Quarter Budget Review 2021/22

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 2021/22 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 Council's financial position following the first quarter budget review moves into an operating deficit with an increase in borrowings requirements resulting from cash timing adjustments and funding the recommended initiatives. Significant and accelerated capital expenditure continues through the COVID Infrastructure Recovery Program and strategic capital initiatives.
- 3.2 The original budget was for an operating surplus of \$1,684k, which has been revised to a forecast deficit of \$2,327k at this review, predominantly due to early receipt of 2021/22 Financial Assistance Grant and Untied Local Roads Grant in 2020/21, and 2020/21 carry forwards. The revised forecast deficit has assumed the 2022/23 payment for Financial Assistance Grant and Untied Local Roads Grant will be made in the 2022/23 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 \$267k, with Capital Bids totalling \$1,471k, 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 2021/22 were considered in September 2021, with the original budget indicative net loan borrowings being \$38.9M, and when adjusted for reinstatement of 2020/21 timing adjustment projects of \$7.2M increased indicative loan borrowings to \$46.1M. Offsetting this were Project Returned Funds of \$12.9M, Surplus Facilities from 2020/21 of \$8.5M and application of Property Disposal Reserve funds of \$1.5M to loan reduction, resulting in indicative net borrowings of \$23.2M, with a facility established to support delivery of Councils decisions. As a result of the budget variations contained in Appendix 1, including adjusting for timing of Financial Assistance Grant and Untied Local Roads Grant funding, the new bids detailed in Section 2 and the adjustment for over-stated capital income as included in the Loan Borrowings Statement is an increase in indicative loan borrowings of \$779k.
- 3.5 The original expenditure budget for the capital program was \$88M and has been increased by carry forward funds, budget timing adjustments and changes resulting from grant funded projects to \$120M. The table below provides percentage completed details.

		% of Original Budget (\$88M)	% of Revised Budget (\$120M)
Spent to Date	\$8.4M	9.5%	7.0%
Spend + Commitments	\$30.8M	35.0%	25.7%

3.6 Further detail is provided in Attachment 1.

Carry Forward Funds (Returned Funds) 2020/21

3.7 During the course of reviewing the carry forward and returned funds position for the Salisbury Community Hub we discovered, subsequent to the endorsement by Council of returned funds on 27 September 2021, resolution number 1097/2021 that returned funds relating to the Salisbury Community Hub had been over-stated by \$134k. The error stemmed from a misallocated transaction between the Salisbury Community Hub project and another project, George & Belfree Roundabout - Major Traffic Improvements Program. Recommendation 8 is included to recognise this correction.

4. CONCLUSION / PROPOSAL

4.1 It is proposed that Council consider the First Budget Review 2021/22 Report attached and approve the Recommendations as detailed in Section 5, pages 16 and 17 of the attached document and above.



**FIRST QUARTER BUDGET REVIEW
2021/22 REPORT**

**For the period ended
30 September 2021**

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1. Executive Summary

Council's financial position following the first quarter budget review moves into an operating deficit with an increase in borrowings requirement resulting from cash timing adjustments and funding the recommended initiatives. Significant and accelerated capital expenditure continues through the COVID Infrastructure Recovery Program and strategic capital initiatives.

The Budget Review is a legislative requirement under Part 9 of the Local Government (Financial Management) Regulations 2011, and Council's 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.

Financial Sustainability Targets

Council commenced 2021/22 with a budgeted operating surplus of \$1,684k. If the recommendations of this first quarter review are adopted the operating position will deteriorate to an operating deficit of \$2,327k. The current forecast position with respect to the financial sustainability indicators is detailed in the table below.

	Target	Budget	Current Forecast	Current Forecast (adj)
Operating Surplus		1,684	(2,327)	2,410
Operating Surplus Ratio	0.5%-5%	1.30%	(1.83%)	1.84%
Net Financial Liabilities	<70%	78.23%	79.99%	73.54%
Asset Renewal Funding Ratio	90%-110%	108%	145%	145%

Note: Current Forecast includes Operating Carry Forwards of \$2.0M, Capital Carry Forwards of \$23.3M and Capital Timing Adjustments of \$7.2M. 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 deterioration in the operating position results from a number of budget changes reflected through this budget review. Operating Prior Year Carry Forwards Funds \$3,399k and early receipt of 2021/22 Financial Assistance Grants \$4,737k have significant impacts on the operating position as reflected at this Review. Early receipt of Financial Assistance Grants is partially offset by additional 2021/22 grant funding allocated \$970k. 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 further outside its endorsed financial targets. The Operating Surplus Ratio reverts to within established tolerances when adjusted for the early receipt of 2021/22 Financial Assistance Grants.

Consolidated Funding Statement

This statement (expanded upon in Section 3.3) details the movement between the original budget and Council's budget position following the adoption of this review:

2021/22 Operating Budget Forecast	\$'000
Original Budgeted Operating Surplus	1,684
2020/21 Operating Carry Forward Funds	(3,399)
2021/22 Operating Carry Forward Funds - Estimated	2,000
First Quarter Budget Review Adjustments	(2,612)
Forecast Operating Surplus/(Deficit)	(2,327)

The operating budget deficit forecast is \$2,327k following adoption of this review, inclusive of estimated 2021/22 carry forwards of \$2,000k and adjusting for timing of Financial Assistance and Local Roads Grants unfavourable \$4,737.

The 2021/22 operating budget is significantly impacted by the early receipt of the Federal Financial Assistance Grant, resulting in a reduction in the current year income of \$4.7M. These funds were received in June 2021, and although they relate to the 2021/22 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 2020/21 financial year, with a corresponding reduction in 2021/22. The forecast has assumed the 2022/23 payment will be made in the 2022/23 financial year as there is no certainty that ongoing early receipt will continue into the future, and

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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 adversely impacted by the carry forward of prior year projects of \$3,399k into the current year. These projects were funded in last year's operating budget and are being spent during 2021/22. Similarly, our estimate is there will be carry forwards of \$2,000k from this year into 2022/23, based on historical carry forward amounts over the past 5 years.

Capital Works Program

The Capital Program spend to date is \$8.4M or 7% of the revised capital budget of \$120M. A further \$22.4M of expenditure is committed as at the conclusion of the first quarter, bringing total expenditure and commitments to \$30.8M or 26% of the revised budget. The adopted capital expenditure budget for 2020/21 was \$87.6M, with spend year to date representing 8%, and 35% inclusive of commitments, of this amount.

Detailed analysis of the capital program and the status of individual projects are contained within Appendix 5.

Sundry Projects Fund

The overall impact of budget variations from this review is unfavourable \$0.8M, comprised of \$2.2M favourable net variation requests, including adjusted Financial Assistance Grant funds as detailed in Appendix 1, \$1.7M new bids as detailed in Section 2 below and correction (reduction) of the capital income budget of \$1.3M as detailed in Section 3.3 of this report.

Loan Borrowings / Investments

Loan Borrowing requirements for 2021/22 were considered in September 2021, with the original budget indicative net loan borrowings being \$38.9M, and when adjusted for reinstatement of 2020/21 timing adjustment projects of \$7.2M increased indicative loan borrowings to \$46.1M. Offsetting this were Project Returned Funds of \$12.9M, Surplus Facilities from 2020/21 of \$8.5M and application of Property Disposal Reserve funds of \$1.5M to loan reduction, resulting in indicative net borrowings of \$23.2M, with Council resolving a facility be established (resolution 1097/2021) to enable funding of all Council decisions made as in the budget for 2021/22.

The outcome from First Quarter Budget Review variations contained in Appendix 1, budget timing adjustments contained in Appendix 2, new bids detailed in Section 2 and adjusting for timing of Financial Assistance Grants, results in an increase in loan borrowings of \$0.8M. Further details are contained in Section 4 of this review.

2. New Bid Proposals

2.1 Proposals

New/Additional Capital Bids	Expenditure	Funding	Net Bid
NON-DISCRETIONARY - CAPITAL BIDS			
Burton Community Hub - The Shed & Community Garden Full Allocation NB0047 As endorsed July 2021, \$150k additional budget was endorsed following formal approval of the revised value of the expected Shed and Community Garden. (resolution number 1041/2021)	150,000	0	150,000
Confidential Item 1 NB0001 Confidential Item (resolution number 1028/2021)	871,000	0	871,000
Confidential Item 2 NB0046 Confidential Item (resolution number 1119/2021)	450,000	0	450,000
TOTAL - NON-DISCRETIONARY - CAPITAL BIDS	1,471,000	0	1,471,000
TOTAL CAPITAL BIDS	1,471,000	0	1,471,000

New/Additional Operating Bids	Expenditure	Funding	Net Bid
NON-DISCRETIONARY - OPERATING BIDS			
Bowls SA Sponsorship NB0048 At their September 27, 2021 meeting, Council resolved to develop a First Quarter Budget Review Bid for the amount of \$15,000 to fund the ongoing sponsorship of the Bowls SA South Australian Super League. (resolution number 1096/2021)	15,000	0	15,000
BS&S Hardware Agreements NB0008 There are additional ongoing maintenance and hardware agreement costs which will require funding in 2021/22 and a budget bid for 2022/23 budget to establish ongoing funding. The details of the required funding are: \$40k Cisco networking equipment support and renewal; \$76k Fortinet maintenance providing firewall protection; and \$20k Logitech server and storage maintenance and support for equipment located in the Data Centre. These costs cover critical components of underlying IT Infrastructure and form part of the ongoing operational costs for Business Systems and Solutions.	136,000	0	136,000
Capital Works Project Manager NB0054 Council endorsed position relating to the COVID-19 Capital Infrastructure Recovery Program. This is a 2-year contract role, with a total annual cost of \$118,300 of which 90% or \$106,400 is covered within the endorsed capital program, leaving net 10% or \$11,900 operating component allocated to the Infrastructure Delivery Capital Works Administration budget. (resolution number 0559/2020)	11,900	0	11,900
Salisbury Lions Club Civic Convention NB0010 Council support for the Salisbury Lions Club Civic Convention reception for the annual Lions 201C1 District Convention for South Australia to be held on 15 October 2021 at the Salisbury Community Hub. (resolution number 1049/2021)	7,000	0	7,000
Salisbury United Football Club Temporary Relocation NB0044 Council approved \$25k as a non-discretionary bid to support the temporary relocation of Salisbury United Soccer Club for the duration of the 2021 season whilst the Burton Park turf rehabilitates. (resolution number 0953/2021)	25,000	0	25,000
Senior Civil Environment Engineer NB0059 Council endorsed position. This is a 3-year contract role, with a total annual cost of \$122,000 of which 80% or \$97,600 is covered within the endorsed capital program, leaving net 20% or \$24,400 operating component allocated to the Infrastructure Management Natural Assets budget. (resolution number 0704/2020)	24,400	0	24,400
Senior Engineer - Civil & Transport Assets NB0060 Council endorsed position relating to the COVID-19 Capital Infrastructure Recovery Program. This is a 2-year contract role, with a total annual cost of \$118,300 of which 90% or \$106,500 is covered within the endorsed capital program, leaving net 10% or \$11,800 operating component allocated to the Infrastructure Management Infrastructure Assets budget. (resolution number 0559/2020)	11,800	0	11,800
Senior Landscape Architect NB0061 Council endorsed position relating to the COVID-19 Capital Infrastructure Recovery Program. This is a 2-year contract role, with a total annual cost of \$129,300 of which 90% or \$116,400 is covered within the endorsed capital program, leaving net 10% or \$12,900 operating component allocated to the Infrastructure Management Infrastructure Urban Built Assets budget. (resolution number 0559/2020)	12,900	0	12,900
Senior Project lead NB0066 Council endorsed position relating to the COVID-19 Capital Infrastructure Recovery Program. This is a 2-year contract role, with a total annual cost of \$129,300 of which 90% or \$116,400 is covered within the endorsed capital program, leaving net 10% or \$12,900 operating component allocated to the Infrastructure Delivery Capital Works Administration budget. (resolution number 0559/2020)	12,900	0	12,900
TOTAL - NON-DISCRETIONARY - OPERATING BIDS	256,900	0	256,900

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New/Additional Operating Bids	Expenditure	Funding	Net Bid
DISCRETIONARY - OPERATING BIDS			
Salisbury Fringe Carnival NB0011 Additional funding required for 2021/22 Fringe Carnival 2 day event, with a 2022/23 budget bid to be submitted for the following two years. Funding will support the continued success of the carnival in years to come with the schedule consisting of Friday evening, a full Saturday and Saturday evening with an Elected Members Community Group Reception on the Friday evening. (resolution number 0924/2021)	10,000	0	10,000
TOTAL - DISCRETIONARY - OPERATING BIDS	508,800	0	10,000
TOTAL OPERATING BIDS	765,700	0	266,900

2.2 Returned Funds Review

During the course of reviewing the carry forward and returned funds position for the Salisbury Community Hub we discovered, subsequent to the endorsement by Council of returned funds as included in the carry forward report on 27 September 2021, resolution number 1097/2021 that returned funds relating to the Salisbury Community Hub had been over-stated by \$134k. The error stemmed from a misallocated transaction between the Salisbury Community Hub project and another project, George & Belfree Roundabout - Major Traffic Improvements Program. Recommendation 8 is included to recognise this correction.

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 Council's 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.
- Apply surplus contained within the Sundry Projects Fund, following adjustments for variations to existing estimates, to a reduction in borrowings. Any new bids/projects arising through the year are to be referred to the budget planning process for the subsequent year, unless they are of sufficient urgency, in which case Council may finance such projects by reducing/cancelling an existing budgeted project, or approving an increase to the borrowing requirement.

3.2 Sundry Projects Fund

The Sundry Projects Fund (SPF) represents a mechanism for dealing with budget variations and urgent bids. 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 SPF and these other variations. The current status of the SPF as a result of this review is represented below:

Original Budget 1 July 2021	\$ -
Recommendations – First Quarter Budget Review:	
Variations to Sundry Projects Fund – Appendix 1 Budget Variation Summary (Recommendation 1)	
Operating Variations	1,949,387
Capital Variations	233,000
Balance after Variations to the Sundry Projects Funds	2,182,387
Allocations arising from bids contained in Section 2	(1,737,900)
Allocations arising from other capital adjustments contained in Section 3.3	(1,264,000)
Movements in General Loan Borrowings / Investments:	
Increase in Borrowings due to bids and Operating & Capital Variations	819,513
Net Movements in General Loan Borrowings	819,513
Balance Remaining	-

Favourable budget variations of \$2,182k (detailed in Appendix 1), allocations arising from net bids of \$1,738k contained in Section 2 of this review, correction of capital income detailed in Section 3.3 of this review, and recognition of Financial Assistance Grant and Untied Local Roads Grant timing difference result in an unfavourable adjustment of \$820k, increasing indicative loan borrowings as detailed in Section 4.

3.3 Consolidated Funding Statement

Consolidated Funding Statement	First Quarter Revised Budget 2021/22	Original Budget 2021/22
PART 1 - OPERATING		
Operating Revenue - Original Budget	129,286	129,286
Proposed First Quarter Adjustments:		
Operating Income Gains (Appendix 1)	1,986	
Operating Income Losses (Appendix 1)	(4,779)	
Operating Income Budget Variations (Appendix 1)	332	
Interest on Reserves and Developer Contributions	4	
Developer Contributions	438	
Operating Revenue	127,268	129,286
Operating Expenditure - Original Budget	127,602	127,602
Proposed First Quarter Adjustments:		
Operating Expenditure Savings (Appendix 1)	(5)	
Operating Expenditure Budget Variations (Appendix 1)	332	
Operating New Bids (Considered as part of this Review)	267	
Operating Prior Year Carry Forwards Funds	3,399	
Operating Expenditure	131,595	127,602
Estimated 2021/22 Operating Carry Forwards	2,000	
Operating Surplus/(Deficit)	(2,327)	1,684
PART 2 - CAPITAL AND OTHER ADJUSTMENTS		
Capital Revenue - Original Budget	17,043	17,043
Proposed First Quarter Adjustments:		
Other Capital Adjustments - correction to original budget	(1,264)	
Nil Effect Capital Expenditure Budget Variations (Appendix 1)	450	
Reduction in LRCIG Funding (Carry Forward Report)	(1,349)	
Capital Revenue	14,880	17,043
Net Surplus/(Deficit) Resulting From Operations	12,554	18,727
Capital Expenditure - Original Budget	87,617	87,617
Proposed First Quarter Adjustments:		
Capital Expenditure Savings and Declarations (Appendix 1)	(233)	
Capital New Bids (Considered as part of this Review)	1,471	
Nil Effect Capital Expenditure Budget Variations (Appendix 1)	450	
Capital Expenditure Retimed (Appendix 2)	0	
Reinstate Budget Timing Adjusted Projects 2020/21	7,200	
Capital Prior Year Carry Forwards Funds	22,689	
Reduction in LRCIG Funding (Carry Forward Report)	(1,349)	
Capital Expenditure	117,845	87,617
Principal Repayments	(1,735)	(1,735)
Net Transfers to and From Reserves	(866)	(424)
Net Gain on Disposal of Assets	2,100	2,100
Prior Year Carry Forward Funds and Carry Forward Review	26,088	
Timing Difference in Financial Assistance Grant	4,737	
Estimated Current Year Operating Carry Forward Funds	(2,000)	
Add Back Depreciation of Non Current Assets	30,061	30,061
Add Back Cash and Facilities applied	46,129	
Cash Surplus/(Deficit/Borrowings)	(778)	(38,888)
Facilities Applied	0	0
Proposed Investment Balance / (Loan Borrowings)	(778)	(38,888)
Funding Surplus/(Deficit)	0	0

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 \$1,684k, and this has been revised to a forecast deficit of \$2,327k at this review, noting prepayment of 2021/22 Federal Financial Assistance Grants into 2020/21 and estimated 2021/22 operating carry forwards. The forecast position at this review is reduced by \$4,011k over the original budget.

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 \$4.7M. These funds were received in June 2021, and although they relate to the 2021/22 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 2020/21 financial year, with a corresponding reduction in 2021/22. The forecast has assumed the 2022/23 payment will be made in the 2022/23 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 2020/21 carry forwards of \$3,399k, which is partially offset by our estimate of 2021/22 operating carry forward projects of \$2,000k.

Adjustments totalling unfavourable \$2,612k, incorporating variations and new operating bids at first quarter budget review, will result in a forecast operating deficit of \$2,327k. A reconciliation of the changes to Council's budgeted operating surplus / (deficit) is shown below.

2021/22 Operating Budget Forecast	\$'000
Original Budgeted Operating Surplus	1,684
2020/21 Operating Carry Forward Funds	(3,399)
2021/22 Operating Carry Forward Funds - Estimated	2,000
First Quarter Budget Review Adjustments	(2,612)
Forecast Operating Surplus/(Deficit)	(2,327)

The Consolidated Funding Statement provides a summary of changes to capital income and capital expenditure and other impacts on cash are also considered, to arrive at the overall projected borrowings / investment balance. If this budget review is endorsed, the increase in cash requirements from the original budget position will be \$0.8M.

Correction of Budget Capital Income

The First Quarter 2021/22 Budget Review Consolidated Funding Statement includes a capital income reduction of \$1,264k to correct an overstatement as reported in the 2021/22 Consolidated Summary presented as part of the budget process. Capital income was overstated in the 2021/22 Consolidated Summary by the inclusion of income from plant and fleet disposals \$840k and transfers from reserves for developer contributions \$424k, which should not have been included as capital income in this statement. The proposed first quarter budget adjustment is included as a recommendation for

3.4 Transfer of Funds – Chief Executive Officer Delegation

The Wages and Salaries Provision has a balance of \$288k as at 30 September 2021. This balance includes wages and salaries savings identified during the first quarter of 2021/22, plus an amount of \$121,500 carried forward from the 2020/21 financial year, which is tied to ongoing allocations from the previous financial year. A total of \$705k has been allocated to the Provision over the first quarter, with \$355k allocated from the Provision as authorised by the CEO. Allocations during the first quarter were made to Community Experience Staffing requirements, City Development administration, Digital Projects Officer, Facilities Management and recruitment and employee relations budgets. A further \$184k is committed, but not yet allocated from the provision for Community Experience Staffing requirement, which will be utilised across quarters two through four of FY22.

3.5 Transfer of Funds Requests

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

Item	Details	Transfer Amount
Transfer of Funds Requests		
TR0064	Bridgestone Athletics Centre - Expenditure Budget Transfer Transfer of budgets incorrectly classified to align with operational model endorsed for Bridgestone Athletics Centre. Transfer of contractual services to depreciation.	20,000
TR0063	Bridgestone Athletics Centre - Income Budget Transfer Transfer of budgets incorrectly classified to align with operational model endorsed for Bridgestone Athletics Centre. Transfer of user charges to reimbursements and other revenue.	20,000
TR0062	New Street Sweeper - Contractual Services to S&W Budget Bid 000718 was incorrectly classified with \$95k Contractual Services. This variation is to transfer these funds in full for the operator of the Street Sweeper as was initially intended.	95,000
TR0013	Production of Land Division Video A further \$950 is requested from the Continuous Improvement Fund to cover the cost of producing the video series as a result of a minor change in project scope. This request is in addition to an existing budget allocation of \$4,000 for this project.	950
TR0014	Staff Uniforms People Division has a budget of \$7,500 to cover uniforms for the Hub Library and Customer Service team. Due to a change in the uniform purchasing process the budget needs to be transferred from the People Division budget to Community Capacity and Learning – 55% and Customer Service 45%.	7,500
TR0058	Strategic & International Partnerships The responsibility for the Mobara student delegation and all associated activities was transferred from Sport, Recreation and Community Planning to Community Capacity and Learning. This transfer seeks to align the budget in accordance with the responsibilities within the organisation.	35,900
TR0003	Sustainability Strategic Coordination and Partnerships The bid OPN000691 was originally allocated to employee costs however the bid should be allocated to Contractual Services	50,000
TR0081	Transfer of Funds for Operating Contracts Whilst the Operation Centre is under construction, the scope of routine maintenance has been reduced resulting in a favourable variance in contracted maintenance. This request is to transfer \$66K of the surplus to other P&B budget lines to cover the costs of services and sites missing from the maintenance contracts that were not previously budgeted for. Maintenance contracts are being reviewed to quantify ongoing budget shortfall. The identified shortfall will be addressed during the FY 22/23 budget bid process.	66,500
TR0079	Confidential Item Confidential Item	19,000

4. Loan Borrowings/Investments and Reserves

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

	\$
Original Budget 1 July 2021	
Net Borrowings / (Investment)	38,888,197
Reinstate Timing Adjustments Projects	7,200,000
Project over expenditures 19/20 offset within 20/21 program budget allocations (resolution number 0664/2020)	(484,000)
Project Returned Funds (resolution number 1097/2021)	(12,464,000)
Surplus Facilities 2019/20 (resolution number 1097/2021)	(8,480,774)
Property Disposal Reserve (resolution number 1097/2021)	(1,500,000)
Net Borrowings / (Investment)	23,159,423
Cash and Facilities applied (resolution number 1097/2021)	(23,200,000)
First Quarter Budget Review 2021/22	
Variation to General Borrowing Requirements recommended	819,513
Revised Increase / (Decrease) in Borrowing Requirements	778,936

Loan Borrowing requirements for 2021/22 were considered in September 2021, with the original budget indicative net loan borrowings being \$38.9M, and when adjusted for reinstatement of 2020/21 timing adjustment projects of \$7.2M increased indicative loan borrowings to \$46.1M. Offsetting this were Project Returned Funds of \$12.9M, Surplus Facilities from 2020/21 of \$8.5M and application of Property Disposal Reserve funds of \$1.5M to loan reduction, resulting in indicative net borrowings of \$23.2M, with a facility established to support delivery of Councils decisions.

The First Quarter 2021/22 Budget Review Consolidated Funding Statement includes a capital income reduction of \$1,264k to correct the overstatement as reported in the 2021/22 Consolidated Summary, which resulted in an understatement in the loan borrowings position.

The outcome from First Quarter Budget Review variations contained in Appendix 1, including adjusting for timing of Financial Assistance Grant and Untied Local Roads Grant funding, the new bids detailed in Section 2 and the adjustment for over-stated capital income as included in the Loan Borrowings Statement is an increased indicative loan borrowings position of \$779k.

Reserves

	Year to Date Actual \$000's	Full Year	
		Rev. Bud \$000's	Orig. Bud \$000's
Transfers to Reserves	664	664	0
Transfers from Reserves	424	424	424
Total	240	240	(424)

The table above 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 Finance Reports presented periodically throughout the year to Finance and Corporate Services Committee, with the reporting cycle typically the same as for the budget review. The Year to Date Budget represents the Full Year Revised Budget, although the funds will be transferred from the Reserves when required by individual projects.

5. Recommendations

1. That Council notes the First Quarter Budget Review 2021/22 report.
2. The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) exclusive of adjusted timing for 2021/22 Financial Assistance Grant and Untied Local Roads Grant funding be credited to the Sundry Project Fund. This will bring the balance to \$2,182,387, prior to the allocation of approved net bids.
3. Funds be allocated for the following **non-discretionary** net bids:

OPERATING

Bowls SA Sponsorship	\$15,000
BS&S Hardware Agreements	\$136,000
Capital Works Project Manager	\$11,900
Salisbury Lions Club Civic Convention	\$7,000
Salisbury United Football Club Temporary Relocation	\$25,000
Senior Civil Environment Engineer	\$24,400
Senior Engineer - Civil & Transport Assets	\$11,800
Senior Landscape Architect	\$12,900
Senior Project lead	\$12,900

CAPITAL

Burton Community Hub – The Shed & Community Garden Full Allocation	\$150,000
Confidential Item 1	\$871,000
Confidential Item 2	\$450,000

TOTAL **\$1,727,900**

NB: If parts 1 & 2 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a balance of \$454,487.

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

OPERATING

Salisbury Fringe Carnival	\$10,000
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TOTAL **\$10,000**

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 balance of \$444,487.

5. Council approve the following transfers:

Bridgestone Athletics Centre – Expenditure Budget Transfer	20,000
Bridgestone Athletics Centre – Income Budget Transfer	20,000
New Street Sweeper – Contractual Services to S&W	95,000
Production of Land Division Video	950
Staff Uniforms	7,500
Strategic & International Partnerships	35,900
Sustainability Strategic Coordination and Partnerships	50,000

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Transfer of Funds for Operating Contracts	66,500
Confidential Item	19,000

NB: If parts 1, 2, 3 & 4 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a balance of \$444,487.

6. Reduce capital income disclosed in the Consolidated Funding Statement by \$1,284k to correct the overstatement reported in the 2021/22 Consolidated Summary presented as part of the budget process, noting that proceeds from plant and fleet disposals \$840k and transfers from reserves for developer contributions \$424k should not be recognised as capital income
7. Loan Borrowings are varied to reflect the bids, transfers, corrections and timing adjustments endorsed by Council detailed in parts 1 to 6 of this resolution.

(NB: If parts 1 to 6 of this resolution are moved as recommended, loan borrowings in 2021/22 will increase by \$819,513.

8. Council approve the adjustment of 2020/21 Project Returned Funds, previously approved by Council Resolution 1097/2021, by \$134,000 to correct returned funds relating to the Salisbury Community Hub project.

Appendix 1 – Budget Variation Summary as at 30 September 2021

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				
ES0057	Business Network Program - Operating Surplus Initiative additional savings	(5,000)		5,000
Total Expenditure Savings		(5,000)		5,000
Income Gains				
IG0041	Building Rules Certification Unit Income Gain		50,000	50,000
IG0082	Financial Assistance General Purpose Grants (FAG)		877,068	877,068
IG0083	Financial Assistance Untied Local Roads Grants (ULR)		92,630	92,630
IG0009	Mosquito Control Program SA Health funding		15,000	15,000
IG0042	Planning (PDI Act) Income		80,000	80,000
IG0040	Polaris Centre Mentoring Income - Income gain		50,000	50,000
IG0086	Supplementary Local Roads Funding Grant		788,189	788,189
IG0077	Workers Compensation Rebate		33,500	33,500
Total Income Gains			1,986,387	1,986,387
Income Losses				
IL0084	Financial Assistance General Purpose Grants (FAG) (paid in advance 2020/21)		(3,687,648)	(3,687,648)
IL0085	Financial Assistance Untied Local Roads Grants (ULR) (paid in advance 2020/21)		(1,048,861)	(1,048,861)
IL0056	Parking Expiations		(42,000)	(42,000)
Total Income Losses		0	(4,778,509)	(4,778,509)
Adjustments - Nil Effect				
NG0072	ACE Consortium Grant ****	166,294	166,294	0
NG0075	ACHA Expansion Funding ****	54,880	54,880	0
NG0070	Connect and Thrive ****	35,000	35,000	0
NG0071	Duke of Edinburgh Grant ****	20,600	20,600	0
NG0073	FC & D Indexation ****	6,000	6,000	0
NG0087	Insurance Recovery Rowe Park Playground	23,800	23,800	0
NG0037	LGA MLS Funding received for risk management initiative	9,800	9,800	0
NG0074	NAIDOC Week ****	600	600	0
NG0076	Recreation Centre Utility Expenditure ****	15,000	15,000	0
Total Nil Effect Adjustments		331,974	331,974	0
Net Impact to Operating Result - Transfer to Sundry Projects Fund		326,974	(2,460,148)	(2,787,122)
Add back Timing Difference (FAG and ULR Grant)				4,736,509
Adjusted Net Impact Excluding Timing Difference (FAG&ULR Grant)				1,949,387
**** Adjustments to budgets already processed.				

Item	Details	Expense Increase/ (Decrease)	Revenue Increase/ (Decrease) <i>Includes Expenditure Recoveries</i>	Net Increase/ (Decrease) Sundry Projects Fund
CAPITAL VARIATIONS				
Expenditure Savings				
ES0051	Reserve Upgrade Program - Deferred Projects - Declared Savings (resolution number 1128/2021)	(233,000)		233,000
	Total Expenditure Savings	(233,000)		233,000
Adjustments - Nil Effect				
NG0049	Martins & Ryans Rd Roundabout Improvement - Funding Approved (resolution number 1102/2021)	475,000	475,000	0
NL0065	Marveloo \$125k Grant reduced and repurposed to Unity Park Accessible Change Facility \$100k (resolution number 1102/2021)	(124,600)	(124,600)	0
NG0050	Unity Park Accessible Change Facility \$100k - from repurposed Marveloo \$125k Grant (resolution number 1102/2021)	100,000	100,000	0
	Total Nil Effect Adjustments	450,400	450,400	0
	Net Impact to Capital Program	217,400	450,400	233,000
Transfer To / (From) Sundry Project Fund				2,182,387
**** Adjustments to budgets already processed.				

Appendix 2 – Capital Budget Timing Adjustments

Policy Statement

There are projects that are funded in the current year budget that are unable to be progressed in the timeframes originally planned due to external factors, including 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 5 Capital Expenditure Report. The table below summarises timing differences resulting from external factors for the purposes of adjusting the current year and future years' budget. These charges are also reflected in our cash requirements through a reduction in borrowings in the current year, and will then be funded in future years.

There are no capital timing adjustments emanating from external factors to be declared at the first quarter 2021/22 budget review.

Appendix 3 – 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	106,402	106,180	222	106,336	106,336
Statutory Charges	910	780	130	3,003	3,003
User Charges	1,028	1,068	(40)	5,358	5,358
Grants, Subsidies & Contributions	3,972	4,114	(142)	14,156	13,435
Investment Income	28	17	11	98	94
Reimbursement	52	47	5	244	229
Other Revenue	294	246	48	831	831
Total Income	112,686	112,452	234	130,027	129,286
EXPENSES					
Employee Costs	9,974	11,200	1,226	40,421	40,135
Materials, Contracts and Other Expenses	12,340	12,591	250	59,578	56,184
Finance Costs	113	166	54	1,222	1,222
Depreciation, amortisation & impairment	7,393	7,400	6	30,061	30,061
Total Expenses	29,820	31,357	1,536	131,282	127,602
Operating Surplus/(Deficit) before Capital Amounts	82,865	81,095	1,771	(1,255)	1,684
Net gain (loss) on disposal or revaluation of assets	0	0	0	2,940	2,940
Amounts specifically for new or upgraded assets	1,865	1,837	28	14,430	15,779
Physical resources received free of charge	0	0	0	1,000	1,000
Other Comprehensive Income	0	0	0	0	0
Total Comprehensive Income	84,730	82,932	1,798	17,114	21,403

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 8 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 variations greater than \$50k. No actions are required as, where necessary, they are dealt with elsewhere in the report.

Revenue

Rates – Favourable Variance \$222k

Rate revenue is favourable with slightly higher rate revenue generated than budgeted.

Statutory Charges – Favourable Variance \$130k

The favourable variance in Statutory Charges revenue is mainly from Planning Fees \$134k favourable due to an increased number of higher value development applications received year to date. An income gain (IG0042) of \$80k is included for this variance in Appendix 1. Building Fees \$97k are favourable due to higher than anticipated Development Application and Compliance Income processed during the first quarter. An income gain (IG0041) of \$50k is included for this variance in Appendix 1. The majority of other Statutory Charges are moderately unfavourable at the end of the first quarter, the more significant of these being Parking Expiations \$32k unfavourable (Income Loss IL0056 in Appendix 1) with a large volume of expiations referred to the Fines Enforcement Agency for collection, and Dog and Cat Expiations Fees \$28k unfavourable due to timing of receipts from Dogs and Cats Online, which will adjust in October.

User Charges – Unfavourable Variance \$40k

The unfavourable variance in User Charges revenue is made up predominantly of unfavourable Water Sales – Non Residential Usage \$30k. A number of other User Charges have small unfavourable variances and these are offset by a favourable variance in Tree Removal Income of \$13k for the quarter.

Grant, Subsidies and Contributions – Unfavourable Variance \$142k

The unfavourable variance is due to timing variances in the receipt of Grants revenue. Grants Commission Financial Assistance Grant is \$739k unfavourable, offset by a favourable variance of \$585k in Roads grant funding.

Other Revenue – Favourable Variance \$48k

Other Revenue is favourable due to better than budgeted rebates from the Local Government Workers Compensation Scheme \$38k and Income from Sales of Salvage Equipment of \$15k.

Expenditure

Employee Costs – Favourable Variance \$1,226k

The favourable variance essentially relates to staff vacancies, with subsequent savings totalling \$705k representing the savings and allocations up to 30 September 2021 allocated to the Wages and Salaries Provision (refer Section 3.4). Operational positions across the organisation currently backfilled through agency staff are a significant contributor to the favourable variance, noting that Agency staff costs as reported in Materials, Contracts and Other Expenses below offset these savings by \$346k. Further favourable variances of \$149k are as a result of wages and salaries oncosts variances.

Materials, Contracts and Other Expenses – Favourable Variance \$250k

Favourable variances from Contractual Services \$490k is the main contributor to the overall favourable variance, which is chiefly the result of the timing of delivery of a number of programs including Property and Building – Cleaning \$97k; Community Experience – Events \$81k; Salisbury

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Water – repair/maintenance works \$46k; People – Employee Relations \$36k; Community Health – Domestic Assistance \$30k; and Strategic Land Feasibility – \$29k. A number of other Materials, Contracts and Other Expenses minor favourable variances also contribute to the overall position. Favourable variances are offset in the main by an unfavourable variance of \$346k in Wages & Salaries - Agency costs.

Finance Costs – Favourable Variance \$54k

The favourable variance \$54k is the result of a lower than anticipated requirement to drawdown on CAD's during the 3 months to 30 September 2021.

Appendix 4 – 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)	84,730	82,932	1,798	17,114	21,403
Represented By:					
<u>KEY DIRECTION REVENUE</u>					
The Living City:					
Recreation, Education & Leisure	147	155	(8)	1,003	787
Public Health & Safety	311	423	(112)	1,695	1,695
Community Development	993	1,073	(80)	4,217	4,135
The Sustainable City:					
Water Management	338	357	(19)	2,601	2,601
Waste Management	493	488	5	790	790
Parks & Landscape	29	18	10	81	81
The Prosperous City:					
Transport	1,360	832	528	3,328	3,328
City Planning & Economic Development	691	408	283	1,631	1,631
Enabling Excellence:					
Corporate Support	600	535	65	1,695	1,695
Governance	0	0	0	2	2
Treasury	28	17	11	98	94
Grants Commission	822	1,525	(703)	6,100	6,100
Rates	106,402	106,180	222	106,336	106,336
Other Miscellaneous Revenue	473	441	32	450	12
Total Operating Revenue	112,686	112,452	234	130,027	129,286
Capital Contributions	1,865	1,837	28	18,370	19,719
Total Revenue	114,550	114,289	262	148,396	149,005
<u>KEY DIRECTION EXPENDITURE</u>					
The Living City:					
Recreation, Education & Leisure	1,820	1,967	147	9,469	9,132
Public Health & Safety	1,413	1,514	101	6,074	6,096
Community Development	2,219	2,449	230	9,648	9,270
The Sustainable City:					
Water Management	1,460	1,523	63	3,587	3,373
Waste Management	3,023	3,185	162	18,665	18,630
Parks & Landscape	4,048	4,155	107	19,361	19,345
The Prosperous City:					
Transport	733	685	(48)	3,806	3,808
City Planning & Economic Development	1,261	1,445	184	5,681	5,475
Enabling Excellence:					
Corporate Support	6,267	6,416	149	25,178	23,503
Governance	160	187	27	1,261	920
Treasury	67	109	42	967	967
Depreciation	6,105	6,105	0	24,846	24,846
Other Miscellaneous Expenditure	1,245	1,616	371	2,709	2,237
Total Expenditure	29,820	31,357	1,536	131,252	127,602

The Full Year Revised Budget includes revisions to expenditure budgets for funds carried forward from 2020/21 to 2021/22. We anticipate a carry forward from 2021/22 to 2022/23, 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 Living City – Net Favourable Variance \$278k****Recreation, Education and Leisure – Net Favourable Variance \$139k****Revenue – Unfavourable Variance \$8k****Expenditure – Favourable Variance \$147k**

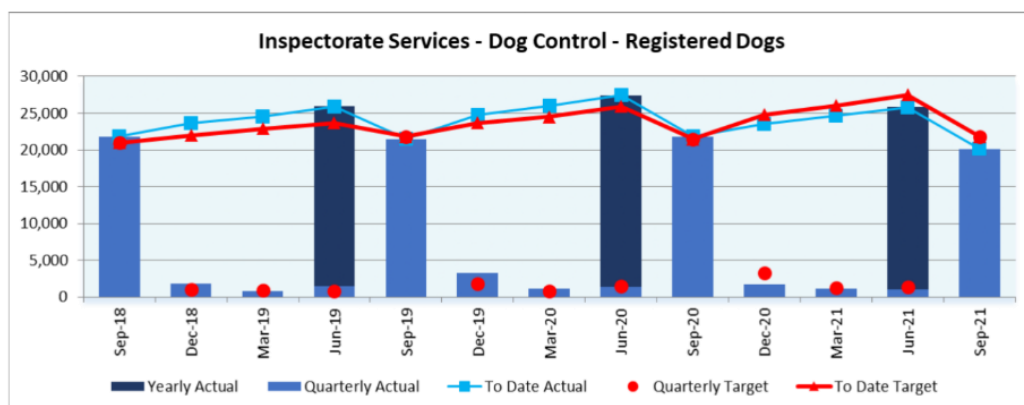
Budget Area	Department	Variance YTD '000s	Comment	Action Required
Library Branch Services	Community Development	37	The favourable variance relates to the Mawson Lakes Library sinking fund contribution which is currently under review with UniSA. It is anticipated that operating costs are likely to increase this financial year, with these potentially being funded by the sinking fund favourable variance. This will be resolved and any potential savings declared at the second quarter budget review.	
Library Information and Access	Community Development	47	The favourable variance relates to materials of \$19k and subscriptions of \$20k due to the timing of expenditure. It is anticipated that this will align to budget over the upcoming periods.	
Sportsfield Cutting	City Infrastructure	25	The favourable variance is mostly due to timing of expenditure for water rates which is expected to align to budget in future periods.	

Public Health and Safety – Net Unfavourable Variance \$11k**Revenue – Unfavourable Variance \$112k**

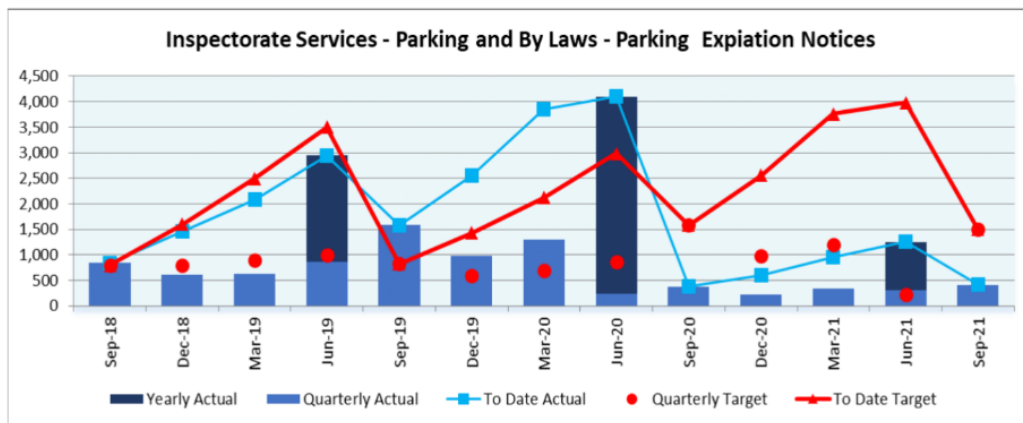
Budget Area	Department	Variance YTD '000s	Comment	Action Required
Animal Control	City Development	(65)	The unfavourable variance is the result of timing of \$18k Dog Registration fees funds received from Dogs and Cats Online, with additional funds to be received in October 2021. Also contributing is \$27k unfavourable Expiation income due to a large number of expiations sent through to the Fines Enforcement Agency for collection in July 2021. It is anticipated that this will align to budget over the upcoming periods.	
Inspectorial Services	City Development	(44)	The unfavourable variance primarily relates to \$32k parking fines due to the unavailability of resources to undertake scheduled parking patrols, and ongoing COVID-19 community impacts. It is not anticipated that this will be met over the upcoming periods and a variation associated with this loss has been included as part of this review. Also contributing is \$10.5k lower than anticipated Fines Enforcement funds received to date. This will continue to be monitored over the upcoming quarter.	Refer Appendix 1 Income Losses IL0056 Parking Expiations \$42k income loss declaration

Expenditure – Favourable Variance \$101k

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Animal Control	City Development	31	The favourable variance is from \$18k cat re-homing expenditure, which is anticipated to increase over the upcoming season, plus other minor variances.	
Building Maint Graffiti	City Infrastructure	37	The favourable variance is mainly the result of lower levels of works and requests within the Graffiti Removal Program \$29k, noting this program is highly reactive and unpredictable in nature. Also impacting is a favourable variance of \$8k relating to Volunteer Graffiti removal team.	



YTD Dogs and Cats Online registrations are 1,720 less than same period last year, resulting in a unfavorable variance in registration income by \$6,258.



YTD 412 expiation issued compared to 381 in previous year, compared to anticipated expiation levels that were thought to resume to pre-covid levels of approximately 1500 based on routine patrol numbers. However this was not achieved due to unavailability of resources to undertake scheduled parking patrols, and ongoing COVID-19 community impacts.

Community Development – Net Favourable Variance \$150k**Revenue – Unfavourable Variance \$80k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Salisbury Memorial Park Cemetery	Community Development	(21)	The variance largely relates to lower than budgeted burial fees during the first quarter. It is anticipated that this will align with budget over the coming periods.	
HCSP - Home and Community Services Program	Community Development	(25)	The unfavourable variance chiefly relates to restricted services during the first quarter as a result of implications of COVID-19. These services will continue to be monitored over the second quarter.	

Expenditure – Favourable Variance \$230k

Budget Area	Department	Variance YTD '000s	Comment	Action Required
HCSP - Home and Community Services Program	Community Development	54	The favourable variance relates to staff vacancies and variations in hours worked during the first quarter as a result of restricted programs due to COVID-19.	

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Youth Enterprise Centre - "Twelve25"	Community Development	26	The favourable variance is due to contractual services and participant training due to the timing of expenditure for several programs. It is anticipated that expenditure will align with budget in future periods.	
Social Planning	Community Development	23	Minor favourable variance relating to the timing of expenditure for several programs. It is anticipated that expenditure will align to budget in the coming periods.	
Customer Centre	Community Development	26	The favourable variance relates to employee costs associated with vacancies throughout the team during the first quarter.	

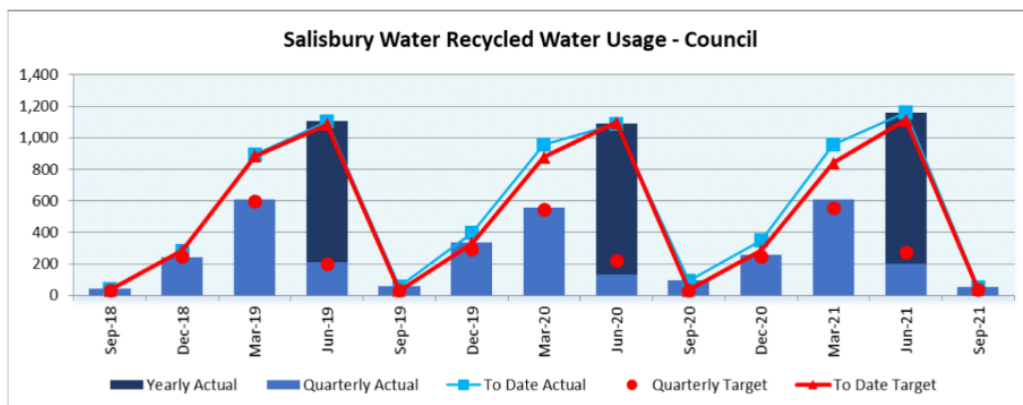
The Sustainable City – Net Favourable Variance \$328k**Water Management – Net Favourable Variance \$44k****Revenue – Unfavourable Variance \$19k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Salisbury Water Retail Marketing / Sales	Business Excellence	29	The favourable variance relates to above budgeted Internal Water Supply due to below average rainfall for the quarter. This will be offset within other operational areas of Council.	

Expenditure – Favourable Variance \$63k

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Salisbury Water Production - Water Factory	Business Excellence	27	The minor favourable variance mainly relates to Electricity of \$14k due to the timing of invoicing, plus other minor variances which relating to timing and are expected to align over the coming periods.	
Salisbury Water Distribution - Network Manager	Business Excellence	43	The favourable variance is from Contractual Services due to the timing of work with no major works required during the first quarter. This is anticipated to align to budget in future periods.	

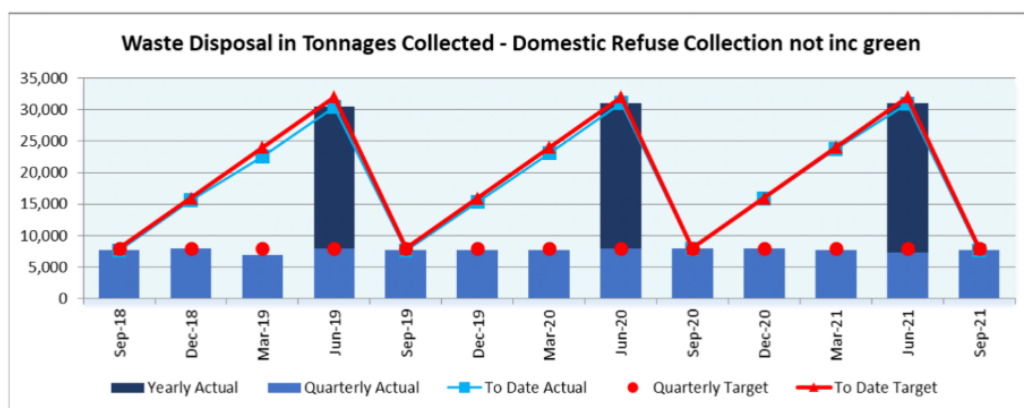
Budget Area	Department	Variance YTD '000s	Comment	Action Required
Natural Assets	City Infrastructure	42	The favourable variance is the net result of employee budget savings related to the Green Adelaide Nature Education grant and minor other employee budget savings, which will revert in future periods.	
Drainage Systems	City Infrastructure	(97)	The unfavourable variance is due to contractual services for underground drainage maintenance and side entry pit cleaning and repair.	



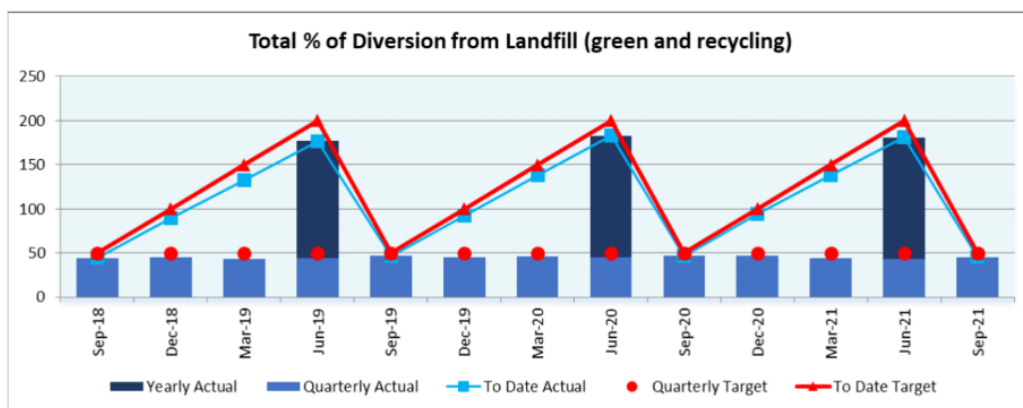
Recycled water supplied to Council facilities for first quarter period is slightly higher than predicted and can be linked to below average rainfall conditions for September 2021.

Waste Management – Net Favourable Variance \$167k**Revenue – Favourable Variance \$5k****Expenditure – Favourable Variance \$162k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Cleansing and Waste	City Infrastructure	58	The favourable variance stems from the timing of contractual services and dumped rubbish collection which is expected to align in future periods.	
Waste Management	City Infrastructure	104	The variance is the result of timing variances, which are expected to align in future periods.	



Consistent with number of collection days in first quarter



Consistent with previous years returns and number of collection days

Parks and Landscape – Net Favourable Variance \$117k**Revenue – Favourable Variance \$10k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Urban Structures	City Infrastructure	31	The favourable variance is related to costs incurred that have been recovered by an insurance claim. As this is unpredictable in nature, this has not been budgeted.	Refer Appendix 1 Nil Effect Income Gains NG0087 Insurance Recovery Rowe Park Playground \$24k

Expenditure – Favourable Variance \$107k

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Wetland & Native Landscape Maintenance	City Infrastructure	28	The favourable variance is mostly related to the timing of contractual services which is expected to align to budget in future periods.	
Tree Management	City Infrastructure	26	The favourable variance primarily relates to the timing of contractual services, mostly for private Tree removal and pruning. This is anticipated to align to budget in future periods.	
Public Toilets	City Infrastructure	60	The favourable variance is mainly related to timing of contractual services in cleaning and contracted building maintenance. It is anticipated that the budget will be in line in the upcoming quarter.	
Field Services Administration	City Infrastructure	(105)	This unfavourable variance is mainly related to unbudgeted COVID 19 leave and internal labour recovery that is lower than estimates.	

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Urban Structures	City Infrastructure	35	The favourable variance is primarily related to timing of Contractual services mainly in Footbridge /culvert/boardwalk maint and reserve maintenance. It is anticipated that budget will be in line in the upcoming quarter.	
Park Maintenance	City Infrastructure	42	The favourable variance is largely related to lower than estimated internal labour charges. This will be offset within other operational areas of council.	
Maintenance - Public Toilets	City Infrastructure	(22)	The unfavourable variance is related to contractual services for various blockage and damage work that has been required during the quarter. This expenditure is adhoc and reactive in nature.	

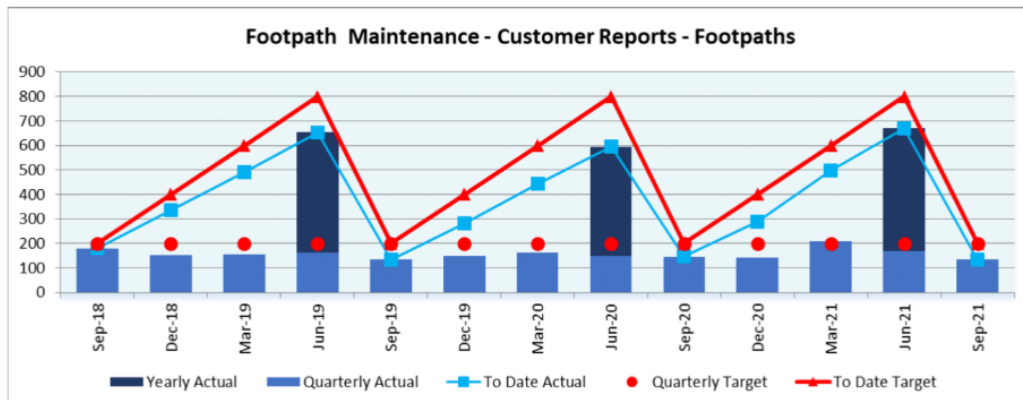
The Prosperous City – Net Favourable Variance \$947k**Transport – Net Favourable Variance \$480k****Revenue – Favourable Variance \$528k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Untied Road Grants	City Infrastructure	533	The favourable variance is due to the combined effect of additional 2021/22 Supplementary Local Roads Funding \$788k received and increase to and advanced (prepayment) of 2021/22 Identified Local Roads Grants. Adjustments are included the first quarter budget review.	Refer Appendix 1 Income Gains IG0083 FA Grants Identified Local Roads Grants \$93k Income Losses IG0085 FA Grants Identified Local Roads Grants (paid in advance 2020/21) \$1,049k Income Gains IG0086 Supplementary Local Roads Funding \$788k

Expenditure – Unfavourable Variance \$48k

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Infrastructure Assets	City Infrastructure	30	The favourable variance relates to above budgeted capitalisation of employee costs during the first quarter as a result of the large capital program this financial year. This will continue to be monitored over the upcoming period.	
Roads	City Infrastructure	(68)	The unfavourable variance is due to higher than estimated internal labour charges in Profile Road Seal up-to 200mm and increased Kerbing replacement requirement during the first quarter. This will continue to be monitored over the upcoming periods.	

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Signs	City Infrastructure	25	The favourable variance is mostly related to timing of expenditure for reserve sign maintenance, plus other minor variances. It is anticipated this will align to budget in the next quarter.	
Footpath Maintenance	City Infrastructure	(48)	The unfavourable variance is principally related to the timing of footpath paver maintenance programs which is expected to align over the upcoming quarters.	



Slightly lower than average

City Planning and Economic Development – Net Favourable Variance \$467k

Revenue – Favourable Variance \$283k

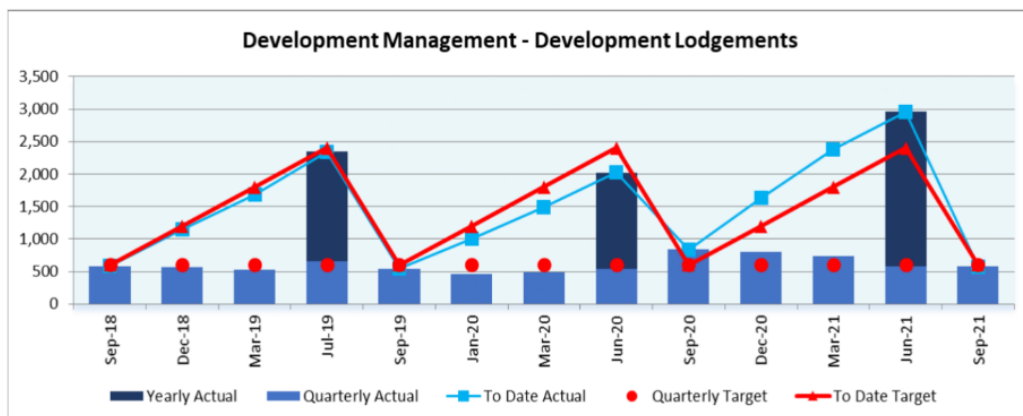
Budget Area	Department	Variance YTD '000s	Comment	Action Required
Planning	City Development	88	The favourable variance primarily relates to higher than budgeted PDI Act fees received as at 30 September 2021. This is a result of an increased value of higher value development applications received year to date. An Income Gain of \$80k has been included as part of this Review.	Refer Appendix 1 Income Gains IG0042 Planning (PDI Act) Income \$80k
Building	City Development	43	The favourable variance is due to higher than anticipated Development Application and Compliance Income processed during the first quarter. Trends will be monitored over the upcoming quarter as the works associated with the State Government Stimulus grants begin to decline.	
Building Rules Certification Unit	City Development	94	The favourable variance stems from higher than anticipated development applications as at 30 September 2021. An income gain of \$50k has been included as part of this Review.	Refer Appendix 1 Income Gains IG0041 Building Rules Certification Unit Income Gain \$50k

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Business Advisory Services	City Development	47	The favourable variance is from higher than anticipated mentoring revenue as a result of the SA Government SME Business Advisory Program support for clients, and having a full-time business advisor on board from August 2021. It is projected that an additional revenue will be received during the 2021/22 financial year, with an income gain of \$50k included as part of this Review.	Refer Appendix 1 Income Gains IG0040 Polaris Centre Mentoring Income – Income Gain \$50k

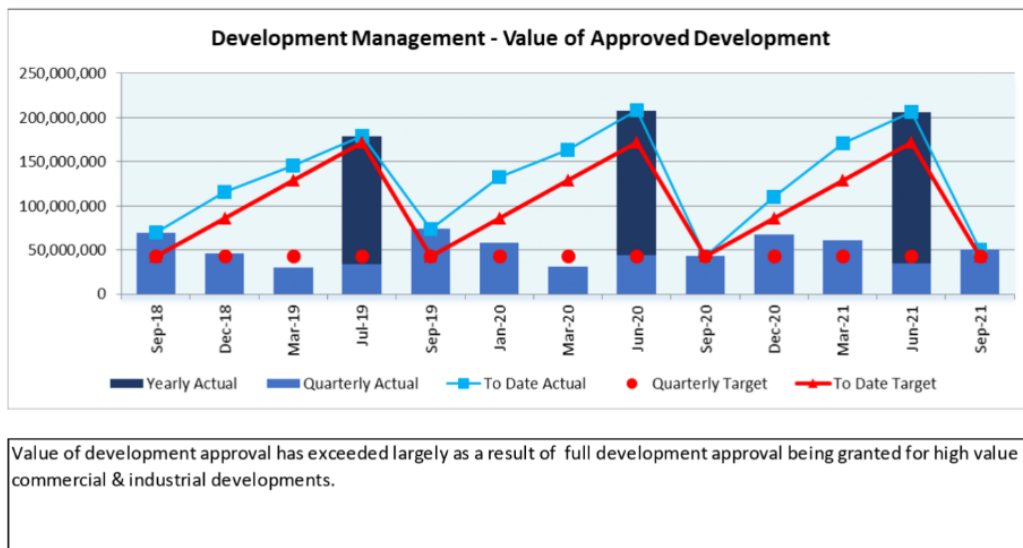
Expenditure – Favourable Variance \$184k

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Planning	City Development	27	Employee costs are currently \$28k favourable as a result of staff vacancy, however this is partially offset by unbudgeted Agency costs of \$12k. Consulting services expenditure is currently favourable \$6k as a result of timing and requirements, plus other minor variances.	
City Development Administration	City Development	27	The favourable variance mainly relates to \$16k general Legal Expenses plus other minor variances. This Review includes a proposal to transfer Legal Expenses budget between City Development activities.	Refer Appendix 1 Transfer of Funds TR0079 Transfer of legal expenditure budget from City Development Admin to Environmental Health \$19k

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Strategic Development Projects	City Development	49	The significant contributor to the favourable variance is \$29k feasibility study expenditure as a result of the timing of the program of works. It is anticipated that this will align to budget over the upcoming periods. Also contributing is provision for employee costs as a result of staff vacancies up to the end of September 2021, with positions since filled.	
Urban Policy	City Development	49	The favourable variance is related to employee costs provision as a result of the delay in recruitment for the 3-year Sustainability Strategic Coordinator role, which is anticipated to be filled from mid November 2021.	



The level of development application activity has dropped from previous peaks to align with forecast levels.



Enabling Excellence – Net Favourable Variance \$239k**Corporate Support – Net Favourable Variance \$214k****Revenue – Favourable Variance \$65k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Capital Works Admin	City Infrastructure	28	The favourable variance is for income from an insurance recovery, the expenditure for which was processed in October. A nil effect income gain will be processed at quarter two budget review to adjust.	Quarter two budget review nil effect income gain.
People & Culture	Business Excellence	39	The favourable variance relates to Bonus Workers Compensation revenue higher than budgeted with an income gain included within this report.	Refer Appendix 1 Income Gains IG0077 Workers Compensation Rebate \$33.5k

Expenditure – Favourable Variance \$149k

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Accounting Services	Business Excellence	33	The favourable variance relates to EFTPOS/MSF Expenses of \$11k due to timing of charges, BPAY charges \$8k tracking below budget and minor Employee Costs \$13k favourable variance. This will be monitored over the coming period.	
Property Management	City Infrastructure	25	The favourable variance chiefly relates to the timing of expenditure for contractual services, rates and legal fees which is expected to align to budget in future periods.	

Budget Area	Department	Variance YTD '000s	Comment	Action Required
People & Culture	Business Excellence	36	The favourable variance is timing related around invoicing for staff traineeships, plus other minor variances. This is anticipated to align to budget over the upcoming periods.	
Organisation Development	Business Excellence	22	The favourable variance relates to Staff training due to timing. It is anticipated this will align to budget over the upcoming periods.	
Information Management Services	Business Excellence	22	The minor favourable variance is primarily timing of invoicing for postage services which is expected to align to budget during the next period.	
Computing	Business Excellence	(59)	The unfavourable variance is mainly due to increased requirements for hardware agreements with additional funding of \$136k included in this report, and lease PC's due to current supply shortages, which results in delays replacing leased devices with owned devices. This will continue to be monitored during the next quarter.	Refer Section 2. New Bid Proposals Non-Discretionary Operating Bids NB0008 BS&S Hardware Agreements \$136k
Operations Centre	City Infrastructure	29	The favourable variance is largely related to timing of utilities expenditure and contracted building maintenance which was reduced during the first quarter due to the Operations Centre upgrade.	

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Urban Built Assets	City Infrastructure	(54)	The unfavourable variance is due to under-recovered employee capital which will rectify in subsequent months and costs associated with the unbudgeted Senior Landscape Architect role, which is included as a budget variation at this Review.	Refer Section 2. New Bid Proposals Non Discretionary Operating Bids NB0061 Senior Landscape Architect \$13k
Fleet Services Administration	City Infrastructure	36	The favourable variance is principally related to the timing of contractual services expenditure which is expected to align to budget in the next quarter.	

Governance – Net Favourable Variance \$27k**Expenditure – Favourable Variance \$27k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Council	Chief Executive Office	22	The favourable variance relates to timing of expenditure for Elected Member training and development. It is anticipated this will align to budget in the coming periods.	

Treasury – Net Favourable Variance \$53k**Revenue – Favourable Variance \$11k****Expenditure – Favourable Variance \$42k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Treasury	Sundry	42	The favourable variance is primarily related to CAD Interest expenditure, which is below budget expectations due to no loan drawdowns required to date this financial year. It is anticipated that as the infrastructure program continues and outgoings increase, the need to draw on these funds will also increase. Continue to monitor over the upcoming period.	

Rates and other Miscellaneous – Net Unfavourable Variance \$78k**Revenue – Unfavourable Variance \$449k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Capital Grants, Subsidies & Contributions	Sundry	28	The favourable variance is primarily related to budget flows for the timing of receipt of capital income throughout the year.	
Grants Commission	Sundry	(703)	The unfavourable variance is predominantly due to the early receipt of 2 quarters of the Financial Assistance Grant funding in the 2020/21 financial year, which is recognised as income in the year that it is received in line with AASB requirements. The Financial Assistance Grant funding for 2021/22 is also above expectations. Adjustments have been included as part of this Review.	Refer Appendix 1 Income Gains IG0082 Financial Assistance General Purpose Grants \$877k Income Losses IG0084 Financial Assistance General Purpose Grants (paid in advance 2020/21) \$3,688k
Rates	Sundry	222	Rate revenue is favourable with slightly higher rate revenue generated than budgeted.	

Expenditure – Favourable Variance \$371k

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Wages & Salaries Provision	Sundry	472	The balance represents Wages and Salaries savings identified over the first quarter of 2021/22, plus an amount of \$121.5k Carried Forward from the 2020/21 financial year, which is tied to ongoing allocations. A total of \$705k has been allocated to the Provision over the first quarter, with \$355k allocated from the Provision as authorised by the CEO, with the main allocations to Community Experience staffing \$65k and Team Leader Facilities Management \$95k.	Refer Section 3.4 Transfer of Funds – Chief Executive Officer Delegation
Inside Staff Oncosts	Sundry	(128)	The unfavourable variance is related to the timing of actual versus budgeted annual leave \$55k, parental leave \$16k and sick leave \$11k taken during the first quarter. Lower than budgeted on-costs recovered \$119k resulting from staff vacancies during the first quarter are also contributing to the unfavourable variance. This is partly offset by lower than budgeted superannuation expenditure due to lower total employee costs resulting from staff vacancies during the first quarter.	
City Infrastructure Field Staff	Sundry	23	The favourable variance is attributed to various minor variances across the area. Continue to monitor.	

Appendix 5 – Capital Expenditure Report as at 30 September 2021

Description	Revised Budget	Actuals	Commitments	Total Actuals / Commitments	Balance Remaining	1st Qtr Adjustments	Projected EOFY Carry Forward
EXPENDITURE							
Transportation	36,021,950	2,707,204	6,410,454	9,117,658	26,904,292	475,000	
Property & Buildings	33,997,000	675,409	6,550,226	7,225,635	26,771,365	871,000	
Drainage & Waterways	3,647,400	819,692	680,952	1,500,645	2,146,755		
Parks & Streetscapes	14,560,100	1,671,656	2,884,521	4,556,177	10,003,923	(233,000)	
Fleet	3,719,900	37,384	2,419,403	2,456,788	1,263,112	(125,000)	
Strategic Projects	18,900,700	1,314,001	2,501,859	3,815,860	15,084,840	600,000	
Total City Infrastructure	110,847,050	7,225,346	21,447,416	28,672,762	82,174,288	1,588,000	0
Information Technology	2,363,184	250,485	363,550	614,035	1,749,149		
Salisbury Water Business	5,867,900	824,970	510,255	1,335,225	4,532,675		
Strategic Property	768,200	62,551	158,819	221,371	546,829		
Total Other	8,999,284	1,138,006	1,032,624	2,170,630	6,828,654	0	0
	119,846,334	8,363,352	22,480,040	30,843,392	89,002,942	1,588,000	-
INCOME							
Transportation	(2,647,900)	(142,564)	0	(142,564)	(2,505,336)	(475,000)	
Property & Buildings	(8,635,000)	(500,000)	0	(500,000)	(8,135,000)	(100,000)	
Drainage & Waterways	0	(2,727)	0	(2,727)	2,727		
Parks & Streetscapes	(175,000)	0	0	0	(175,000)		
Strategic Projects	(2,972,000)	(1,222,050)	0	(1,222,050)	(1,749,950)		
Total City Infrastructure	(14,429,900)	(1,867,342)	0	(1,867,342)	(12,562,558)	(575,000)	0
Strategic Property	0	(186,364)	0	(186,364)	186,364		
Total Other	0	(186,364)	0	(186,364)	186,364	0	0
	(14,429,900)	(2,053,705)	0	(2,053,705)	(12,376,195)	(575,000)	0
NET	105,416,434	6,309,647	22,480,040	28,789,687	76,626,747	1,013,000	0

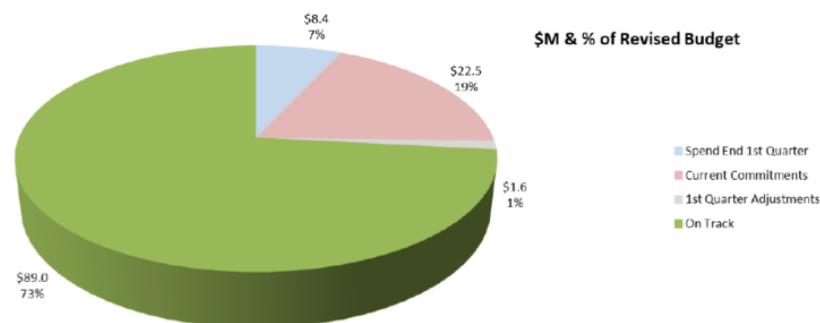
Capital Expenditure

As at the end of the first quarter, the revised capital expenditure budget for 2021/22 was \$119.8M including the reinstatement of budget timing adjusted projects from 2020/21 and carry forward funds of \$22.7M, with \$8.4M or 7% spend to date and \$30.8M or 25.7% inclusive of commitments.

Capital Income

The capital income revised budget for 2021/22 is \$14.4M which mainly comprises \$8.6M for Property and Building associated projects and \$3M for Strategic Projects with associated program commentary provided within those areas.

TOTAL CAPITAL PROGRAM



Capital Program

Financial year 2021/22 saw the commencement of the second year of the COVID-19 Capital Infrastructure Recovery Program. This program was developed to aid in the recovery following the COVID-19 pandemic. A priority of the program was to stimulate the economy and create local employment, whilst delivering infrastructure improvements for the community. This original two year, \$100M program has evolved and grown since its original inception, with year two currently at \$119M prior to this quarter's adjustments. This significant program is currently being reviewed.

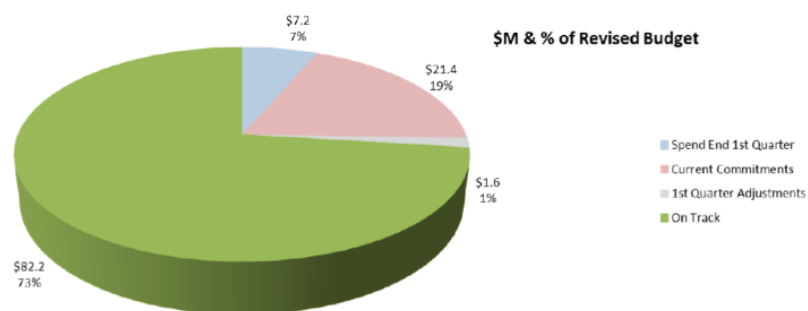
The ability to deliver such a large program is significantly impacted by the ability to secure resources and supplies in a timely manner. With many stimulus programs now in play the construction market is stretched, and access to the required components and supplies is hampered by delays associated with shipping and short supplies in products.

Current commitment levels are primarily the projects and programs which were carried forward from 2020/21 into this financial year, with the \$22M associated with the carry forward higher than the previous few years due to the impacts associated with the pandemic. Typically the first quarter of a financial year is heavily focused on program preparation, excluding the projects which carry forward, with commitment levels generally significantly increasing during the second half of a financial year.

Whilst there are many challenges with the current environment there have been significant achievements with community engagement undertaken for the Salisbury Aquatic Facilities, Burton Community Hub transitioning to a construction site, the final land parcel at Irvine Place settling and new income grants secured to support the delivery of the Capital Program.

The revision of Asset Management Operational Plans is a continuous process undertaken to incorporate changes such as service levels. These plans assist in managing the life of assets and developing future budget requirements. These become critical in the next quarter where the development of the 2022/23 budget bids commence.

CITY INFRASTRUCTURE



City Infrastructure are currently managing and coordinating works associated with year two of the COVID-19 Infrastructure Recovery Program. This is a large program of works which is continuing to evolve and change.

This year will see some significant projects coming to fruition including the upgrade to the Operations Centre and the construction of the new Community Hub at Burton, which are currently in construction, whilst the Salisbury Aquatic Centre starts to take design form following community engagement.

Council were successfully awarded \$475k this quarter to deliver road safety and traffic improvements at the intersection of Martins and Ryans Roads, Greenfields. This work complements the adjacent two new roundabouts delivered last financial year.

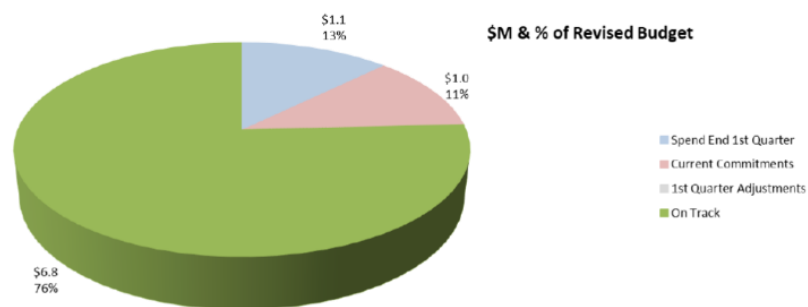
The effects associated with the pandemic have had a significant impact on the ability to secure products and resources in a timely manner. An example of this has been evident in the delivery of the renewal of playspaces with significant delays encountered sourcing play equipment.

A key activity undertaken this quarter has been the creation and development of the program which includes the formulation of project briefs and program scheduling. This work occurred whilst continuing to manage the active and continuing projects. Scheduling of works is an ongoing task which has complexities associated with the supply chain and resourcing delays being experienced in this pandemic.

Part of the program includes the Federal Government stimulus grant funding, Local Roads and Community Infrastructure Program, which has three phases of funding. Projects delivered as part of this specific grant funding stream includes the near complete building and landscape improvements at Twelve25, open space and picnic shelter at Strowan Park and irrigation upgrades at Mawson Lakes. The construction of the new Technology Drive exit to Main North Road at Mawson Lakes is awarded and forecast to commence in November.

The building renewal works at Unity Park, Pooraka, and Twell Green, Para Hills, are in construction and will result in clubroom and change facility improvements in these locations. Sporting facilities support the community and provides opportunity for participation in recreational sports.

INFRASTRUCTURE OTHER



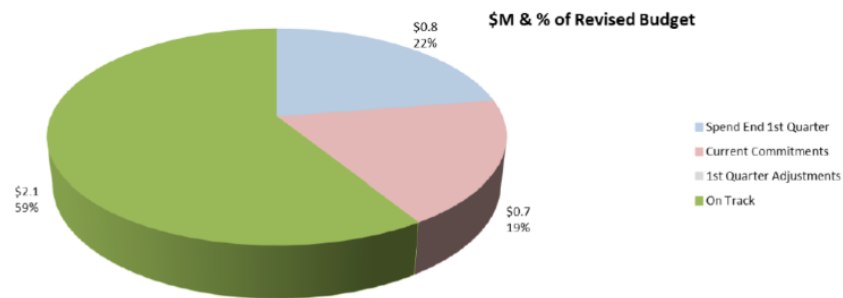
KEY ACHIEVEMENTS


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:

- As part of the Strategic Property Program, the last allotment at Irving Place, Para Hills, settled in September 2021. Also, within this program, an EOI seeking a builder partner has been released for Lake Windemere.
- Information Technology associated projects have continued to progress, noting these continue to be impacted by the shortages in the availability of electronic equipment. Integration with the PlansSA, State Government planning portal been successfully coordinated.
- As part of the Salisbury Water Business, work at Dry Creek – Greenfields MAR Upgrade is continuing to progress including works associated with the installation of distribution tanks, electrical and connecting pipework.

DRAINAGE & WATERWAYS

(22.5% spent / 41.1% inclusive of commitments)



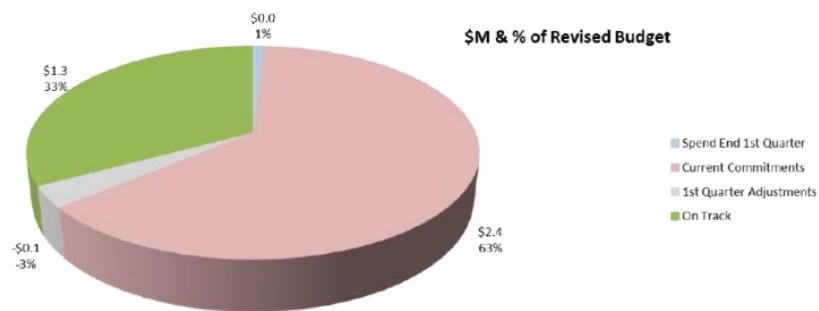
 <u>BUDGET ADJUSTMENTS</u>	Revised Budget	First Quarter Adjustment
	\$000	\$000
There were no budget adjustments this quarter within the Drainage and Waterways asset category	\$0	\$0


KEY ACHIEVEMENTS

- **Major Flood Mitigation Program** – The detail design for Dry Creek, Pooraka, is in progress in preparation for future years delivery. Kiekebusch Reserve, Gulfview Heights Flood Mitigation works is moving into delivery following delays pending drier climate. Design for Levee Banks associated works is currently in progress in preparation for next quarter commencement of construction.
- **Local Flooding Program** – The Local Flooding Program is a series of scheduled works and minor reactive flood mitigation works. Where possible, these works will occur in the drier months.
- **Watercourse Management Works** – This program has erosion control and desiltation works proposed for Dry Creek, Little Para, Cobbler Creek and Edinburgh/Helps Road Drain. This important program assists to maintain the City's waterways. Dry Creek mitigation and stabilisation works were undertaken in mid-2021. Scoping of Edinburgh / Helps Road Drain flood mitigation and erosion control works are currently in progress and scheduled to occur over the spring / summer months.

FLEET

(1% spent / 66% inclusive of commitments)



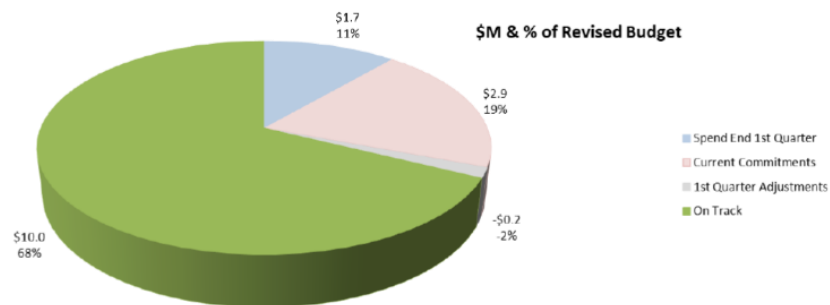
 BUDGET ADJUSTMENTS	Revised Budget	First Quarter Adjustment
	\$000	\$000
Marveloo – In consultation with the State Government and Council, the acquisition of a Marveloo will not now occur. \$100k of this funding has been approved to form a new grant agreement to assist in the delivery of the new Accessible Change Facility at Unity Park as per Resolution 1102/2021. Appendix 1. Capital Variations – Adjustments Nil Effect – Item NL0065.	(\$125)	\$125


KEY ACHIEVEMENTS

- Plant and Fleet Replacement Program** – As part of the Fleet Asset Category, plant and fleet items are renewed and upgraded. This program provides equipment to enable staff to deliver services to the community. Currently, requirements are being gathered which help inform equipment specification. Ordering of fleet items is complicated by current limited availability and delays with delivery. This is being monitored and managed accordingly within the changing parameters associated with the pandemic.

PARKS & STREETSCAPE

(11.5% spent / 31.3% inclusive of commitments)



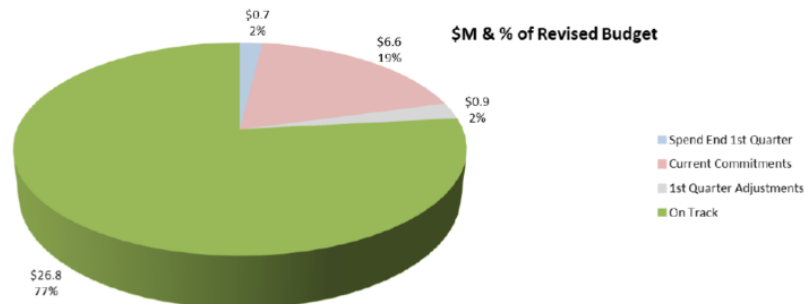
 BUDGET ADJUSTMENTS	Revised Budget	First Quarter Adjustment
	\$000	\$000
<u>Reserve Upgrade Program</u> – As reported October 2021, Resolution 1128/2021, three sites were included within the 2021/22 program for delivery, however subsequent to this, it was approved to defer these works to align with a future year playspace renewal to enable a holistic review of the reserve to occur. Appendix 1. Capital variations – Expenditure Savings – Item ES0051.	\$1,143	(\$233)


KEY ACHIEVEMENTS

- Mawson Lakes Irrigation Upgrade – The upgrade to the aged irrigation infrastructure in sections of Mawson Lakes was completed this quarter. This work received \$500k Federal Government grant funding towards delivery as part of the Local Roads and Community Infrastructure Program. As part of this project wireless systems were installed, which resulted in reduced impact to existing vegetation and landscaping.
- Strowan Park, Salisbury Downs, Open Space – As part of the Federal Government, Local Roads and Community Infrastructure Program, open space improvements for Strowan Park, Salisbury Downs are now well advanced. As part of this, outdoor picnic setting and trail improvements are key works.
- Playspace Program – The 2020/21 Playspace Program was significantly impacted by supply chain issues arising from COVID-19 and was therefore included within the Carry Forwards as presented in September 2021. Play elements are now arriving and these works are moving towards construction completion.

PROPERTY AND BUILDINGS

(2% spent / 21.3% inclusive of commitments)



 BUDGET ADJUSTMENTS	Revised Budget	First Quarter Adjustment
	\$000	\$000
<u>Confidential Item</u> – Resolution 1028/2021. Refer Section 2. New Bid Proposals Non-Discretionary Capital Bids – Item NB0001.	\$0	\$871
<u>Unity Park Accessible Change Facility</u> – State Government approval was given to allocate \$100k grant funding towards the delivery of this project in lieu of the Marveloo which is no longer proceeding. This is in accordance with Resolution 1102/2021. Appendix 1. Capital Variations – Adjustments Nil Effect – Item NG0050.	\$450	(\$100)

KEY ACHIEVEMENTS

- **Building Upgrade Program** – As part of this program, the upgrade to the Operations Centre is currently in progress. This will assist in the delivery of services to the community by way of improvement in technology and infrastructure, streamlining access to equipment. The budget associated with the construction of a new community clubroom facilities at the Paddocks, Para Hills West, was transferred to the Paddocks Master Plan Implementation program within the Strategic Projects Asset Category.

The renewal of air conditioning is currently moving to procurement following specification development for systems at community facilities at St Kilda and Pooraka. In addition, this program will also see the renewal of roof safety systems.

- **Building Renewal Program** – The works associated with 2020/21 Building Renewal Program are currently in construction following delays associated with the pandemic. These works are located at Unity Park, Pooraka, and Twell Green, Para Hills, and will see these community sports clubrooms renewed whilst delivering works in alignment with current codes and standards. Reg Groth, Parafield Gardens, is the key site as part of the 2021/22 program for delivery. Similarly, this will see the existing community clubroom facilities upgraded.
- **Accessible Change Facility, Unity Park, Pooraka** – To complement the new toilet facilities at Unity Park, Pooraka, a new change facility is scheduled to be installed. The specification associated with this facility is currently being finalised in preparation for procurement.

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ITEM 2.1.2**FINANCE AND CORPORATE SERVICES COMMITTEE****DATE** 15 November 2021**HEADING** Council Finance Report - October 2021**AUTHORS** Kate George, Manager Financial Services, Business Excellence
Tim Aplin, Senior Accountant, Business Excellence**CITY PLAN LINKS** 4.2 We deliver quality outcomes that meet the needs of our community**SUMMARY** This report provides key financial data as at 31 October 2021 for the information of Council.**RECOMMENDATION**That Council:

1. Notes the report.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 The 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.

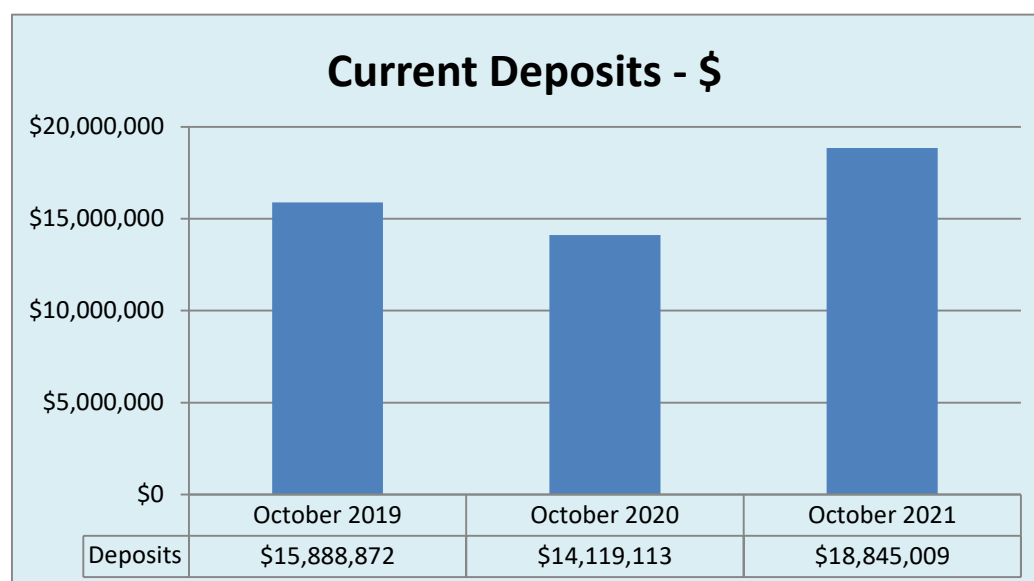
2. CONSULTATION / COMMUNICATION

- 2.1 Internal
 - 2.1.1 NA
- 2.2 External
 - 2.2.1 NA

3. REPORT

- 3.1 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.
- 3.2 Investments are selected considering 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%.
- 3.3 Council received in October an amount of \$20,414 in bonus interest relating to the prior financial year. The percentages applicable to the calculation were 0.35% paid average deposits and 0.11% paid debenture loans, resulting in an average percentage of 0.23% which was lower than anticipated.
- 3.4 Investments as at 31 October 2021

Date	Institution	%	Term-Days	Maturity	Value
31-Oct-2021	LGFA	0.30%	At Call	31-Oct-2021	870,097
31-Oct-2021	NAB	0.60%	At Call	31-Oct-2021	17,974,912
31-Oct-2020	14,119,113			31-Oct-2021	18,845,009



- 3.5 The cash position has increased compared to October 2020 primarily as a result of the timing of the delivery of the Infrastructure program and higher levels of capital income received at the end of 2021 relating to specific infrastructure programs. Whilst there are cash holdings, it should be noted that there is significant expenditure yet to come due to the expanded Infrastructure program which will reduce the cash balance.

3.6 As at 31 October 2021, Council has not needed to draw down on existing cash advance debentures facilities (CAD's) for the 2021/22 year. The Council's cash holdings and borrowings will be monitored closely and when necessary we will draw down on the existing CAD Facilities, noting there are appropriate levels of facilities available to manage any cash shortfalls.

3.7 Reserves as at 31 October 2021

	Opening Balance as 1/07/2021	Transfer to Reserves	Transfer from Reserves	Current Balance
Open Space Reserve	1,481,156	33,763	-	1,514,919
Car Parking Reserve	951,131	962	-	952,092
Property Disposal Reserve*	2,436,573	-	-	2,436,573
Mausoleum Perpetual Care Fund	875,275	11,991	-	887,266
Salisbury Memorial Park Reserve	915,135	926	-	916,060
Developer and Public Infrastructure Reserve	1,755,644	662,336	424,000	1,993,980
Salisbury Water Business Unit Reserve*	3,064,469	-	-	3,064,469

3.8 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.

3.9 At 31 October 2021 the most significant movements are the transfers to the Developer and Public Infrastructure Reserve of \$662k being a contribution of \$406k relating to the Vicinity Stage 3 development and \$222k returned to the Reserve relating to the Developer Funded Infrastructure Program works that were either not required or not completed in the 2020/21 year, plus other minor contributions. Transfers from the Developer and Public Infrastructure Reserve of \$424k relate to funding associated with the Developer Funded Infrastructure Program for the 2021/22 year, which was endorsed as part of the original budget.

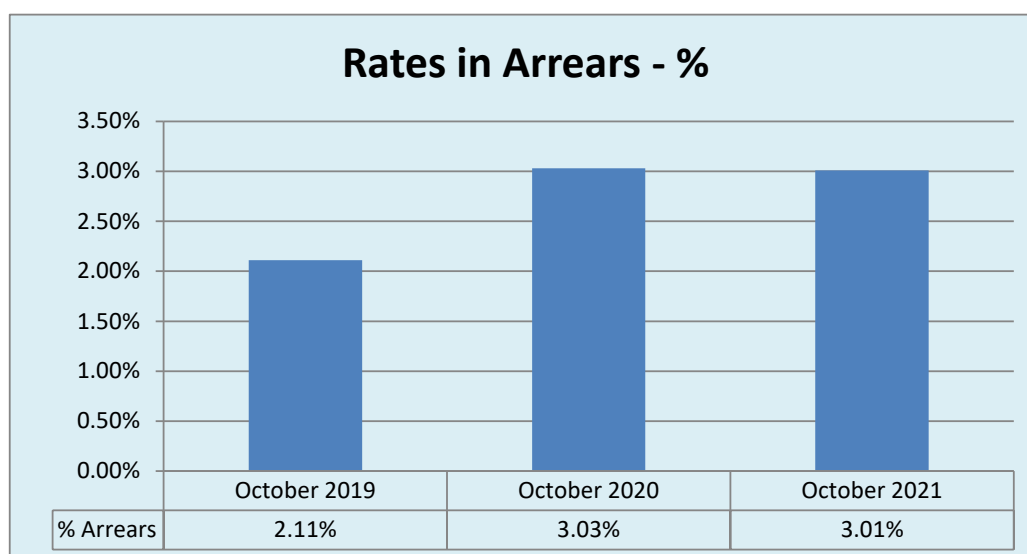
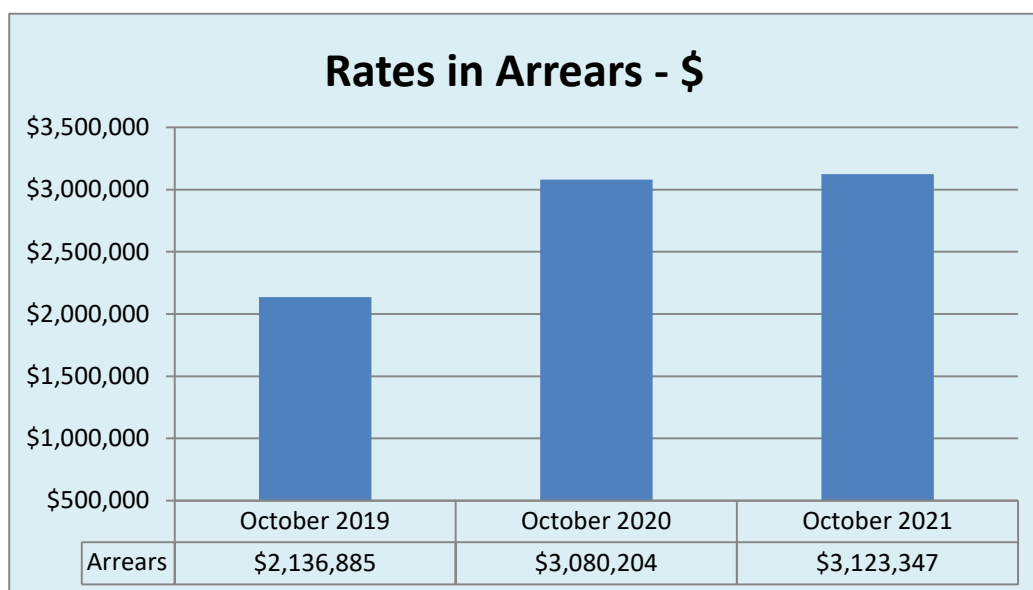
3.10 Other smaller movements include transfers representing interest allocations totaling \$6k across all the reserves, as well as a \$32k contribution received to the Open Space Reserve and \$11k contributions received to the Mausoleum Perpetual Care Fund Reserve.

3.11 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.

3.12 Recovery of Rates

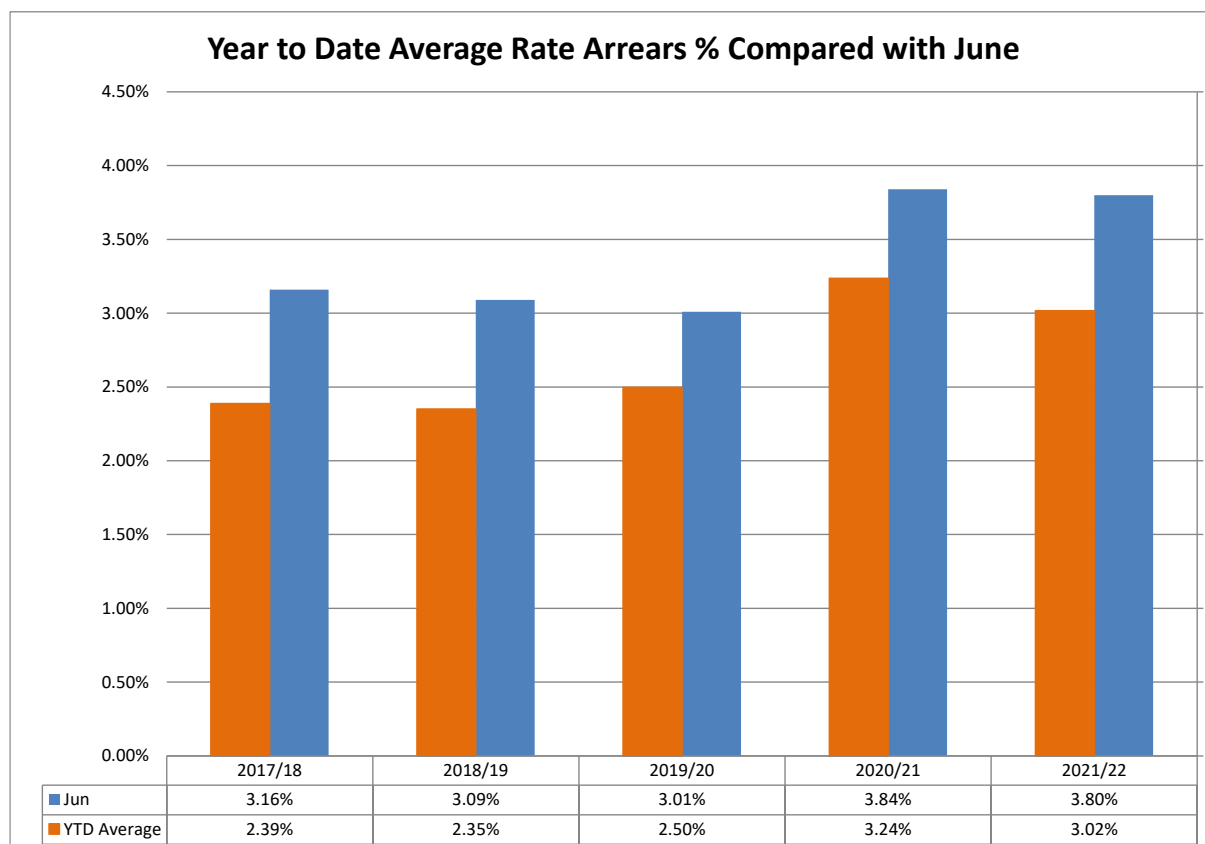
	No of Accounts	\$	%
Outstanding Balance as at 31 October 2021*		65,323,727	61.46%
Outstanding Balance as at 31 October 2020*		62,436,637	61.32%
Outstanding Rates Arrears as at 31 October 2021	5,159	3,123,347	3.01%
Outstanding Rates Arrears as at 31 October 2020	4,318	3,080,204	3.03%

**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 and comparison data has been adjusted accordingly.*



- 3.13 The level of Council Rates in arrears at 31 October 2021 is 3.01%, which is above the target maximum level 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 2021 financial year for the first and second installments, for those meeting the Covid-19 Hardship policy.
- 3.14 As part of the ongoing focus on greater customer engagement, a solution has been implemented that better supports customers with long outstanding rate debts. The solution utilises technology to be more customer driven in that the ratepayer chooses how their engagement occurs. The process is managed by our debt collectors, Credit Solutions, with communications being co-branded with City of Salisbury and it is expected that this process will provide better support to our Community.

- 3.15 Rate arrears are cyclical in nature in that they peak in the month rate installments fall due, and then typically trend downwards for the next two months, meaning that the rate arrears level at a point in time may be distorted, and that the average rate arrears normalises the cyclical impacts. The graph below depicts the average year to date rate arrears, with the average to October 2021 being 3.02%.



3.16 Other Debtors as at 31 October 2021

Debtor Type	Current	30 – 60 days	60 - 90 days	Over 90 days	Total
Sundry	214,612	83,371	48,825	86,195	433,002
Salisbury Water		8,459			8,459
Inflammable Undergrowth	-	-	-	1,554	1,554
Health Licensing Fees	7,794	4,384	2,941	7,244	22,363
Property Management	56,982	21,782	8,646	7,815	95,225
TOTAL	279,388	117,996	60,412	102,808	560,603

- 3.17 The above aged analysis represents sundry amounts that are owing to Council as at 31 October 2021. The total debtors current balance of \$279k includes numerous debts, all of which are a normal part of Council's operations, and are expected to be paid in the upcoming period.

- 3.18 The above aged analysis also represents other amounts that are owing to Council from a variety of sources that are outstanding as at 31 October 2021. Debts outstanding greater than 90 days account for 18.6% of the total outstanding balance. Debts that are outstanding for greater than 30 days are subject to Council's debt collection procedures, which include internal follow up and ultimately legal action through Council's debt collection agency.

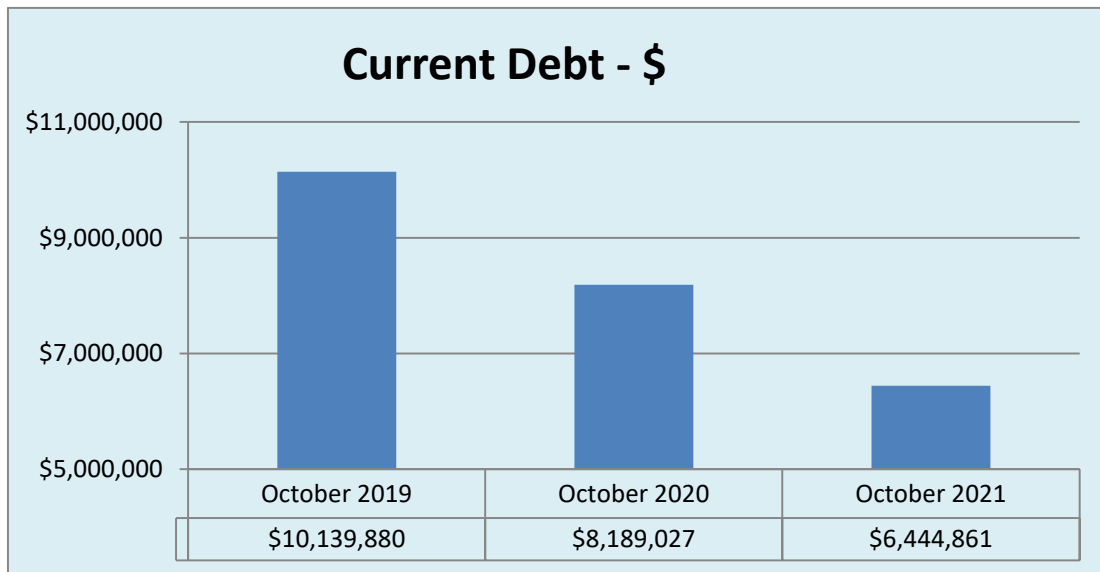
3.19 Loan Schedule as at 31 October 2021

Debenture Loans	
Principal Outstanding as at 1 July 2021	6,444,861
Loans Raised Year to Date	-
Repayments of Principal Year to Date	-
Loan Principal Outstanding - Debenture Loans	6,444,861
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	145,638
Interest Payments - CAD's	-
Total Interest Payments	145,638

3.20 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 in December 2021 and another due in June 2022. There has been no drawdown on CAD's for the 2021/22 year as at 31 October 2021.

3.21 Not included in the above loan schedule is the \$379k 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 \$379k, 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 at \$386k.

3.22 The table below shows the level of fixed term loans and 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 in prior years, and the shift to CADs which are drawn down as required.



3.23 Net Financial Liabilities Ratio Comparison



- 3.24 The graph above shows the net financial liabilities ratio (NFL) comparison for the 2021 and 2022 financial years as at the time of preparation of each Council finance report, with the 2021 end of financial year result updated to the audited amount. Council's endorsed range for the NFL is less than 70% as endorsed for the 2022 budget year which is represented by the green shaded area on the graph, noting that the endorsed range for 2021-22 was less than 70%.
- 3.25 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.
- 3.26 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. At the end of last financial year Council was in a net financial liability position with a ratio of 17.2% which is within the endorsed range.
- 3.27 As part of setting the 2022 Budget and Long-Term Financial Plan, Council took the decision to support economic recovery following the COVID-19 pandemic, via a range of initiatives including an expanded infrastructure program. This has resulted in sitting outside of the endorsed target range for this indicator for the first three years of the plan and then within the range for the rest of the life of the plan. Sitting above the range for a short period is not an issue as the plan reflects that it is short term, and in response to extraordinary circumstances.
- 3.28 The budgeted ratio for 2022 is for a net financial liabilities position of 78.2%. Currently the actual ratio is a net financial asset position of 55.2%, however it is expected that over the upcoming quarters as the expanded infrastructure program is delivered, cash holdings will be depleted and the levels of trade payables and debt will increase as drawdowns are made on the CAD facilities, the Ratio will trend upwards significantly towards the budgeted range.

4. CONCLUSION / PROPOSAL

- 4.1 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 financial years. It should be noted that Council has appropriate levels of borrowing facilities to manage potential cash requirements, and that these potential drawdowns are reflected in our financial sustainability indicators which, with the exception of the Net Financial Liabilities are within the endorsed ranges.
- 4.2 Further as noted in this report a reduction in cash balances and draw downs of CAD facilities will occur as we expend the scheduled capital program (noting that it is proposed to reflow some of the expenditure as reported on the Urban Services agenda) which is larger than previous years and needs to be considered in reviewing the current financial position.