



## **AGENDA**

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

**20 NOVEMBER 2023 AT CONCLUSION OF THE POLICY AND PLANNING COMMITTEE**

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

### **MEMBERS**

Cr B Brug (Chairman)  
Mayor G Aldridge  
Cr L Brug (Deputy Chairman)  
Deputy Mayor, Cr C Buchanan  
Cr J Chewparsad  
Cr A Graham  
Cr K Grenfell  
Cr D Hood  
Cr P Jensen  
Cr M Mazzeo  
Cr S McKell  
Cr S Ouk  
Cr S Reardon

### **REQUIRED STAFF**

Chief Executive Officer, Mr J Harry  
Deputy Chief Executive Officer, 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 Council Governance, Ms J O'Keefe-Craig  
Governance Support Officer, Ms K Boyd

### **APOLOGIES**

### **LEAVE OF ABSENCE**

Leave of absence was previously granted to Cr K Grenfell.

---

**PRESENTATION OF MINUTES**

Presentation of the Minutes of the Finance and Corporate Services Committee Meeting held on 16 October 2023.

**REPORTS**

*Administration*

2.0.1 Future Reports for the Finance and Corporate Services Committee..... 9

*For Decision*

2.1.1 Council Finance Report - October 2023..... 11

2.1.2 First Quarter Budget Review 2023/24..... 19

**QUESTIONS ON NOTICE**

There are no Questions on Notice.

**MOTIONS ON NOTICE**

There are no Motions on Notice.

**OTHER BUSINESS**

*(Questions Without Notice, Motions Without Notice, CEO Update)*

---

## CONFIDENTIAL ITEMS

### 2.4.1 Confidential Bids First Quarter Budget Review 2023/24

#### Recommendation

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

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

*On that basis the public's interest is best served by not disclosing the **Confidential Bids First Quarter Budget Review 2023/24** item and discussion at this point in time.*
3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

**CLOSE**





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

**16 OCTOBER 2023**

**MEMBERS PRESENT**

Cr B Brug (Chairman)  
Mayor G Aldridge  
Cr L Brug (Deputy Chairman)  
Deputy Mayor, Cr C Buchanan  
Cr J Chewparsad  
Cr A Graham  
Cr K Grenfell  
Cr D Hood  
Cr P Jensen  
Cr M Mazzeo  
Cr S McKell  
Cr S Ouk  
Cr S Reardon

**STAFF**

Chief Executive Officer, Mr J Harry  
General Manager Business Excellence, Mr C Mansueto  
A/General Manager City Infrastructure, Mr M Purdie  
General Manager Community Development, Mrs A Pokoney Cramey  
General Manager City Development, Ms M English  
Manager Governance, Mr R Deco  
Team Leader Council Governance, Ms J O'Keefe-Craig  
Governance Support Officer, Ms K Boyd  
Team Leader Strategic Urban Planning, Ms S Jenkin  
Assessment Manager, Mr C Zafiropoulos  
Manager Infrastructure Delivery, Mr J Collins

The meeting commenced at 7.06 pm.

The Chairman welcomed the Elected Members, members of the public and staff to the meeting.

**APOLOGIES**

Nil.

---

**LEAVE OF ABSENCE**

Nil.

**PRESENTATION OF MINUTES**

Moved Cr S McKell  
Seconded Cr P Jensen

The Minutes of the Finance and Corporate Services Committee Meeting held on 18 September 2023, be taken as read and confirmed.

**CARRIED**  
UNANIMOUSLY

**REPORTS**

*Administration*

**2.0.1 Future Reports for the Finance and Corporate Services Committee**

Moved Cr S Ouk  
Seconded Cr M Mazzeo

That Council:

1. Notes the report.

**CARRIED**  
UNANIMOUSLY

*For Decision*

**2.1.1 Budget Timetable 2024/25**

Moved Cr L Brug  
Seconded Cr C Buchanan

That Council:

1. Approves the draft timetable for the preparation and presentation of the 2024/25 Budget, as included in this report (Item No. 2.1.1, Finance and Corporate Services Committee, 16 October 2023)

**CARRIED**

**2.1.2 Request to Defer Review of Sporting and Community Club Lease Fees during Holding Over Period**

Moved Cr C Buchanan  
Seconded Cr A Graham

That Council:

1. Notes the formation of a Working Group consisting of Administration and Elected Member representatives (Crs S Ouk, D Hood, A Graham and C Buchanan) to review the current sporting and community club leases following Council’s resolution dated 22 May 2023.
2. Notes that existing lease and licence agreements which expired on 30 September 2023 have now been put into a Holding Over period.
3. Approves the waiver of the Local Government Price Index (LGPI) increase to lease and licence fees which was scheduled to take effect on 1 October 2023, with lease and licence fees as calculated on 1 October 2022 to remain payable during the Holding Over period.
4. Approves a non-discretionary 2023/24 first quarter budget variation of approximately \$13,000 for lease and licence fee waivers.
5. Approves for recoverable costs for fire and emergency services charges to remain at the previous year’s figures during the review process, allowing for a non-discretionary 2023/24 first quarter budget variation of approximately \$12,000 in lost recoverable costs.
6. Requests that administration advise leaseholders as part of the review, that until the conclusion of the review and the approval of further leases or licences, that leaseholders are not allowed sub lease arrangements beyond 30 March 2024.

**CARRIED**

**QUESTIONS ON NOTICE**

There were no Questions on Notice.

**MOTIONS ON NOTICE**

There were no Motions on Notice.

**OTHER BUSINESS**

*(Questions Without Notice, Motions Without Notice, CEO Update)*

There were no Other Business items.

The meeting closed at 7.20 pm.

CHAIRMAN.....

DATE.....





<b>ITEM</b>	2.0.1
	<b>FINANCE AND CORPORATE SERVICES COMMITTEE</b>
<b>DATE</b>	20 November 2023
<b>HEADING</b>	Future Reports for the Finance and Corporate Services Committee
<b>AUTHOR</b>	Hayley Berrisford, PA to General Manager Business Excellence, Business Excellence
<b>CITY PLAN LINKS</b>	4.2 We deliver quality outcomes that meet the needs of our community
<b>SUMMARY</b>	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.

#### **RECOMMENDATION**

##### That 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.

<b>Meeting Item</b>	<b>- Heading and Resolution</b>	<b>Officer</b>
27/06/2022 4.1.10	<b>New Grant funding for Infrastructure Projects</b> 5. Authorises the Chief Executive Officer to distribute the \$1.1M across the grant related projects stated in paragraphs 4.2.2 and 4.2.4 of the report (Item 4.1.10 – New Grant Funding for Infrastructure Projects – Urban Services Committee, 20 June 2022) with these allocations to be summarised within the following Quarterly Budget.	Christy Martin
<b>Due:</b>	February 2024	
24/04/2023 2.1.3	<b>Budget Status Update</b> 7. City Infrastructure to prepare a report for the Finance and Corporate Services Committee addressing fleet vehicles, including manager vehicles, and the potential to transition to Hybrid and Electric alternatives.	Mark Purdie
<b>Due:</b>	December 2023	

### 4. CONCLUSION / PROPOSAL

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

<b>ITEM</b>	2.1.1 <b>FINANCE AND CORPORATE SERVICES COMMITTEE</b>
<b>DATE</b>	20 November 2023
<b>HEADING</b>	Council Finance Report - October 2023
<b>AUTHORS</b>	Sadaf Hashim, Assistant Accountant, Business Excellence Melissa Hamilton, Team Leader Accounting Services, Business Excellence
<b>CITY PLAN LINKS</b>	4.2 We deliver quality outcomes that meet the needs of our community
<b>SUMMARY</b>	This report provides key financial data as at 31 October 2023 for the information of Council.

**RECOMMENDATION**That Council:

1. Notes the report.

**ATTACHMENTS**

There are no attachments to this report.

**1. BACKGROUND**

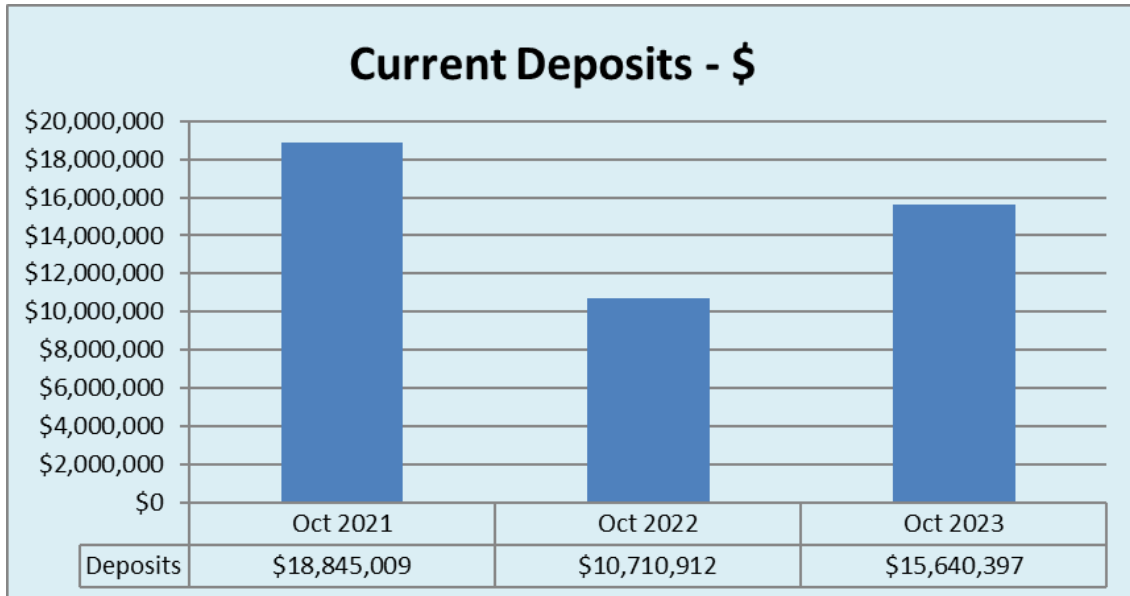
- 1.1 The Treasury Policy requires that a report be prepared detailing fixed borrowings and variable borrowings at the end of the preceding month, together with all investments held, their terms and interest rates. Also included is a summary of Reserve Balances and Rates and Debtor Information. The policy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

- 2.1 Council funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings are invested in accordance with Council's Treasury Policy. These investments are split between short term deposits (with variable maturity dates from 30-90 days) or at call with the Local Government Finance Authority or with the National Australia Bank (whichever offers better interest rates).
- 2.2 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 0.20%.

## 2.3 Investments as at 31 October 2023

Date	Institution	%	Term-Days	Maturity	Value
31-Oct-2023	LGFA	4.30%	At Call	31-Oct-2023	13,430,615
31-Oct-2023	NAB	4.30%	At Call	31-Oct-2023	2,209,782
<b>31-Oct-2022</b>	<b>10,710,912</b>			<b>31-Oct-2023</b>	<b>15,640,397</b>



- 2.4 Cash has increased compared to Oct 2022, primarily as a result of 100% early receipt of the 2023/24 Financial Assistance and Untied Local Roads Grants (FA&ULG) totaling \$10.5M at the end of the 2022/23 financial year. In the prior year 75% of the FA & ULG had been received in advance, consequently the \$10.5M is a significant difference year on year and without this early receipt, cash holding would have been \$2.3M higher compared to the October 2022 figure.
- 2.5 Whilst there are cash holdings, it should be noted that there is significant expenditure to come due to the scale of the Infrastructure Program which will gradually reduce this cash balance in the coming months of 2023/24 financial year. Historically significant amounts of projects are delivered in the second half of the financial year, with significant cash outflows in quarter 3 and 4.
- 2.6 As at 31 October 2023, Council has needed to draw down around \$600k on the existing cash advance debentures facilities (CAD's) for a short period of time in late July 2023, which was fully repaid by the end of the month, resulting in a minor interest of \$105. The Council's cash holdings and borrowings are monitored closely and when necessary we will continue to draw down on the existing CAD facilities, noting there are appropriate levels of facilities available to manage any cash shortfalls.

## 2.7 Reserves as at 31 October 2023

	<b>Opening Balance as 1/07/2023</b>	<b>Transfer to Reserves</b>	<b>Transfer from Reserves</b>	<b>Current Balance</b>
Open Space Reserve	1,906,874	27,782	-	<b>1,934,656</b>
Car Parking Reserve	985,478	14,358	-	<b>999,836</b>
Property Disposal Reserve*	7,938,142	-	4,335,000	<b>3,603,142</b>
Mausoleum Perpetual Care Fund	983,381	61,588	-	<b>1,044,969</b>
Salisbury Memorial Park Reserve	948,183	13,814	-	<b>961,997</b>
Developer and Public Infrastructure Reserve	2,457,478	89,000	200,000	<b>2,346,478</b>
Salisbury Water Business Unit Reserve*	2,351,773	-	-	<b>2,351,773</b>
Northern Futures Fund Reserve	273,843	3,990	-	<b>277,833</b>
Business Transformation Reserve	3,736,037	54,431	-	<b>3,790,468</b>

2.8 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.

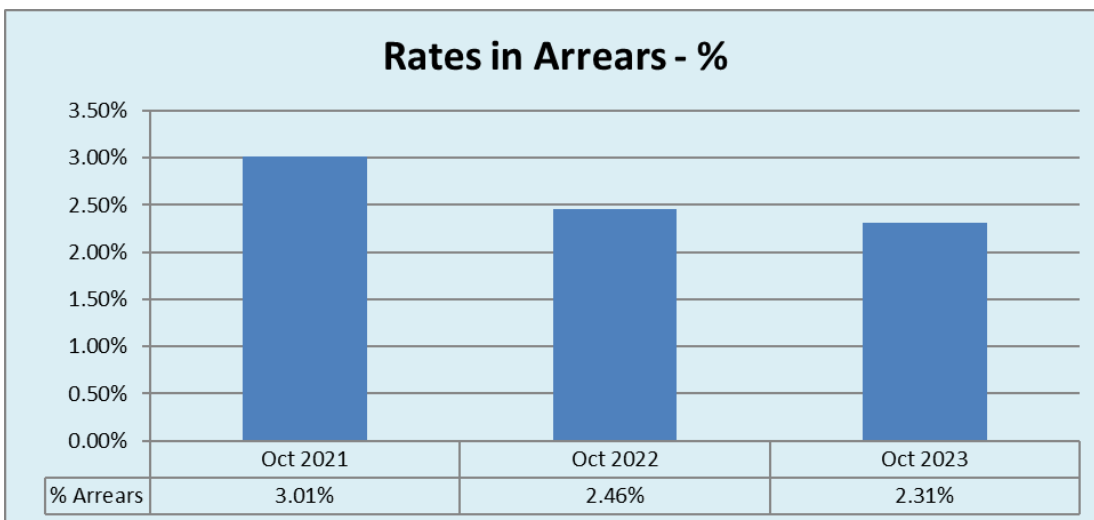
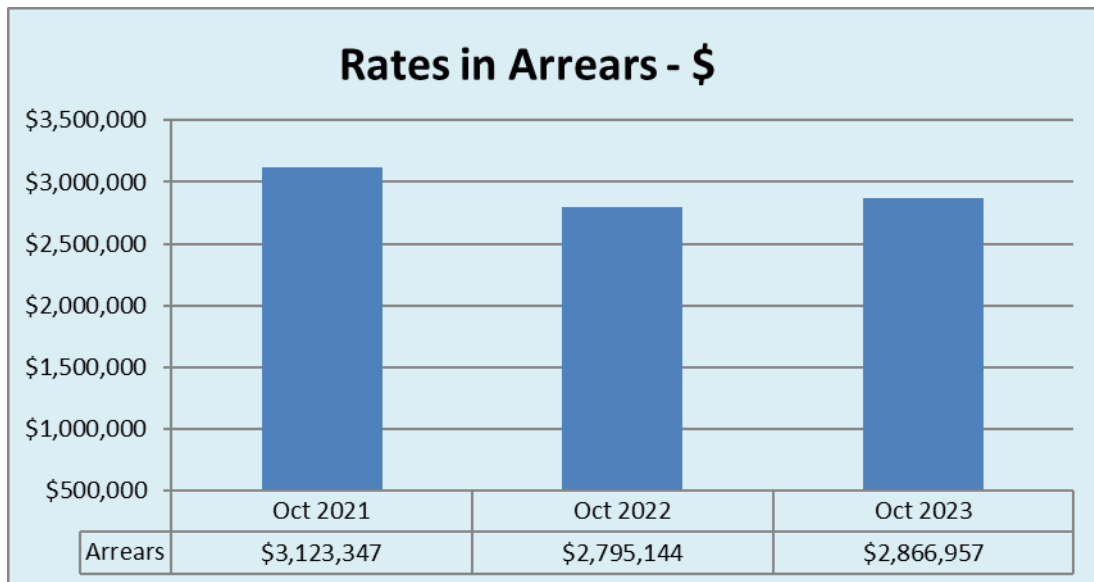
2.9 As at 31 October 2023 the most significant movement include \$47k related to the Mausoleum Perpetual Care Fund Contributions and \$55k related to the Developer and Public Infrastructure Contributions, offset by the 2023/24 Developer Funds allocation of \$200,000 into the projects approved through the budget process. Further, Property Disposal Reserve balance of \$4.335M is applied to reduce required borrowings for the 2023/24 financial year, with the remaining balance of the reserve retained to support working capital requirements.

2.10 Other amounts transferred to the Reserves relate to nominal interest totaling \$163k which is applied on the balances of the Reserves on a monthly basis based on the LGFA at call rate at the beginning of the month, with the Property Disposal Reserve and the Salisbury Water Business Unit Reserve being the only exceptions.

## 2.11 Recovery of Rates

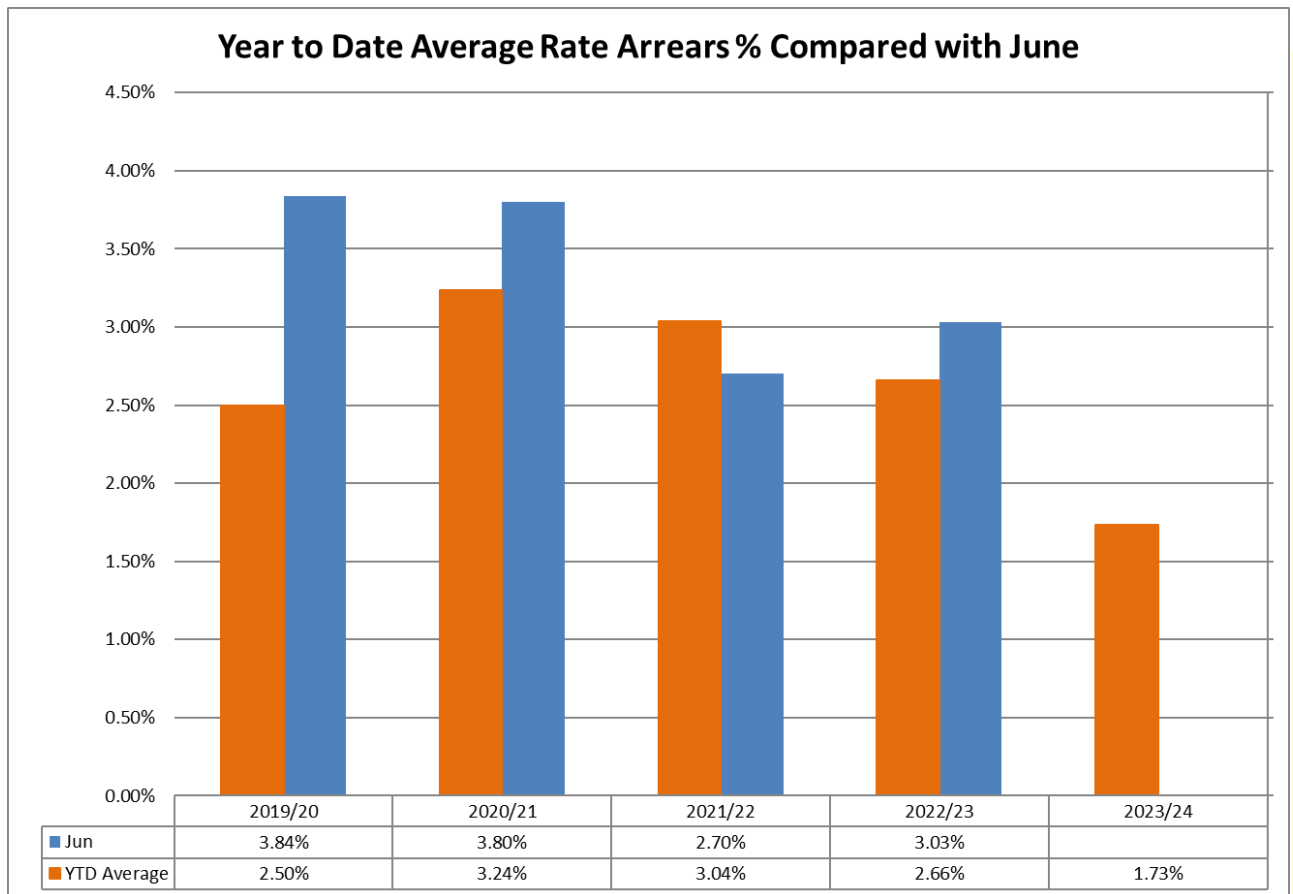
	<b>No of Accounts</b>	<b>\$</b>	<b>%</b>
Outstanding Balance as at 31 October 2023*		74,727,508	61.26%
Outstanding Balance as at 31 October 2022*		68,863,476	61.52%
Outstanding Rates Arrears as at 31 October 2023	5,314	2,866,957	2.31%
Outstanding Rates Arrears as at 31 October 2022	4,819	2,795,144	2.46%

\*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.



2.12 The level of Council Rates in arrears as at 31 October 2023 is 2.31% which is below the target maximum level for the Rates Arrears of 2.5%.

2.13 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 2023 being 1.73%, which is below the target of 2.5%.



#### 2.14 Other Debtors as at 31 October 2023

Debtor Type	Current	30 – 60 days	60 - 90 days	Over 90 days	Total
Sundry	319,056	101,417	18,501	13,347	<b>452,321</b>
Salisbury Water	6,496	7,284	-	-	<b>13,781</b>
Inflammable Undergrowth	-	-	-	4,661	<b>4,661</b>
Health Licensing Fees	4,598	2,940	1,895	1,631	<b>11,064</b>
Property Management	59,799	12,865	10,219	616	<b>83,499</b>
<b>TOTAL</b>	<b>389,949</b>	<b>124,506</b>	<b>30,615</b>	<b>20,255</b>	<b>565,326</b>

2.15 The above aged analysis represents Council's Sundry debtors as at 31 October 2023. The total Sundry debtors current balance of \$452k includes various debts, all of which are a normal part of Council's operations, and are expected to be paid in the upcoming period.

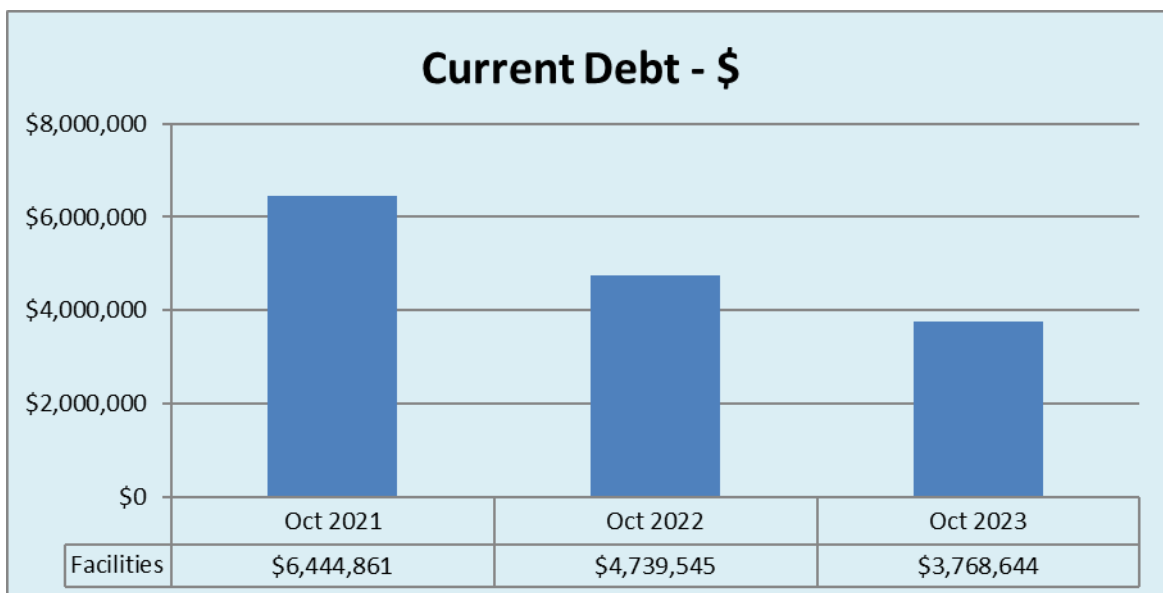
2.16 The above aged analysis also represents other amounts that are owing to Council from a variety of sources that are outstanding as at 31 October 2023. Debts outstanding greater than 90 days account for 3.58% of the total outstanding balance. Debts that are outstanding for greater than 30 days are subject to Council's debt collection procedures, which include internal follow up and ultimately legal action through Council's debt collection agency.

## 2.17 Loan Schedule as at 31 October 2023

<b>Debenture Loans</b>	
Principal Outstanding as at 1 July 2023	3,768,644
Loans Raised Year to Date	-
Repayments of Principal Year to Date	-
<b>Loan Principal Outstanding - Debenture Loans</b>	<b>3,768,644</b>
<b>Cash Advance Debenture Borrowings (CADs)</b>	
Total CAD's available	47,467,000
Current CAD's drawdown amount year to date	-
<b>Balance of CAD's available</b>	<b>47,467,000</b>
<b>Interest Payments (Debenture Loans and CADs)</b>	
Interest Payments - Debenture Loans	105,481
Interest Payments - CAD's	105
<b>Total Interest Payments</b>	<b>105,586</b>

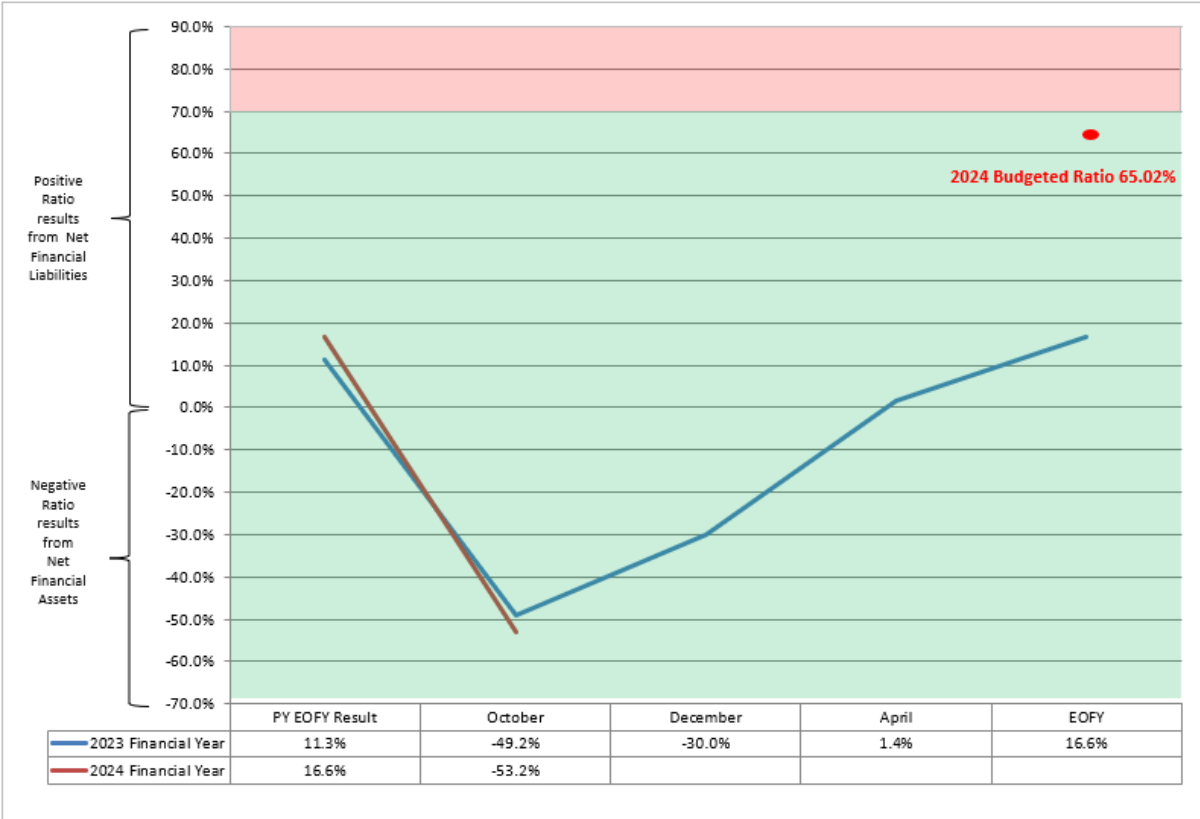
2.18 The above Loan Schedule summarises the position on loans taken for Council purposes. Fixed Term Borrowings detail total movements this financial year, with payments to be made half yearly; payments will occur in November & December 2023 and in May & June 2024. There has been only short period CAD drawdown occurred in July 2023, which has been fully repaid with no CAD liability as at 31st of October 2023.

2.19 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, and the timing of delivery of the capital program.





2.20 Net Financial Liabilities Ratio Comparison



- 2.21 The graph above shows the net financial liabilities ratio (NFL) comparison for the 2023 and 2024 financial years as at the time of preparation of each Council finance report, with the 2023 end of financial year result updated to the audited amount. Council’s approved range for the NFL is less than 70% as adopted for the 2024 budget year which is represented by the green shaded area on the graph.
- 2.22 It should be noted that when the ratio is below zero, that this represents a net financial assets position, which is when the financial assets (cash, receivables and financial assets) are greater than total liabilities. Effectively this means that a negative ratio is favourable. When financial assets are less than total liabilities it results in a net financial liability position, and a positive ratio.
- 2.23 As can be seen the trend is that early in both financial years Council is in a strong 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 reduced as the infrastructure program is delivered. At the end of the 2022/23 financial year Council was in a net financial liability position with a ratio of 16.6% which is in the approved range.
- 2.24 The budgeted ratio for 2023/24 for the net financial liabilities is 65.02%. The ratio is calculated as financial liabilities less financial assets, being net financial liabilities, and then this is divided by operating revenue. Currently the actual ratio is a net financial asset position of 53.2%, which means that we have financial assets (e.g. cash and receivables) exceeding our financial liabilities (e.g. accounts payables, provisions, and loan borrowings).

2.25 Over the coming quarters as the 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, resulting in the Ratio moving from net financial asset position to a net financial liability ratio; trending upwards towards the budgeted figure.

**3. CONCLUSION / PROPOSAL**

3.1 The analysis above demonstrates that Council is currently in a sound financial position, with adequate Cash holdings and Net Financial Liabilities within the approved range. Reduction in cash balances and drawdowns of CAD facilities will occur as we expend the scheduled capital program. However, it should be noted that Council has appropriate levels of borrowing facilities to manage any cash shortfalls that may result.

<b>ITEM</b>	2.1.2
	<b>FINANCE AND CORPORATE SERVICES COMMITTEE</b>
<b>DATE</b>	20 November 2023
<b>HEADING</b>	First Quarter Budget Review 2023/24
<b>AUTHORS</b>	Kate George, Manager Financial Services, Business Excellence Joe Scordo, Senior Management Accountant, Business Excellence Brayden French, Assistant Accountant, Business Excellence
<b>SUMMARY</b>	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.

**RECOMMENDATION**That Council:

1. Notes the 2023/24 First Quarter Budget Review report.
2. Approves the budget variances identified in this review and contained in the Budget Variation Summary (Attachment 1) exclusive of adjusted timing or 2023/24 Financial Assistance Grant and Local Roads Grant funding be debited to the Sundry Project Fund. This will bring the balance to \$2,540,571.
3. Approves the allocation of funding for the following **non-discretionary** net bids:

**OPERATING**

Adelaide Coastal Councils Network Membership Fee	\$10,000
Community Centres Governance	\$45,000
CONFIDENTIAL ITEM NB0540 (resolution number 0515/2023 October 2023)	\$495,000
Legal Expenses increased expenditure	\$60,000
Recreation Centre Equipment	\$65,000
Elected member Development	\$42,500
CONFIDENTIAL ITEM NB0541 (resolution number 0515/2023 October 2023)	\$20,280
Youth Summit	\$15,000

**CAPITAL**

CONFIDENTIAL ITEM NB0539 (resolution number 0482/2023 September 2023)	\$350,739
CONFIDENTIAL ITEM NB0480 (resolution number 0404/2023 June 2023)	\$1,160,000
CONFIDENTIAL ITEM NB0539 (resolution number 1435/2023 September 2023)	(\$1,671,855)

**TOTAL** **\$591,664**

***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 \$1,948,907.***

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

**OPERATING**

Insurance – Excess Payments	\$7,500
Valuation Roll 2023/24	\$16,000

**TOTAL** **\$23,500**

***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 \$1,925,407.***

5. Approves the following transfers:

CEO Contractual Services	\$111,000
CHSP Grant Funding contract adjustment	\$42,800
Harmony Day Event	\$16,000
Network Remediation – Ingle Farm	\$10,400
Purchase New 5 Tonne Excavator	\$170,000
Saturday Session Transfer	\$18,000
Transfer Business Transformation Secondment Funds	\$31,300
Transfer of Eftpos/Merchant Fees – consolidation	\$7,800
Transfer of Fire & Exit Maintenance Income to City Infrastructure from City Development	\$31,460
Transfer Specialist Tree Resourcing Funds	\$118,400
Transfer Resourcing within City Development department	\$138,300
Writers' Week Event	\$10,000

***NB: If parts 1, 2, 3, 4 & 5 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a balance of \$1,925,407.***

6. Approves the variation of Loan Borrowings to reflect the bids and transfers approved by Council detailed in parts 1 to 6 of this resolution.
7. ***NB: If parts 1 to 6 of this resolution are moved as recommended, loan borrowing requirement in 2023/24 will decrease by \$1,925,407.***

**ATTACHMENTS**

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

1. 2023/24 First Quarter Budget Review Report [↓](#)

**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 2023/24 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, recognising the early payment of the Financial Assistance and Untied Local Road Grants, with 75% payment being received in the 2023 financial year, and the level of operating carry forwards. Borrowing requirements reduce as a result of the variations proposed as part of the first quarter review.
- 3.2 The original budget was for an operating surplus of \$3,186k, which has been revised to a forecast deficit of \$7,649k at this review, predominantly due to early receipt of 2023/24 Financial Assistance Grant and Untied Local Roads Grant in 2022/23 (June), the 2022/23 carry forwards budget less the estimated 2023/24 carry forwards budget. The revised forecast deficit has assumed the 2024/25 payment for Financial Assistance Grant and Untied Local Roads Grant will be made in the 2024/25 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 \$884k with expenditure offset by operating income of \$108k associated with these bids, reducing the net Operating Bids total to \$776k. Budget Review Capital Bids total \$3,936k with expenditure offset by capital income of \$4,097k associated with these bids, moving the net Capital Bids total to \$161k in surplus. Most items requested have been subject to separate reports to Council and resolutions to refer to this budget review are referenced within the bid details.
- 3.4 Loan Borrowing requirements for 2023/24 were considered in September 2023, with original budget indicative net loan borrowings being \$3M. Loan Borrowing requirements were further impacted through the reinstatement of retimed 2022/23 projects of \$22.9M, offset by Surplus Facilities from 2022/23 of \$21.6M and application of Property Disposal Reserve funds of \$4.3M to loan reduction, resulting in indicative net borrowings for 2023/24 being reduced to nil, with Council noting that there was no need to establish additional facilities at that time. As a result of the first quarter budget review (Attachment 1), there is no borrowing requirement and investments increase \$1.9M.

- 3.5 The original expenditure budget for the capital program was \$44M and has been increased by carry forward funds and budget timing adjustments to \$92M. The table below provides percentage completed details, with further detail provided in Appendix 5 of Attachment 1.

		% of Original Budget (\$44M)	% of Revised Budget (\$92M)
Spent to Date	\$8.5M	19.3%	9.2%
Spend + Commitments	\$35M	79.5%	38.0%

#### 4. CONCLUSION / PROPOSAL

- 4.1 It is proposed that Council consider the First Budget Review 2023/24 Report attached and approve the Recommendations as detailed in Section 5 of the attached document and above.



**2023/24 FIRST QUARTER BUDGET REVIEW  
REPORT**

**For the period ended  
30 September 2023**

**Contents**

1. Executive Summary .....	3
2. New Bid Proposals .....	6
3. Budget Review.....	7
3.1 Policy and Context .....	7
3.2 Sundry Projects Fund .....	8
3.3 Consolidated Funding Statement .....	9
3.4 Transfer of Funds – Chief Executive Officer Delegation .....	11
3.5 Business Transformation Future Fund Transfers .....	11
3.6 Transfer of Funds Requests .....	12
4. Loan Borrowings/Investments and Reserves .....	13
5. Recommendations.....	14
Appendix 1 – Budget Variation Summary as at 30 September 2023 .....	16
Appendix 2 – Capital Budget Timing Adjustments .....	17
Appendix 3 – Statement of Comprehensive Income .....	18
Appendix 4 – Statement of Financial Performance – Key Directions .....	21
Appendix 5 – Capital Expenditure Report as at 30 September 2023.....	46
Appendix 6 – Savings from Budget Bids.....	52
Appendix 7 – Business Unit Reporting .....	53
Appendix 8 – Budgeted Financial Statements .....	56



## 1. Executive Summary

Council's financial position following the First Quarter Budget Review moves into an operating deficit as a result of operating carry forwards and the early payment of the Financial Assistance and Untied Local Road Grants, with 100% payment being received in the 2023 financial year. Borrowing requirement is adjusted for these timing differences and along with the actual grant for 2023/24 being greater than expectations results in a decrease in estimated borrowing requirement at quarter one of \$1.9M.

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 2023/24 with a budgeted operating surplus of \$3,186k. Should Council approve the recommendations of the First Quarter Budget Review, the forecast operating position will move into deficit (\$7,649k). 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		3,186	(7,649)	2,853
Operating Surplus Ratio	0.5%-5%	2.17%	(5.49%)	2.05%
Net Financial Liabilities	<70%	65.02%	64.99%	64.99%
Asset Renewal Funding Ratio	90%-110%	100%	119%	119%

*Note: The Current Forecast includes Operating Carry Forwards from 2022/23 into the 2023/24 financial year of \$5.8M, noting that estimated Operating Carry Forwards of \$3.9M from 2022/23 into the 2023/24 financial year have also been reflected in the Forecast Operating Surplus. Current Forecast (adj) uses the Current Forecast assumptions and adds back the early receipt of the Financial Assistance Grant of \$10.5M in calculating the Operating Surplus Ratio, which is consistent with EOFY disclosures.*

The movement in operating result from the original budget position of \$3,186k surplus to the revised (\$7,649k) deficit follows proposed first quarter adjustments including Operating Prior Year Carry Forward Funds \$5,834k and early receipt of 2023/24 Financial Assistance Grants \$10,502k both of which have significant impacts on the operating position. 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. When adjusted for the early receipt of 2023/24 Financial Assistance Grants the ratio is within the targeted endorsed range of Council.

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:

2023/24 Operating Budget Forecast	\$'000
Original Budgeted Operating Surplus	3,186
2022/23 Operating Carry Forward Funds	(6,041)
2023/24 Operating Carry Forward Funds - Estimated	3,900
First Quarter Budget Review Adjustments	(8,694)
<b>Forecast Operating Surplus/(Deficit)</b>	<b>(7,649)</b>

The operating budget deficit forecast is \$7,649k following adoption of this review, inclusive of estimated 2023/24 carry forwards of \$3,900k and the timing of Financial Assistance and Local Roads Grants unfavourable \$10,502k.

The 2023/24 operating budget is significantly impacted by the early receipt of the Federal Financial Assistance Grant, resulting in a reduction in current year income of \$10.5M. These funds were received in the last quarter of 2022/23, and although they relate to the 2023/24 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 2022/23 financial year, with a corresponding reduction in 2023/24. The forecast has

assumed the 2024/25 payment will be made in the 2024/25 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. This is offset by Financial Assistance Grant payments in 2023/24 being \$1.6M higher than budgeted.

The operating surplus is adversely impacted by the carry forward of prior year projects of \$5,834k into the current year. These projects were funded in last year's operating budget and are being spent during 2023/24. Similarly, our estimate is there will be carry forwards of \$3,900k from this year into 2024/25, based on historical carry forward amounts over the past 5 years.

#### Capital Works Program

The Capital Program spend to date is \$8.5M or 9.3% of the revised capital budget of \$91.9M. A further \$35M of expenditure is committed as at the conclusion of the first quarter, bringing total expenditure and commitment to \$43.5M or 47.4% of the revised budget.

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 adjustments proposed in this review total a favourable \$1.9M, comprised of unfavourable operating budget variations of \$8.0M, allocations arising from net bids of \$0.6M contained in Section 2 of this review, and adjustment for the early receipt of the 2023/24 Financial Assistance Grant and Untied Local Roads of \$10.5M as detailed in Appendix 1.

#### Loan Borrowings / Investments

Loan Borrowing requirements for 2023/24 were considered in September 2023, with the original budget indicative net loan borrowings being \$3.0M and the reinstatement of timing adjustments from 2022/23 requiring a further \$22.9M. Offsetting this are Surplus Facilities from 2022/23 of \$21.6M and a Property Disposal Reserve of \$4.3M, resulting in no further borrowings required at this time.

The outcome from First Quarter Budget Review variations contained in Appendix 1, adjusted for timing of Financial Assistance Grants, results in a decrease in loan borrowings of \$1,925k. Further details are contained in Section 4 of this review.

## 2. New Bid Proposals

Elected Members may refer to the Confidential report, Confidential Bids First Quarter Budget Review 2023/24 forming part of the 20 November 2023 FACS Committee meeting Agenda (Item 2.4.1), for additional information and context concerning the Confidential Items listed in the following bid proposals tables.

New/Additional Capital Bids	Expenditure	Funding	Net Bid
<b>NON DISCRETIONARY - CAPITAL BIDS</b>			
<b>Confidential Item</b>			
NB0539 Confidential (resolution number 0482/2023 September 2023)	350,739	0	350,739
<b>Confidential Item</b>			
NB0480 Confidential (resolution number 0404/2023 June 2023)	1,160,000	0	1,160,000
<b>Confidential Item</b>			
NB0539 Confidential (resolution number 1435/2023 September 2023)	2,424,827	4,096,682	(1,671,855)
<b>TOTAL - NON DISCRETIONARY - CAPITAL BIDS</b>	<b>3,935,566</b>	<b>4,096,682</b>	<b>(161,116)</b>
<b>TOTAL CAPITAL BIDS</b>	<b>3,935,566</b>	<b>4,096,682</b>	<b>(161,116)</b>

New/Additional Operating Bids	Expenditure	Funding	Net Bid
<b>NON DISCRETIONARY - OPERATING BIDS</b>			
<b>Adelaide Coastal Councils Network Membership Fee</b>			
NB0525 Provision of funding for the annual membership of the Adelaide Coastal Councils Network for the financial year of 2023/24. (resolution number 0441/2024 August 2024)	10,000	0	10,000
<b>Community Centres Governance</b>			
NB0544 \$45,000 is required to cover the combined operational costs following the transition on 1 January 2024 to Council operated Community Centres at Bagster Road Community Centre and Salisbury East Neighbourhood Centre. (resolution number 0406/2023 June 2023)	45,000	0	45,000
<b>Confidential Item</b>			
NB0540 Confidential (resolution number 0515/2023 October 2023)	495,000	0	495,000
<b>Legal Expenses increased expenditure</b>			
NB0551 Higher than budgeted expenses due to Environment, Resources and Development (ERD) Court against Council Assessment Panel (CAP) decision. Expenditure to be off set with equivalent planning income declaration, refer Appendix 1 IG550 Planning Income declaration.	60,000	0	60,000
<b>Recreation Centre Equipment</b>			
NB0558 Transition of the management of recreation centres on July 1 2023 uncovered a number of outstanding items that were required for running the recreation centres and all associated items belonged to the previous operator. To ensure minimal impact on programming and activities occurred, Council allocated funds for the purchase of necessary equipment. (resolution number 0405/2023 June 2023)	65,000	0	65,000
<b>Elected Member Development</b>			
NB0535 Increase to the Elected Member Development budget to \$5,000 per Elected Member per year. (resolution number 0440/2023 August 2023)	42,500	0	42,500
<b>Confidential Item</b>			
NB0541 Confidential (resolution number 0515/2023 October 2023)	128,280	108,000	20,280
<b>Youth Summit</b>			
NB0543 Funding to deliver the Youth Summit in 2023. (resolution number 0378/2023 June 2023)	15,000	0	15,000
<b>TOTAL - NON DISCRETIONARY - OPERATING BIDS</b>	<b>860,780</b>	<b>108,000</b>	<b>752,780</b>

New/Additional Operating Bids	Expenditure	Funding	Net Bid
<b>DISCRETIONARY - OPERATING BIDS</b>			
<b>Insurance - Excess Payments</b>			
NB0554 Reinstatement insurance excess budget omitted in original budget, noting this bid is consistent with 2022/23 budget.	7,500	0	7,500
<b>Valuation Roll 2023/24</b>			
NB0579 Additional funding required to cover the higher than forecasted expenditure for the 2023/24 Valuation Roll due to an increase in the capital value this financial year.	16,000	0	16,000
<b>TOTAL - DISCRETIONARY - OPERATING BIDS</b>	<b>23,500</b>	<b>0</b>	<b>23,500</b>
<b>TOTAL OPERATING BIDS</b>	<b>884,280</b>	<b>108,000</b>	<b>776,280</b>

### 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:

<b>Original Budget 1 July 2023</b>	\$ -
<b>Recommendations – First Quarter Budget Review:</b>	
Variations to Sundry Projects Fund – Appendix 1 Budget Variation Summary (Recommendation 2)	
Operating Variations	(7,961,145)
Capital Variations	-
<b>Balance after Variations to the Sundry Projects Funds</b>	<b>(7,961,145)</b>
Allocations arising from bids contained in Section 2	(615,164)
Budget Timing Adjustments (Appendix 2)	-
Add back timing difference (FA Grant and ILR Grant)	10,501,716
<b>Movements in General Loan Borrowings / Investments:</b>	
Decrease in Borrowings due to bids, Operating & Capital Variations and Timing Adjustments	(1,925,407)
<b>Net Movements in General Loan Borrowings</b>	<b>(1,925,407)</b>
<b>Balance Remaining</b>	<b>-</b>

The net unfavourable operating budget variations of \$8.0M (detailed in Appendix 1), allocations arising from net bids of \$0.6M contained in Section 2 of this review, and adjustment for the early receipt of the 2023/24 Financial Assistance Grant and Untied Local Roads of \$10.5M (detailed in Appendix 1), results in a favourable adjustment of \$1.9M, decreasing indicative loan borrowings as detailed in Section 4.

### 3.3 Consolidated Funding Statement

<i>Consolidated Funding Statement</i>	<i>First Quarter Revised Budget 2023/24</i>	<i>Original Budget 2023/24</i>
<b><u>PART 1 - OPERATING</u></b>		
Operating Revenue - Original Budget	146,932	146,932
<b><u>Proposed Adjustments:</u></b>		
Operating Income Gains (Appendix 1)	2,541	
Operating Income Losses (Appendix 1)	(10,502)	
Operating Income Budget Variations (Appendix 1)	254	
Operating New Bids (Considered as part of this Review)	108	
Developer Contributions	43	
<b>Operating Revenue</b>	<b>139,376</b>	<b>146,932</b>
Operating Expenditure - Original Budget	143,746	143,746
<b><u>Proposed Adjustments:</u></b>		
Operating Expenditure Budget Variations (Appendix 1)	254	
Operating New Bids (Considered as part of this Review)	884	
Prior Year Carry Forward Funds	5,834	
Transfers from Reserves	207	
<b>Operating Expenditure</b>	<b>150,925</b>	<b>143,746</b>
Estimated 2022/23 Operating Carry Forwards	3,900	
<b>Operating Surplus/(Deficit)</b>	<b>(7,649)</b>	<b>3,186</b>
<b><u>PART 2 - CAPITAL AND OTHER ADJUSTMENTS</u></b>		
Capital Revenue - Original Budget	1,825	1,825
<b><u>Proposed Adjustments:</u></b>		
Other Capital Income Budget Variations (Appendix 1)	1,684	
Capital New Bids (Considered as part of this Review)	4,097	
<b>Capital Revenue</b>	<b>7,606</b>	<b>1,825</b>
<b>Net Surplus/(Deficit) Resulting From Operations</b>	<b>(44)</b>	<b>5,011</b>
Capital Expenditure - Original Budget	42,100	42,100
<b><u>Proposed Adjustments:</u></b>		
Capital New Bids (Considered as part of this Review)	3,936	
Other Capital Expenditure Budget Variations (Appendix 1)	1,684	
Reinstate Budget Timing Adjusted Projects 2022/23	22,910	
Adjustments endorsed via Carry Forward Report	110	
Capital Prior Year Carry Forwards Funds	22,349	
<b>Capital Expenditure</b>	<b>93,088</b>	<b>42,100</b>
Principal Repayments	(1,410)	(1,410)
Net Transfers to and From Reserves	(36)	(200)
Net Gain on Disposal of Assets	1,271	1,271
NAWMA Equity Adjustment	739	739
Prior Year Carry Forward Funds	28,293	
Timing Difference in Financial Assistance Grant	10,502	
Estimated Current Year Operating Carry Forward Funds	(3,900)	
Add Back Depreciation of Non Current Assets	33,643	33,643
<b>Cash Surplus/(Deficit/Borrowings)</b>	<b>(24,029)</b>	<b>(3,045)</b>
<b>Facilities Applied</b>	<b>25,955</b>	
<b>Proposed / Investment Balance/(Loan Borrowings)</b>	<b>1,926</b>	<b>(3,045)</b>

The Consolidated Funding Statement (CFS) provides a comparison between the original budget and the revised position should this review be adopted. The statement identifies the projected Operating Surplus / (Deficit) which is a primary indicator of financial sustainability. The original budget was for an operating surplus of \$3,186k, revised to a forecast deficit of \$7,649k at this review, noting prepayment of the 2023/24 Federal Assistance Grants into 2022/23 and estimated 2023/24 operating carry forwards. The forecast position at this review is reduced by \$10,835k 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 current year income of \$10.5M. These funds were received in June 2023, and although they relate to the 2023/24 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 2022/23 financial year, with a corresponding reduction in 2023/24. This is offset by Financial Assistance Grant payments in 2023/24 being \$1.6M higher than budgeted.

Also impacting on the deficit are 2022/23 carry forwards of \$5,834k, which is partially offset by our estimate of 2023/24 operating carry forward projects of \$3,900k.

Adjustments totalling unfavourable \$8,694k, incorporating variations and new operating bids at First Quarter Budget Review, will result in a forecast operating deficit of \$7,649k. A reconciliation of the changes to Council's budgeted operating surplus / (deficit) is shown below.

<b>2023/24 Operating Budget Forecast</b>	<b>\$'000</b>
Original Budgeted Operating Surplus	3,186
2022/23 Operating Carry Forward Funds	(6,041)
2023/24 Operating Carry Forward Funds - Estimated	3,900
First Quarter Budget Review Adjustments	(8,694)
<b>Forecast Operating Surplus/(Deficit)</b>	<b>(7,649)</b>

The Consolidated Funding Statement also 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 decrease in borrowing requirements from the original budget position will be \$1,925k.



### **3.4 Transfer of Funds – Chief Executive Officer Delegation**

The Wages and Salaries Provision has a balance of \$74k as at 30 September 2023 following endorsement of this budget review. This balance includes wages and salaries savings identified and allocation from the provision as authorised by the CEO during the first quarter of 2023/24. A total of \$1,039k has been allocated to the Provision over the first quarter with a total of \$965k allocated from the provision. Allocations during the first quarter include Customer Centre staffing, Business Systems & Solutions Manager, and various City Infrastructure project resources.

### **3.5 Business Transformation Future Fund Transfers**

The Business Transformation Future Fund (BTFF) has a balance of \$3,529k at the conclusion of the first quarter 2023/24. Transfers as authorised by the CEO from the BTFF during the quarter totalled \$207k and were applied to consulting services related to records management \$100k, and employee costs \$107k for the period 1 July 2023 – 30 September 2023.

### 3.6 Transfer of Funds Requests

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

Item	Details	Transfer Amount
<b>Transfer of Funds Requests</b>		
	<b>Provision for Contractual Services Increases</b>	
TR0527	Utilisation under CEO delegation of \$111k of the provision for contractual services increases provided in the 2023/24 budget to enable the 5 year proactive street tree inspection and pruning program for 2023/24 to be completed at the current service levels noting the significant increase in contractual costs. (resolution number 0441/2023 August 2023)	111,000
	<b>CHSP Grant Funding contract adjustment</b>	
TR0546	CHSP Contractual Changes 2023-24 - portion of Home modification funding redirected to other service types resulting in change to expected income and expenditure for specific service types.	42,800
	<b>Harmony Day Event</b>	
TR0572	Transfer of Harmony Day budget from the Events team to the Community Health & Wellbeing Division.	16,000
	<b>Network Remediation - Ingle Farm</b>	
TR0577	Transfer from Business Excellence Administration to Business Systems & Solutions for Additional expenditure to resolve poor network performance at the Ingle Farm Precinct (Library, Community and Recreation Centre). Following increased reports of network issues a consultant was engaged to investigate remediation options which involves reconfiguring network cables in the building and underground.	10,400
	<b>Purchase New 5 Tonne Excavator</b>	
TR0559	Reallocation of budget funding from the Plant and Fleet Replacement Program to facilitate the purchase of a new 5 tonne excavator to support services provided to the community and maintain infrastructure. (resolution number 0441/2023 August 2023)	170,000
	<b>Saturday Session Transfer</b>	
TR0542	Transfer the budget in 23/24 from events team for the Saturday sessions to the Community Capacity and Learning Division. This budget will remain in this division moving forward. (resolution number 0378/2023 June 2023)	18,000
	<b>Transfer Business Transformation Secondment funds</b>	
TR0555	Transfer of Budget funds for 3 Month Secondment from Financial Services to Business Transformation of Product Owner - Financial Module.	31,300
	<b>Transfer of EFTpos/Merchant Fees - consolidation</b>	
TR0529	Consolidation of EFTpos/Merchant Service Fees from various areas to be managed within the Financial Services division.	7,800
	<b>Transfer of Fire &amp; Exit Maintenance Income to City Infrastructure from City Development</b>	
TR0531	Fire and Exit Maintenance income to be transferred to City Infrastructure from City Development.	31,460
	<b>Transfer Specialist Tree Resourcing funds</b>	
TR0549	Funds associated with PR26278 Resourcing Specialist for the management of tree management appeals (regulated or significant tree appeals should have been reallocated to Field Services operating area as part of restructure. Funds associated with consultancy services (arborists and planners).	118,400
	<b>Transfer Resourcing within City Development department</b>	
TR0528	Transfer of Employee Costs budget within the City Development department.	138,300
	<b>Writers' Week Event</b>	
TR0571	Transfer of Writer's Week budget from the Events team to the Community Capacity and Learning Division.	10,000

#### 4. Loan Borrowings/Investments and Reserves

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

	\$
<b>Original Budget 1 July 2023</b>	
Net Borrowings / (Investment)	3,045,000
Reinstate Timing Adjustments Projects	22,910,000
Surplus Facilities 2022/23 (Finance and Corporate Services - September 2023)	(21,620,000)
Property Disposal Reserve (Finance and Corporate Services - September 2023)	(4,335,000)
<b>Net Borrowings / (Investment) at September 2023</b>	-
<b>First Quarter Budget Review 2023/24</b>	
Variation to General Borrowing Requirements recommended	(1,925,407)
<b>Revised Increase / (Decrease) in Borrowing Requirements</b>	<b>(1,925,407)</b>
<b>Net Borrowings / (Investment) at conclusion of First Quarter</b>	<b>(1,925,407)</b>

Loan Borrowing requirements for 2023/24 were considered in September 2023, with the original budget indicative net loan borrowings being \$3.0M with the reinstatement of timing adjustments from 2022/23 requiring a further \$22.9M. Offsetting this is Surplus Facilities from 2022/23 of \$21.6M and Property Disposal Reserve \$4.3M, resulting in no further borrowings required at this time.

The outcome from First Quarter Budget Review variations contained in Appendix 1, which is primarily the adjustment for additional Financial Assistant Grant and Untied Local Roads Grant funding, is a decrease in borrowing requirements of \$1,925k.

#### Reserves

	Year to Date Actual \$000's	Full Year	
		Rev. Bud \$000's	Orig. Bud \$000's
Transfers to Reserves	164	164	0
Transfers from Reserves	4,535	607	200
<b>Total</b>	<b>(4,371)</b>	<b>(443)</b>	<b>(200)</b>

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. The significant actual movement in Transfers from reserves reflects the transfer of the Property Disposal Reserve to reduce loan borrowings as per Council Resolution 0470/2023 September 2023 and reflected in the Loan Borrowings table above.

## 5. Recommendations

That Council:

1. Notes the 2023/24 First Quarter Budget Review report.
2. Approves the budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) exclusive of adjusted timing or 2023/24 Financial Assistance Grant and Local Roads Grant funding be debited to the Sundry Project Fund. This will bring the balance to \$2,540,571.
3. Approves the allocation of funding for the following **non-discretionary** net bids:

### OPERATING

Adelaide Coastal Councils Network Membership Fee	\$10,000
Community Centres Governance	\$45,000
CONFIDENTIAL ITEM NB0540 (resolution number 0515/2023 October 2023)	\$495,000
Legal Expenses increased expenditure	\$60,000
Recreation Centre Equipment	\$65,000
Elected member Development	\$42,500
CONFIDENTIAL ITEM NB0541 (resolution number 0515/2023 October 2023)	\$20,280
Youth Summit	\$15,000

### CAPITAL

CONFIDENTIAL ITEM NB0539 (resolution number 0482/2023 September 2023)	\$350,739
CONFIDENTIAL ITEM NB0480 (resolution number 0404/2023 June 2023)	\$1,160,000
CONFIDENTIAL ITEM NB0539 (resolution number 1435/2023 September 2023)	(\$1,671,855)

**TOTAL** **\$591,664**

*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 \$1,948,907.*

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

### OPERATING

Insurance – Excess Payments	\$7,500
Valuation Roll 2023/24	\$16,000

**TOTAL** **\$23,500**

*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 \$1,925,407.*

## 5. Approves the following transfers:

CEO Contractual Services	\$111,000
CHSP Grant Funding contract adjustment	\$42,800
Harmony Day Event	\$16,000
Network Remediation – Ingle Farm	\$10,400
Purchase New 5 Tonne Excavator	\$170,000
Saturday Session Transfer	\$18,000
Transfer Business Transformation Secondment Funds	\$31,300
Transfer of Eftpos/Merchant Fees – consolidation	\$7,800
Transfer of Fire & Exit Maintenance Income to City Infrastructure from City Development	\$31,460
Transfer Specialist Tree Resourcing Funds	\$118,400
Transfer Resourcing within City Development department	\$138,300
Writers’ Week Event	\$10,000

*NB: If parts 1, 2, 3, 4, & 5 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a balance of \$1,925,407.*

## 6. Approves the variation of Loan Borrowings to reflect the bids and transfers approved by Council detailed in parts 1 to 5 of this resolution.

***NB: If parts 1 to 5 of this resolution are moved as recommended, loan borrowings in 2023/24 will decrease by \$1,925,407.***

## Appendix 1 – Budget Variation Summary as at 30 September 2023

Item	Details	Expense Increase/ (Decrease)	Revenue Increase/ (Decrease) <i>Includes Expenditure Recoveries</i>	Net Increase/ (Decrease)  Sundry Projects Fund
<b>OPERATING VARIATIONS</b>				
<b>Income Gains</b>				
IG0552	Building Rules Certification Unit income declaration		130,000	130,000
IG0567	Financial Assistance General Purpose Grant (FAG) 2023/24		1,247,962	1,247,962
IG0569	Untied Local Roads Grant (ULR) 2023/24		310,148	310,148
IG0573	Heart Foundation grant		9,100	9,100
IG0550	Planning Income declaration		60,000	60,000
IG0570	Supplementary Local Road Funding 2023/24		783,361	783,361
	<b>Total Income Gains</b>		<b>2,540,571</b>	<b>2,540,571</b>
<b>Income Losses</b>				
IL0566	Financial Assistance General Purpose Grant (FAG) 2023/24 (received in 2022/23)		(8,441,422)	(8,441,422)
IL0568	Untied Local Roads Grant (ULR) 2023/24 (received in 2022/23)		(2,060,294)	(2,060,294)
	<b>Total Income Losses</b>	<b>0</b>	<b>(10,501,716)</b>	<b>(10,501,716)</b>
<b>Adjustments - Nil Effect</b>				
NG0562	Green Adelaide Grant Funding - Indexation adjustment	50,200	50,200	0
NG0532	Property Cleanup - Health Act	16,700	16,700	0
NG0526	Recreation Services Utility Reimbursement ****	12,000	12,000	0
NG0534	Small Business Fundamental Program Grant and Relevant Expenses ****	175,000	175,000	0
	<b>Total Nil Effect Adjustments</b>	<b>253,900</b>	<b>253,900</b>	<b>0</b>
	<b>Net Impact to Operating Result - Transfer to Sundry Projects Fund</b>	<b>253,900</b>	<b>(7,707,245)</b>	<b>(7,961,145)</b>
	Add back Timing Difference (FAG and ULR Grant)			10,501,716
	<b>Adjusted Net Impact Excluding Timing Difference (FAG &amp; ULR Grant)</b>			<b>2,540,571</b>
**** Adjustments to budgets already processed.				
<b>CAPITAL VARIATIONS</b>				
<b>Adjustments - Nil Effect</b>				
NG0561	Local Roads and Community Infrastructure - Phase 4 - Grant Funding (resolution number 0443/2023 August 2023)	302,564	302,564	0
NG0560	Local Roads and Community Infrastructure - Phase 4 - Grant Funding (part 2) (resolution number 0443/2023 August 2023)	1,381,282	1,381,282	0
	<b>Total Nil Effect Adjustments</b>	<b>1,683,846</b>	<b>1,683,846</b>	<b>0</b>
	<b>Net Impact to Capital Program</b>	<b>1,683,846</b>	<b>1,683,846</b>	<b>0</b>
	<b>Transfer To / (From) Sundry Project Fund</b>			<b>2,540,571</b>
**** 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 changes are also reflected in our cash requirements through a reduction in borrowings in the current year, and will then be funded in future years.

There are no capital timing adjustments emanating from external factors to be declared at the first quarter 2023/24 budget review, noting the below timing differences endorsed in the Third Quarter Budget Review 2022/23, retiming 2022/23 projects into 2023/24 and as resolved have been added to the 2023/24 capital program.

Item	Details	Revised Budget	Budget Timing Adjustment
<b>Capital Budget Timing Adjustments</b>			
<b>Fleet</b>			
BT0432	<b>Retimed Budget Funding associated with the Plant &amp; Fleet Replacement Program</b> Due to supply chain and shipping delays, approval was given via Urban Services Committee, April 2023, to transfer \$2.4M associated with the Plant and Fleet Replacement Program, from 2022/23 to 2023/24 in alignment with the revised forecast spend.	3,533,948	(2,400,000)
<b>Parks &amp; Streetscapes</b>			
BT0431	<b>Retimed Budget Funding associated with St Albans Reserve Playspace</b> Delays were caused by up to 6 months lag in delivery of equipment, a revised location and subsequent additional public consultation. Due to a revised scope, approval was given via Urban Services Committee, April 2023, to transfer \$500k associated with the construction of a playspace at St Albans Reserve, Salisbury Heights, from 2022/23 to 2023/24 in alignment with the revised forecast spend and program.	503,502	(500,000)
BT0437	<b>Retimed Budget Funding associated with Streetscape Program</b> The ability to deliver this project has been delayed pending land transactions, disposal and third party approval of the transaction. Urban Services Committee granted approval, April 2023, to transfer \$500k associated with the Streetscape Program, from 2022/23 to 2023/24 in alignment with the revised forecast spend and program.	500,000	(500,000)
<b>Strategic Projects</b>			
BT0433	<b>Retimed Budget Funding associated with Dept Infrastructure &amp; Transport Grant Funding</b> Pending SAPN works and scope realignment, approval was given via Urban Services Committee, April 2023, to transfer \$2,040k associated with grant funding projects from Dept for Infrastructure & Transport, from 2022/23 to 2023/24 in alignment with the revised forecast spend and program.	2,000,000	(2,040,000)
BT0434	<b>Retimed Budget Funding associated with Office for Recreation, Sport &amp; Racing Grant Funding</b> Due various impacts, approval was given via Urban Services Committee, April 2023, to transfer \$2.5M associated with the grant funding projects from Office For Recreation, Sport & Racing, from 2022/23 to 2023/24 in alignment with the revised forecast spend and program.	50,000	(2,500,000)
BT0436	<b>Retimed Budget Funding associated with Paddocks Master Plan Implementation</b> This project experienced delays due to a lag in the completion of the SA sewer connection. Pending finalisation of the new clubrooms and toilets, approval was given via Urban Services Committee, April 2023, to transfer \$500k associated with the Paddocks Master Plan Implementation, from 2022/23 to 2023/24 in alignment with the revised forecast spend and program.	1,244,269	(500,000)
BT0435	<b>Retimed Budget Funding associated with Salisbury Aquatic Centre</b> To align with the revised forecast spend, noting that the project delivery timeframes where negotiated through the tender process, approval was given via Urban Services Committee, April 2023, to transfer \$13,870k associated with the construction of the Salisbury Aquatic Centre from 2022/23 to 2023/24 in alignment with the revised forecast spend.	21,565,067	(13,870,000)
<b>Transportation</b>			
BT0430	<b>Retimed Budget Funding associated with Lindblom Park Sportsfield Lighting</b> Pending site augmentation (SAPN), approval was given via Urban Services Committee, April 2023, to transfer \$600k associated with the construction of new sportsfield lighting at Lindblom Park, Pooraka, from 2022/23 to 2023/24 in alignment with the revised forecast spend and program.	438,000	(600,000)

### 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
<b>INCOME</b>					
Rates	122,087	121,803	284	121,959	121,959
Statutory Charges	1,154	804	350	3,027	3,027
User Charges	1,190	1,196	(6)	5,978	5,974
Grants, Subsidies & Contributions	2,721	4,139	(1,418)	14,837	14,652
Investment Income	91	15	75	77	77
Reimbursement	35	46	(11)	289	277
Other Revenue	283	242	41	967	967
<b>Total Income</b>	<b>127,560</b>	<b>128,245</b>	<b>(685)</b>	<b>147,133</b>	<b>146,932</b>
<b>EXPENSES</b>					
Employee Costs	10,285	10,903	619	45,339	44,765
Materials, Contracts and Other Expenses	13,284	13,724	440	66,513	60,859
Finance Costs	61	76	14	3,740	3,740
Depreciation, amortisation & impairment	8,396	8,414	18	33,643	33,643
Share of Loss-Joint Ventures & Associates	0	0	0	739	739
<b>Total Expenses</b>	<b>32,026</b>	<b>33,117</b>	<b>1,091</b>	<b>149,974</b>	<b>143,746</b>
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>95,534</b>	<b>95,128</b>	<b>406</b>	<b>(2,841)</b>	<b>3,186</b>
Net gain (loss) on disposal or revaluation of assets	0	0	0	2,199	2,199
Amounts specifically for new or upgraded assets	10,455	897	9,558	897	897
Physical resources received free of charge	0	0	0	1,000	1,000
<b>Other Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>	<b>105,988</b>	<b>96,025</b>	<b>9,964</b>	<b>1,255</b>	<b>7,282</b>

*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 \$284k**

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

#### **Statutory Charges – Favourable Variance \$350k**

The favourable variance in Statutory Charges revenue is from favourable variances in Development Fees (Planning, Development and Infrastructure (PDI) Act) from the Building Rules Certification Unit \$190k; Town Planning Fees (PDI Act Planning Application Fees) \$105k; and Parking Fines \$48k. Income Gains have been declared for the First Quarter Budget Review at Appendix 1 for Building Rules Certification Unit Income declaration, refer IG0552, \$130k; and Planning Income declaration, refer IG0550, \$60k.

#### **Grants, Subsidies & Contributions - Unfavourable Variance \$1,418k**

The unfavourable variance is primarily related to the advanced payment of the 2023/24 Financial Assistance Grant which was received in June 2023, of which adjustments have been included as part of this Review (Refer Appendix 1 IL0566 and IL0568). Income Gains have also been included as part of this review, which recognises the increase in the current year grant funding and partially offsets the grant funding paid in advance in the 2023 financial year (Refer Appendix 1 IG0567 and IG0569).

#### **Investment Income – Favourable Variance \$75k**

Investment income is favourable with higher levels of cash held during the first quarter as a result of the early receipt of the 2023/24 Financial Assistance Grant Funding and rate revenue received. In addition, interest rates are also higher than forecasted with a current rate of 4.3% compared to budgeted rate of 3.3%.

### **Expenditure**

#### **Employee Costs - Favourable Variance \$619k**

Wages & Salaries and Wages & Salaries On cost are \$1,609k favourable, offset by a \$920k unfavourable variance in the recovery of employee costs from capital projects. Overtime expenditure is \$87k unfavourable, and unbudgeted COVID-19 Special Leave of \$25k has been incurred. Workers Compensation Insurance costs are \$40k favourable. The overall Employee Costs favourable variance of \$619k is offset by Wages & Salaries - Agency \$332k as reported in Materials, Contract & Other Expenses, noting also that budgeted Enterprise Agreement costs are yet to be realised due to ongoing negotiations at this time.

#### **Materials, Contracts and Other Expenses – Favourable Variance \$440k**

The Materials, Contracts and Other Expenses favourable variance of \$440k is comprised of favourable variances in Contractor expenses \$338k and Professional Services (Consulting) expenses \$150k. The favourable Contractor expenses variance includes Wages & Salaries – Agency \$332k unfavourable due to backfilling of vacant positions (offset by favourable Employee costs), which is offset by Contractual Services favourable variance of \$685k. Non-material variances across other Materials, Contracts and Other Expenses netting to \$48k unfavourable make up the balance.

## 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
<b>NET OPERATING RESULT: Surplus/(Deficit)</b>	<b>105,988</b>	<b>96,025</b>	<b>9,964</b>	<b>1,255</b>	<b>7,282</b>
<b>Represented By:</b>					
<b><u>KEY DIRECTION REVENUE</u></b>					
<b>The Living City:</b>					
Recreation, Education & Leisure	64	56	7	782	770
Public Health & Safety	479	447	31	1,748	1,748
Community Development	1,937	1,901	36	4,652	4,652
<b>The Sustainable City:</b>					
Water Management	259	269	(10)	2,617	2,617
Waste Management	54	49	5	261	261
Parks & Landscape	23	15	8	60	60
<b>The Prosperous City:</b>					
Transport	810	465	346	3,460	3,460
City Planning & Economic Development	1,219	941	278	2,785	2,639
<b>Enabling Excellence:</b>					
Corporate Support	428	390	38	1,283	1,283
Governance	0	0	(0)	2	2
Treasury	91	15	75	77	77
Grants Commission	53	1,851	(1,798)	7,405	7,405
Rates	122,087	121,803	284	121,959	121,959
Other Miscellaneous Revenue	56	43	13	43	0
<b>Total Operating Revenue</b>	<b>127,560</b>	<b>128,245</b>	<b>(685)</b>	<b>147,133</b>	<b>146,932</b>
Capital Contributions	10,455	897	9,558	4,096	4,096
<b>Total Revenue</b>	<b>138,014</b>	<b>129,142</b>	<b>8,872</b>	<b>151,229</b>	<b>151,028</b>
<b><u>KEY DIRECTION EXPENDITURE</u></b>					
<b>The Living City:</b>					
Recreation, Education & Leisure	1,926	1,997	71	10,059	10,054
Public Health & Safety	1,389	1,377	(13)	6,286	6,348
Community Development	2,166	2,360	195	9,688	9,484
<b>The Sustainable City:</b>					
Water Management	1,625	1,865	240	4,728	4,728
Waste Management	3,517	3,589	72	19,758	19,528
Parks & Landscape	4,273	4,607	334	20,398	20,280
<b>The Prosperous City:</b>					
Transport	488	693	206	4,806	3,999
City Planning & Economic Development	1,843	1,987	144	7,330	6,620
<b>Enabling Excellence:</b>					
Corporate Support	7,157	7,372	215	30,814	26,709
Governance	163	209	46	1,014	981
Treasury	(216)	(218)	(2)	2,890	3,012
Depreciation	7,056	7,056	0	28,224	28,224
Other Miscellaneous Expenditure	639	222	(417)	3,979	3,781
<b>Total Expenditure</b>	<b>32,026</b>	<b>33,117</b>	<b>1,091</b>	<b>149,974</b>	<b>143,746</b>

The Full Year Revised Budget includes revisions to expenditure budgets for funds carried forward from 2022/23 to 2023/24. We anticipate a carry forward from 2023/24 to 2024/25, 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 \$329k****Recreation, Education & Leisure – Net Favourable Variance \$79k****Revenue – Favourable Variance \$7k**

No material variances to disclose.

**Expenditure – Favourable Variance \$71k**

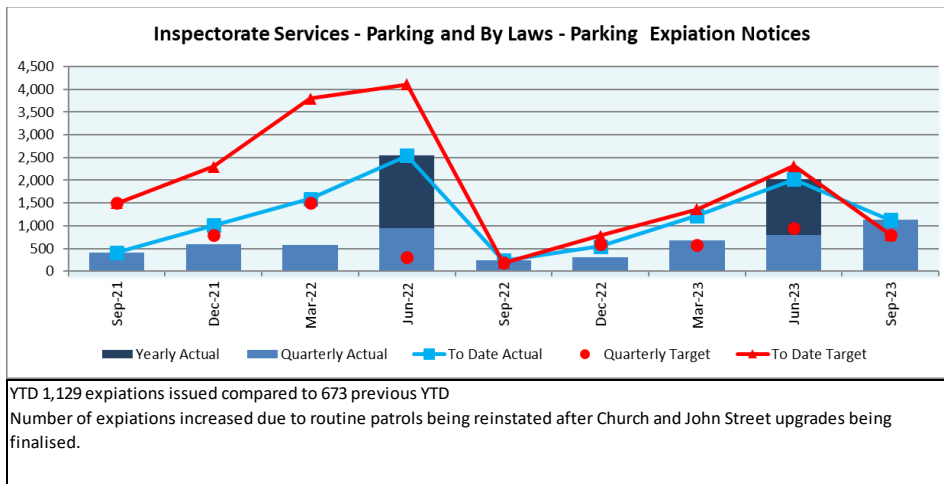
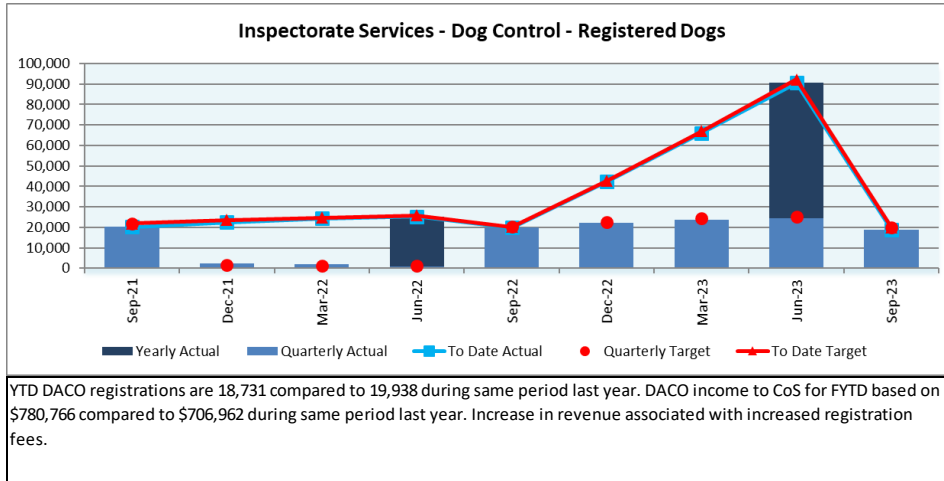
Budget Area	Department	Variance YTD '000s	Comment	Action Required
Library Branch Services	Community Development	57	The favourable variance is primarily related to employee costs \$37k due to vacancies during Q1, in addition, contributions \$15k for the Mawson Lakes Library due to the timing of invoicing which will align in future periods.	
Library Information and Access	Community Development	23	The favourable variance is related to the timing of expenditure for Library Materials. This is anticipated to align to budget in future periods.	
Maintenance – Ingle Farm Recreation Centre	City Infrastructure	(31)	The unfavourable variance is due to higher than budgeted expenditure within General Building Maintenance \$23k with invoices to be reviewed for capitalisation.	

**Public Health & Safety – Net Favourable Variance \$19k****Revenue – Favourable Variance \$31k**

Budget Area	General Manager	Variance YTD '000s	Comment	Action Required
Animal Control	City Development	(44)	The unfavourable variance relates to the timing of Dog Registration Fees \$21k which is anticipated to align in future periods. In addition, \$17k reimbursement for the Dog Pound is outstanding for the first quarter which is expected to be received in the following period.	
Community Compliance	City Development	55	The favourable variance mostly relates to \$44k higher parking expiations and \$8k higher litter fees. This will continue to be monitored with any surplus funds to be included in a future quarterly review.	

**Expenditure – Unfavourable Variance \$13k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Animal Control	City Development	43	The favourable variance primarily relates to the timing of expenditure for Cat Management \$18k and \$13k for timing of costs for day to day maintenance and cleaning of the facility.	
Urban & Recreation Assets	City Infrastructure	(62)	The unfavourable variance relates to Wages and Salaries \$30k primarily as a result of higher than budgeted time spent in operating activities rather than capital during the first quarter. Also contributing is unfavourable contractual services expenditure in Reserve Lighting \$22k and Council Managed Street Lighting \$35k, these are offset by favourable variances in Street Lighting Maintenance \$12k and Sportsfield Lighting \$10k. Electricity costs are also unfavourable \$21k YTD.	



**Community Development – Net Favourable Variance \$231k****Revenue – Favourable Variance \$36k**

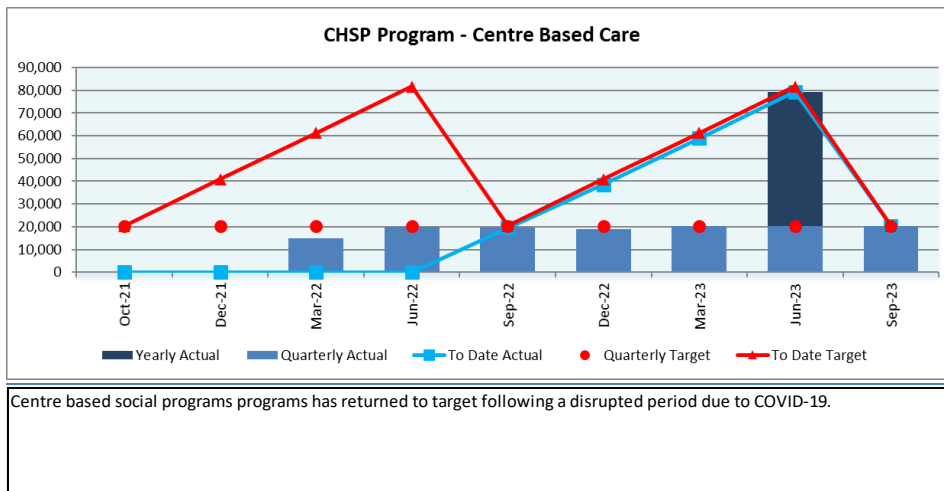
Budget Area	General Manager	Variance YTD '000s	Comment	Action Required
HCSP - Home and Community Services Program	Community Development	24	The favourable variance mostly relates to higher than forecasted revenue for Transport, Social Activities and Domestic Assistance. This is partially offset by lower demand for Modifications during the first quarter. A budget variation has been included as part of this review to transfer revenue budgets in accordance with contractual changes per the funding agreement and service demands.	Refer Section 3.6 Transfer of Funds Requests CHSP Grant Funding contract adjustment \$43k

**Expenditure – Favourable Variance \$195k**

Budget Area	General Manager	Variance YTD '000s	Comment	Action Required
HCSP - Home and Community Services Program	Community Development	102	The favourable variance relates to employee costs due to vacancies during the first quarter. This program is mostly grant funded and will continue to be monitored moving forward for potential savings of Council's contribution to the program.	
CareFinder	Community Development	20	The favourable variance relates to employee costs due to a vacant grant funded position during the first quarter. It is anticipated this will align to budget in future quarters.	
Building Maint Community Centres	City Infrastructure	32	The favourable variance is from the timing of cleaning invoices for September plus other minor variances.	



Budget Area	General Manager	Variance YTD '000s	Comment	Action Required
Building Maintenance – Burton and Para Hills Community Hubs	City Infrastructure	(27)	Expenditure associated with cleaning \$26k anticipated to revert in future periods.	
Maintenance-Community Centres	City Infrastructure	28	The favourable variance primarily relates to contractual services expenditure \$42k in contracted building maintenance and other minor variances, with the roll out of contractual works to commence shortly.	



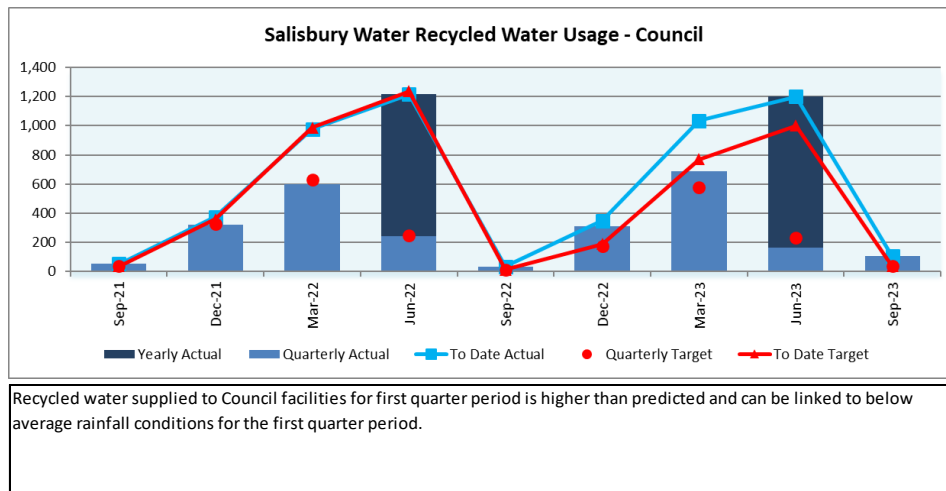
**The Sustainable City – Net Favourable Variance \$649k****Water Management – Net Favourable Variance \$230k****Revenue – Unfavourable Variance \$10k**

No material variances to disclose.

**Expenditure – Favourable Variance \$240k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Salisbury Water Production - Water Factory	Business Excellence	47	The favourable variance is related to the timing of expenditure for contractual services, with lower than forecasted requirements for production in first quarter. It is expected this will align to budget in future periods.	
Salisbury Water Distribution - Network Manager	Business Excellence	58	The favourable variance is related to employee costs \$25k due to lower timesheet costing for distribution in first quarter, offset elsewhere within Salisbury Water. Also contributing is the timing of expenditure for contractual services with no major works required during the first quarter.	
Salisbury Water Retail - Marketing / Sales	Business Excellence	190	The favourable variance mostly relates to Water supplied to Council facilities for the period being higher than budgeted due to below average rainfall conditions across the first quarter. This is offset within Recreation Services and Field Services.	

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Wetland & Native Landscape Maintenance	City Infrastructure	(42)	The unfavourable variance is due to higher than budgeted labour costs within this area \$31k and higher than budgeted algae treatment costs with YTD spend of \$21k against budget of \$10k resulting from up front purchase of chemicals. This will continue to be monitored over the coming periods.	



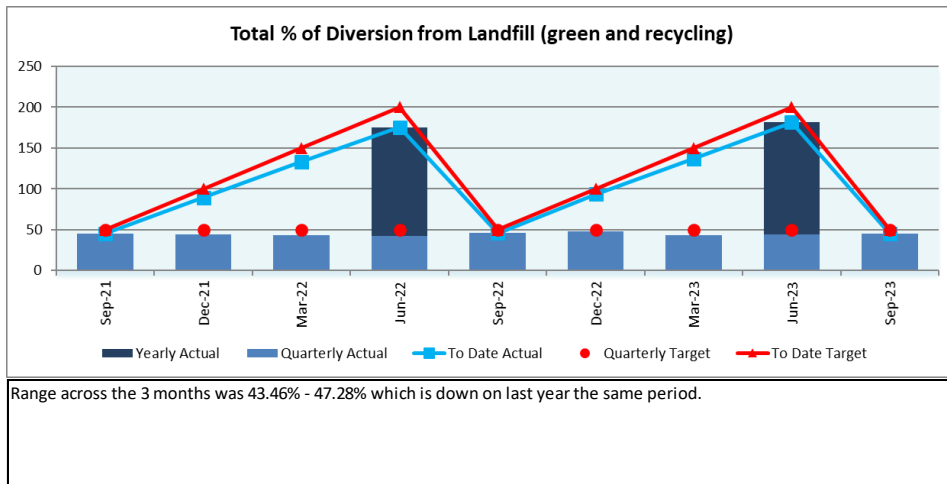
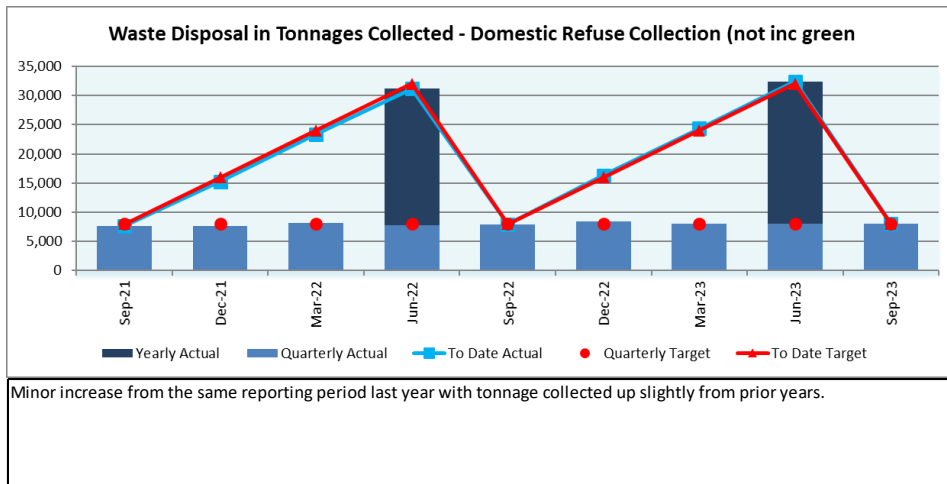
Item 2.1.2 - Attachment 1 - 2023/24 First Quarter Budget Review Report

**Waste Management – Net Favourable Variance \$77k****Revenue – Favourable Variance \$5k**

No material variances to disclose.

**Expenditure – Favourable Variance \$72k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Cleansing and Waste	City Infrastructure	26	Dumped rubbish is \$16k favourable overall with other minor variances making up the balance.	
Waste Management	City Infrastructure	39	Minor variance equating to 0.2% of the overall annual budget, will continue to be monitored over the upcoming periods.	



**Parks & Landscape – Favourable Variance \$342k****Revenue – Favourable Variance \$8k**

No material variances to disclose.

**Expenditure – Favourable Variance \$334k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Sportsfield Cutting	City Infrastructure	(45)	The unfavourable variance results from the timing of Hunter Data Collection annual fee \$16k which is the Irrigation Management and Monitoring Software that controls all large-scale irrigation systems across the City of Salisbury. In addition, turf renovations commenced earlier than anticipated with budget expected to align over the upcoming months.	
Field Services Administration	City Infrastructure	297	Wages and Salaries are net \$145k favourable consisting of savings from vacancies totalling \$368k, offset by \$106k higher than budgeted agency costs, \$22k overtime associated with backfilling vacant positions, unbudgeted COVID-19 leave \$12k, and \$77k lower than anticipated time allocated to the capital program. Also contributing to the total variance is \$132k favourable internal labour as a result of higher than anticipated time spent within programmed works. This is offset by higher than anticipated internal labour allocated to Sportsfield Cutting \$42k, Wetland & Native Landscape Maintenance \$31k and Feature Landscapes \$26k as	

Budget Area	Department	Variance YTD '000s	Comment	Action Required
			a result of seasonal works undertaken YTD.	
Park Maintenance	City Infrastructure	(156)	The unfavourable variance is related to higher than budgeted internal water charges due to drier than average conditions during first quarter. This is offset by favourable internal income within Salisbury Water.	
Verges (Road Reserves)	City Infrastructure	272	The favourable variance is a result of the timing of September Contractual Services invoices. This is anticipated to align to budget in future periods.	

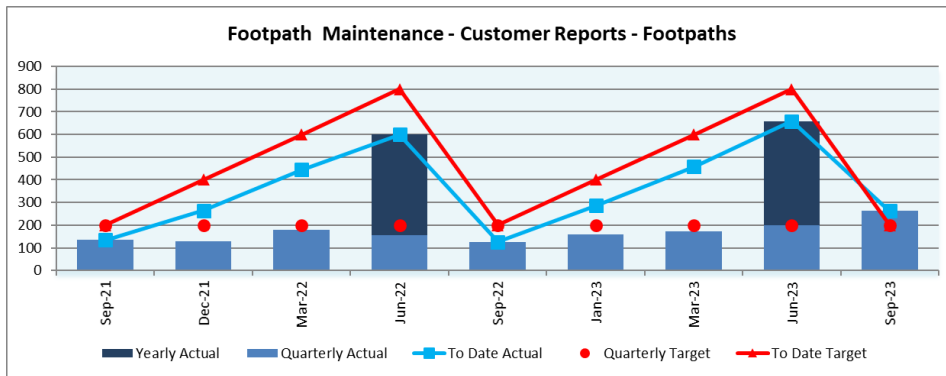
**The Prosperous City – Net Favourable Variance \$974k****Transport – Net Favourable Variance \$551k****Revenue – Favourable Variance \$346k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Untied Road Grants	City Infrastructure	346	<p>Untied Local Roads funding for 2023/24 was paid in advance at the end of the 2022/23 financial year equating to \$2M with an income loss associated with this included as part of this review.</p> <p>However, indexation means an additional \$310k will be received over quarterly payments during the course of 2023/24 with an income variation associated with this included as part of this review.</p> <p>In addition, Supplementary Local Roads funding of \$783k has been received with an adjustment also included as part of this review.</p>	<p>Refer Appendix 1 Income Losses Untied Local Roads Grant (ULR) 2023/24 \$2,060k</p> <p>Refer Appendix 1 Income Gains Untied Local Roads Grant (ULR) 2023/24 \$310k</p> <p>Refer Appendix 1 Income Gains Supplementary Local Road Funding 2023/24 \$783k</p>

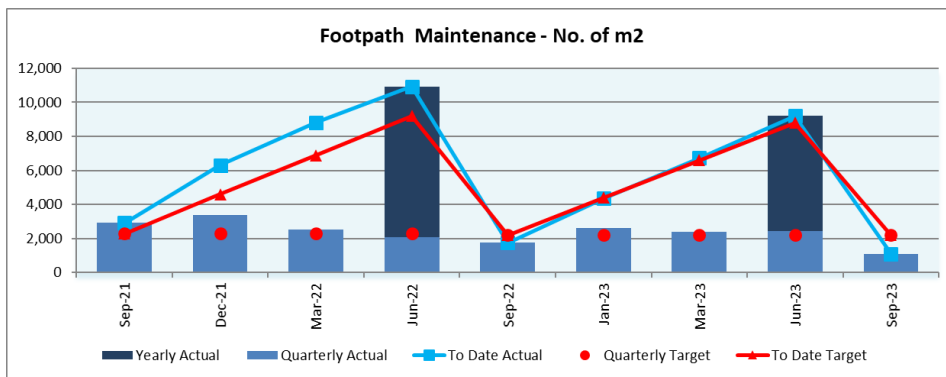


**Expenditure – Favourable Variance \$206k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Roads	City Infrastructure	125	The favourable variance is made up of several variances including \$61k contractual services, \$35k internal labour and \$28k internal vehicle/machinery hire plus other minor variances. Key variances are related to Maintenance Linemarking \$28k favourable with works to commence in October 2023 and Profile & Repair works currently \$78k favourable with a tender currently out for the supply of asphalt.	
Footpath Maintenance	City Infrastructure	59	The favourable variance is due to internal labour \$15k and contractual services \$49k plus other minor variances as a result of the timing of works.	



Tracking slightly above target attributed to dry/warmer weather during first quarter.



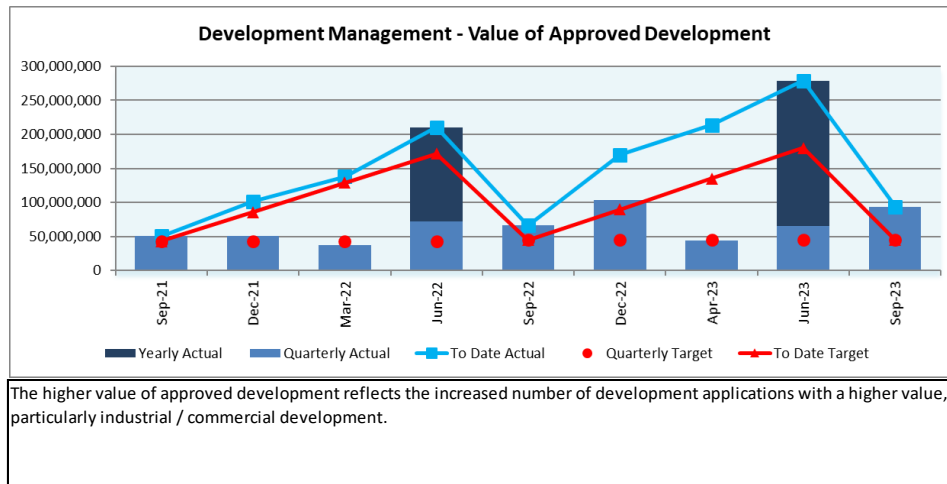
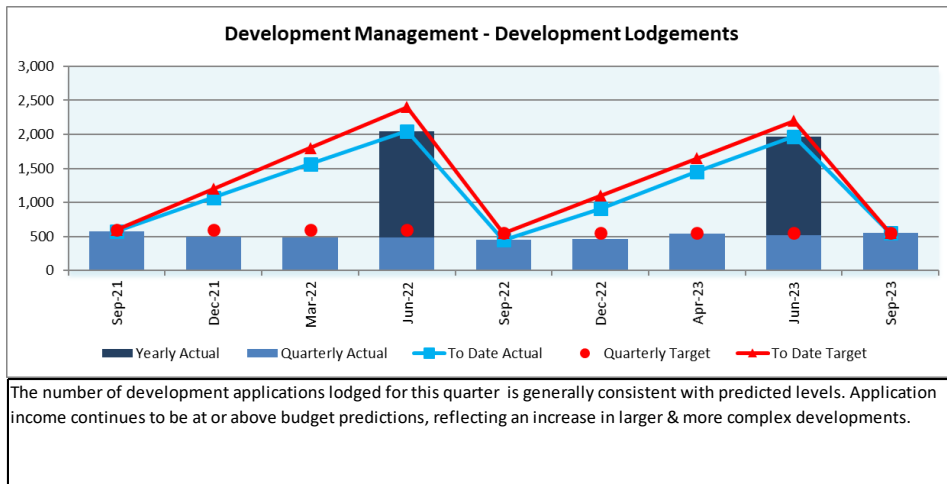
Reduced quantum in Q1 with more capital work completed during this period compared to maintenance.

**City Planning & Economic Development – Net Favourable Variance \$422k****Revenue – Favourable Variance \$278k**

<b>Budget Area</b>	<b>Department</b>	<b>Variance YTD '000s</b>	<b>Comment</b>	<b>Action Required</b>
Planning	City Development	97	The favourable variance mostly relates to larger commercial and industrial development applications during first quarter. An income gain associated with this has been included as part of this review.	Refer Appendix 1 Income Gains Planning Income declaration \$60k
Building Rules Certification Unit	City Development	187	Consistent with prior year trends, income from private clients has been higher than anticipated again during the first quarter and an income gain has been included as part of this review.	Refer Appendix 1 Income Gains Building Rules Certification Unit income declaration \$130k

**Expenditure – Favourable Variance \$144k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Planning	City Development	(22)	The unfavourable variance mainly relates to \$28k legal expense due to higher ERD court cases with further expenditure anticipated in future quarters. A transfer of funds request associated with this has been included as part of this review.	Refer Section 2 New Bids Legal Expenses increased expenditure \$60k
City Development Administration	City Development	27	The favourable variance relates to expenditure for legal services with a transfer of funds request included as part of this review.	
Strategic Development Projects	City Development	78	The favourable variance mostly relates to the transfer of S&W within the City Development Department. In addition, feasibility expenditure is \$31k favourable due to the timing of expenditure which is anticipated to align to budget in future periods.	Refer Section 3.6 Transfer of Funds Requests Transfer Resourcing within City Development Department \$138k
Property Management	City Development	21	The favourable variance is primarily related to the timing of contractual services and other minor items which are expected to align in future periods.	



**Enabling Excellence – Net Favourable Variance \$8,012k****Corporate Support – Net Favourable Variance \$253k****Revenue – Favourable Variance \$38k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Streetscape & Open Space Assets	City Infrastructure	25	The favourable variance is primarily related to indexation of \$50k (full year) for 2023/24 Green Adelaide grant funding. A nil effect income gain has been included as part of this review.	Refer Appendix 1 Nil Effect Income Gain Green Adelaide Grant Funding - Indexation adjustment \$50k
Fleet Services Administration	City Infrastructure	(115)	The unfavourable variance is comprised of lower than budgeted recovery of fleet \$129k which is offset by favourable variances across the organisation. This is slightly offset by income received from the sale of salvaged items \$13k.	

**Expenditure – Favourable Variance \$215k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Streetscape & Open Space Assets	City Infrastructure	40	The favourable variance is mostly related to wages and salaries within the Green Adelaide grant funded program \$25k as a result of previous vacancies and subsequent carry forward funds from the prior year, plus other minor variances.	Refer Section 2 New Bids Adelaide Coastal Councils Network Membership Fee \$10k Refer Appendix 1 Nil Effect Income Gain Green Adelaide Grant Funding - Indexation adjustment \$50k
Rate Collection & Property Data	Business Excellence	(21)	The unfavourable variance is due to higher than budgeted expenditure for the 2023/24 valuation roll. A budget variation associated with this has been included as part of this review.	Refer Section 2 New Bids Valuation Roll 2023/24 \$16k

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Accounting Services	Business Excellence	65	The favourable variance relates to Wages & Salaries due to a positional secondment to Business Transformation, with a budget transfer reported in this budget review, and higher rates of leave taken than budgeted. In addition, further employee costs relating to timing of expenditure which is expected to align in future periods.	Refer Section 3.6 Transfer of Funds Transfer Business Transformation Secondment Funds \$31k
Business Transformation	Business Excellence	(27)	The unfavourable variance is attributed to employee costs due to a seconded position from Accounting Services with transfer of funds reported as part of this review.	Refer Section 3.6 Transfer of Funds Transfer Business Transformation Secondment Funds \$31k
People & Culture	Business Excellence	(21)	The unfavourable variance stems from the timing of expenditure for advertising and materials relating to recruitment during first quarter. It is anticipated this will align to budget in future periods.	
Computing	Business Excellence	25	The favourable variance is related to the timing of employee cost expenditure which is expected to align to budget in future periods.	
Urban & Recreation Assets	City Infrastructure	(30)	The unfavourable variance relates to Wages and Salaries \$30k primarily as a result of higher than budgeted time spent in operating activities rather than capital during the first quarter. Also contributing is unfavourable contractual services expenditure in Reserve Lighting \$22k and	

Budget Area	Department	Variance YTD '000s	Comment	Action Required
			Council Managed Street Lighting \$35k, these are offset by favourable variances in Street Lighting Maintenance \$12k and Sportsfield Lighting \$10k. Electricity costs are also unfavourable \$21k YTD.	
Fleet Services Administration	City Infrastructure	46	The favourable variance consists of both Heavy Vehicles \$42k and Light Vehicles \$16k due to the timing of expenditure.	
Maintenance- Ops Centre	City Infrastructure	66	The favourable variance is due to lower than budgeted internal labour costs \$44k and the timing of expenditure in contractual services \$18k resulting from the building not officially being handed over to staff to maintain. Once handover has occurred, preventative maintenance works will commence.	



**Governance – Net Favourable Variance \$46k****Expenditure – Favourable Variance \$46k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Elected Members	Chief Executive Office	42	Civic Allowance costs are favourable due to Elected Member vacancies \$15k. In addition, Conferences and Seminars \$9k are lower than forecasted due to the timing of expenditure, and several other miscellaneous items.	Refer Section 2 New Bids Elected Member Development \$43k

**Treasury – Net Favourable Variance \$73k****Revenue – Favourable Variance \$75k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Treasury	Sundry	75	The favourable variance primarily relates to higher levels of cash held during the first quarter of the financial year as a result of the advanced payment of the Financial Assistance Grant funding and also rate revenue received. Interest rates are also higher than anticipated with current rates sitting at 4.3% compared to budgeted rate of 3.3%.	

**Expenditure – Unfavourable Variance \$2k**

No material variances to disclose.

**Misc – Net Favourable Variance \$7,640k****Revenue – Favourable Variance \$8,057k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Capital Grants, Subsidies & Contributions	Sundry	9,558	The favourable variance is due to higher than forecasted capital income received during the first quarter from the delayed timing of income for the 2022/23 capital program, including COVID19 Federal Stimulus \$2.4M, Footpaths Pooraka & Ingle Farm \$2M, Salisbury Aquatic Centre \$1.9M, and Local Roads Community Infrastructure (LRCI) \$1.5M.	
Grants Commission	Sundry	(1,798)	The unfavourable variance relates to the early receipt of the Financial Assistance Grant in the 2022/23 financial year. This \$8,441k was anticipated to be received in quarterly installments during 2023/24, however, in line with AASB requirements the income was recognised in 2022/23. The Financial Assistance Grant funding for 2023/24 is also \$1,248k above expectations and will be received in quarterly installments during the year with variations associated with this gain included as part of this review.	Refer Appendix 1 Income Losses Financial Assistance General Purpose Grant (FAG) 2023/24 \$8,441k  Refer Appendix 1 Income Gains Financial Assistance General Purpose Grant (FAG) 2023/24 \$1,248k
Rates	Sundry	284	The favourable variance is primarily related to higher rate revenue than budgeted.	

**Expenditure – Unfavourable Variance \$417k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Wages & Salaries Provision	Sundry	74	This balance represents Wages and Salaries savings identified and allocations as authorised by the CEO during the first quarter of 2023/24. A total of \$1,039k has been allocated to the Provision during the quarter, with \$965k allocated from the Provision for Customer Centre staffing, Business System's & Solutions Manager, and various City Infrastructure project resources.	
Inside Staff Oncosts	Sundry	(501)	The unfavourable variance is primarily related to lower than forecasted on cost recovery due to vacancies during first quarter. In addition, higher than forecasted sick leave, special leave and parental leave are also contributing to the variance. This is partially offset by lower superannuation payments due to vacancies during the first quarter.	

## Appendix 5 – Capital Expenditure Report as at 30 September 2023



The first quarter of 2023/24 saw the establishment of new projects and the continuation of those crossing over from the previous financial year. The Capital Program is scheduled to be continuously delivered across financial years to support resource scheduling, optimise construction schedules based upon climate and where required to minimise the impact to the community. Whilst these ongoing projects continued, time has been invested in the establishment of the new projects with the focus on completion of Project Briefs and concept design development. At the end of this quarter, \$8.5M (9.3%) has been spent or \$35M (38.1%) inclusive of commitments. These values are reflective for this time of the year with majority of projects in the early planning phases in preparation for procurement and delivery later in the financial year.

Description	Revised Budget	Actuals	Commitments	Total Actuals / Commitments	Balance Remaining
<b>EXPENDITURE</b>					
Transportation	28,728,534	1,223,739	745,330	1,969,068	26,759,465
Property & Buildings	8,455,265	443,250	2,231,469	2,674,718	5,780,546
Drainage & Waterways	4,075,929	639,750	715,040	1,354,789	2,721,140
Parks & Streetscapes	7,343,149	745,310	2,325,196	3,070,506	4,272,642
Fleet	5,843,659	525,486	1,636,141	2,161,627	3,682,032
Strategic Projects	29,992,975	4,555,352	18,212,625	22,767,976	7,224,999
<b>Total City Infrastructure</b>	<b>84,439,510</b>	<b>8,132,886</b>	<b>25,865,799</b>	<b>33,998,685</b>	<b>50,440,825</b>
Information Technology	1,665,534	20,274	31,076	51,350	1,614,185
Salisbury Water Business	4,736,640	214,476	468,575	683,051	4,053,589
Strategic Property	991,839	165,248	102,692	267,940	723,898
<b>Total Other</b>	<b>7,394,013</b>	<b>399,998</b>	<b>602,342</b>	<b>1,002,341</b>	<b>6,391,672</b>
	<b>91,833,523</b>	<b>8,532,884</b>	<b>26,468,142</b>	<b>35,001,026</b>	<b>56,832,497</b>
<b>INCOME</b>					
Transportation	(362,000)	(483,416)	0	(483,416)	121,416
Property & Buildings	(100,000)	(200,000)	0	(200,000)	100,000
Drainage & Waterways	0	(45,000)	0	(45,000)	45,000
Parks & Streetscapes	0	(1,375)	0	(1,375)	1,375
Strategic Projects	(235,000)	(7,304,766)	0	(7,304,766)	7,069,766
<b>Total City Infrastructure</b>	<b>(697,000)</b>	<b>(8,034,557)</b>	<b>0</b>	<b>(8,034,557)</b>	<b>7,337,557</b>
Information Technology	0	0	0	0	0
Strategic Property	0	(334,035)	0	(334,035)	334,035
<b>Total Other</b>	<b>0</b>	<b>(334,035)</b>	<b>0</b>	<b>(334,035)</b>	<b>334,035</b>
	<b>(697,000)</b>	<b>(8,368,592)</b>	<b>0</b>	<b>(8,368,592)</b>	<b>7,671,592</b>
<b>NET</b>	<b>91,136,523</b>	<b>164,292</b>	<b>26,468,142</b>	<b>26,632,434</b>	<b>64,504,089</b>

*Paddocks New Clubrooms*

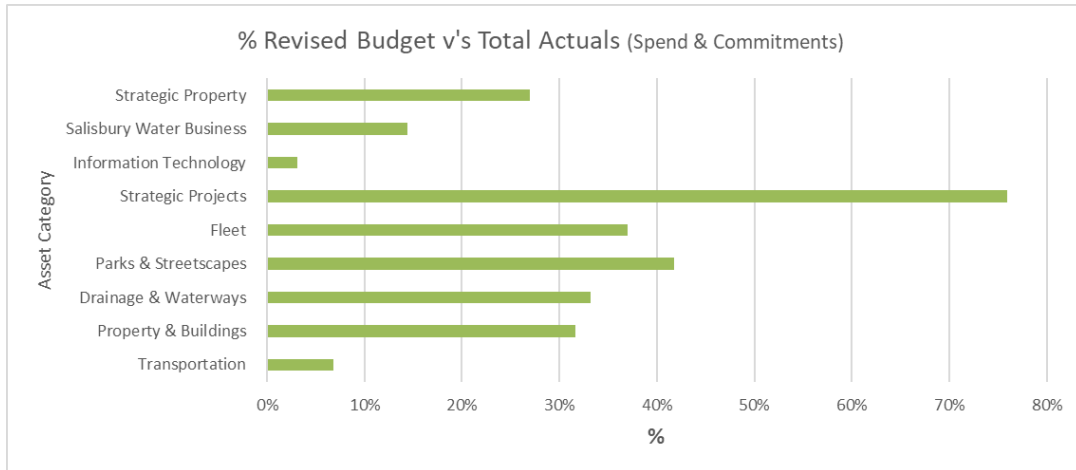


A noteworthy achievement this quarter is the completion of the construction of the new multi-use sporting facility at the Paddocks. This new community facility was delivered in conjunction with the State Government via the Grassroots Facility Program.

Over the coming months, demolition of redundant buildings, carpark improvements and path connections will be completed to complement this new building.

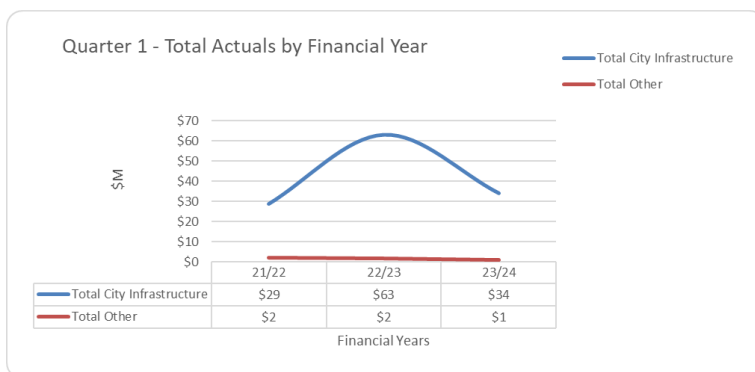
### Spend

Across the asset categories, the following graph represents the percentage of Total Actuals (Spend & commitments) versus Revised Budget, as at the end of Quarter 1, 2023/24. As evident, the main expenditure category is Strategic Projects which encompasses substantial projects such as the Salisbury Aquatic Centre. Whilst Transportation appears low, site inspections and investigations have been occurring to inform the Road Reseal Program which will swing into full construction early in 2024.



Quarter 1 Asset Category	Actual Spend			Spend + Commitments		
	21/22	22/23	23/24	21/22	22/23	23/24
Transportation	\$2.7	\$3.7	\$1.2	\$9.1	\$5.7	\$2.0
Property & Buildings	\$0.7	\$2.0	\$0.4	\$7.2	\$7.1	\$2.7
Drainage & Waterways	\$0.8	\$0.5	\$0.6	\$1.5	\$1.4	\$1.4
Parks & Streetscapes	\$1.7	\$0.9	\$0.7	\$4.6	\$5.0	\$3.1
Fleet	\$0.0	\$0.5	\$0.5	\$2.5	\$1.2	\$2.2
Strategic Projects	\$1.3	\$5.8	\$4.6	\$3.8	\$42.6	\$22.8
<b>Total City Infrastructure</b>	<b>\$7.2</b>	<b>\$13.5</b>	<b>\$8.1</b>	<b>\$28.7</b>	<b>\$63.0</b>	<b>\$34.0</b>
Information Technology	\$0.3	\$0.1	\$0.0	\$0.6	\$0.2	\$0.1
Salisbury Water Business	\$0.8	\$0.4	\$0.2	\$1.3	\$1.5	\$0.7
Strategic Property	\$0.1	\$0.1	\$0.2	\$0.2	\$0.1	\$0.3
<b>Total Other</b>	<b>\$1.1</b>	<b>\$0.6</b>	<b>\$0.4</b>	<b>\$2.2</b>	<b>\$1.9</b>	<b>\$1.0</b>
<b>Total</b>	<b>\$8.4</b>	<b>\$14.0</b>	<b>\$8.5</b>	<b>\$30.8</b>	<b>\$64.9</b>	<b>\$35.0</b>

Comparing this quarter across the last three years, the City Infrastructure values are returning to similar levels of 2021/22, following completion of last year's significant program of works. Strategic Projects remains the key spend and commitments for City Infrastructure.



The subset capital category titled 'Other', which is inclusive of Information Technology, Salisbury Water Business and Strategic Property, have remained at consistent levels across all three years.

## New Funding Adjustments

This quarter the following three confidential new funding requests were sought associated with the Capital Program;

- Resolution 0404/2023, \$1,160,000 of new capital funding
- Resolution 0482/2023, \$350,739 of new capital funding
- Resolution 1435/2022, \$2,424,827 of new capital funding

## Income

As reported in August 2023, Resolution 0443/2023, the City of Salisbury was successfully awarded \$1,683,846 as part of the Federal Government's, Local Roads and Community Infrastructure grant program, phase 4. This funding was approved to support the delivery of a new playspace at Salisbury Recreation Precinct and complete a series of School Transport projects.

## Other Funding Adjustments

This quarter there is one adjustment required to transfer funds between programs as follows;

- In accordance with Resolution 0441/2023, transfer \$170,000 from the 2023/24 Fleet Renewal Budget to facilitate the purchase of a new 5-tonne excavator which will aid in delivering operational efficiencies and reduce contractual hire expenditure.

## Asset Category Highlights

### Transportation

As part of the School Zones and Pedestrian Crossings Program, this quarter the construction of a new pedestrian refuge crossing was completed on Nelson Road, Para Vista.

In preparation for the construction of the new bridge at Pratt Avenue, Pooraka, relocation of services has commenced.

The next round of bus stop and shelter improvements has been awarded with construction predominately to occur in the second quarter.

Following completion of investigation and detail design, the Road Reseal Program will move to committed values in the second quarter in preparation for construction early 2024.

*Pedestrian Refuge  
Nelson Road, Para Vista*



**Salisbury Water**

For Salisbury Water, the focus has been on construction works associated with upgrading the Main North Road frontage of Unity Park, with significant plant overgrowth cleared, walking paths reinstated, earthworks completed and hydroseeding commenced.



**Property and Buildings**



The construction of the new sporting clubrooms and carpark at Yalumba Drive Reserve, Paralowie, is now complete. In addition to this, a new triple bay shed was also constructed.

As part of the Building Service Continuity Program, the renewal works at Wildwood Park, Salisbury Park, sports clubrooms were tendered this quarter. This will transition into construction next quarter in an effort to undertake works outside of peak soccer sports season.

With the approval of a Minor Capital Works Grant for the Para Hills Soccer Club Incorporated – Para Hills Knights, new grand stand seating commenced installation at the Paddocks.

**Fleet**

Whilst the Fleet Program is progressively delivered, the early part of each new financial year is defining and documenting requirements to ensure the acquired fleet and plant meet the needs and purpose which they were intended for. Therefore, typically the first quarter of a financial year is lower in spend than the later third and fourth quarter. It is to be noted this program does remain hampered by the supply chain which can impact upon delivery timeframes and availability.

**Parks and Streetscape**

The renewal of the playspace at Yalumba Drive Reserve, Paralowie, was awarded this quarter with construction commencing in October through to late December. This follows on from the new playspace at Camelot Drive Reserve, Paralowie, which commenced construction in the first quarter.

The Street Tree Program is nearing completion of planting for this season and will recommence planting towards the fourth quarter of this financial year. Preparation of future years programs will be the focus of the next six months.





**Strategic Projects**

*Paddocks Reserve New Sports Clubrooms*



The construction of the new sporting clubrooms at the Paddocks is now complete with a pleasing result for the community. Noting this new facility was co-funded by the State Government.

The primarily expenditure item within this asset category is associated with the construction of the exciting new Salisbury Aquatic Centre. Both of the indoor pools are now poured with the outdoor 50m in progress. Piers have been installed for the new 10m high triple waterslide tower and foundations in progress for the outdoor waterplay and splashpad area. This project remains on track for completion mid-2024.

*Salisbury Aquatic Centre*



**Drainage and Waterways**

The Drainage and Waterways asset category delivers a variety of projects and programs across the City and the various waterways. Flood mitigation works for Catterall Avenue to St Albans Reserve, Salisbury Heights, commenced construction this quarter, together with dam renewal works at Para Hills for dam 18.

**Strategic Property**

*Salisbury City Centre Renewal*



The Strategic Development Projects is managing the Salisbury City Centre Renewal EOI which closed in February 2023. A really strong response from the market has enabled further detailed submissions to be sought from a shortlisted group. Evaluation is underway and the outcomes will be reported to Council.

Construction is due to start on a Health Hub on the old St Jays site at Orange Avenue, Salisbury. The Health Hub will include a gymnasium, consulting rooms, yoga, a hydrotherapy pool, an outdoor sensory space and Pilates studio. It will include tailored therapeutic services such as, physiotherapy, occupational therapy, rehabilitation, massage therapy, exercise classes and speech pathology that aim to support and assist our community with daily living tasks and is forecast to provide 71 new jobs during construction.



### **Next Quarter**

Whilst projects and programs are scheduled across a calendar year in accordance with optimum delivery months, typically the second quarter will see the majority of the program move through completion of documentation into procurement phase which enables transition to construction. Existing projects such as the Salisbury Aquatic Centre, are scheduled next quarter to reach building lock up and the commencement of tiling for indoor pools.

In addition to the existing program of works, significant efforts transfer in this period to the development of the following years program commences. This enables the development of Budget Bids for consideration early in the new calendar year.

### **Summary**

This quarter, the 2023/24 Capital Program commenced with key activities being the completion of Project Briefs and concept designs which help to inform scheduling and procurement strategies. This work was occurring whilst existing projects and programs continued to be delivered, for example the Street Tree Program where planting occurs across the winter months and the financial year.

It is to be noted the achievements of this quarter, especially the construction of the two new sporting clubroom facilities at Yalumba Drive Reserve, Paralowie, and the Paddocks, Para Hills West, where the community sporting groups have been able to relocate into these modern new facilities. Further works will occur at the Paddocks over the coming months to improve parking, trail connections and lighting.

The construction industry does continue to be impacted by the supply chain and therefore can impact upon project delivery timeframes. Understanding this, best efforts are made to minimise the impact to project delivery and ultimately the outcomes for the comm

## **Appendix 6 – Savings from Budget Bids**

There are no savings from 2023/24 budget bids.

## Appendix 7 – Business Unit Reporting

### Salisbury Memorial Park

	Year to Date			Full Year		
	Actual	Budget	Variance	Orig.Budget	Rev.Budget	Forecast
<b>Salisbury Memorial Park</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Revenue	148	147	1	700	700	700
Expenditure	134	133	(1)	586	586	586
<b>Surplus/(Deficit)</b>	<b>14</b>	<b>14</b>	<b>0</b>	<b>114</b>	<b>114</b>	<b>114</b>

Despite some variations in certain revenue line items, at the end of Q1 the Salisbury Memorial Park has produced a result in line with budget. Sales of licences and associated burial fees in the lawn section have been lower than budgeted for Q1, however this has been offset by sales in the vault section.

Costs have also been controlled in conjunction with lower sales, as there is a direct relationship between some revenue and expense items. Overall costs are in line with budget despite the inclusion of unforeseen legal costs in Q1.

No adjustment to end of year forecasts is warranted as a result of Q1 performance.

**Building Rules Certification Unit**

	Year to Date			Full Year		
	Actual	Budget	Variance	Orig.Budget	Rev.Budget	Forecast
<b>Building Rules Certification Unit</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Revenue	381	194	187	775	775	905
Expenditure	215	231	16	716	716	716
<b>Surplus/(Deficit)</b>	166	(37)	203	59	59	189

Building Rules Income exceeds budget due to continued strong activity with private clients and recent increase in short term contractual services for other councils, refer Appendix 1 Income Gain Building Rules Certification Unit Income Declaration \$130k. Expenditure is generally within budget expectations. Additional income has been declared in the first quarter budget review.

## Salisbury Water

	Year to Date			Full Year		
	Actual	Budget	Variance	Orig.Budget	Rev.Budget	Forecast
Salisbury Water	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
External Revenue	259	269	(10)	2,621	2,621	2,621
Internal Revenue	306	105	200	3,515	3,515	3,515
<b>Total Income</b>	<b>565</b>	<b>374</b>	<b>(190)</b>	<b>6,136</b>	<b>6,136</b>	<b>6,136</b>
Expenditure	1,408	1,503	95	6,320	6,320	6,320
<b>Surplus/(Deficit)</b>	<b>(843)</b>	<b>(1,128)</b>	<b>(285)</b>	<b>(184)</b>	<b>(184)</b>	<b>(184)</b>

The Salisbury Water Business Unit (SWBU) completed the first quarter of the 2023/24 financial year with a favourable variance of \$285k against the revised budget. The current full year outlook is for a budget deficit of \$184k largely due to upward pressures from previous interest rate rises and CPI impacts on contractual services. This forecast is largely dependent on weather conditions as the SWBU supply is highly geared to irrigation and currently drier than average conditions are predicted with Bureau of Meteorology climate models indicating that El Niño conditions are likely to persist through to February 2024.

Excluding the depreciation allowance of \$2,069k, it is anticipated that the business will deliver a positive net cash equivalent position of \$1,885k for the year.

Income totalling \$565k has been received to date, which is \$190k above the YTD budget. Operational expenditure was \$95k below the YTD budget due largely due minimal operational maintenance and failure issues. This is likely to be offset as irrigation demand ramps up coming into the peak irrigation period.

A total of 237ML of water was distributed to Salisbury Water customers during the first quarter. Of this 105ML was supplied to irrigate Council reserves, sporting ovals and facilities across the City and 132ML was supplied to external customers including industry, schools and residents. Water supplied to Council facilities for the period is higher than budgeted due to below average rainfall conditions across the first quarter.

Below average rainfall conditions occurred across the first 3 months of this year with only 88mm received, 67mm below average. This resulted in 1,547ML of stormwater harvested which is still a reasonable result compared to 1,615ML for the same time last year. This brings the combined aquifer balance to 14,390 ML which is a solid position as Adelaide heads into warmer and drier conditions over the next 6 months.

## Appendix 8 – Budgeted Financial Statements

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

### City of Salisbury

#### Budgeted Statement of Comprehensive Income

YEAR ENDING 30 JUNE	2024 Budget Revised \$000's	2024 Original Budget \$000's
<b>INCOME</b>		
Rates Revenues	121,959	121,959
Statutory Charges	3,233	3,027
User Charges	6,115	5,974
Grants, Subsidies & Contributions	6,736	14,652
Investment Income	77	77
Reimbursements	289	277
Other Income	967	967
<b>Total Income</b>	<b>139,376</b>	<b>146,933</b>
<b>EXPENSES</b>		
Employee Costs	45,339	44,765
Materials, Contracts & Other Expenses	63,564	60,860
Depreciation, Amortisation & Impairment	33,643	33,643
Finance Costs	3,740	3,740
Net loss - Equity Accounted Council Businesses	739	739
<b>Total Expenses</b>	<b>147,025</b>	<b>143,747</b>
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>(7,649)</b>	<b>3,186</b>
Asset Disposal & Fair Value Adjustments	2,199	2,199
Amounts Received Specifically for New or Upgraded Assets	897	897
Physical Resources Received Free of Charge	1,000	1,000
<b>NET SURPLUS/(DEFICIT)</b>	<b>(3,553)</b>	<b>7,282</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Changes in Revaluation Surplus - I,PP&E	50,254	50,254
<b>Total Other Comprehensive Income</b>	<b>50,254</b>	<b>50,254</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>46,701</b>	<b>57,536</b>

**City of Salisbury**  
**Budgeted Statement of Financial Position**

<b>YEAR ENDING 30 JUNE</b>	<b>2024 Budget Revised \$000's</b>	<b>2024 Original Budget \$000's</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Trade & Other Receivables	6,127	6,612
Inventories	1,776	1,761
<b>Total Current Assets</b>	<b>7,903</b>	<b>8,373</b>
<b>Non-Current Assets</b>		
Financial Assets	47	47
Equity Accounted Investments in Council Businesses	5,310	5,310
Infrastructure, Property, Plant & Equipment	1,921,905	1,903,639
Intangible Assets	210	210
Other Non-Current Assets	31,097	31,097
<b>Total Non-Current Assets</b>	<b>1,958,569</b>	<b>1,940,303</b>
<b>TOTAL ASSETS</b>	<b>1,966,472</b>	<b>1,948,676</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Cash Advance Debentures	59,382	65,521
Trade & Other Payables	20,460	19,756
Borrowings	1,504	1,504
Provisions	10,264	10,264
<b>Total Current Liabilities</b>	<b>91,610</b>	<b>97,045</b>
<b>Non-Current Liabilities</b>		
Borrowings	2,841	2,841
Provisions	2,302	2,302
<b>Total Non-Current Liabilities</b>	<b>5,143</b>	<b>5,143</b>
<b>TOTAL LIABILITIES</b>	<b>96,753</b>	<b>102,188</b>
<b>NET ASSETS</b>	<b>1,869,719</b>	<b>1,846,488</b>
<b>EQUITY</b>		
Accumulated Surplus	411,891	388,660
Asset Revaluation Reserves	1,410,976	1,410,976
Other Reserves	46,852	46,852
<b>TOTAL EQUITY</b>	<b>1,869,719</b>	<b>1,846,488</b>

City of Salisbury  
Budgeted Statement of Cash Flows

	2024 Budget Revised \$000's	2024 Original Budget \$000's
<b>YEAR ENDING 30 JUNE</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Operating Receipts	139,348	146,392
Investment Receipts	78	78
<b>Payments</b>		
Operating Payments to Suppliers and Employees	(108,769)	(104,822)
Finance Payments	(3,740)	(3,740)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>26,917</b>	<b>37,908</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Receipts</b>		
Amounts Received Specifically for New/Upgraded Assets	897	897
Sale of Replaced Assets	928	928
Sale of Real Estate Developments	1,271	1,271
<b>Payments</b>		
Expenditure on Renewal/Replacement of Assets	(36,718)	(30,136)
Expenditure on New/Upgraded Assets	(49,620)	(11,964)
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(83,242)</b>	<b>(39,004)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Receipts</b>		
Proceeds from CAD's	17,735	2,506
<b>Payments</b>		
Repayments of Borrowings	(1,410)	(1,410)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>56,325</b>	<b>1,096</b>
<b>Net Increase/(Decrease) in Cash Held</b>		
<b>Cash &amp; Cash Equivalents at Beginning of Period</b>		
<b>Cash &amp; Cash Equivalents/Movements in Borrowings at End of Period</b>		



**City of Salisbury**  
**Budgeted Statement of Changes in Equity**

<b>YEAR ENDING 30 JUNE</b>	<b>2024 Budget Revised \$000's</b>	<b>2024 Original Budget \$000's</b>
<b>Opening Balance</b>	<b>1,783,018</b>	<b>1,788,952</b>
Net Surplus / (Deficit) for Year	(3,553)	7,282
<b>Other Comprehensive Income</b>		
- Gain (Loss) on Revaluation of I,PP&E	50,254	50,254
<b>Other Comprehensive Income</b>	<b>90,254</b>	<b>50,254</b>
<b>Total Comprehensive Income</b>	<b>86,701</b>	<b>57,536</b>
<b>Balance at end of period</b>	<b>1,869,719</b>	<b>1,846,488</b>

**City of Salisbury**  
**Budgeted Uniform Presentation of Finances**

<b>YEAR ENDING 30 JUNE</b>	<b>2024 Budget Revised \$000's</b>	<b>2024 Original Budget \$000's</b>
Income	139,377	146,933
less Expenses	(147,025)	(143,747)
<b>Operating Surplus / (Deficit)</b>	<b>(7,648)</b>	<b>3,186</b>
<b>Less: Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal/Replacement of Existing Assets	(36,718)	(30,136)
less Depreciation, Amortisation & Impairment	33,643	33,643
less Proceeds from Sale of Replaced Assets	928	928
	<b>(2,147)</b>	<b>4,435</b>
<b>Less: Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New/Upgraded Assets	(49,620)	(11,964)
less Amounts Specifically for New/Upgraded Assets	897	897
less Proceeds from Sale of Surplus Assets	1,271	1,271
	<b>(47,452)</b>	<b>(9,796)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(57,247)</b>	<b>(2,175)</b>

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

**City of Salisbury  
Budgeted Financial Indicators**

	<b>2023 Revised Budget \$000's</b>	<b>2024 Original Budget \$000's</b>
<b>YEAR ENDING 30 JUNE</b>		
<b>Operating Surplus</b>	<b>(7,649)</b>	<b>3,186</b>
<b>Operating Surplus Ratio</b>	<b>(5.49%)</b>	<b>2.17%</b>
Operating surplus divided by total operating revenue. This ratio expresses the operating surplus/(deficit) as a percentage of total operating revenue.		
<b>Net Financial Liabilities</b>	<b>90,579</b>	<b>95,529</b>
Net Financial Liabilities are defined as total financial liabilities less financial assets (excluding equity accounted investments in Council businesses).		
<b>Net Financial Liabilities Ratio</b>	<b>64.99%</b>	<b>65.02%</b>
Net Financial Liabilities divided by total operating revenue. Indicates the extent that council can meet its net financial liabilities out of operating revenue.		
<b>Asset Renewal Funding Ratio</b>	<b>119%</b>	<b>100%</b>
Net Asset Renewals divided by Asset Management Plan Renewal Expenditure. Indicates whether capital assets are being renewed as planned in the Asset Management Plans.		