



## **AGENDA**

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

**19 FEBRUARY 2024 AT THE 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  
A/Team Leader Council Governance, Mrs M Woods  
Governance Support Officer, Ms K Boyd

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## **APOLOGIES**

## **LEAVE OF ABSENCE**

## **PRESENTATION OF MINUTES**

Presentation of the Minutes of the Finance and Corporate Services Committee Meeting held on 11 December 2023.

## **REPORTS**

### *Administration*

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### *For Information*

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## **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)*

## ORDERS TO EXCLUDE THE PUBLIC

### 2.4.1 NAWMA (Northern Adelaide Waste Management Authority) First Quarter Budget Review 2023/24

#### Recommendation

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

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) and (d)(i) and (d)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
  - *it relates to information the disclosure of which 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; and*
  - *commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and*
  - *commercial information of a confidential nature (not being a trade secret) the disclosure of which would, on balance, be contrary to the public interest.*
2. *In weighing up the factors related to disclosure,*
  - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
  - *public disclosure would adversely implicate the commercial position of Council and its regional subsidiary, which on balance, would equally negatively implicate the community's interests*

*On that basis the public's interest is best served by not disclosing the NAWMA (Northern Adelaide Waste Management Authority) First Quarter Budget Review 2022/23 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**

**11 DECEMBER 2023**

**MEMBERS PRESENT**

Cr B Brug (Chairman)  
Mayor G Aldridge  
Cr L Brug (Deputy Chairman)  
Cr A Graham  
Cr D Hood  
Cr P Jensen  
Cr S McKell  
Cr S Ouk

**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  
A/ Manager Governance, Ms J O'Keefe-Craig  
Governance Support Officer, Ms K Boyd  
Team Leader Strategic Urban Planning, Ms S Jenkin

The meeting commenced at 6.42 pm.

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

**APOLOGIES**

Apologies were received from Cr J Chewparsad, Cr K Grenfell, Cr M Mazzeo and Cr S Reardon.

**LEAVE OF ABSENCE**

Leave of absence for this meeting was previously granted to Deputy Mayor, Cr C Buchanan.

**PRESENTATION OF MINUTES**

Moved Cr P Jensen  
Seconded Cr L Brug

The Minutes of the Finance and Corporate Services Committee Meeting  
held on 20 November 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 McKell  
Seconded Mayor G Aldridge

That Council:

- 1. Notes the report.

**CARRIED**  
UNANIMOUSLY

**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 6.44 pm.

CHAIRMAN.....

DATE.....

<b>ITEM</b>	2.0.1
	<b>FINANCE AND CORPORATE SERVICES COMMITTEE</b>
<b>DATE</b>	19 February 2024
<b>HEADING</b>	Future Reports for the Finance and Corporate Services Committee
<b>AUTHOR</b>	Mercedes Healy, Personal Assistant Executive Office, CEO and Governance
<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.

Meeting Item	- Heading and Resolution	Officer
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. <b>Due:</b> February 2024 <b>Deferred to:</b> August 2024 <b>Reason:</b> A number of projects with in this program have been extended. Administration will report back to Council once division of the CoS contribution across the projects has been determined.	Christy Martin
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. <b>Due:</b> February 2024 <b>Deferred to:</b> March 2024 <b>Reason:</b> Administration has only just received the feasibility study. Once updated, Administration will report back to Council.	Mark Purdie

### 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>	19 February 2024
<b>HEADING</b>	Second 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 Second Quarter Budget Review report.
2. Approves the budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1), and net capital and operating \$491,500 be credited to the Sundry Project Fund. This will bring the balance of the Sundry Projects Fund to \$491,500.
3. Approves the allocation of funding for the following non-discretionary net bids:

**OPERATING**

Legal Fees Supreme Court Judicial Review	\$175,000
Levies adjustment related to Dog registration Fees	\$36,500
Mawson Centre Contributions	\$38,000
Playspace Compliance Audit	\$120,000
Salisbury Fringe Carnival	\$25,000
Thrive Action Plan	\$80,000
Turf Pitches Rebate	\$7,800
Waste Management at Salisbury Events	\$15,000

**CAPITAL**

Brickwork Place, Walkley Heights, Additional Flood Mitigation Funding	\$500,000
Changing Places facility at Carisbrooke Park, Salisbury Park	\$150,000
Irrigation Controller Renewal Program	\$600,000
Mawson Lakes Wall Remediation Works	\$50,000
Pump Replacements Due to Failure	\$43,300
Salisbury Bowling Club relocation of services	\$195,200
St Kilda Community Hall Equipment Purchase	\$20,000
Water Fountain, Ornamental Lake, Lake Windemere, Salisbury North	\$95,000

<b>TOTAL</b>	<b>\$2,150,800</b>
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***NB: If parts 1, 2 & 3 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a balance of (\$1,659,300).***

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

**OPERATING**

Additional Security Services Guard and Overtime	\$110,000
Bagster Furniture	\$60,000
Insurance Premiums	\$99,000
Legal Expenses increased expenditure	\$60,000
Microsoft Licensing EA Agreement	\$60,400
Provision for WHS Initiatives	\$40,500
Sporting Club Leasing requirements as part of Lease/Licence Review	\$25,000

**TOTAL** **\$454,900**

***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 (\$2,114,200).***

5. Approves the following transfers:

Disbursement of City Growth Provisional funds to relevant areas	\$165,000
Transfer budget for the Salisbury City Centre Renewal Project	\$72,000
Consultancy costs	
Transfer Business Excellence Administration materials to First Aid	\$5,500
Equipment budget	
Transfer CEO Contractual Services budget to offset Contract Price increases	\$298,000
Transfer Cleaning Budgets from Community Services to Para Hills and Burton Community Hubs Maintenance	\$120,000
Transfer from CEO Consulting to Salisbury Memorial Park (SMP)	\$22,000
Mausoleum Legal Expenditure	
Transfer from Minor Capital Works Grant Program to Community Grants	\$50,000
Transfer from Minor Capital Works Grant Program to Youth Sponsorship	\$25,000
Transfer Little Para Catchment Native Forest bid funds to correct division	\$100,000
Transfer of funds associated with the delivery of two new play spaces	\$20,000
Transfer Salisbury Aware budget to Community Engagement Framework	\$20,000

***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 (\$2,114,200).***

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 increase by \$2,114,200.***

## **ATTACHMENTS**

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

1. 2023/24 Second 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 Second 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 second quarter budget review remains an operating deficit with a marginal decline from the first quarter budget review position due to allocations arising from new bids (Section 2) included in this review.
- 3.2 Being in deficit means that our operating income is exceeded by our planned expenditure. As a result, care should be exercised in considering any further increases to expenditure or expansion of services as this will result in a larger deficit than is currently forecast.
- 3.3 The original budget was for an operating surplus of \$3,186, revised to a forecast deficit of \$7,649 following adoption of the 2023/24 first quarter budget review. The early receipt of the 2023/24 Financial Assistance Grant and Untied Local Roads Grant in 2022/23, and 2022/23 carry forwards have a material impact to the operating result. The revised forecast position, should Council approve the proposed 2023/24 second quarter budget review, increases the forecast operating deficit by \$578k to an operating deficit of \$8,228k.
- 3.4 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.

Budget Bids

- 3.5 Budget Review Operating Bids total \$952k, and Capital Bids total \$1,954k with expenditure offset by capital income of \$300k associated with these bids, reducing the net Capital Bids total to \$1,654k. Most items requested have been subject to separate reports to Council with resolutions to refer to this budget review and are referenced within the bid details.

Borrowings and Net Financial Liabilities

- 3.6 Loan Borrowing requirements for 2023/24 were considered in September 2023, with the original budget indicative net 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 (resolution 0470/2023).
- 3.7 The outcome from first quarter budget review variations was a decrease in borrowing requirements of \$1,925k. The loan borrowings position as proposed in the 2023/24 second quarter review (Attachment 1), should it be approved by Council, will result in an increase in general borrowing requirements of \$2,114k, resulting in an indicative borrowings figure for the financial year of \$189k at the conclusion of second quarter.

Infrastructure Program

- 3.8 The original expenditure budget for the capital program of \$44M has increased to \$98M, the result of carry forward funds, budget timing adjustments, and changes resulting from grant funded projects.
- 3.9 The table below provides percentage completed details, with further detail provided in Appendix 5 of Attachment 1.

		% of Original Budget (\$44M)	% of Revised Budget (\$98M)
Spent to Date	\$22.1M	50.2%	22.6%
Spend + Commitments	\$41.4M	94.1%	42.4%

**4. CONCLUSION / PROPOSAL**

- 4.1 It is proposed that Council considers the Second Quarter Budget Review 2023/24 Report attached and approves the Recommendations as detailed in Section 5 of the attached document and above.



## **2023/24 SECOND QUARTER BUDGET REVIEW REPORT**

**For the period ended  
31 December 2023**

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## 1. Executive Summary

Council's financial position following the Second Quarter Budget Review remains an operating deficit with a marginal decline from the First Quarter Budget Review position as a result of allocations arising from new bids (Section 2) included in this review.

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 Second Quarter Budget Review, the forecast operating deficit will increase to (\$8,228k). 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	(8,228)	2,274
Operating Surplus Ratio	0.5%-5%	2.17%	(5.87%)	1.62%
Net Financial Liabilities	<70%	65.02%	66.86%	66.86%
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 decline in operating position results from a number of budget changes from the first two quarters. Significant adjustments from First Quarter Budget Review include Operating Prior Year Carry Forward Funds \$6,041k and early receipt of 2023/24 Financial Assistance Grants \$10,502k, resulting in an operating deficit of \$7,649k.

The operating deficit increase slightly due a number of changes reflected through this budget review, comprised of favourable operating budget variations of \$491k (detailed in Appendix 1), offset by allocations arising from operating bids of \$952k contained in section 2 of this review, resulting in an increased operating deficit of \$8,228k.

The current forecast for the Operating Surplus / (Deficit) results in an operating surplus ratio outside of Council's financial targets. The Operating Surplus Ratio reverts to within established tolerances when adjusted for the early receipt of 2023/24 Financial Assistance Grants.

Consolidated Funding Statement

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

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)
Second Quarter Budget Review Adjustments	(578)
<b>Forecast Operating Surplus/(Deficit)</b>	<b>(8,228)</b>

The operating budget deficit forecast is \$8,228k 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 partially 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. Current year budgeted income is reduced by \$8.2M predominantly as a result of these movements.

The operating surplus is adversely impacted by the carry forward of prior year projects of \$6,041k 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 \$22.1M or 22.6% of the revised capital budget of \$97.6M. A further \$19.3M of expenditure is committed as at the conclusion of the second quarter, bringing total expenditure and commitment to \$41.4M or 42.4% 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 an unfavourable \$2.1M, comprised of favourable operating budget variations of \$0.5M as detailed in Appendix 1, and allocations arising from net bids of \$2.6M contained in Section 2 of this review.

#### 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.

First Quarter Budget Review variations and adjustments resulted in a decrease in borrowing requirements of \$1,925k (resolution number 0523/2023). As a consequence of Second Quarter budget variations contained in Appendix 1 and new bids detailed in Section 2, general borrowing requirements will increase by \$2,114k, resulting in an indicative net borrowings figure for the financial year of \$189k at the conclusion of Second Quarter, further details are contained in Section 4 of this review

## 2. New Bid Proposals

New/Additional Capital Bids	Expenditure	Funding	Net Bid
<b>NON DISCRETIONARY - CAPITAL BIDS</b>			
<b>Brickwork Place, Walkley Heights, Additional Flood Mitigation Funding</b> NB0641 Upon further investigation, the extent of pipe and drainage failure at Brickwork Place, Walkley Heights is greater than initial reported in May 2023, and therefore an additional \$500k was requested to enable the required scope of works to be completed. Noting this is in addition to the original \$300k approved. (resolution number 0577/2024 January 2024)	500,000	0	500,000
<b>Changing Places facility at Carisbrooke Park, Salisbury Park</b> NB0615 In alignment with the successful State Government grant funding for the delivery of a new changing places facility at Carisbrooke Park, Salisbury Park. (resolution number 0577/2024 January 2024)	450,000	300,000	150,000
<b>Irrigation Controller Renewal Program</b> NB0597 With the phasing out of the 3G network, irrigation controllers within the City require replacement with 5G compatible controllers. The funding to undertake this work was approved as part of the 2023/24 Budget. As reported, November 2023, additional funding was requested and approved to cover the SAPN upgrades also required to complete the irrigation controller changeover. (resolution number 0525/2024 November 2024)	600,000	0	600,000
<b>Mawson Lakes Wall Remediation Works</b> NB0598 Additional funding allocation to cover adjacent surface protection and / or remediation due to construction works. (resolution number 0525/2024 November 2024)	50,000	0	50,000
<b>Pump Replacements Due to Failure</b> NB0614 New Capital Funding required for Pump replacements at the Cascades & Keyhole Park Mawson Lakes due to failure, noting that pumps are run to fail as this is the most economic way to manage these assets and the operational impact is manageable. (resolution number 0577/2024 January 2024)	43,300	0	43,300
<b>Salisbury Bowling Club relocation of services</b> NB0587 As part of the contractual arrangement, the Salisbury Bowling Club was required to relocate services (gas, sewer, telecommunications and recycled water) from the site. This work was not undertaken by the Salisbury Bowling Club. As the club is now in Council ownership these relocation costs need to be funded by the City of Salisbury to facilitate the redevelopment of the Orange Avenue site. (resolution number 0591/2024 January 2024)	195,200	0	195,200
<b>St Kilda Community Hall Equipment Purchase</b> NB0596 Following St Kilda Progress & Tourism Association vacating the St Kilda Community Hall, approval was given to purchase hall equipment and prepare the hall for hire. (resolution number 0526/2024 November 2024)	20,000	0	20,000
<b>Water Fountain, Ornamental Lake, Lake Windemere, Salisbury North</b> NB0545 Installation of ornamental lake fountain at Lake Windemere, Salisbury North as an amenity improvement. Noting this will require an ongoing \$47,000 operating funding for incorporation within future budgets. (resolution number 0579/2024 January 2024)	95,000	0	95,000
<b>TOTAL - NON DISCRETIONARY - CAPITAL BIDS</b>	<b>1,953,500</b>	<b>300,000</b>	<b>1,653,500</b>
<b>TOTAL CAPITAL BIDS</b>	<b>1,953,500</b>	<b>300,000</b>	<b>1,653,500</b>

New/Additional Operating Bids	Expenditure	Funding	Net Bid
<b>NON DISCRETIONARY - OPERATING BIDS</b>			
<b>Legal Fees Supreme Court Judicial Review</b> NB0576 Supreme Court action legal defence expenditure. (resolution number 0535/2023 November 2023)	175,000	0	175,000
<b>Levies adjustment related to Dog registration Fees</b> NB0603 Levies paid to State government are calculated as 24% of dog registration income. Dog registration income was increased in the 23/24 FY (with fees increasing from \$72 to \$85 for Non-standard dogs and from \$36 to \$42.50 for Standard dogs), however, the levies were not adjusted accordingly resulting in an unfavourable variance compared to budget. This bid is to adjust the expense in accordance with the dog fees increase.	36,500	0	36,500
<b>Mawson Centre Contributions</b> NB0595 This increase is resulting from a new asset management plan for the Mawson Centre, which as part owners of the facility, CoS contribute to the costs associated.	38,000	0	38,000
<b>Playspace Compliance Audit</b> NB0632 New allocation of \$120,000 operating funding to undertake Playspace Compliance Audits due to increased audit requirements. This will be an ongoing requirement with a 24/25 Budget Bid for future years. (resolution number 0561/2023 December 2023)	120,000	0	120,000
<b>Salisbury Fringe Carnival</b> NB0581 Additional funding for the 2024 Fringe Carnival at Carisbrooke Park for rides and live music. (resolution number 0424/2023 July 2023)	25,000	0	25,000
<b>Thrive Action Plan</b> NB0586 To deliver upon the opportunities listed in the Thrive Action Plan, as endorsed by Council (0526/2023) at its 27 Nov 2023 meeting. Key program domains include social connection, physical activity, cultural enrichment, civic engagement, learning and safety. (resolution number 0526/2023 November 2023)	80,000	0	80,000
<b>Turf Pitches Rebate</b> NB0594 Introduction of a rebate to support the maintenance of cricket turf pitches managed by community sporting clubs. (resolution number 0526/2024 November 2024)	7,800	0	7,800
<b>Waste Management at Salisbury Events</b> NB0618 The City of Salisbury's commitment to sustainable management practices can be improved through improvements to waste management at larger events held throughout the city. Administration will engage the services of a specialist waste management contractor to provide a three-bin service at the 2024 Australia Day event and the 2024 Fringe Event. (Note: bid revised to \$15,000 as only required for remainder of 2023/24 financial year covering Australia Day and Salisbury Fringe.) (resolution number 0550/2023 December 2023)	15,000	0	15,000
<b>TOTAL - NON DISCRETIONARY - OPERATING BIDS</b>	<b>497,300</b>	<b>0</b>	<b>497,300</b>

New/Additional Operating Bids	Expenditure	Funding	Net Bid
<b>DISCRETIONARY - OPERATING BIDS</b>			
<b>Additional Security Services Guard and Overtime</b> NB0628 New allocation related to security services to cover static guard/s for all Council and Committee meetings. This will be an ongoing requirement which will require a 24/25 budget bid.	110,000	0	110,000
<b>Bagster Furniture</b> NB0593 Funding requested from Council to purchase Furniture required at Bagster Road Community Centre. (resolution number 0526/2023 November 2023)	60,000	0	60,000
<b>Insurance Premiums</b> NB0606 Additional funding required to cover a higher than forecasted increase in Insurance Premiums as a result of building values rising from \$248M in 22/23 to \$318M in 23/24. The rise in value is attributed to several new assets and an increase in estimated replacement costs.	99,000	0	99,000
<b>Legal Expenses increased expenditure</b> NB0610 Legal costs have exceeded budget predictions due to unplanned enforcement matters and planning appeals to meet legislative requirements.	60,000	0	60,000
<b>Microsoft Licencing EA Agreement</b> NB0627 2023/24 impact of re-signed three year agreement, a 9% increase over the life of the 3 year agreement. Per annum costs increase from \$318,300 to \$463,000 with an impact of 5 months, \$60,416, in 2023/24.	60,400	0	60,400
<b>Provision for WHS Initiatives</b> NB0635 Council has recently received a Special Distribution from the Mutual Liability Scheme in relation to Risk (per Appendix 1). It is proposed these funds are used to aid the prevention of workplace hazards, the development of systems supporting the prevention and reporting of work health and safety and implementation of emergency management measures, with the Executive Group to determine the specific improvements to be implemented.	40,500	0	40,500
<b>Sporting Club Leasing requirements as part of Lease/Licence Review</b> NB0620 In May 2023, a recommendation was resolved by Council (0342/2023) to create a working group to review existing lease agreements. As part of this work undertaken, the Sport Leasing team have identified additional costs associated with the creation of new leases/licenses. As part of the approved scope for the lease/licenses Council will be required to undertake ground condition audits at a cost of \$10k. An additional \$15k legal costs are also required for the establishment of the new lease/license documents.	25,000	0	25,000
<b>TOTAL - DISCRETIONARY - OPERATING BIDS</b>	<b>454,900</b>	<b>0</b>	<b>454,900</b>
<b>TOTAL OPERATING BIDS</b>	<b>952,200</b>	<b>0</b>	<b>952,200</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>Additions:</b>	
First Quarter Budget Review (Resolution 0523/2023)	(7,961,145)
<b>Allocations:</b>	
First Quarter Budget Review (Resolution 0523/2023)	9,886,552
<b>Impact on Loan Borrowings:</b>	
Decrease in borrowings - First Quarter Budget Review (Resolution 0523/2023)	(1,925,407)
<b>Balance prior to the consideration of bids</b>	-
<b>Recommendations – Second Quarter Budget Review:</b>	
Variations to Sundry Projects Fund – Appendix 1 Budget Variation Summary (Recommendation 2)	
Operating Variations	491,500
<b>Balance after Variations to the Sundry Projects Funds</b>	<b>491,500</b>
Allocations arising from bids contained in Section 2	(2,605,700)
<b>Movements in General Loan Borrowings / Investments:</b>	
Increase in Borrowings due to bids, Operating & Capital Variations and Timing Adjustments	2,114,200
<b>Net Movements in General Loan Borrowings</b>	<b>2,114,200</b>
<b>Balance Remaining</b>	-

The net favourable operating budget variations of \$0.5M (detailed in Appendix 1), and allocations arising from net bids of \$2.6M contained in Section 2 of this review, results in an increase in indicative borrowings of \$2.1M, as detailed in Section 4.

### 3.3 Consolidated Funding Statement

<i>Consolidated Funding Statement</i>	<i>Second Quarter Revised Budget 2023/24</i>	<i>Original Budget 2023/24</i>
<b>PART 1 - OPERATING</b>		
Operating Revenue - Original Budget	146,932	146,932
First Quarter Budget Review Adjustments	(7,556)	
<b>Proposed Adjustments:</b>		
Operating Income Gains (Appendix 1)	462	
Operating Income Losses (Appendix 1)	(25)	
Operating Income Nil Effect Variations (Appendix 1)	275	
Developer Contributions	64	
<b>Operating Revenue</b>	<b>140,151</b>	<b>146,932</b>
Operating Expenditure - Original Budget	143,746	143,746
First Quarter Budget Review Adjustments	7,179	
<b>Proposed Adjustments:</b>		
Operating Expenditure Savings (Appendix 1)	(55)	
Operating Expenditure Nil Effect Variations (Appendix 1)	275	
Operating New Bids (Considered as part of this Review)	952	
Transfers from Capital	75	
Transfers from Reserves	107	
<b>Operating Expenditure</b>	<b>152,279</b>	<b>143,746</b>
Estimated 2022/23 Operating Carry Forwards	3,900	
<b>Operating Surplus/(Deficit)</b>	<b>(8,228)</b>	<b>3,186</b>
<b>PART 2 - CAPITAL AND OTHER ADJUSTMENTS</b>		
Capital Revenue - Original Budget	1,825	1,825
First Quarter Budget Review Adjustments	5,781	
<b>Proposed Adjustments:</b>		
Capital Income Nil Effect Variations (Appendix 1)	665	
Capital New Bids (Considered as part of this Review)	300	
<b>Capital Revenue</b>	<b>8,571</b>	<b>1,825</b>
<b>Net Surplus/(Deficit) Resulting From Operations</b>	<b>343</b>	<b>5,011</b>
Capital Expenditure - Original Budget	42,100	42,100
First Quarter Budget Review Adjustments	50,989	
<b>Proposed Adjustments:</b>		
Capital New Bids (Considered as part of this Review)	1,954	
Capital Expenditure Nil Effect Variations (Appendix 1)	665	
Transfers to Operating	(75)	
<b>Capital Expenditure</b>	<b>95,632</b>	<b>42,100</b>
Principal Repayments	(1,410)	(1,410)
Net Transfers to and From Reserves	7	(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>(26,144)</b>	<b>(3,045)</b>
<b>Facilities Applied</b>	<b>25,955</b>	
<b>Proposed / Investment Balance/(Loan Borrowings)</b>	<b>(189)</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 following adoption of the 2023/24 First Quarter Review. The forecast position, should Council endorse the proposed 2023/24 Second Quarter Review, is an increase in operating deficit of \$578k to a total operating deficit of \$8,228k.

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. 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 partly offset by Financial Assistance Grant payments in 2023/24 being \$1.6M higher than budgeted. Current year budgeted income is reduced by \$8.2M predominantly as a result of these movements.

Also impacting the deficit are 2022/23 carry forwards of \$6,041k as reflected in the first quarter budget review, which is partially offset by our estimate of 2023/24 operating carry forward projects of \$3,900k.

Second quarter budget review adjustments totalling unfavourable \$578k, incorporating variations and new operating bids result in a forecast operating deficit of \$8,228k. 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)
Second Quarter Budget Review Adjustments	(578)
<b>Forecast Operating Surplus/(Deficit)</b>	<b>(8,228)</b>

The Consolidated Funding Statement also provides a summary of changes to adopted capital income and capital expenditure with other impacts on cash also considered, to arrive at the overall projected borrowings / investment balance. The impact of this budget review if endorsed, in addition to the endorsed first quarter budget review, result in a reduction in borrowings from the original budget position of \$3M budgeted to \$189k.



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

The Wages and Salaries Provision has a balance of \$1,059k as at 31 December 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 and second quarters of 2023/24. A total of \$467k has been allocated to the Provision during the second quarter with a total of \$34k allocated from the provision. Allocations during the second quarter include Public Art and Exhibitions Officer and Senior Civil Environmental Engineer.

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

The Business Transformation Future Fund (BTFF) has a balance of \$3,520k at the conclusion of the second quarter 2023/24. Transfers as authorised by the CEO from the BTFF during the second quarter totalled \$107k and were applied to Business Transformation employee costs for the period 1 September 2023 – 31 December 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>		
TR0621	<b>Disbursement of City Growth Provisional funds to relevant areas</b> Disbursement of City Growth Provision \$165k to various program areas being Internal Park Maintenance \$32.5k, External Park Maintenance \$3k, Playground Maintenance \$14.5k, Feature Landscapes \$85k and Roadsweeping \$30k.	165,000
TR0637	<b>Transfer budget for the Salisbury City Centre Renewal Project Consultancy costs</b> Transfer budget for the Salisbury City Centre Renewal Project consultancy costs from the City Development Legal Services Budget (\$72k).	72,000
TR0642	<b>Transfer Business Excellence Administration materials to First Aid Equipment budget</b> Transfer materials from Business Excellence Administration to First Aid Equipment budget in People & Performance to meet requirements under Work Health Safety (WHS) legislation. Specifically, application of first aid requirement in the workplace consumable products have been purchased as replenishment stock.	5,500
TR0613	<b>Transfer CEO Contractual Services Provision to offset Contract Price increases</b> Transfer \$198k from CEO Contractual Services Provision to offset Contract Price increases for footpath maintenance and \$100k for kerbing maintenance. (resolution number 0536/2023 November 2023)	298,000
TR0583	<b>Transfer Cleaning Budgets from Community Services to Para Hills and Burton Community Hubs Maintenance</b> Transfer \$120k Cleaning budget that was allocated to Building Maintenance Community Centres in the City Infrastructure restructure, to Building Maintenance Para Hills and Burton Community Hub budget area.	120,000
TR0638	<b>Transfer from CEO Consulting to Salisbury Memorial Park (SMP) Mausoleum Legal Expenditure</b> Transfer from CEO Consulting budget to SMP Mausoleum for legal costs required for lease agreement advice.	22,000
TR0589	<b>Transfer from Minor Capital Works Grant Program to Community Grants</b> As per December Grant Funding Update, transfer of funds from the Minor Capital Works Grants Program budget to the Community Development Grants Program. (resolution number 0550/2023 December 2023)	50,000
TR0590	<b>Transfer from Minor Capital Works Grant Program to Youth Sponsorship</b> As per December Grant Funding Update, transfer of funds from the Minor Capital Works Grants Program budget to Youth Sponsorship. (resolution number 0550/2023 December 2023)	25,000
TR0612	<b>Transfer Little Para Catchment Native Forest Maintenance</b> Transfer maintenance budget from Field Services to Urban Recreation & Natural Assets.	100,000
TR0616	<b>Transfer of funds associated with the delivery of two new play spaces</b> Transfer available capital funding from PR30162 Kingswood Crescent Reserve, Paralowie, New Playspace, which is now completed, to PR30242 Camelot Drive Reserve, Paralowie, New Playspace, to cover additional expenditure incurred due to earthworks. (resolution number 0577/2024 January 2024)	20,000
TR0634	<b>Transfer Salisbury Aware budget to Community Engagement Framework</b> Transfer budget savings achieved in the production and distribution of Salisbury Aware, to provide funding to commence the Community Engagement Framework program. Noting this is a one off transfer, with future savings to be declared in the 2024/25 budget process.	20,000

#### 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 resolved 0523/2023	(1,925,407)
<b>Second Quarter Budget Review 2023/24</b>	
Variation to General Borrowing Requirements recommended	2,114,200
Revised Increase / (Decrease) in Borrowing Requirements	188,793
<b>Net Borrowings / (Investment) at conclusion of Second Quarter</b>	<b>188,793</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 was a decrease in borrowing requirements of \$1,925k.

The loan borrowings position as proposed as part of the 2023/24 Second Quarter Review, should it be approved by Council, will result in an increase in general borrowing requirements of \$2,114k, resulting in an indicative net borrowings figure for the financial year of \$189k at the conclusion of Second Quarter.

#### Reserves

	Year to Date Actual \$000's	Full Year	
		Rev. Bud \$000's	Orig.Bud \$000's
Transfers to Reserves	356	401	0
Transfers from Reserves	4,535	714	200
<b>Total</b>	<b>(4,179)</b>	<b>(313)</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 Second Quarter Budget Review report.
2. Approves the budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1), and net capital and operating \$491,500 be credited to the Sundry Project Fund. This will bring the balance of the Sundry Projects Fund to \$491,500.
3. Approves the allocation of funding for the following **non-discretionary** net bids:

### OPERATING

Legal Fees Supreme Court Judicial Review	\$175,000
Levies adjustment related to Dog registration Fees	\$36,500
Mawson Centre Contributions	\$38,000
Playspace Compliance Audit	\$120,000
Salisbury Fringe Carnival	\$25,000
Thrive Action Plan	\$80,000
Turf Pitches Rebate	\$7,800
Waste Management at Salisbury Events	\$15,000

### CAPITAL

Brickwork Place, Walkley Heights, Additional Flood Mitigation Funding	\$500,000
Changing Places facility at Carisbrooke Park, Salisbury Park	\$150,000
Irrigation Controller Renewal Program	\$600,000
Mawson Lakes Wall Remediation Works	\$50,000
Pump Replacements Due to Failure	\$43,300
Salisbury Bowling Club relocation of services	\$195,200
St Kilda Community Hall Equipment Purchase	\$20,000
Water Fountain, Ornamental Lake, Lake Windemere, Salisbury North	\$95,000

<b>TOTAL</b>	<b>\$2,150,800</b>
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*NB: If parts 1, 2 & 3 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to a balance of (\$1,659,300).*

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

**OPERATING**

Additional Security Services Guard and Overtime	\$110,000
Bagster Furniture	\$60,000
Insurance Premiums	\$99,000
Legal Expenses increased expenditure	\$60,000
Microsoft Licencing EA Agreement	\$60,400
Provision for WHS Initiatives	\$40,500
Sporting Club Leasing requirements as part of Lease/Licence Review	\$25,000

**TOTAL** **\$454,900**

*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 (\$2,114,200).*

5. Approves the following transfers:

Disbursement of City Growth Provisional funds to relevant areas	\$165,000
Transfer budget for the Salisbury City Centre Renewal Project Consultancy costs	\$72,000
Transfer Business Excellence Administration materials to First Aid Equipment budget	\$5,500
Transfer CEO Contractual Services budget to offset Contract Price increases	\$298,000
Transfer Cleaning Budgets from Community Services to Para Hills and Burton Community	\$120,000
Hubs Maintenance	
Transfer from CEO Consulting to Salisbury Memorial Park (SMP) Mausoleum Legal Expenditure	\$22,000
Transfer from Minor Capital Works Grant Program to Community Grants	\$50,000
Transfer from Minor Capital Works Grant Program to Youth Sponsorship	\$25,000
Transfer Little Para Catchment Native Forest bid funds to correct division	\$100,000
Transfer of funds associated with the delivery of two new play spaces	\$20,000
Transfer Salisbury Aware budget to Community Engagement Framework	\$20,000

*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 (\$2,114,200).*

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 increase by \$2,114,200.***

## Appendix 1 – Budget Variation Summary as at 31 December 2023

Item	Details	Expense Increase/ (Decrease)	Revenue Increase/ (Decrease)	Net Increase/ (Decrease)
			<i>Includes Expenditure Recoveries</i>	<i>Sundry Projects Fund</i>
<b>OPERATING VARIATIONS</b>				
<b>Expenditure Savings</b>				
ES0604	Cat Management Rehoming Expense	(20,000)		20,000
ES0601	Christmas Carols Cancellation	(35,000)		35,000
	<b>Total Expenditure Savings</b>	<b>(55,000)</b>		<b>55,000</b>
<b>Income Gains</b>				
IG0609	Building Rules Certification Unit income declaration		130,000	130,000
IG0629	Commonwealth Home Support Program (CHSP) Client Contributions		40,000	40,000
IG0585	Income from granting of easement at Barndioota Drainage Reserve (resolution number 0472/2023 September 2023)		40,000	40,000
IG0622	Income received from sale of minor equipment items		13,000	13,000
IG0630	National Disability Insurance Scheme (NDIS) User Charges - The Shed & Fun on Fridays		40,000	40,000
IG0605	Parking Expiations		50,000	50,000
IG0608	Planning Income declaration		80,000	80,000
IG0584	Local Government Association (LGA) Workers Compensation Scheme - Special Distribution Funds		40,500	40,500
IG0631	Waste Transfer Station Lease Income		16,000	16,000
IG0625	Workers Compensation Scheme Bonus		12,000	12,000
	<b>Total Income Gains</b>		<b>461,500</b>	<b>461,500</b>
<b>Income Losses</b>				
IL0619	TreeClimb - Revenue Reduction		(25,000)	(25,000)
	<b>Total Income Losses</b>	<b>0</b>	<b>(25,000)</b>	<b>(25,000)</b>
<b>Adjustments - Nil Effect</b>				
NG0617	Australia Day Community Grant	10,000	10,000	0
NG0591	Department of Human Services (DHS) Community Centre Grant Income	99,000	99,000	0
NG0624	LGAWCS Risk Incentive Fund	47,100	47,100	0
NG0592	Library Materials Funding	29,700	29,700	0
NG0640	Recreation Services Utility Reimbursement ****	18,000	18,000	0
NG0602	Residential Property Cleanup and Reimbursement	60,700	60,700	0
NG0607	Security Charge Reimbursements	10,000	10,000	0
	<b>Total Nil Effect Adjustments</b>	<b>274,500</b>	<b>274,500</b>	<b>0</b>
	<b>Net Impact to Operating Result - Transfer to Sundry Projects Fund</b>	<b>219,500</b>	<b>711,000</b>	<b>491,500</b>
**** Adjustments to budgets already processed.				
Item	Details	Expense Increase/ (Decrease)	Revenue Increase/ (Decrease)	Net Increase/ (Decrease)
			<i>Includes Expenditure Recoveries</i>	<i>Sundry Projects Fund</i>
<b>CAPITAL VARIATIONS</b>				
<b>Adjustments - Nil Effect</b>				
NG0599	Beovich Rd, Wright Rd & Uno Crescent, Valley View, Traffic Improvement (resolution number 0525/2024 November 2024)	350,000	350,000	0
NG0639	Globe Derby Flood Mitigation Successful Grant Funding (resolution number 577/2024 January 2024)	315,000	315,000	0
	<b>Total Nil Effect Adjustments</b>	<b>665,000</b>	<b>665,000</b>	<b>0</b>
	<b>Net Impact to Capital Program</b>	<b>665,000</b>	<b>665,000</b>	<b>0</b>
<b>Transfer To / (From) Sundry Project Fund</b>				<b>491,500</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 second quarter 2023/24 budget review.

**Appendix 3 – Statement of Comprehensive Income**

	Year to Date			Full Year	
	Actual \$000's	Budget \$000's	Variance \$000's	Rev Budget \$000's	Orig Budget \$000's
<b>INCOME</b>					
Rates	122,169	121,821	347	121,959	121,959
Statutory Charges	2,496	2,025	471	3,233	3,027
User Charges	2,781	2,664	117	6,134	5,974
Grants, Subsidies & Contributions	4,681	4,598	83	6,781	14,652
Investment Income	299	46	253	77	77
Reimbursement	158	85	74	307	277
Other Revenue	663	496	167	967	967
<b>Total Income</b>	<b>133,247</b>	<b>131,736</b>	<b>1,511</b>	<b>139,458</b>	<b>146,932</b>
<b>EXPENSES</b>					
Employee Costs	21,400	23,619	2,219	45,382	44,765
Materials, Contracts and Other Expenses	31,481	30,731	(751)	67,546	60,859
Finance Costs	120	1,778	1,658	3,740	3,740
Depreciation, amortisation & impairment	16,815	16,817	3	33,643	33,643
Share of Loss-Joint Ventures & Associates	0	0	0	739	739
<b>Total Expenses</b>	<b>69,817</b>	<b>72,946</b>	<b>3,129</b>	<b>151,050</b>	<b>143,746</b>
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>63,430</b>	<b>58,790</b>	<b>4,640</b>	<b>(11,592)</b>	<b>3,186</b>
Net gain (loss) on disposal or revaluation of assets	18	0	18	2,199	2,199
Amounts specifically for new or upgraded assets	8,552	2,581	5,971	2,581	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>72,000</b>	<b>61,371</b>	<b>10,629</b>	<b>(5,812)</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 \$347k**

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

#### **Statutory Charges – Favourable Variance \$471k**

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 \$218k; Town Planning Fees (PDI Act Planning Application Fees) \$149k; Health Fines \$64k; and Parking Fines \$52k. Income Gains have been declared for the Second Quarter Budget Review at Appendix 1 for Building Rules Certification Unit Income declaration, refer IG0609, \$130k; Planning Income declaration, refer IG0608, \$80k; Residential Property Clean-up Health Fines, refer NG0602, \$61k; and Parking Expiations, refer IG0605, \$50k.

#### **User Charges – Favourable Variance \$117k**

The favourable variance in User Charges revenue is primarily from a favourable variance for Non-Residential Water Sales \$107k due to below average rainfall year to date. Favourable variances for Client Contributions \$33k; and National Disability Insurance Scheme (NDIS) \$29k also contribute, with income gains declared for the Second Quarter Budget Review at Appendix 1 for National Disability Insurance Scheme (NDIS) User Charges - The Shed & Fun on Fridays, refer IG0630, \$40k; and Commonwealth Home Support Program (CHSP) Client Contributions, refer IG0629, \$40k.

#### **Grants, Subsidies & Contributions – Favourable Variance \$83k**

The favourable variance is comprised of new Department of Human Services (DHS) Community Centre Grant Income, refer NG0591, \$99k, and additional 2023/24 Library Materials Funding from Public Library Services (PLS), refer NG0592 (Appendix 1), \$30k.

#### **Investment Income – Favourable Variance \$253k**

Investment income is favourable with higher levels of cash held during the first six months of the financial year as a result of the early receipt of the 2023/24 Financial Assistance Grant Funding and timing of cash outflows for the infrastructure program. Interest rates are also higher than forecasted with a current rate of 4.3% compared to budgeted rate of 3.3%.

#### **Reimbursement – Favourable Variance \$74k**

The favourable variance for Reimbursements relates to the Healthy Minds Program completed during September 2023, funded through the Local Government Association Workers Compensation Scheme (LGAWCS) Risk Incentive Fund, refer NG0624 (Appendix 1), \$47k.

**Other Income – Favourable Variance \$167k**

The favourable variance in Other Income consists of Income from Easements Granted \$45k from Property Management at Barndioota Drainage Reserve, refer IG0585 (Appendix 1), \$40k; Special Distribution Income \$41k, refer IG0584 (Appendix 1); Sponsorship Income \$20k; and other minor variances.

**Expenditure****Employee Costs – Favourable Variance \$2,219k**

Wages & Salaries and Wages & Salaries On cost are \$3,081k favourable due to vacancies during the first half of the year, offset by a \$691k unfavourable variance in the recovery of employee costs into capital projects due to vacant positions, lower staff time spent on the capital program during the first half of the year and Wages & Salaries – Agency \$783k and Additional Hours \$72k. Overtime expenditure is \$148k unfavourable, and unbudgeted COVID-19 Special Leave of \$67k has been incurred.

**Materials, Contracts and Other Expenses – Unfavourable Variance \$751k**

Materials, Contracts and Other Expenses is \$751k unfavourable at the conclusion of second quarter 2023/24. The unfavourable variance is comprised of Wages & Salaries – Agency \$783k and Additional Hours \$72k which are offset by savings in employee costs as detailed above, Legal Expenses \$225k, refer NB0576; and Advertising & Promotion \$140k. Partially offsetting are favourable variances for Contractual Services \$462k due to lower managed aquifer recharge (MAR) harvesting \$151k, and the timing of programmed works for sportsfield turf renovations \$111k; and Electricity \$251k due to the timing of invoicing.

**Finance Costs – Favourable Variance \$1,658k**

The favourable variance \$1,658k is the continuing result of a higher cash holding than forecasted during the 6 months to 31 December 2023, borne through of the early receipt of the 2023/24 Financial Assistance Grant Funding and timing of cash outflows for the infrastructure program, which has resulted in Council not requiring to draw down on existing cash advance debenture facilities.

**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>72,000</b>	<b>61,371</b>	<b>10,629</b>	<b>(5,812)</b>	<b>7,282</b>
<b>Represented By:</b>					
<b><u>KEY DIRECTION REVENUE</u></b>					
<b>The Living City:</b>					
Recreation, Education & Leisure	750	678	72	825	770
Public Health & Safety	1,209	1,106	103	1,765	1,748
Community Development	3,616	3,529	88	4,769	4,652
<b>The Sustainable City:</b>					
Water Management	1,007	922	84	2,617	2,617
Waste Management	107	97	10	261	261
Parks & Landscape	31	30	1	60	60
<b>The Prosperous City:</b>					
Transport	837	837	0	2,493	3,460
City Planning & Economic Development	2,145	1,758	387	2,972	2,639
<b>Enabling Excellence:</b>					
Corporate Support	845	697	148	1,339	1,283
Governance	1	1	(0)	2	2
Treasury	299	46	253	77	77
Grants Commission	106	106	0	211	7,405
Rates	122,169	121,821	347	121,959	121,959
Other Miscellaneous Revenue	126	107	19	107	0
<b>Total Operating Revenue</b>	<b>133,247</b>	<b>131,736</b>	<b>1,511</b>	<b>139,458</b>	<b>146,932</b>
Capital Contributions	8,570	2,581	5,989	5,780	4,096
<b>Total Revenue</b>	<b>141,817</b>	<b>134,316</b>	<b>7,500</b>	<b>145,238</b>	<b>151,028</b>
<b><u>KEY DIRECTION EXPENDITURE</u></b>					
<b>The Living City:</b>					
Recreation, Education & Leisure	4,673	4,636	(38)	10,111	10,054
Public Health & Safety	3,002	2,965	(37)	6,275	6,348
Community Development	4,455	4,554	99	9,842	9,484
<b>The Sustainable City:</b>					
Water Management	2,665	3,004	339	4,738	4,728
Waste Management	8,377	8,485	108	19,758	19,528
Parks & Landscape	10,108	9,865	(242)	20,409	20,280
<b>The Prosperous City:</b>					
Transport	1,630	1,730	100	4,806	3,999
City Planning & Economic Development	3,495	3,571	76	7,291	6,620
<b>Enabling Excellence:</b>					
Corporate Support	15,562	15,358	(204)	31,292	26,709
Governance	375	403	28	1,057	981
Treasury	(441)	1,184	1,625	2,718	3,012
Depreciation	14,112	14,112	0	28,224	28,224
Other Miscellaneous Expenditure	1,805	3,079	1,274	4,529	3,781
<b>Total Expenditure</b>	<b>69,817</b>	<b>72,946</b>	<b>3,129</b>	<b>151,050</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 \$287k****Recreation, Education & Leisure – Net Favourable Variance \$35k****Revenue – Favourable Variance \$72k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Library Information and Access	Community Development	30	The favourable variance is related to higher than forecasted grant funding received from Public Library Services (PLS) for library materials. A budget variation associated with this has been included as part of this review.	Refer Appendix 1 Nil Effect Income Gain Library Materials Funding \$30k

**Expenditure – Unfavourable Variance \$38k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Building Maintenance Sporting Facilities	City Infrastructure	(25)	The unfavourable variance is mostly related to higher than budgeted Insurance Premiums \$17k and other minor variances. An adjustment for Insurance has been included as part of this review.	Refer Section 2 New Bids Insurance Premiums \$50k of total bid of \$99k

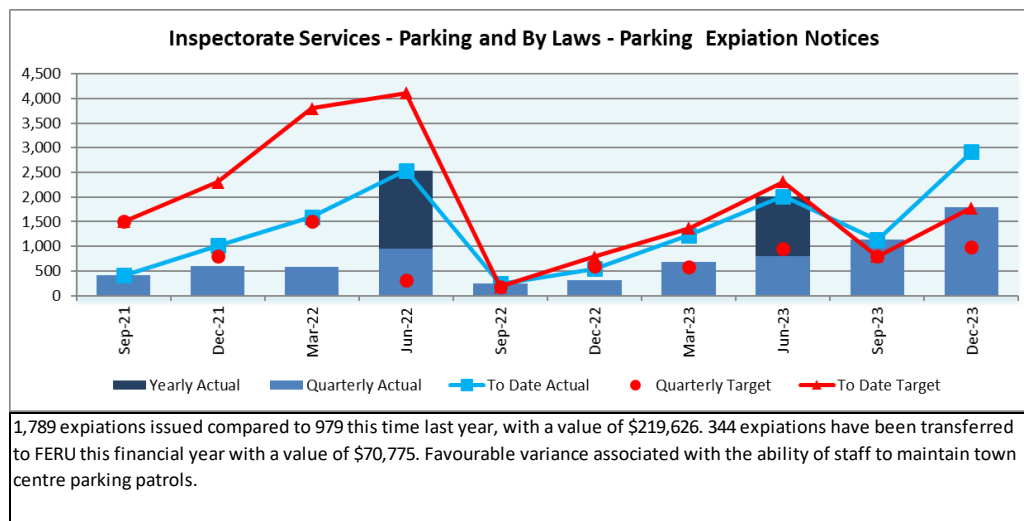
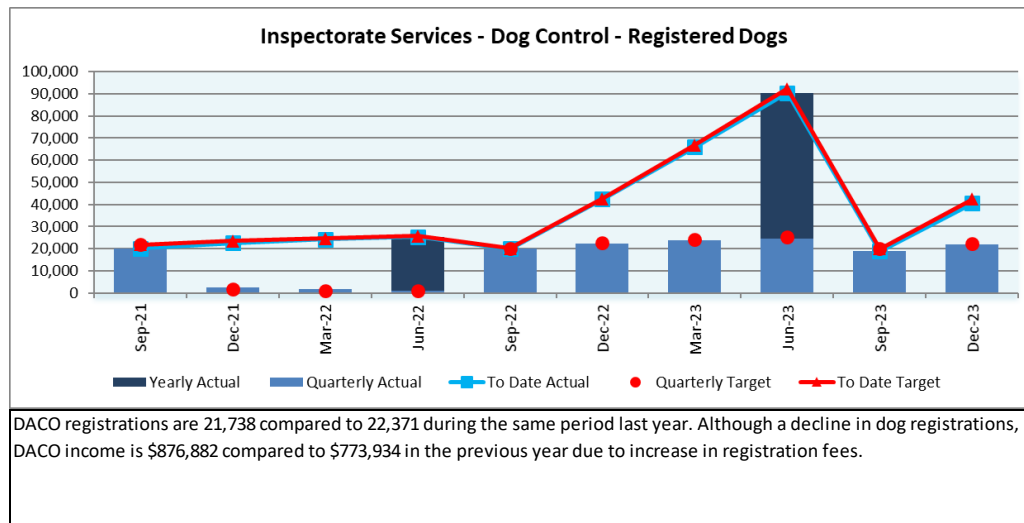
Budget Area	Department	Variance YTD '000s	Comment	Action Required
Sportsfield Cutting	City Infrastructure	(153)	Internal Water Supply charges are \$188k higher than forecasted due to drier than average conditions for the first half of the financial year. This budget is reliant on weather conditions and will continue to be monitored with any variations to budget required to be reported at third quarter. Higher than budgeted works undertaken for Irrigation Maintenance YTD \$48k and Cricket Wicket Preparation works \$36k are also contributing to the unfavourable variance. Offsetting this, is \$110k lower than anticipated expenditure for Sportsfield Turf Renovations due to the timing of programmed works.	Refer Section 2 New Bids Turf Pitches Rebate \$8k
Maintenance- SCH	City Infrastructure	32	The favourable variance primarily relates to the timing of expenditure for contracted building maintenance \$19k with other minor variances making up the balance.	
Maintenance- Sports and Community Facilities	City Infrastructure	74	The favourable variance is mostly due to the timing of expenditure within building maintenance with budget expected to be spent over the balance of the financial year.	
Maintenance – Ingle Farm Recreation Centre	City Infrastructure	(37)	The unfavourable variance is related to unexpected operating maintenance required at the facility, including plumbing works, air conditioner repairs and pulley repairs with monitoring of this variance continuing.	

**Public Health & Safety – Net Favourable Variance \$66k****Revenue – Favourable Variance \$103k**

Budget Area	General Manager	Variance YTD '000s	Comment	Action Required
Health Act Administration	City Development	61	Favourable variance is due to residential cleanup & hoarding charges totalling \$61k which is offset by expenditure within the area. A Nil Effect adjustment is included as part of the second quarter budget review.	Refer Appendix 1 Nil Effect Income Gain Residential Property Cleanup and Reimbursement \$61k
Community Compliance	City Development	55	The favourable variance is due to \$52k higher than budgeted Parking Expiations resulting from staff completing and maintaining the scheduled parking patrols associated with the Town Centre Precinct parking patrol. An Income Gain is included as part of this budget review.	Refer Appendix 1 Income Gains Parking Expiations \$50k

**Expenditure – Unfavourable Variance \$37k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Health Act Administration	City Development	(71)	The unfavourable variance is predominantly related to \$61k contractual services expenditure associated with significant clean-up costs undertaken at two residential properties. These charges have been on-charged to the property owners and a Nil Effect adjustment included as part of this budget review.	Refer Appendix 1 Nil Effect Income Gain Residential Property Cleanup and Reimbursement \$61k



**Community Development – Net Favourable Variance \$187k****Revenue – Favourable Variance \$88k**

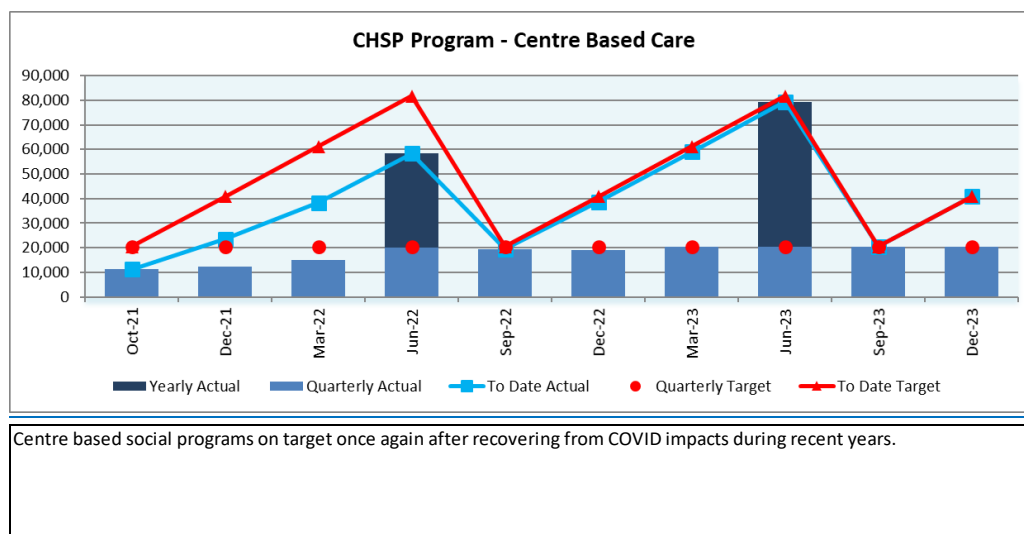
Budget Area	General Manager	Variance YTD '000s	Comment	Action Required
HCSP - Home and Community Services Program	Community Development	34	The favourable variance mostly relates to higher than forecasted client contribution revenue for Transport, Social Activities and Domestic Assistance. An income gain associated with this has been included as part of this review.	Refer Appendix 1 Income Gains Commonwealth Home Support Program (CHSP) Client Contributions \$40k
Community Centre Support Program	Community Development	25	The favourable variance is related to the first quarter payment of new grant funding from Department of Home Services (DHS) for the Neighbourhood Development Program, with further income expected across the following quarters. A nil effect income gain has been included as part of this review.	Refer Appendix 1 Nil Effect Income Gain Department of Human Services (DHS) Community Centre Grant Income \$99k

**Expenditure – Favourable Variance \$99k**

Budget Area	General Manager	Variance YTD '000s	Comment	Action Required
Salisbury Memorial Park Cemetery	Community Development	(22)	The unfavourable variance is related to \$22k legal expenditure for the Mausoleum and a transfer of funds request for this item has been included as part of this review. In addition, unfavourable insurance premiums of \$14k related to the Mausoleum with an adjustment included in this review.	Refer Section 2 New Bids Insurance Premiums \$14k of total bid of \$99k  Refer Section 3.6 Transfer of Funds Requests Transfer from CEO Consulting to Salisbury Memorial Park (SMP) Mausoleum Legal Expenditure \$22k



Budget Area	General Manager	Variance YTD '000s	Comment	Action Required
HCSP - Home and Community Services Program	Community Development	126	The favourable variance is from savings in employee costs due to vacancies during the first and second quarters. This program is mostly grant funded and will continue to be monitored moving forward with any potential savings of Council's contribution to the program to be included in third quarter.	
Maintenance - Other buildings incl minor buildings	City Infrastructure	(23)	The unfavourable variance is primarily related to higher than anticipated maintenance requests received YTD and variances will continue to be monitored.	



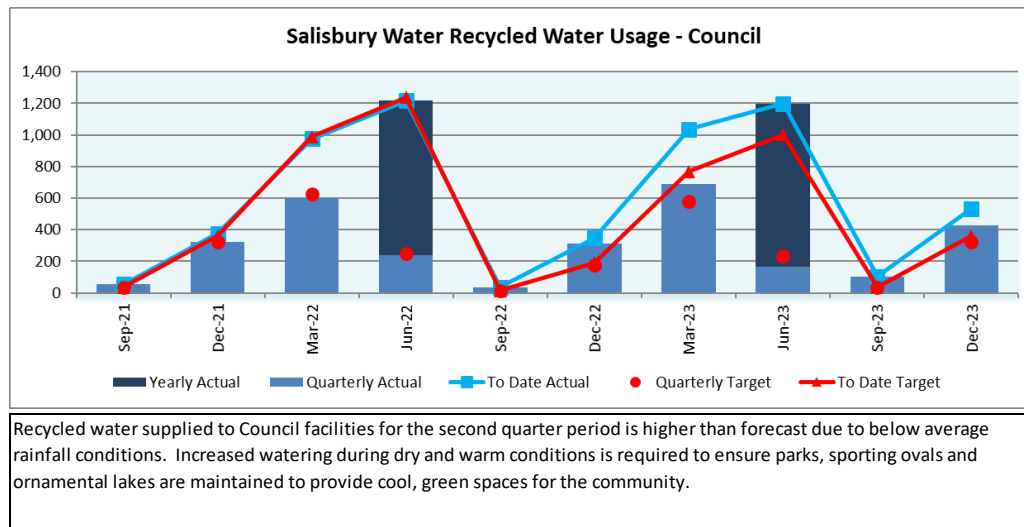
**The Sustainable City – Net Favourable Variance \$300k****Water Management – Net Favourable Variance \$423k****Revenue – Favourable Variance \$84k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Salisbury Water Retail - Marketing / Sales	Business Excellence	83	The favourable variance is largely due to below average rainfall conditions which has resulted in higher than forecasted user charges for Non-Residential water usage sales. This budget is reliant on weather conditions and will continue to be monitored with any required variations to budget to be reported at third quarter.	

**Expenditure – Favourable Variance \$339k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Salisbury Water Production - Water Factory	Business Excellence	71	The favourable variance is related to the timing of expenditure for contractual services, with lower than forecasted requirements for production to date. It is expected this will align to budget in future periods.	
Salisbury Water Retail - Marketing / Sales	Business Excellence	495	The favourable variance is largely due to below average rainfall conditions and corresponding irrigation requirements by Council's own parks and gardens, along with an increase in ornamental lake fill to maintain lake amenity and water quality. This has resulted in a higher than forecasted internal cost recovery for water supply.	

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Salisbury Water Distribution - Network Manager	Business Excellence	(65)	The unfavourable variance is due to variances across a number of Materials Costs. These are expected to be managed within existing budget over future periods.	
Wetland & Native Landscape Maintenance	City Infrastructure	(88)	The unfavourable variance primarily relates to higher than expected algae treatment costs to date. Labour costs to date are also higher than budgeted however are expected to realign to budget over the upcoming periods.	
Drainage Systems	City Infrastructure	(96)	The unfavourable variance is primarily related to Underground Drainage Maintenance \$78k and Open Drain Maintenance \$86k plus other minor variances. Offsetting this is \$78k favourable variance in Side Entry Pit Cleaning. New contractual pricing increases of approximately 6.6% will come into effect before the end of the financial year.	



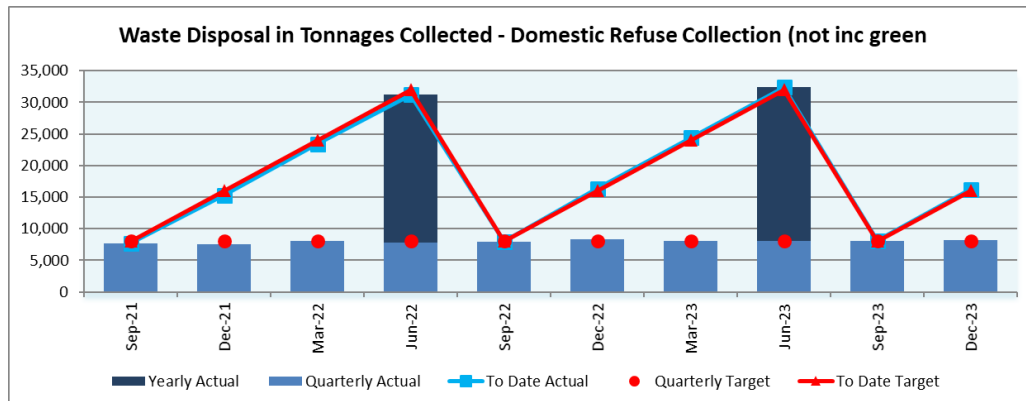
**Waste Management – Net Favourable Variance \$118k**

**Revenue – Favourable Variance \$10k**

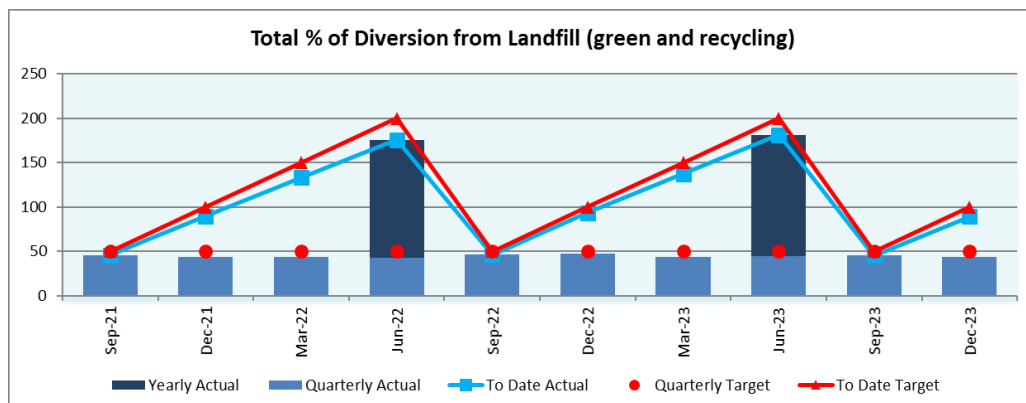
No material variances to disclose.

**Expenditure – Favourable Variance \$108k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Waste Management	City Infrastructure	116	The favourable variance to date represents 0.7% of the total budget. This is being monitored for anticipated alignment in future periods.	



Decrease from the same reporting time last year but remains within target range.



Range across the 3 months was 41.31% - 46.31% which is down on last year the same period.

**Parks & Landscape – Unfavourable Variance \$241k****Revenue – Favourable Variance \$1k**

No significant variances to report.

**Expenditure – Unfavourable Variance \$242k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Tree Management	City Infrastructure	41	Favourable variances in Fallen Branches \$42k and Tree Inspections \$55k expenses due to the timing of these works are offset by Tree Stump Removal expenditure, which is currently \$55k unfavourable due to higher than expected works. Current trends show that the unfavourable variance is reducing each month and realigning to budgeted expectations.	
Field Services Administration	City Infrastructure	136	Salaries and Wages are currently \$548k favourable as a result of vacancies, with an offsetting variance associated with overtime \$41k. Offsetting this is \$290k higher than budgeted agency costs as a result of backfilling vacancies and \$22k lower time allocated to capital projects.	
Urban Structures	City Infrastructure	(54)	The unfavourable variance is primarily related to Reserve Furniture \$62k with a number of items under review for asset capitalisation.	Refer Section 2 New Bids Playspace Compliance Audit \$120k

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Feature Landscapes	City Infrastructure	(40)	The unfavourable variance is primarily related to higher than budgeted labour costs \$47k with a transfer from the City Growth Provision included as part of this review.	Refer Section 3.6 Transfer of Funds Requests Disbursement of City Growth Provisional funds to relevant areas \$85k of total transfer of \$165k
Park Maintenance	City Infrastructure	(301)	The unfavourable variance is related to higher than budgeted internal water charges for the Ornamental Lake at Mawson Lakes \$173k and Park Maintenance \$137k as a result of drier than average conditions during first quarter. This is offset by favourable internal income within Salisbury Water.	
Pest	City Infrastructure	24	Minor favourable variance is related to the timing of Pest Control which is anticipated to align to budget in future periods.	

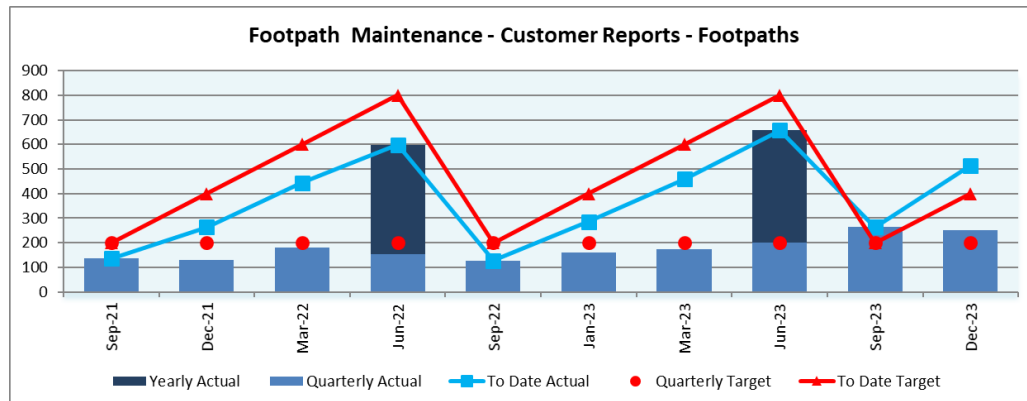
**The Prosperous City – Net Favourable Variance \$563k****Transport – Net Favourable Variance \$100k****Revenue – Favourable Variance \$0k**

No significant variances to report.

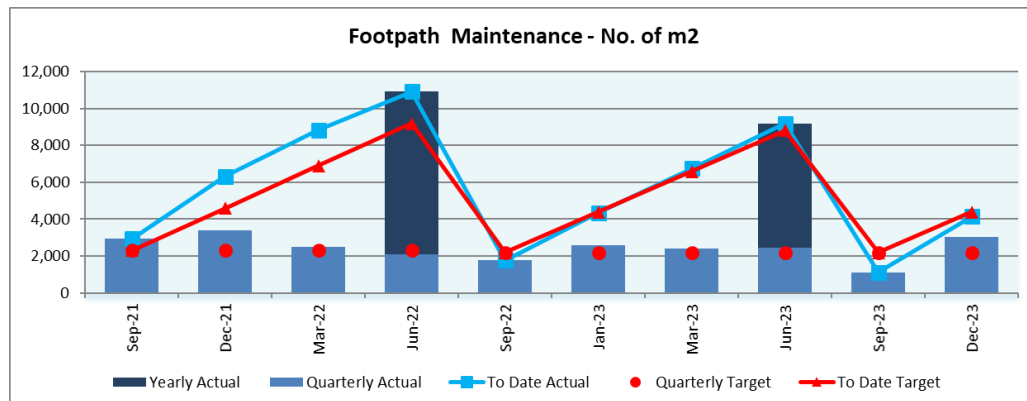
**Expenditure – Favourable Variance \$100k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Civil & Transport Assets	City Infrastructure	(34)	The unfavourable variance is mainly related to unbudgeted Agency, Overtime & Additional Hours costs totalling \$65k, which are partially offset by favourable employee costs of \$35k.	
Roads	City Infrastructure	180	Favourable variances in Profile & Repair \$117k, Pothole Repairs \$25k and Unsealed Road Maintenance \$20k as a result of timing and are anticipated to align in future periods.	
Signs	City Infrastructure	47	The favourable variance stemming from lower than expected internal vehicle hire of \$30k will continue to be monitored.	
Footpath Maintenance	City Infrastructure	(96)	The unfavourable variance is due to pricing increases associated with new contractual arrangements. Council has resolved (0536/2023 November 2023) to allocate an amount of \$198k from the CEO Contractual Services budget to offset these increases for 2023/24, with further ongoing adjustments to the 2024/25 Draft Budget.	Refer Section 3.6 Transfer of Funds Requests Transfer CEO Contractual Services Provision to offset Contract Price increases \$198k of total transfer of \$298k





Tracking above targeted rate. Footpath Audit completed in December 2024 which will allow works in 24/25 to be proactive as opposed to reactive which should see customer enquires start to reduce.



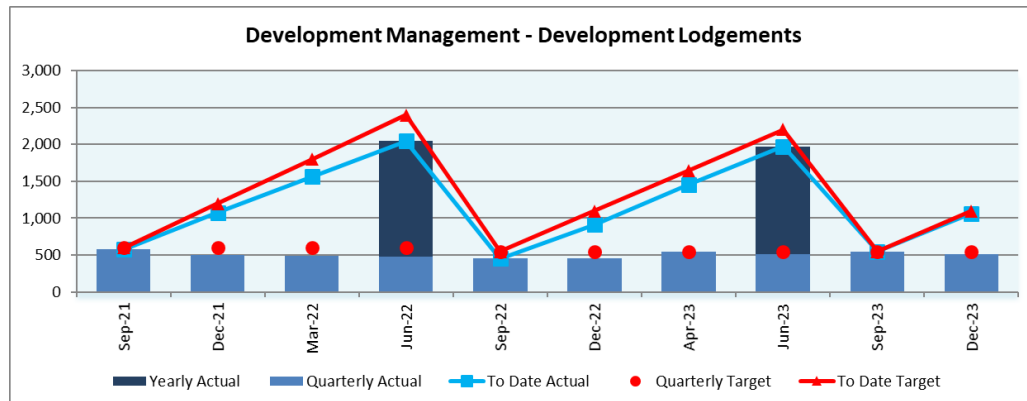
Large volume of work issued from 1 July - 1 December, 2023 works will taper off for remainder of 23/24.

**City Planning & Economic Development – Net Favourable Variance \$463k****Revenue – Favourable Variance \$387k**

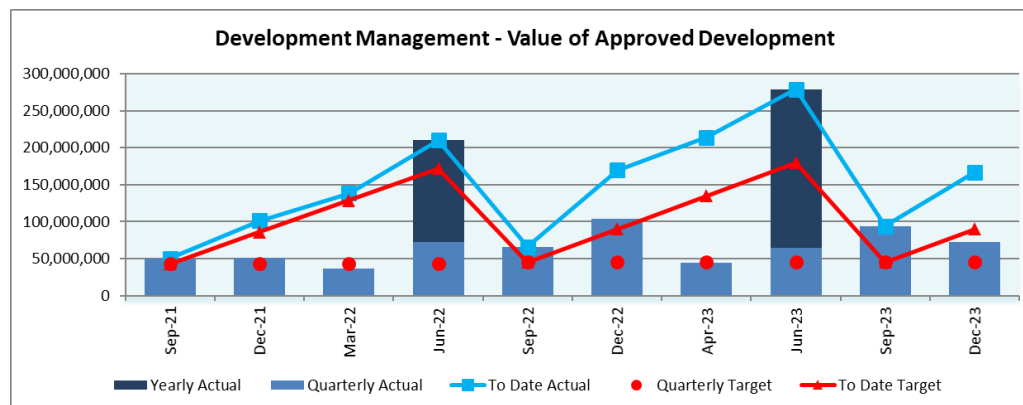
Budget Area	Department	Variance YTD '000s	Comment	Action Required
Planning	City Development	135	The favourable variance is primarily the result of an increase in commercial and industrial developments within the City. An Income Gain of \$80k is included as part of this budget review.	Refer Appendix 1 Income Gains Planning Income declaration \$80k
Building	City Development	29	The favourable variance is primarily related to higher than budgeted Planning, Development and Infrastructure (PDI) Compliance fees received to date. Continue to monitor trends over the upcoming periods.	
Building Rules Certification Unit	City Development	203	The favourable variance is predominantly due to higher than budgeted external client building income received to date with an Income Gain of \$130k included as part of this budget review.	Refer Appendix 1 Income Gains Building Rules Certification Unit income declaration \$130k
Property Management	City Development	43	The favourable variance primarily relates to \$40k SA Water easement over Barndioota Drainage Reserve with an income gain included as part of this budget review.	Refer Appendix 1 Income Gains Income from granting of easement at Barndioota Drainage Reserve \$40k

**Expenditure – Favourable Variance \$76k**

<b>Budget Area</b>	<b>Department</b>	<b>Variance YTD '000s</b>	<b>Comment</b>	<b>Action Required</b>
City Development Administration	City Development	47	The favourable variance is due to legal expenses. A transfer of funds request is included in this review.	Refer Section 3.6 Transfer of Funds Requests Transfer budget for the Salisbury City Centre Renewal Project Consultancy \$72k
Property Management	City Development	22	The favourable variance relates to the timing of spend within contractual services \$16k and other minor variances. It is anticipated that these funds will be utilised over the upcoming months.	



The total number of applications submitted dropped below long term average by some 6% in the last quarter, with December having the greatest proportional drop in this period.



The higher value of approved development reflects the continuing trend of increased number of development applications with a higher value, particularly industrial/commercial development.

**Enabling Excellence – Net Favourable Variance \$3,490k****Corporate Support – Net Unfavourable Variance \$56k****Revenue – Favourable Variance \$148k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
People & Culture	Business Excellence	108	The \$108k favourable variance is comprised of unbudgeted income distributed from the Local Government Association Workers Compensation Scheme (LGAWCS) Risk Incentive and Special Distribution funds. Budget variations are included in this Review.	Refer Appendix 1 Income Gains Special Distribution Funds \$41k  Refer Appendix 1 Nil Effect Income Gain LGAWCS Risk Incentive Fund \$47k  Refer Appendix 1 Income Gains Workers Compensation Scheme Bonus \$12k
Fleet Services Administration	City Infrastructure	(59)	The unfavourable variance is due to lower recovery of vehicles expenditure than anticipated to date, predominantly within light vehicles \$35k which is offset by savings in internal fleet charges across various divisions within Field Services. Offsetting this is \$13k unbudgeted income received from the sale of minor equipment with an income gain included as part of this review.	Refer Appendix 1 Income Gains Income received from sale of minor equipment items \$13k

**Expenditure – Unfavourable Variance \$204k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Infrastructure Design & Delivery	City Infrastructure	(40)	The unfavourable variance is primarily related to lower than budgeted time allocated to capital projects YTD. This is currently under investigation and anticipated to be resolved in the upcoming period.	
Security	City Infrastructure	(85)	The unfavourable variance is a result of increased security at the Hub in addition to other minor variances, with a bid for additional funding of \$110k included in this budget review. A further contributing factor to the variance is \$10k security charges related to call outs, alarms etc. that have been reimbursed by external customers. A \$10k Nil Effect variation is included in this review.	Refer Section 2 New Bids Additional Security Services Guard and Overtime \$110k  Refer Appendix 1 Nil Effect Income Gain Security Charge Reimbursements \$10k
Events	Community Development	60	The favourable variance is mostly related to the cancellation of the 2023 Christmas Carols event with a budget variation associated with this included as part of this review. Other minor variances related to the timing of expenditure for various Council events also contribute to the variance.	Refer Section 2 New Bids Salisbury Fringe Carnival \$25k  Refer Appendix 1 Expenditure Savings Christmas Carols Cancellation \$35k  Refer Appendix 1 Nil Effect Income Gain Australia Day Community Grant \$10k  Refer Section 2 New Bids Waste Management at Salisbury Events \$15k
Governance Administration	Chief Executive Office	(155)	The variance is due to Legal Costs associated with an ongoing matter. A second quarter budget variation is submitted for consideration.	Refer Section 2 New Bids Legal Fees Supreme Court Judicial Review \$175k

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Customer Centre	Business Excellence	34	The substantial portion of the favourable variance, \$25k, is related to Employee Costs which have been impacted by staff movements and vacancies. Staffing is expected to settle over the ensuing periods and the favourable variance is likely to be utilised as a result. The balance is made up of minor variances in Materials Costs.	
Accounting Services	Business Excellence	35	The favourable variance is associated with the timing of Employee leave.	
People & Culture	Business Excellence	(79)	The unfavourable variance primarily relates to costs associated with staff recruitment during the first and second quarters. An application for funding from the S&W Provision to be considered.	Refer Appendix 1 Nil Effect Income Gain LGAWCS Risk Incentive Fund \$47k  Refer Section 2 New Bids Provision for WHS Initiatives \$41k
Corporate Communications	Business Excellence	36	The favourable variance relates to Employee Costs savings from vacancies, which are offset to an extent by Agency Costs. Agency staffing requirement will continue, and the favourable variance is anticipated to be used over the course of the year.	
City Infrastructure Administration	City Infrastructure	(36)	The unfavourable variance is primarily related to lower than budgeted staff time allocated to capital projects \$50k as a result of extended periods of leave taken by staff members who are capitalised in full. This is partially offset by Agency costs \$32k and other minor variances.	

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Urban & Recreation Assets	City Infrastructure	(55)	The unfavourable variance is due to \$39k higher than anticipated time spent by staff in operational activities which is currently under investigation, plus other minor variances.	Refer Section 2 New Bids Sporting Club Leasing requirements as part of Lease/Licence Review \$10k  Refer Section 2 New Bids Sporting Club Leasing requirements as part of Lease/Licence Review \$15k
Maintenance- Ops Centre	City Infrastructure	26	The favourable variance stems from the timing of the handover of the Operation Centre for regular maintenance. This has recently occurred and expenditure will commence in the upcoming periods.	



**Governance – Net Favourable Variance \$28k****Expenditure – Favourable Variance \$28k**

No significant variances to report.

**Treasury – Net Favourable Variance \$1,878k****Revenue – Favourable Variance \$253k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Treasury	Sundry	253	The favourable variance relates to investment income with higher levels of cash held during the first and second quarters than budgeted. Interest rates are also higher than anticipated with current rates 4.3% compared to the budgeted rate of 3.3%	

**Expenditure – Favourable Variance \$1,625k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Treasury	Sundry	1,625	The favourable variance is as a result of no interest costs incurred for cash advances this financial year, which is associated with reduced demand on loan funds from the timing of cash outflows for the infrastructure program.	

**Misc – Net Favourable Variance \$1,640k****Revenue – Favourable Variance \$366k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Rates	Sundry	347	The favourable variance is primarily related to higher rate revenue than budgeted.	

**Expenditure – Favourable Variance \$1,274k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Wages & Salaries Provision	Sundry	1,059	This balance represents Wages and Salaries savings identified and allocations as authorised by the CEO during the first and second quarters of 2023/24. A total of \$467k has been allocated to the Provision during the quarter, with \$34k allocated from the Provision for Public Art & Exhibitions Officer and Senior Civil Environmental Engineer.	
Inside Staff Oncosts	Sundry	198	The favourable variance is primarily related to lower than forecasted annual leave taken \$486k offset by higher than budgeted sick leave \$173k, and parental leave \$139k.	

**Capital Contributions – Net Favourable Variance \$5,989k****Revenue – Favourable Variance \$5,989k**

Budget Area	Department	Variance YTD '000s	Comment	Action Required
Capital Grants, Subsidies & Contributions	Sundry	5,971	The favourable variance is mostly timing related for 2022/23 capital program income, including COVID19 Federal Stimulus \$2.4M, Footpaths Pooraka & Ingle Farm \$2M, Salisbury Aquatic Centre \$1.9M, and Local Roads Community Infrastructure (LRCI) \$1.5M.	

## Appendix 5 – Capital Expenditure Report as at 31 December 2023



The second quarter of 2023/24 saw the Salisbury Aquatic Centre continue to take shape with the 10-metre-high triple waterslide tower constructed and slides installed. Internally, the 25m indoor pool and program pool, transitioned through hydrostatic testing to waterproofing and tiling. This significant project for the community is part funded by the Government of South Australia.

The Capital Program is progressively delivered, with the various programs and projects at a variety of stages from initiation through to completion. Works are scheduled to optimise construction schedules and where possible minimise impact to the community. Scheduling considerations include but not limited to weather / climate, resource availability, sporting seasons, school terms, community and business events. As a result, some programs and projects will cross financial years in alignment with their optimum construction schedule.

In addition to program works, development of the 2024/25 program of works occurred this quarter to inform the proposed 2024/25 Budget Bids developed this quarter.

At the end of this quarter, \$22.1M (22.6%) has been spent or \$41.4M (42.4%) inclusive of commitments. Noting this quarter finished with the Construction Industry shutdown period across the festive season.

Description	Revised Budget	Actuals	Commitments	Total Actuals / Commitments	Balance Remaining
<b>EXPENDITURE</b>					
Transportation	28,597,454	5,854,623	841,152	6,695,775	21,901,678
Property & Buildings	8,806,004	1,012,645	2,551,537	3,564,181	5,241,822
Drainage & Waterways	4,075,929	1,467,702	666,263	2,133,965	1,941,964
Parks & Streetscapes	8,516,932	1,790,076	1,614,866	3,404,942	5,111,990
Fleet	6,634,802	986,100	1,545,279	2,531,378	4,103,424
Strategic Projects	31,152,975	9,897,766	11,127,953	21,025,719	10,127,256
<b>Total City Infrastructure</b>	<b>87,784,095</b>	<b>21,008,912</b>	<b>18,347,049</b>	<b>39,355,961</b>	<b>48,428,134</b>
Information Technology	1,665,534	157,624	239,787	397,412	1,268,123
Salisbury Water Business	4,736,640	586,147	486,019	1,072,166	3,664,473
Strategic Property	3,416,666	337,201	224,556	561,757	2,854,908
<b>Total Other</b>	<b>9,818,840</b>	<b>1,080,972</b>	<b>950,363</b>	<b>2,031,335</b>	<b>7,787,504</b>
	<b>97,602,935</b>	<b>22,089,884</b>	<b>19,297,412</b>	<b>41,387,297</b>	<b>56,215,638</b>

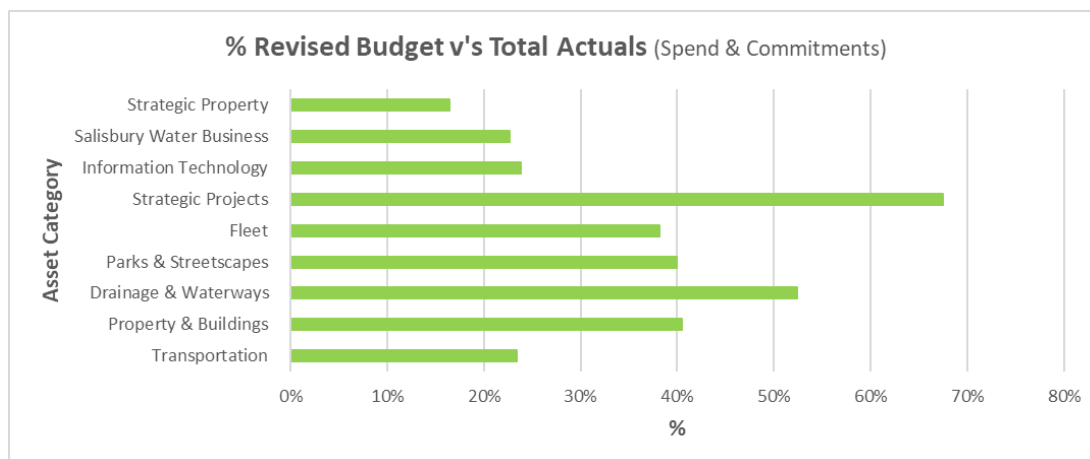
*Camelot Drive, Paralowie, New Playspace*



A noteworthy achievement this quarter is the opening of a new playspace at Camelot Drive Reserve, Paralowie. Play elements installed include play tower, swing set, climbing logs and natural play elements. With this playspace a new hardcourt multi-sport playing surface was also constructed, accompanied by a new picnic shelter and drink fountain.

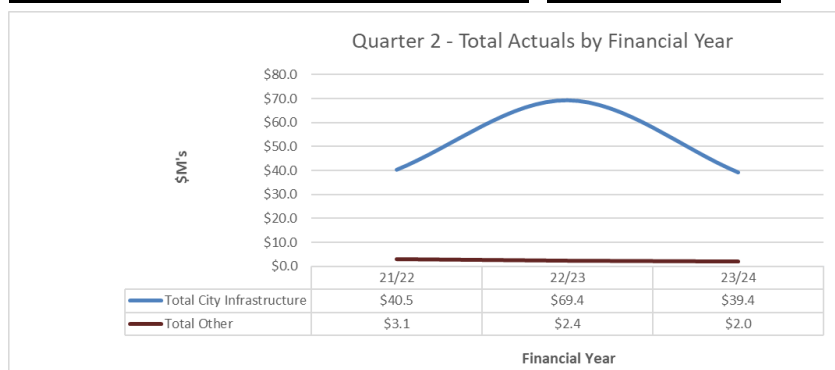
## Spend

Across the asset categories, the following graph represents the percentage of Total Actuals (spend & commitments) versus Revised Budget, as at the end of Quarter 2, 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, construction works associated with the Road Reseal Program commences early in 2024 and will be evident next quarter.



Quarter 2				Actual Spend			Spend + Commitments		
Asset Category				21/22	22/23	23/24	21/22	22/23	23/24
Transportation				\$5.1	\$6.0	\$5.9	\$10.5	\$8.2	\$6.7
Property & Buildings				\$4.1	\$4.2	\$1.0	\$7.8	\$7.3	\$3.6
Drainage & Waterways				\$1.3	\$0.9	\$1.5	\$1.9	\$1.6	\$2.1
Parks & Streetscapes				\$3.2	\$2.4	\$1.8	\$5.0	\$7.1	\$3.4
Fleet				\$0.6	\$0.7	\$1.0	\$3.1	\$2.2	\$2.5
Strategic Projects				\$4.1	\$11.6	\$9.9	\$12.2	\$43.1	\$21.0
Total City Infrastructure				\$18.3	\$25.9	\$21.0	\$40.5	\$69.4	\$39.4
Information Technology				\$0.5	\$0.1	\$0.2	\$1.3	\$0.3	\$0.4
Salisbury Water Business				\$1.3	\$1.1	\$0.6	\$1.6	\$1.8	\$1.1
Strategic Property				\$0.1	\$0.2	\$0.3	\$0.3	\$0.4	\$0.6
Total Other				\$2.0	\$1.5	\$0.4	\$3.1	\$2.4	\$2.0
Total				\$20.3	\$27.4	\$21.4	\$43.6	\$71.9	\$41.4

Similar to last quarter, when comparing this quarter across the last three years, the City Infrastructure values are returning to similar levels of 2021/22, following the completion of last year's significant program of works. Strategic Projects remains the key spend and commitment for 2023/24.



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 new funding requests were sought associated with the Capital Program;

- Resolution 0591/2024, \$195,200 of new capital funding to cover the relocation of services associated with the Salisbury Oval development.
- Resolution 0579/2024, \$95,000 of new capital funding for the installation of a new water fountain in the ornamental lake at Lake Windemere, Salisbury North.
- Resolution 0577/2024, \$43,300 of new capital funding to offset the capital expenditure incurred to replace failed pumps at the Cascades and Keyhole Park, Mawson Lakes.
- Resolution 0577/2024, \$150,000 of new capital funding to complement the new \$300,000 of grant funding to deliver a new Changing Places facility at Carisbrooke Park, Salisbury Park.
- Resolution 0577/2024, \$500,000 of additional capital funding for the flood mitigation works at Brickwork Place, Walkley Heights, noting this is in addition to the previously endorsed \$300,000.
- Resolution 0526/2023, \$20,000 of new capital funding for the purchase of equipment and preparation of hall hire associated with the St Kilda Community Hall.
- Resolution 0525/2023, \$600,000 of additional capital funding for the Irrigation Controller Renewal Program to cover the required SAPN upgrades to enable the controllers to be upgraded from 3G to 5G.
- Resolution 0525/2023, \$50,000 of additional capital funding associated with the Mawson Lakes wall remediation works and adjacent surface protection and / or remediation.

## Income

As reported January 2024, Resolution 0577/2024, the City of Salisbury was successfully awarded \$300,000 of State Government grant funding to contribute towards the construction of a new Changing Places facility at Carisbrooke Park, Salisbury Park. A \$150,000 Council contribution is required also to enable this \$450,000 facility to be built.

Also reported January 2024, Resolution 0577/2024, the City of Salisbury was successfully awarded \$315,000 of Commonwealth Disaster Ready grant funding towards flood mitigation works at Globe Derby to improve protection to the community from Dry Creek flood flows and tidal conditions. The required Council contribution for this grant can be offset within existing budgets.

The City of Salisbury was successfully awarded \$350,000 of Commonwealth Black Spot Funding for a traffic safety improvement at Beovich Road, Wright Road and Uno Crescent, Valley View, as per Resolution 0525/2023. This grant did not require a Council contribution.

## Other Funding Adjustments

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

In accordance with Resolution 0550/2023 transfer \$25,000 of available funding from the Minor Capital Works Grant Program to Youth Sponsorship. Similarly, also part of this resolution was the approval to transfer \$50,000 of available funding from the Minor Capital Works Grant Program to Community Grants.

As reported January 2024, Resolution 0577/2024, transfer \$20,000 of available funding from Kingswood Crescent Reserve, Paralowie, New Playspace to Camelot Drive Reserve, Paralowie, New Playspace, to cover additional expenditure incurred due to earthworks.

## Asset Category Highlights

### Transportation

The tender of the new bridge at Pratt Avenue, Pooraka, was released this quarter and will be awarded early 2024. The tender will inform construction timeframes for this complex and significant project.

As part of the Bus Shelter and Stop Improvement Program, bus stop 40 Bridge Road, Para Hills, was completed. There are a series of further shelters pending renewal due to current delays associated with the manufacture and supply of the actual shelters.

Works have commenced on footpath and pedestrian facilities improvements along Halba Crescent, Paralowie, servicing the adjacent Paralowie R-12 School. This work is being delivered as part of the School Zones and Pedestrian Crossing Program. Also, as part of this program, there is a new pedestrian crossing proposed for Ponton Street, Salisbury, which is scheduled for delivery in 2024. This safety initiative on Ponton Street, will service the community and adjacent St Augustine Parish School.

*Stop 40 Bridge Road, Para Hills, New Bus Shelter*



### Salisbury Water

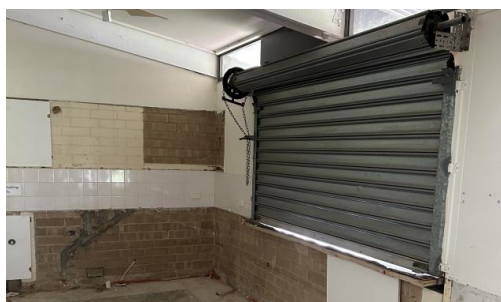
For Salisbury Water, the focus has been on construction works associated with upgrading the Main North Road frontage of Unity Park, with significant plant overgrowth cleared, walking paths reinstated, earthworks completed and hydroseeding commenced.

*Unity Park  
Landscape Entry Statement*



### Property and Buildings

*Wildwood Reserve, Salisbury Park, Clubroom Renewal*



As part of the Building Service Continuity Program, the renewal works at Wildwood Park, Salisbury Park, sports clubrooms have commenced. These works are scheduled for completion April 2024 prior to peak winter soccer season.

The construction of a new change facility at Hausler Reserve, Parafield Gardens, is currently going through the relevant planning processes and is estimated to commence on site in February 2024.



**Fleet**

The Plant and Fleet Program continues to be progressively delivered whilst continuing to manage lengthy supply chain lead times. This program enables plant and fleet to be renewed which enables service delivery to the community.

**Parks and Streetscape**

New practice cricket wickets and multi-sport court was completed at Baltimore Reserve, Parafield Gardens. Together with these new recreational elements, carpark modifications were completed.

The playspaces at Yalumba Drive Reserve, Paralowie, and Camelot Drive Reserve, Paralowie, were successfully opened late 2023. Yalumba Drive Reserve being a renewed and invigorated playspace and Camelot Drive Reserve a new playground destination. Together with the playground, a new multi-sport court was installed at Camelot Drive Reserve.

Playground softfall at Unity Park, Pooraka, and the Civic Square, Salisbury, were renewed this quarter also.

Court lighting contract was awarded for improvements at Mobara Park, Mawson Lakes, which will be completed early 2024.

*Baltimore Reserve, Parafield Gardens, New Practice Cricket Wickets*

**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, were completed this quarter, as were flood mitigation works associated with Whites Road, Paralowie.

As part of the Watercourse Management Works Program, a further contract for works associated with the Edinburgh and Helps Road Drain was awarded this quarter. This work is expected to be completed by mid-2024. Detailed investigation and design was completed to inform the construction methodology and extent of work associated with the pipe failure at Brickwork Place, Walkley Heights. Upon completion of detailed work, the full extent of work required was determined and additional funding to deliver the project has been included in this review.



**Strategic Projects**

As part of Phase 4, Local Roads and Community Infrastructure Program, contract for works was awarded this quarter for school safety improvements at Bagster Road, Salisbury North, adjacent Salisbury High School, and Keller Road, Salisbury East, adjacent Keller Road Primary School. It is to be noted that this program is a Commonwealth funded grant program.

The renewed playground at RM Williams Drive Reserve, Walkley Heights, was completed and opened to the community, November 2023. This project was part funded by the State Government as part of the Community Infrastructure Grants Program and delivered a new picnic shelter, barbecue, play elements including play tower, swing set, springer and climbing logs.

*RM Williams Reserve, Walkley Heights, Playground*



Whilst most construction sites shut down over the Christmas period, the Salisbury Aquatic Centre continued, optimising on good weather conditions. The indoor 25m pool and program pool completed hydrostatic testing enabling the waterproofing and tiling to be completed. The 10-metre-high triple waterslide tower was erected and slides installed which is being quickly followed by the completion of the waterplay and splashpad area. This project remains on track for completion mid-2024.

*Salisbury Aquatic Centre*

**Strategic Property**

*Salisbury City Centre Renewal*



The Strategic Development Projects team is managing the Salisbury City Centre Renewal EOI. Council is currently negotiating with a preferred proponent for the four strategic sites within the City Centre.

Construction is well underway on the 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. Construction is proposed to commence on the Dunbar Aged Care component in late 2024.

### Next Quarter

A focus of next quarter will be the presentation of the 2024/25 Capital Infrastructure Program of works and associated Budget Bids. These have been developed in alignment with the Strategic Asset Management Plan (SAMP) which was adopted in August 2023, as per Resolution 0439/2023. The SAMP is based upon asset conditions and associated levels of service.

The delivery of the State Government \$2M Community Infrastructure Grant Program will commence in 2024 and see a series of footpaths and street tree improvements within Pooraka and Ingle Farm. The purpose of this initiative is to install City Pride and lift the aesthetic and street appeal for the community.

The Salisbury Aquatic Centre will remain a key focus of next quarter as a significant project and exciting new facility for the community. The outdoor 50m pool will complete waterproofing and move to tiling. External entry works will also become a focus with the commence of landscape and carpark works.

### Summary

This quarter, in addition to managing and delivering the current 2023/24 Capital Program, works commenced to draft a 2024/25 program of works and associated Budget Bids. This work will transition next quarter to presentation for consideration.

The supply chain continues to impact the construction industry and therefore can impact upon project delivery timeframes; however, best efforts continue to be made to minimise the impact to project delivery and ultimately the outcomes for the community.

Some noteworthy achievements this period include the delivery of the new playspace at Camelot Drive Reserve, Paralowie, upgraded playspace at RM Williams Drive, Walkley Heights, and the new practice cricket wickets and multi-sport court at Baltimore Drive Reserve, Parafield Gardens. Recreational spaces provide the opportunity for people to meet, socialise, play, exercise and enjoy the outdoors.

## **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
Salisbury Memorial Park	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue	351	296	54	700	808	808
Expenditure	271	263	(8)	586	715	737
<b>Surplus/(Deficit)</b>	<b>80</b>	<b>33</b>	<b>47</b>	<b>114</b>	<b>93</b>	<b>71</b>

The overall position of the Salisbury Memorial Park at the end of Q2 shows a surplus of \$80,000 versus a budgeted surplus of \$33,000. This includes the operating cost of the mausoleum which has been under the control of the City of Salisbury since September 2023, and associated unforeseen legal expenditure, refer Section 3.6 Transfer of Funds Requests (TR0638) Transfer from CEO Consulting to Salisbury Memorial Park (SMP) Mausoleum Legal Expenditure \$22k.

The nature of sales in these facilities makes it difficult to predict the demand, however the current performance is on track to achieve budgeted revenue. Costs fluctuate with demand therefore it is not unexpected to see higher than budgeted costs where the revenue is also higher than budgeted.

Irregular sales and trade are an unavoidable aspect in this business unit meaning it is possible that the overall performance returns more closely to a budgeted position during third quarter. Therefore, no variation is requested at this time.

**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	720	518	203	775	905	1,035
Expenditure	377	389	12	716	716	716
<b>Surplus/(Deficit)</b>	<b>343</b>	<b>129</b>	<b>215</b>	<b>59</b>	<b>189</b>	<b>319</b>

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 (IG0609) Building Rules Certification Unit Income Declaration \$130k. Expenditure is generally within budget expectations.

## 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	1,007	924	83	2,621	2,621	2,621
Internal Revenue	1,557	1,055	503	3,515	3,515	3,515
<b>Total Income</b>	<b>2,564</b>	<b>1,978</b>	<b>585</b>	<b>6,136</b>	<b>6,136</b>	<b>6,136</b>
Expenditure	3,045	3,045	(1)	6,320	6,320	6,320
<b>Surplus/(Deficit)</b>	<b>(482)</b>	<b>(1,067)</b>	<b>585</b>	<b>(184)</b>	<b>(184)</b>	<b>(184)</b>

The Salisbury Water Business Unit (SWBU) completed the first half of the 2023/24 financial year with a favourable variance of \$585k. The current full year outlook remains at a budget deficit \$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 whilst drier than average conditions are forecast across the next quarter this impact is difficult to predict. The full year outlook will be revised after the third quarter period.

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 \$2,564k has been received to date, which is \$585k above the YTD budget. This variance is largely due to below average rainfall conditions across the first quarter and corresponding irrigation requirements by Council's own parks and gardens to maintain cool, green spaces for the community along with an increase in ornamental lake fill to maintain lake amenity and water quality.

Operational expenditure was \$1k above the YTD budget predictions. This result is largely due to minimal operational maintenance and failures across the first half of the year, which is likely to be offset over the next quarter with irrigation demand and supply schemes operating at peak capacity.

A total of 1,024 ML of water was distributed to Salisbury Water customers during the first half of the year, 189ML above budget predictions. Of this 532ML was supplied to irrigate Council reserves, sporting ovals and facilities across the City and 475ML was supplied to external customers including industry, schools and residents. Water supplied to Council facilities is higher than predicted and can be attributed to an earlier start to the irrigation season in the first quarter and continued warm conditions across the second quarter.

Below average rainfall conditions occurred across the first 4 months of this year with 201mm received, 46mm below average. Two major rain events during November and December contributed over 100mm to this total with the remainder of the time being drier and slightly warmer than average. Whilst forecasts are leaning towards El Nino conditions, this may result in stronger demand from irrigation-based customers however this may be offset somewhat by more intense summer rain events which may provide periods of irrigation relief. As this is difficult to predict, supply forecasts will be reviewed after the third quarter period.

Rainfall received across the last 6 months has resulted in a total harvest of 1,759 ML (compared to 2,672ML for this time last year), bringing the combined aquifer balance to 13,000 ML.

## 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

	2024 Budget Revised \$000's	2024 Budget Budget \$000's
<b>YEAR ENDING 30 JUNE</b>		
<b>INCOME</b>		
Rates Revenues	121,959	121,959
Statutory Charges	3,554	3,027
User Charges	6,205	5,974
Grants, Subsidies & Contributions	6,910	14,652
Investment Income	77	77
Reimbursements	364	277
Other Income	1,082	967
<b>Total Income</b>	<b>140,151</b>	<b>146,933</b>
<b>EXPENSES</b>		
Employee Costs	45,446	44,765
Materials, Contracts & Other Expenses	64,811	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>148,379</b>	<b>143,747</b>
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>(8,228)</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>(4,132)</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>46,122</b>	<b>57,536</b>

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

	<b>2024 Budget Revised \$000's</b>	<b>2024 Budget Budget \$000's</b>
<b>YEAR ENDING 30 JUNE</b>		
<b>ASSETS</b>		
<b>Current Assets</b>		
Trade & Other Receivables	6,188	6,612
Inventories	1,783	1,761
<b>Total Current Assets</b>	<b>7,971</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	1,924,448	1,903,639
Intangible Assets	210	210
Other Non-Current Assets	31,097	31,097
<b>Total Non-Current Assets</b>	<b>1,961,112</b>	<b>1,940,303</b>
<b>TOTAL ASSETS</b>	<b>1,969,083</b>	<b>1,948,676</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Cash Advance Debentures	62,249	65,521
Trade & Other Payables	20,783	19,756
Borrowings	1,504	1,504
Provisions	10,264	10,264
<b>Total Current Liabilities</b>	<b>94,800</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>99,943</b>	<b>102,188</b>
<b>NET ASSETS</b>	<b>1,869,140</b>	<b>1,846,488</b>
<b>EQUITY</b>		
Accumulated Surplus	411,313	388,660
Asset Revaluation Reserves	1,410,976	1,410,976
Other Reserves	46,852	46,852
<b>TOTAL EQUITY</b>	<b>1,869,141</b>	<b>1,846,488</b>



**City of Salisbury**  
**Budgeted Statement of Cash Flows**

	<b>2024 Budget Revised \$000's</b>	<b>2024 Budget Budget \$000's</b>
<b>YEAR ENDING 30 JUNE</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Operating Receipts	140,074	146,392
Investment Receipts	78	78
<b>Payments</b>		
Operating Payments to Suppliers and Employees	(109,818)	(104,822)
Finance Payments	(3,740)	(3,740)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>26,594</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	(52,163)	(11,964)
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(85,785)</b>	<b>(39,004)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Receipts</b>		
Proceeds from CAD's	20,601	2,506
<b>Payments</b>		
Repayments of Borrowings	(1,410)	(1,410)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>59,191</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>2024 Budget Revised \$000's</b>	<b>2024 Budget Budget \$000's</b>
<b>YEAR ENDING 30 JUNE</b>		
<b>Opening Balance</b>	<b>1,783,018</b>	<b>1,788,952</b>
Net Surplus / (Deficit) for Year	(4,132)	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>86,122</b>	<b>57,536</b>
<b>Balance at end of period</b>	<b>1,869,140</b>	<b>1,846,488</b>

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

	<b>2024 Budget Revised \$000's</b>	<b>2024 Budget Budget \$000's</b>
<b>YEAR ENDING 30 JUNE</b>		
Income	140,151	146,933
less Expenses	(148,379)	(143,747)
<b>Operating Surplus / (Deficit)</b>	<b>(8,228)</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	(52,163)	(11,964)
less Amounts Specifically for New/Upgraded Assets	897	897
less Proceeds from Sale of Surplus Assets	1,271	1,271
	<b>(49,995)</b>	<b>(9,796)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(60,370)</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**

	2024 Revised Budget \$000's	2024 Budget Budget \$000's
<b>YEAR ENDING 30 JUNE</b>		
<b>Operating Surplus</b>	<b>(8,228)</b>	<b>3,186</b>
<b>Operating Surplus Ratio</b>	<b>(5.87%)</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>93,708</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>66.86%</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.		



<b>ITEM</b>	2.2.1
	<b>FINANCE AND CORPORATE SERVICES COMMITTEE</b>
<b>DATE</b>	19 February 2024
<b>HEADING</b>	Council Finance Report - January 2024
<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 <sup>st</sup> January 2024 for the information of Council.

**RECOMMENDATION**That Council:

1. Notes the report.

**ATTACHMENTS**

There are no attachments to this report.

**1. BACKGROUND**

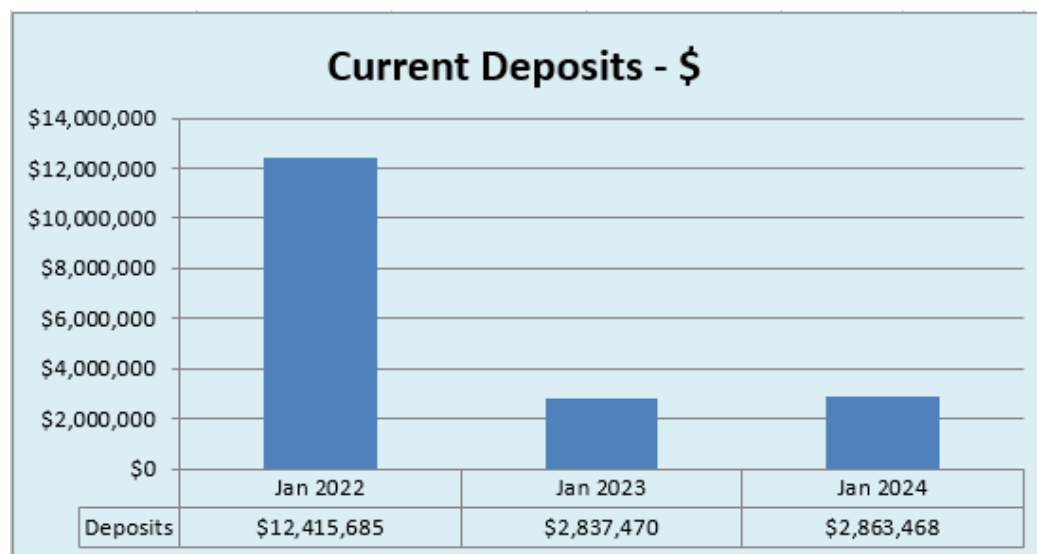
- 1.1 The Treasury Policy requires that a report be prepared detailing fixed borrowings and variable borrowings at the end of the preceding month, together with all investments held, their terms and interest rates. Also included is a summary of Reserve Balances and Rates and Debtor Information. The policy 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 all with the Local Government Finance Authority or at call with the National Australia Bank (whichever offers the 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 January 2024

Date	Institution	%	Term-Days	Maturity	Value
31-Jan-2024	LGFA	4.55%	At Call	31-Jan-2024	2,259,660
31-Jan-2024	NAB	4.55%	At Call	31-Jan-2024	603,808
<b>31-Jan-2023</b>	<b>2,837,470</b>			<b>31-Jan-2024</b>	<b>2,863,468</b>



2.4 Cash has decreased compared to January 2022 and is consistent with cash held January 2023, primarily as a result of an accelerated delivery of the Infrastructure program in the 2022/23 and 2023/24 financial years as at the report date. Due to the scale of Infrastructure program this cash outflow will continue in the second half of the financial year with significant cash outflows expected in quarter 3 and 4.

2.5 Council has not needed to draw down on the existing cash advance debentures facilities (CAD's) in the 2<sup>nd</sup> quarter of 2023/24 financial year, apart from \$600k drawn down in the 1<sup>st</sup> quarter for a short period in late July 2023. This was fully repaid by the end of the same month, resulting in a minor interest expense 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.

## 2.6 Reserves as at 31 January 2024

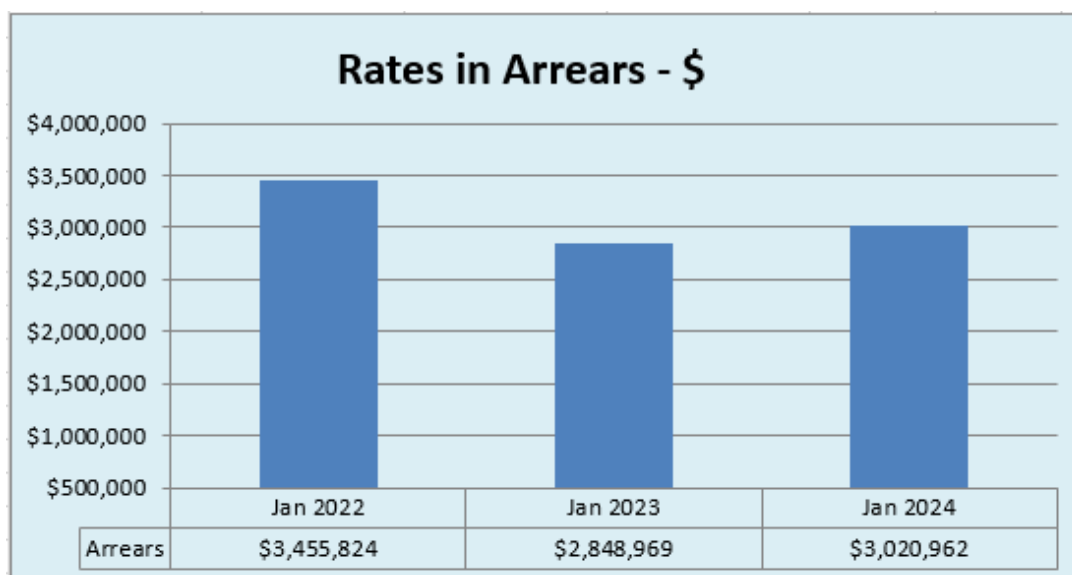
	Opening Balance as 1/07/2023	Transfer to Reserves	Transfer from Reserves (Budgeted)	Current Balance
Open Space Reserve	1,906,874	50,054	-	1,956,928
Car Parking Reserve	985,478	25,868	-	1,011,346
Property Disposal Reserve	7,938,142	-	4,335,000	3,603,142
Mausoleum Perpetual Care Fund	983,381	78,637	-	1,062,018
Salisbury Memorial Park Reserve	948,183	24,889	-	973,072
Developer and Public Infrastructure Reserve	2,457,478	116,014	200,000	2,373,492
Salisbury Water Business Unit Reserve	2,351,773	-	-	2,351,773
Northern Futures Fund Reserve	273,843	7,188	-	281,031
Business Transformation Reserve	3,736,037	98,069	314,100	3,520,006

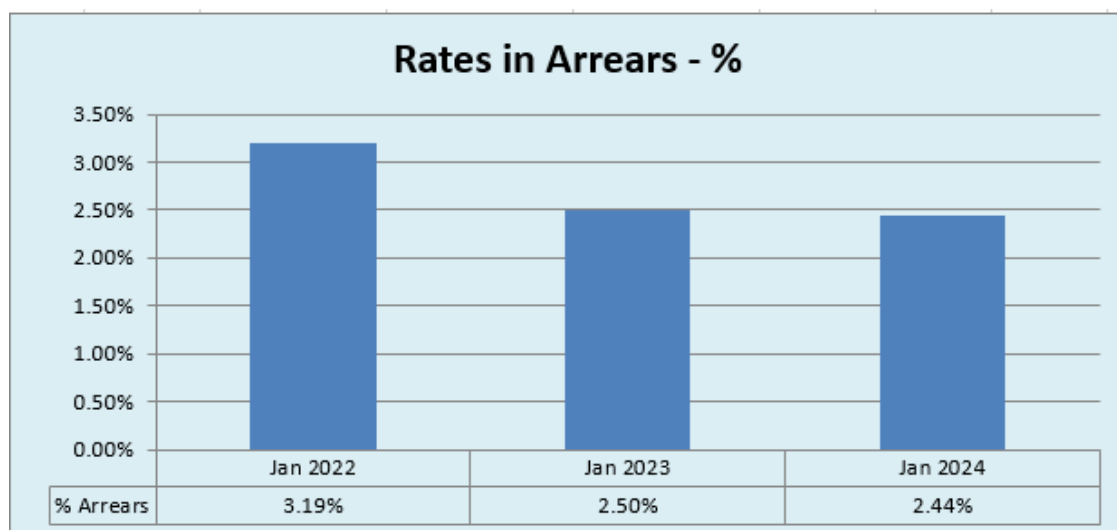
- 2.7 Reserves are a device used to ensure that Council has allocated amounts for specific purposes. Transfers to the Reserves represent amounts received as contributions, indicative interest adjustments and property disposal proceeds. Transfers from the Reserves represent these amounts being applied to specific projects, or to reduce loan borrowing requirements.
- 2.8 As at 31 January 2024 the most significant movements include \$52k 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, the Property Disposal Reserve balance of \$4.335M has been applied to reduce required borrowings for the 2023/24 financial year, with the remaining balance of the reserve retained to support working capital requirements.
- 2.9 Other amounts transferred to the Reserves relate to nominal interest totaling \$293k 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.

2.10 Recovery of Rates as at 31 January 2024

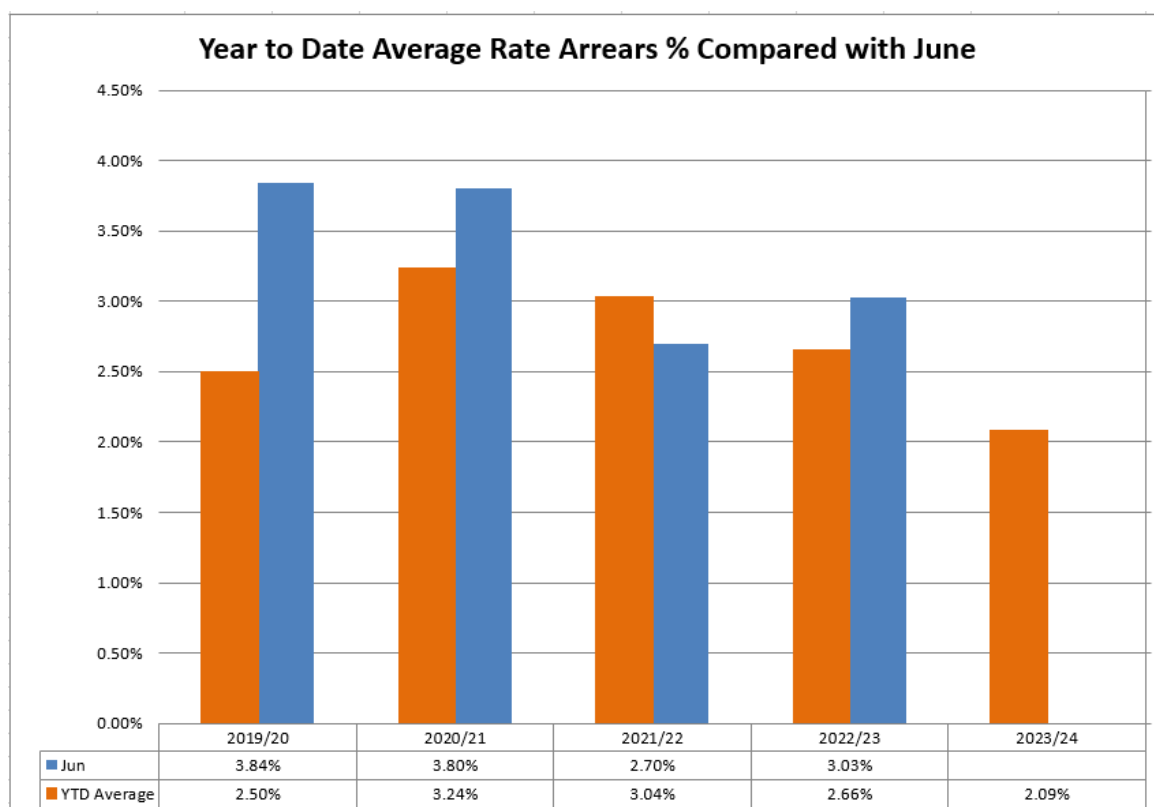
	\$	%
Outstanding Balance as at 31 January 2024*	48,942,811	40.13%
Outstanding Balance as at 31 January 2023*	43,688,422	39.02%
Outstanding Rates Arrears as at 31 January 2024	3,020,962	2.44%
Outstanding Rates Arrears as at 31 January 2023	2,848,969	2.50%

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





- 2.11 The level of Council Rates in arrears as at 31 January 2024 is 2.44% which is below the target maximum level for Rates Arrears of 2.5%.
- 2.12 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 January 2023 being 2.09%, which is below the target of 2.5%.





## 2.13 Other Debtors as at 31 January 2024

Debtor Type	Current	30 – 60 days	60 - 90 days	Over 90 days	Total
Sundry	304,715	114,788	71,981	89,167	<b>580,651</b>
Salisbury Water	11,970	18,095	-	-	<b>30,065</b>
Health Licensing Fees	6,143	1,190	420	3,383	<b>11,136</b>
Property Management	85,708	35,882	6,089	91	<b>127,770</b>
Inflammable Undergrowth	0	0	0	0	<b>0</b>
<b>TOTAL</b>	<b>408,536</b>	<b>169,955</b>	<b>78,490</b>	<b>92,641</b>	<b>749,622</b>

2.14 The above aged analysis represents Council's Sundry debtors as at 31 January 2024. The total Sundry debtors current balance of \$581k includes various debts, all of which are a normal part of Council's operations, and are expected to be paid in the upcoming period.

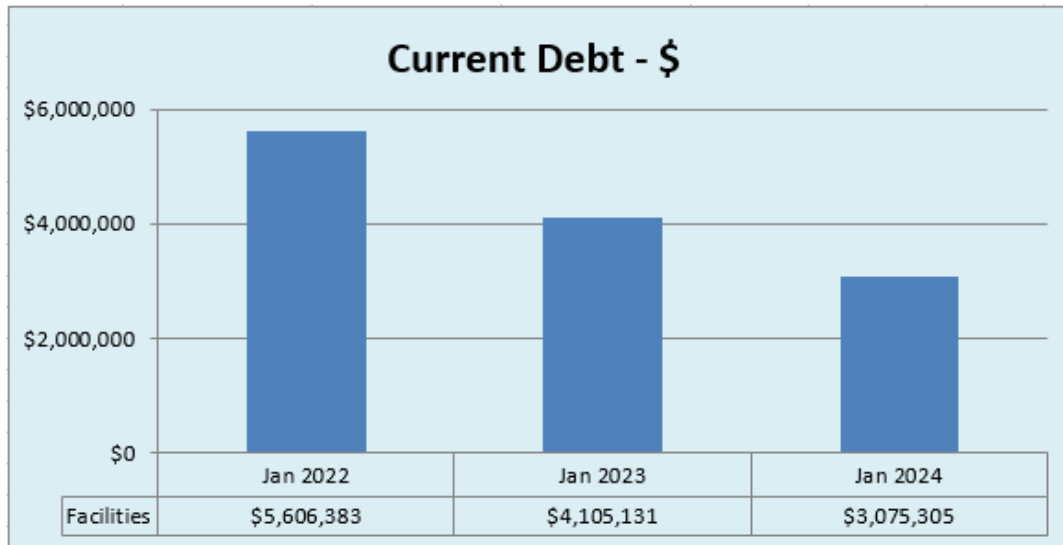
2.15 The above aged analysis also represents other amounts that are owing to Council from a variety of sources that are outstanding as at 31 January 2024. Debts outstanding greater than 90 days account for 12.4% of the total outstanding balance. Debts that are outstanding for greater than 30 days are subject to Council's debt collection procedures, which include internal follow up and ultimately legal action through Council's debt collection agency.

## 2.16 Loan Schedule as at 31 January 2024

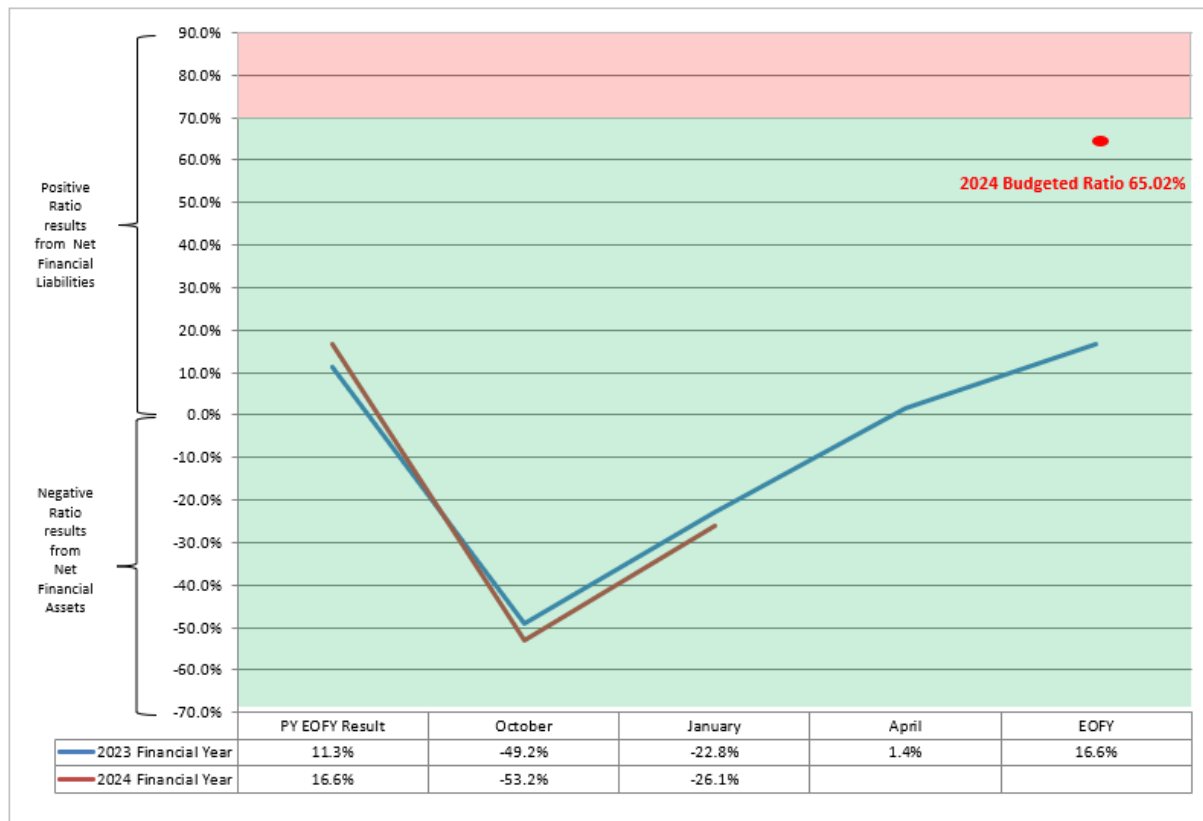
<b>Debenture Loans</b>	
Principal Outstanding as at 1 July 2023	3,768,644
Loans Raised Year to Date	-
Repayments of Principal Year to Date	693,339
<b>Loan Principal Outstanding - Debenture Loans</b>	<b>3,075,305</b>
<b>Cash Advance Debenture Borrowings (CADs)</b>	
Total CAD's available	47,467,000
Current 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	137,043
Interest Payments - CAD's	0
<b>Total Interest Payments</b>	<b>137,043</b>

2.17 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 and December 2023 and in May and 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 January 2024.

2.18 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.



#### 2.19 Net Financial Liabilities Ratio Comparison



- 2.20 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 approved for the 2024 budget year which is represented by the green shaded area on the graph.
- 2.21 It should be noted that when the ratio is below zero, that this represents a net financial assets position, which is when the financial assets (cash, receivables and financial assets) are greater than total liabilities. Effectively this means that a negative ratio is favorable. When financial assets are less than total liabilities it results in a net financial liability position, and a positive ratio.
- 2.22 As can be seen the trend is that early in both financial years Council is in a strong net financial assets position. 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 endorsed range.
- 2.23 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 26.1%, which means that we have financial assets (e.g. cash and receivables) exceeding our financial liabilities (e.g. accounts payables, provisions, and loan borrowings).
- 2.24 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.