

Special Council Meeting Minutes

10 April 2017

Our Vision

*A City which values its heritage, cultural diversity,
sense of place and natural environment.*

*A progressive City which is prosperous, sustainable
and socially cohesive, with a strong community spirit.*

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City of
Norwood
Payneham
& St Peters

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VENUE Council Chambers, Norwood Town Hall

HOUR 7.00pm

PRESENT

Council Members Mayor Robert Bria
Cr Lucy Marcuccitti
Cr Christel Mex
Cr Sophia MacRae
Cr Kevin Shepherdson
Cr Carlo Dottore
Cr Kevin Duke
Cr Evonne Moore
Cr John Frogley
Cr Garry Knoblauch
Cr Sue Whittington
Cr Paul Wormald (entered the meeting at 7.05pm)

Staff Mario Barone (Chief Executive Officer)
Peter Perilli (General Manager, Urban Services)
Carlos Buzzetti (General Manager, Urban Planning & Environment)
Lisa Mara (General Manager, Governance & Community Affairs)
Sharon Perkins (Acting General Manager, Corporate Services)
Andrew Alderson (Financial Services Manager)
Jayne Hughes (Finance Officer)
Tina Zullo (Administration Officer, Governance & Community Affairs)

APOLOGIES Cr John Minney, Cr Connie Granozio

ABSENT Nil

1. CONFIRMATION OF THE MINUTES OF THE COUNCIL MEETING HELD ON 3 APRIL 2017

Cr Whittington moved that the minutes of the Council meeting held on 3 April 2017 be taken as read and confirmed. Seconded by Cr Dottore and carried.

2. DEPUTATIONS

2.1 DEPUTATION – REPRESENTATION REVIEW REPORT

REPORT AUTHOR: General Manager, Governance & Community Affairs
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE: S.422 S.04096
ATTACHMENTS: Nil

SPEAKER/S

Ms Serena Coulls on behalf of the Hackney Residents Association.

ORGANISATION/GROUP REPRESENTED BY SPEAKER/S

Not Applicable.

COMMENTS

Ms Serena Coulls has written to the Council requesting that she be permitted to address the Council in relation to the Representation Review Report.

In accordance with the Local Government (Procedures at Meetings) Regulations 2013, Ms Serena Coulls has been given approval to address the Council.

Cr Wormald entered the meeting at 7.05pm.

Ms Serena Coulls addressed the Council in respect to this issue.

2.2 DEPUTATION – REPRESENTATION REVIEW REPORT

REPORT AUTHOR: General Manager, Governance & Community Affairs
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE: S.422 S.04096
ATTACHMENTS: Nil

SPEAKER/S

Mr David Cree on behalf of the St Peters Residents Association.

ORGANISATION/GROUP REPRESENTED BY SPEAKER/S

Not Applicable.

COMMENTS

Mr David Cree has written to the Council requesting that he be permitted to address the Council in relation to the Representation Review Report.

In accordance with the Local Government (Procedures at Meetings) Regulations 2013, Mr David Cree has been given approval to address the Council.

Mr David Cree addressed the Council in respect to this issue.

3. STAFF REPORTS

3.1 REPRESENTATION REVIEW REPORT SUBMISSIONS

REPORT AUTHOR: General Manager, Governance & Community Affairs
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE: S/04096
ATTACHMENTS: A - C

PURPOSE OF REPORT

The purpose of the report is to advise the Council of the submissions which have been received regarding the City of Norwood Payneham & St Peters Representation Review Report (the Review Report) for the Council's consideration.

BACKGROUND

The Local Government Act 1999, requires a council to conduct a review of its area in respect to the composition of the council, at least once in every eight (8) years. The Council previously conducted a Representation Review in 2001-2002.

The Council commenced this Representation Review in 2016, in accordance with the requirements of the Local Government Act 1999.

At its meeting held on 7 November 2016, the Council adopted the City of Norwood Payneham & St Peters Options Paper for the purposes of community consultation.

The community consultation period commenced on 16 November 2016 and concluded on Friday 20 January 2017. The legislated consultation period of six (6) weeks was extended to allow for the Christmas and New Year period.

At its meeting held on 27 February 2017, the Council considered the submissions received in respect to the Options Paper and resolved the following:

1. *That the Council agrees in principle that the Office of Mayor (elected by the whole of the electors) be retained;*
2. *That the Council agrees "in principle" to amend its composition and structure to that presented as Option 1a (ie Mayor, 13 Ward Councillors and 6 Wards) as set out in the Discussion Paper (Attachment C of this report); and*
3. *That the Council authorises the Chief Executive Officer to finalise the Representation Review Report, pursuant to the provisions of Section 12(8a) of the Local Government Act 1999, in accordance with the Council's preferred option and to commence the required three (3) week public consultation process.*

The Representation Review Report was subsequently prepared, in accordance with the Council's position, for the purposes of undertaking community consultation on the Council's preferred position in respect to the future structure and composition of the Council. A copy of the Review Report is contained in **Attachment A**.

The community consultation period of three (3) weeks commenced on 7 March 2017 and concluded on Friday 31 March 2017.

This report presents the outcome of the community consultation process to assist the Council in its final decision regarding the future structure and composition of the Council.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Funds to undertake the Representation Review have been allocated in the 2016-2017 Budget.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

The review of the composition of the Council needs to ensure fair and equitable representation for all electors within the City and sufficient numbers of Elected Members to provide responsive and adequate representation to address the roles and responsibilities of the Council and balance the needs of the community with the needs and responsibilities of the Council.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

- **Elected Members**

Elected Members were provided with a copy of the Review Report at the Council meeting held on 27 February 2017.

- **Community**

The community were invited to provide submissions to the Council regarding the Review Report as part of the consultation process. The invitation to provide a submission was advertised in The Advertiser Newspaper, the two (2) local Messenger Newspapers, the Government Gazette, at the Norwood Town Hall, on the Council's website, the Council's three (3) Library noticeboards, the Payneham Community Centre and the community noticeboard located in the Norwood Mall.

- **Staff**

Not Applicable

- **Other Agencies**

Not Applicable

DISCUSSION

Section 12 of the Local Government Act 1999 (the Act), sets out the powers of councils and the framework for councils when undertaking a representation review as follows:

- “(4) A review may relate to a specific aspect of the composition of the council, or of the wards of the council, or may relate to those matters generally—but a council must ensure that all aspects of the composition of the council, and the issue of the division, or potential division, of the area of the council into wards, are comprehensively reviewed under this section at least once in every 8 years.*
- (4a) The first comprehensive review to be carried out by a council under subsection (4) must be completed within a period specified by the Electoral Commissioner by written notice to the council after consultation with the council.*
- (5) A council must, in order to commence a review, initiate the preparation of a paper (a **representation options paper**) by a person who, in the opinion of the council, is qualified to address the representation and governance issues that may arise with respect to the matters under review.*
- (6) The representation options paper must examine the advantages and disadvantages of the various options that are available to the council under subsection (1) (insofar as the various features of the composition and structure of the council are under review) and, in particular (to the extent that may be relevant)—*
- (a) if the council is constituted of more than 12 members—examine the question of whether the number of members should be reduced; and*
 - (b) if the area of the council is divided into wards—examine the question of whether the division of the area into wards should be abolished,*
- (and may examine such other relevant issues as the council or the person preparing the paper thinks fit).*
- (7) The council must—*
- (a) by public notice—*
 - (i) inform the public of the preparation of the representation options paper; and*
 - (ii) invite interested persons to make written submissions to the council on the subject of the review within a period specified by the council (being a period of at least 6 weeks); and*
 - (b) publish a copy of the notice in a newspaper circulating within its area.*
- (8) The council must ensure that copies of the representation options paper are available for inspection (without charge) and purchase (on payment of a fee fixed by the council) at the principal office of the council during the period that applies under subsection (7)(a)(ii).*
- (8a) The council must, at the conclusion of the public consultation undertaken under subsection (7)(a), prepare a report that—*
- (a) provides information on the public consultation and the council's response to the issues arising from the submissions made as part of that process; and*
 - (b) sets out—*
 - (i) any proposal that the council considers should be carried into effect under this section; and*
 - (ii) in respect of any such proposal—an analysis of how the proposal relates to the principles under section 26(1)(c) and the matters referred to in section 33 (to the extent that may be relevant); and*
 - (c) insofar as a decision of the council is not to adopt any change under consideration as part of the representation options paper or the public consultation process—sets out the reasons for the council's decision.*

- (9) *The council must—*
- (a) *make copies of its report available for public inspection at the principal office of the council; and*
 - (b) *by public notice—*
 - (i) *inform the public of the preparation of the report and its availability; and*
 - (ii) *invite interested persons to make written submissions to the council on the report within a period specified by the council (being a period of at least 3 weeks); and*
 - (c) *publish a copy of the notice in a newspaper circulating within its area.*
- (10) *The council must give any person who makes written submissions in response to an invitation under subsection (9) an opportunity to appear personally or by representative before the council or a council committee and to be heard on those submissions.*
- (11) *The council must then finalise its report (including in its report recommendations with respect to such related or ancillary matters as it thinks fit).*
- (11a) *If the report proposes that the composition of the council be altered so that—*
- (a) *the council will have a chairperson rather than a mayor; or*
 - (b) *the council will have a mayor rather than a chairperson,*
- then the proposal cannot proceed unless or until a poll has been conducted on the matter and the requirements of subsection (11c) have been satisfied.*
- (11b) *The council may, with respect to a proposal within the ambit of subsection (11a)—*
- (a) *insofar as may be relevant in the particular circumstances, separate the proposal (and any related proposal) from any other proposal contained in the report (and then it will be taken that the council is reporting separately on this proposal (and any related proposal));*
 - (b) *determine to conduct the relevant poll—*
 - (i) *in conjunction with the next general election for the council (so that the proposal (and any related proposal) will then, if approved at the poll, take effect from polling day for the following general election); or*
 - (ii) *at some other time (so that the proposal (and any related proposal) will then, if approved at the poll, take effect in the manner contemplated by subsection (18)).*

Having commenced its review in 2016, the Council is now nearing the final stages of the process from the Council's perspective.

Following consideration of the submissions which have been received during the consultation period regarding the Review Report, the Council will be required to finalise its position in respect to the future composition and structure of the Council. A final report will then be prepared and forwarded to the Electoral Commissioner of South Australia for assessment and certification.

The Review Report was made available to the community for comment at the Norwood Town Hall, the Council's Libraries located at Norwood, Payneham and St Peters, the Payneham Community Centre and the Council's website. An advertisement inviting feedback from the community was placed in The Advertiser newspaper, the two (2) Messenger Newspapers circulating within the City and the Government Gazette, as required by the Act. Copies of the advertisements were also produced in a poster format and displayed on the noticeboards at the Council's three (3) Libraries, the Payneham Community Centre, the Norwood Town Hall and the community noticeboard located at the Norwood Mall.

At the conclusion of the community consultation period, three (3) submissions were received regarding the Review Report from the following individuals and organisations:

- Ms Gunta and Mr Phillip Groves;
- St Peters Residents Association; and
- Hackney Residents Association.

A copy of the submissions is contained within **Attachment B**.

In accordance with the Local Government Act 1999, all of the above individuals and organisations have been invited to address the Council in respect to their submissions.

Ms Gunta and Mr Phillip Groves have advised of their support for the retention of the current composition of the Council and the proposal to transfer the suburb of Hackney to the West Norwood/Kent Town Ward and realign the boundary between the Payneham Ward and the Maylands/Trinity Ward.

The St Peters Residents Association and the Hackney Residents Association, have advised that whilst they support the retention of the current composition of the Council, they do not support the transfer of the suburb of Hackney to the West Norwood/Kent Town Ward and that the suburb of Hackney should remain within the St Peters Ward.

The St Peters Residents Association has suggested that in order to address the elector quotas in the Wards, a section of Joslin should be transferred to the Torrens Ward.

A map highlighting the St Peters Residents Association suggestion has been prepared and is contained within **Attachment C**.

In addition the submission from the St Peters Residents Association states that the “*under-quota situation of the West Norwood/Kent Town Ward will, we believe, be self-correcting over the next decade, and needs not be considered as important in this review.*”

The Hackney Residents Association has advised that they “*endorse the response from the St Peters Residents Association, and support their proposed solution.*”

As Members are aware, it is a requirement under Section 33 (2) of the Act, that the average number of electors represented by a Councillor within all of the current Wards is within the specified 10% quota. Table 1 below highlights that the St Peters Ward varies from the quota by +10.6% and therefore there is a need to change the boundary for the St Peters Ward as part of this Review.

In addition, Table 1 below highlights that the West Norwood/Kent Town Ward is well below the average representation quotas compared to the other five (5) Wards.

TABLE 1: REPRESENTATION INFORMATION

Ward	Number of Councillors	August 2016		
		Number of electors #	Number of electors per Councillor	Variation from quota
St Peters	2	4,319	2,160	+10.6%
Torrens	2	3,978	1,989	+1.9%
Payneham	2	3,797	1,899	-2.8%
Maylands/Trinity	3	5,966	1,989	+1.9%
West Norwood/Kent Town	2	3,572	1,786	-8.5%
Kensington	2	3,748	1,874	-4.0%
	13	25,380	1,952 (Quota)	-

House of Assembly Roll plus Council's Supplementary Roll

Source: Electoral Commission SA

The proposed structure adopted by the Council and placed on consultation ensures that the required quotas are satisfied. In addition, the Council's proposed structure provides a significant margin for growth in the West Norwood/Kent Town Ward.

The impact of the alternative proposal as submitted by the St Peters Residents Association (and supported by the Hackney Residents Association) is being assessed and further information regarding this proposal will be presented at the Council Meeting.

The Hackney Residents Association has also requested that the Council undertakes additional consultation regarding the proposed changes to Ward Boundaries:

“We believe that the proposed relocation of the Hackney Ward to the West Norwood / Kent Town Ward is a matter significance that requires additional consultation with the community before such a change should occur should the Council wish to progress with this option. While I understand that this review has been advertised externally and on the Council’s website, nothing replaces individual communication to affected rate payers and unfortunately not one resident I have spoken to is aware of this proposed change. We would therefore ask that if the Council wishes to progress with this change, without the support of the Hackney Residents Association and St Peters Residents Association, that the Council undertake a letter drop to all residents in the suburb of Hackney to seek their views before progressing any further.”

As stated previously within this report, the community consultation undertaken as part of the Council’s Representation Review and Representation Review Report has been conducted in accordance with the Act.

There is no requirement for a Council when undertaking a Representation Review to write to individual residents or undertake a letterbox drop. If the Council resolves to undertake a letter box drop then all households across the City should be provided with the same opportunity.

OPTIONS

The Council has the following options in respect to this matter.

Option One.

The Council can resolve to adopt the proposal as put forward by the St Peters Residents Association.

Option Two

The Council can resolve to maintain its current position as set out in the Representation Review Report and which was placed on community consultation.

Option Three

In addition to the options set out above, the Council can resolve to adopt a new position in respect to the future composition and structure of the Council and amend the Representation Review Report accordingly.

Option Two is recommended as the Council has followed a robust process in accordance with the Act.

The Act (section 33(1)) requires the consideration of the following criteria when reviewing or formulating ward boundaries and this criteria was applied by the Council in its consideration of ward boundaries:

- (a) Communities of interest of an economic, social, regional or other kind;
- (b) Population of the area and each ward;
- (c) Topography of the area and each ward;
- (d) The ease and convenience of communication between electors and Councillors;
- (e) The nature of substantial demographic changes that may occur in the near future; and
- (f) Ensuring adequate and fair representation while at the same time avoiding over-representation compared to other similar Councils.

The position which the Council has adopted has been based on the criteria as set out above.

CONCLUSION

The requirement for the Council to finalise its preferred position in respect to the future composition and structure, represents the final stage of the Representation Review process from the Council's perspective.

COMMENTS

The Council's Representation Review is due to be completed by the end of April 2017. The final Representation Review Report will therefore be presented to the Council at its meeting to be held on Tuesday 18 April 2017.

RECOMMENDATION

1. That the report be received and noted.
 2. That the three (3) written submissions made in respect to the Review Report be formally received and noted.
 3. That Ms Gunta and Mr Phillip Groves, the St Peters Residents Association and the Hackney Residents Association be advised of the Council's decision.
-

Cr Duke moved:

1. *That the report be received and noted.*
2. *That the three (3) written submissions made in respect to the Review Report be formally received and noted.*
3. *That Ms Gunta and Mr Phillip Groves, the St Peters Residents Association and the Hackney Residents Association be advised of the Council's decision.*

Seconded by Cr Dottore.

Amendment

Cr Frogley moved:

1. *That the report be received and noted.*
2. *That the three (3) written submissions made in respect to the Review Report be formally received and noted.*
3. *That staff seek advice on the process for considering possible amendments involving the transfer of sufficient electors from St Peters Ward to Torrens Ward and still achieve the appropriate tolerance percentages.*
4. *That Ms Gunta and Mr Phillip Groves, the St Peters Residents Association and the Hackney Residents Association be thanked for their respective submissions and advised of the Council's decision.*

Seconded by Cr Moore.

The amendment was put and carried and on becoming the motion was again put and carried.

3.2 DRAFT 2017-2018 RECURRENT BUDGET

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: Acting General Manager, Corporate Services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S04609
ATTACHMENTS: A - B

PURPOSE OF REPORT

The purpose of this report is to seek “in principle” endorsement of the Draft 2017-2018 Recurrent Budget.

BACKGROUND

Section 123(8) of the Local Government Act 1999, requires the Council to adopt an Annual Business Plan and a Budget for the ensuing financial year after 31 May and except in a case involving extraordinary administrative difficulty, before 31 August.

In accordance with the Council’s agreed strategy, the Draft 2017-2018 Recurrent Budget is prepared in isolation of the decision in respect to Rate Revenue and the Projects and Capital Works component of the Annual Budget.

The preparation of the Budget Estimates of Recurrent Income and Expenditure prior to consideration of the Operating Projects (‘discretionary’ budget items), enables the value of funds available for Operating Projects, programs and services, to be quantified and a ‘priority’ list of these items to be established for inclusion in the Annual Budget, based on available funding, need and priority.

The Projects expenditure components are scheduled to be considered at a Special Meeting of the Council to be held on 18 April 2017. The Draft 2017-2018 Annual Business Plan (which incorporates all components of the draft 2017-2018 Budget), will be considered at the Council Meeting to be held on 1 May 2017. The Draft 2017-2018 Annual Business Plan and Budget will be released for community consultation for a period of twenty-one (21) days as required by the Local Government Act 1999.

RELEVANT POLICIES & STRATEGIC DIRECTIONS

The Council’s long term strategic direction is set out in *City Plan 2030 – Shaping our Future*. The Draft 2017-2018 Annual Business Plan and supporting Draft 2017-2018 Budget, sets out the proposed projects, services and programs (which are aimed at achieving the long term strategic direction) and explains how the Council intends to finance its continuing programs, services and projects which are to be undertaken during the year.

The Council’s Long Term Financial Plan (LTFP), is a key document in the Council’s Planning Framework. It is the primary financial management tool which links the Council’s Strategic Plan, *City Plan 2030 – Shaping our Future*, Whole-of-Life Assets Management Plans and Annual Business Plans and Budgets.

Financial sustainability underpins the Council’s Financial Goals and Outcomes, which are set out in the Long Term Financial Plan. In general terms, financial sustainability is ensuring that the Council has the financial resources to meet the long term service and infrastructure needs of the community, without any sharp increases in rate revenue or cuts in service provision and standards.

From an operational perspective, financial sustainability is being able to manage the conflict between keeping rate revenue increases to a minimum, maintaining existing service standards and spending on new services and major capital investments.

The Draft 2017-2018 Budget is being developed on the basis of ensuring that it will assist in delivering on the Council’s Long Term Strategic direction and financial objectives set out in the LTFP.

The financial projections set out in the LTFP will be reviewed and updated following the adoption of the draft 2017-2018 Annual Business Plan and Budget.

FINANCIAL AND BUDGET IMPLICATIONS

The Council's Long Term Financial Plan, updated for the impact of the 2016-2017 Adopted Budget, sets out an Operating Surplus of \$1.978m (before Roads-to-Recovery Grant funding) for the 2017-2018 Financial year (2016-2017: \$1.684m).

In line with the requirements of the Model Financial Statements (which are requested to be used by Local Government), the Roads-to-Recovery funding is required to be classified as Grants, Subsidies and Contributions and the funding is to be included when determining the Council's Operating Surplus. However, as the Roads-to-Recovery funding is utilised to fund a Civil Infrastructure Project, it has been excluded from the target Operating Surplus for the purposes of determining the Operating Surplus and subsequently any proposed Rate Revenue increase for the 2017-2018 Financial Year.

The Council will receive \$0.602m Roads to Recovery (R2R) funding for the 2017-2018 Financial year. The target Operating Surplus, inclusive of R2R funding is \$2.580m (2016-2017: \$2.545m). It should be noted that the R2R funding allocation is over two (2) times the standard annual allocation of \$0.263m.

EXTERNAL ECONOMIC IMPLICATIONS

The Draft 2017-2018 Recurrent Budget will have an economic impact on property owners and suppliers of goods and services to the Council, the level of which will be dependent on the final decisions taken in respect to the service level and the level of income required to meet the agreed service level.

SOCIAL ISSUES

No Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

The preparation of the Annual Business Plan and Budget ensures the Council meets its legislative responsibility in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

CONSULTATION

- **Elected Members**
An overview of the Draft 2017-2018 Recurrent Budget was provided to Elected Members at an Information Briefing held on 27 March 2017.
- **Community**
The community will have input into the Draft 2017-2018 Recurrent Budget through public consultation on the Draft Annual Business Plan.

- **Staff**

The preparation of the Draft 2017-2018 Recurrent Budget has been completed with the involvement of the Chief Executive Officer, General Managers and council staff responsible for budget management.

- **Other Agencies**

Not Applicable.

DISCUSSION

The Draft 2017-2018 Recurrent Budget is a future focused and financially responsible proposal, which is targeted at ensuring the Council's continuing priorities and operations are appropriately resourced. The focus in developing the Draft 2017-2018 Recurrent Budget, has been on ensuring that the Council can maintain the service standards for its existing services to support the delivery of the Strategic Objectives outlined in the Council's *CityPlan 2030 Shaping our Future* and that those services receive appropriate funding. It is acknowledged however, that the budget and funding requirements need to be balanced with ensuring that the community does not face significant increases in their annual rates contribution.

The key driver for this year's budget is to develop a Recurrent Budget that not only contributes to the Council's broader strategic objectives, but also ensures that the Council's long term financial objective of managing its financial resources in a sustainable and equitable manner is achieved.

BUDGET PARAMETERS/ASSUMPTIONS

As in previous years, no increase in rate revenue has been accounted for in the analysis of the Draft Recurrent Budget. Rate revenue increases will be determined once the Council has endorsed the non-rate revenue and expenditure components (including Operating Projects) of the Draft Budget.

In developing the Draft 2017-2018 Recurrent Budget, the Council's Long Term Financial Plan (LTFP) forms the basis for the financial targets to be achieved for the 2017-2018 Financial Year. In addition, the following principles and assumptions have been applied:

- the Recurrent Operating Budget be prepared based on "business-as-usual";
- maximum Material, Contracts and Other Expenses cost escalation be set at 2.0%;
- Wages and Salaries increases are based on the Council's Enterprise Agreements; and
- fees and charges not set by Legislation are increased by 2.0% (at a minimum).

Applying the budget parameters (adjusted for one-off expenditure) adopted by the Council at the Council Meeting held on 17 January 2017, to the 2016-2017 Third Quarter Budget update, the Target Recurrent Operating Surplus, prior to any Rate Revenue increase, is \$1.960 million.

2017-2018 RECURRENT BUDGET OVERVIEW

The Draft 2017-2018 Recurrent Budget provides for an Operating Surplus, before Rate Revenue increases and Operating Projects, of \$2.227 million (**Attachment A**).

The Target Budget has been determined by applying the adopted Budget Parameters and Guidelines to the 2016-2017 Third Quarter Budget Update. The key components of the Target Budget compared to the Draft 2017-2018 Recurrent Budget, (excluding rate revenue), are shown in Table 1 below:

TABLE 1 – 2017-2018 DRAFT BUDGET vs 2017-2018 TARGET BUDGET

	Draft Budget \$'000	2017-2018		Variance Fav/(Unfav) %
		Target Budget \$'000	Variance \$'000	
Rate Revenue	33,103	33,101	2	0.0%
Non Rate Revenues	8,288	8,201	87	1.1%
Total Income	41,391	41,302	89	0.2%
Recurrent Expenditure				
Employee Expenses	15,070	14,844	(226)	(1.5%)
Contracts, Material & Other Expenses	14,096	14,551	455	3.1%
Utilities	1,235	1,184	(50)	(4.2%)
Finance Costs	763	763	0	0.0%
Depreciation	8,000	8,000	0	0.0%
Total Expenditure	39,164	39,342	179	0.5%
Recurrent Operating Surplus	2,227	1,960	267	13.6%

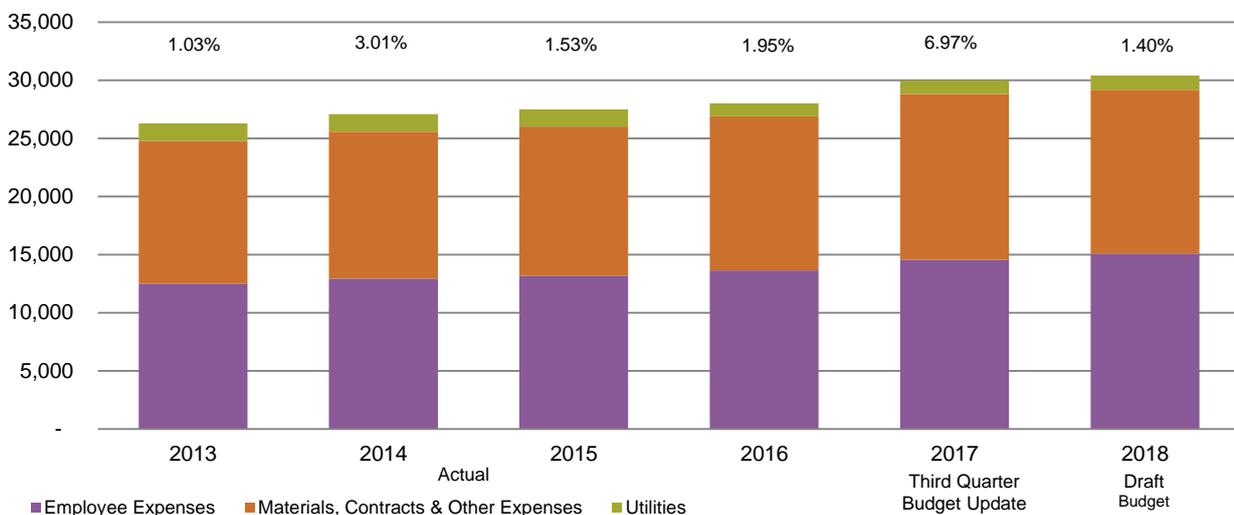
It should be noted that Finance Cost's detailed in Table 1 above, do not include the interest cost associated with any new borrowings. The extent of new borrowings which are required will be determined once the 2017-2018 Capital Expenditure Budget has been finalised. It should be noted, that the Council will be carrying forward funding which has been allocated to a number of significant Capital Projects. The value of the carry forward projects is in the order of \$13 million. While the Council will not need to borrow the total value of the carried forward projects, it is estimated that the interest costs on the new borrowings to be taken out in 2017-2018 will be between \$0.200 million to \$0.300 million

Overall, the Draft 2017-2018 Recurrent Operating Budget is reporting an Operating Surplus before Rate Revenue and Operating Projects of \$2.227 million, which while above the Target Recurrent Operating Surplus, the Draft 2017-2018 Recurrent Operating Budget Surplus is below the LTFP target of \$2.289 million.

In setting the general parameters for the preparation of the Draft 2017-2018 Budget, the Council set a budget guideline which set the maximum combined increase in the overall budget of 2.0%. Overall, the Recurrent Operating Expenditure compared to the 2017-2018 Target Recurrent Budget.

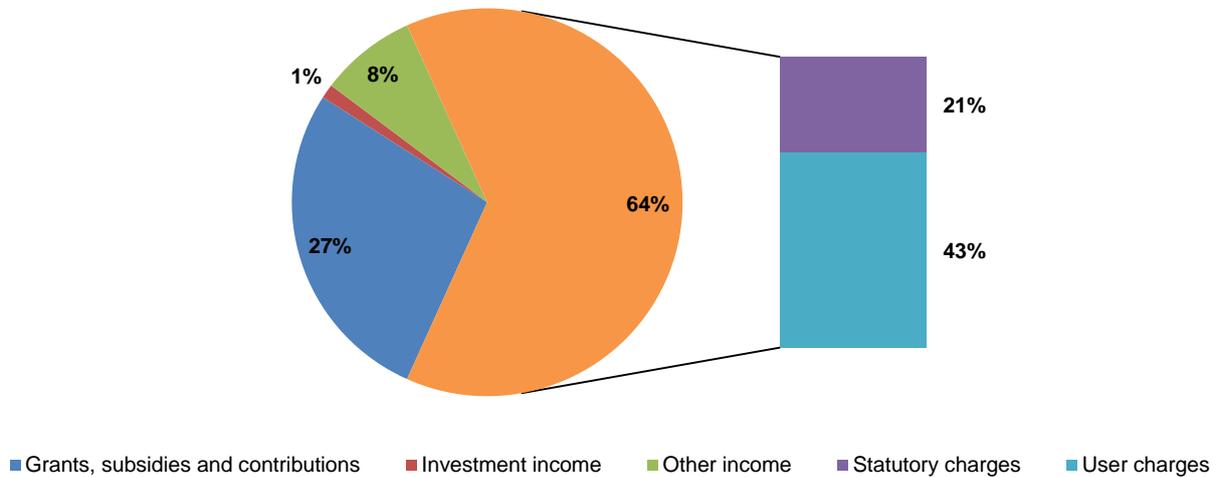
As detailed in Figure 1 below, the Council has, over the past six years, kept the overall year on year increase in operating costs to a minimum.

FIGURE 1: OPERATING EXPENSES



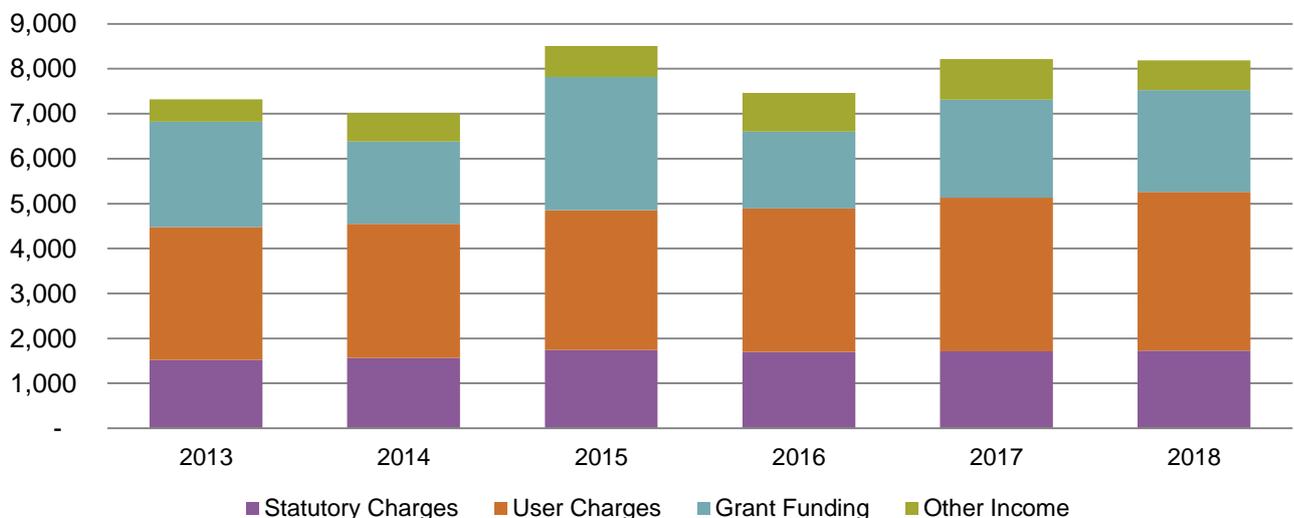
As detailed in Figure 2 below, Non-rate revenue is predominately made up of User Charges (43%) which incorporates Child Care Centre fees, Swimming Centre income, Hire and lease fees associated with Council facilities, HACC Services and Statutory Charges (21%), which incorporates Dog Registration Fees, Parking Infringements, Residential Parking Permits, Planning & Development Fees, Hoarding Licences, Outdoor Dining Permits. Non-rate revenue represents 19.2% of the Council's total revenue, with the Draft Budget estimating \$8.201m being raised through Non-rate Revenue sources.

FIGURE 2: BREAKDOWN OF NON-RATE REVENUE



As detailed in Figure 3 below, revenue derived from the Council's main sources of non-rate revenue (statutory and user charges) has remained stable since the 2012-2013 financial year. Not increasing these revenue sources means that the Council is increasingly dependent on Rate revenue to fund the provision of services and programs.

FIGURE 3: NON-RATE REVENUE



Statutory Charges includes fees and charges that are set by Legislation. In some circumstances, such as Parking Infringements, the fees charged are set at a fixed rate as set out in legislation, where as other legislation allows the Council to charge a fee with the value of the fee being determined by the Council, up to a maximum limit as set out in the legislation (i.e. Dog Registration Fees). Income earned from Parking Expiration Fees is the main source (56%) of Statutory Charges Income.

The Federal Government's decision to freeze the indexation of the Financial Assistance Grants in the 2014-2015 Federal Budget, has resulted in Grant Revenue as a percentage of total Non-Rate Revenue decline. User Charges includes fees payable for the use of the Council's discretionary services and facilities. As detailed in Figure 4 below, 85% of the Council's User Charges Income is sourced from the Child Care Centre, the Swimming Centre's and the Norwood Concert Hall.

FIGURE 4: USER CHARGES

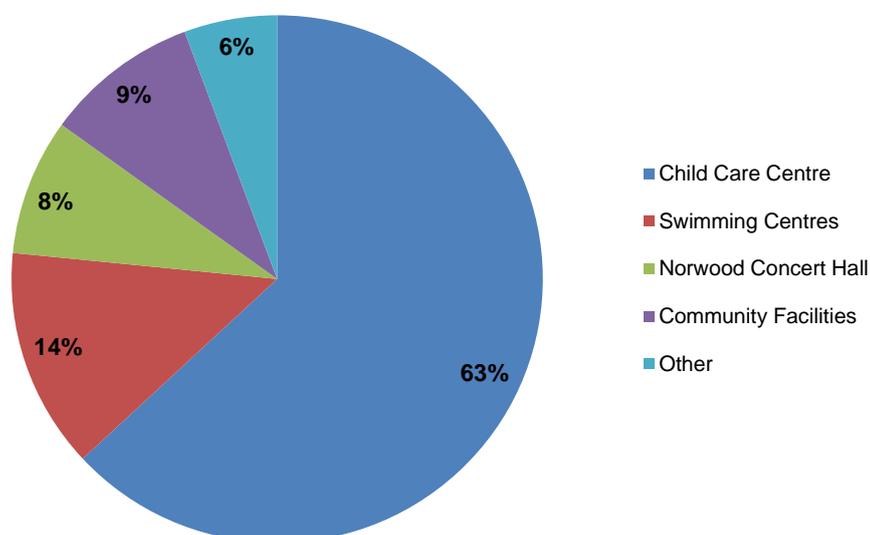


Table 2 below provides additional information by breaking down the Recurrent Operating Budget by Continuing Services.

TABLE 2 – DRAFT 2017-2018 RECURRENT OPERATING BUDGET BY CONTINUING SERVICES

Continuing Service	Expenditure	Income	Net Operating Surplus / (Deficit)
Infrastructure Management	4,512,729	20,000	(4,492,729)
Waste management	3,272,169	184,000	(3,128,169)
Trees Parks, Sport & Recreation	3,787,846	608,911	(3,178,169)
Planning, Regulatory Services & Environment	2,675,994	1,739,500	(936,494)
Community facilities	791,706	629,310	(162,396)
Community Services Health Aged & Youth Services	4,174,300	3,373,256	(801,044)
Libraries	1,800,449	187,403	(1,613,046)
Economic Development & Strategic Projects	874,888	207,000	(667,888)
Community Events, Arts & Heritage	837,880	62,727	(775,153)
Corporate Activities	4,819,474	1,390,500	(3,428,974)
Governance	1,741,909	-	(1,741,909)
Rates	1,111,232	32,902,678	31,791,446
Ownership & Financing	8,763,092	85,844	(8,677,248)
Total	38,938,668	41,391,129	2,227,461

Key points to note with respect to the Draft 2017-2018 Recurrent Budget are:

Financial Assistance Grants

As part of the 2014-2015 Federal Budget, the Federal Government announced that there would be a freeze on the indexation of the Financial Assistance Grant funding until the 2017-2018 Financial year. As the Federal Budget is handed down in May and there have been no indications that the indexation of the grant funding will be returned as part of the 2017-2018 Federal Budget, the Council's Draft 2017-2018 Recurrent Budget assumes no indexation. If indexation is re-instated, the impact will be taken into account prior to the adoption of the Budget.

Waste Management

As Elected Members may recall, as part of the 2016-2017 State Budget, the State Government announced a series of increases to the Solid Waste Levy effective from September 2016. The increase was announced as the Council was adopting the draft 2016-2017 Budget and therefore, the Council decided to absorb the impact of this increase. For the Council's Draft 2017-2018 Recurrent Budget, the Solid Waste Levy is budgeted at \$87 per tonne, an increase of \$11 per tonne on the 2016-2017 Budget. Based on a volume of 7,250 tonne of waste being collected, this equates to an increase of \$0.079m.

At the Council Meeting held on the 6 March 2017, the Council adopted to change the Annual Hard Waste collection to a "Booked Service". As part of this change in service the Draft 2017-2018 Recurrent Budget incorporates an allowance of \$25,000 for the promotion of this service change to the community.

Projects moved to Recurrent Budget

As part of the Draft 2017-2018 Recurrent Budget, revenue and expenditure budgets associated with the following programs and services, have been transferred from the Operating Projects Budget to the Recurrent Budget:

- Provision of Kitchen Bio-Bags;
- Parades on Norwood Parade;
- Melodies in the Park; and the
- Internal Audit Program.

Utilities

Volatility in the in South Australian electricity market has seen large increases in unit prices. The most significant impact has been accounted for in Street Lighting, where over the last two (2) financial years, costs have increased by 15% or the equivalent of \$90,000 per annum.

Water consumption for Reserve Maintenance has been based on an average consumption level of 90,000kL. Favorable weather conditions during 2016-2017 with the regular rain events over the summer period will see approximately 70,000kL being consumed. While the 2017-2018 SA Water rates are not yet available, the Draft 2017-2018 Recurrent Budget assumes a usage rate of \$3.24 (plus CPI).

YouthFM

As Elected Members may be aware, YouthFM is a collaborative between five (5) Eastern Region Councils and Three D Radio. Partner Councils contribute funds annually to support the YouthFM program. For the 2017-2018 Budget, the funding will decrease due to budget review decisions adopted by the Town of Walkerville and Campbelltown City Council.

The Town of Walkerville has requested to pay per participant, as they do not have a high demand for the program by their young citizens. They have expressed interest in remaining as part of the Program but on a fee per participant basis. This arrangement has been agreed to by the YouthFM partners, however given the low proportion of young people living or studying in the Town of Walkerville, the YouthFM program cannot rely on a guaranteed contribution from the Town of Walkerville.

The Campbelltown City Council has chosen to withdraw from the YouthFM program in 2017-2018 and as a consequence, cease funding YouthFM Program. An agreement has been reached for the Campbelltown Council to contribute a reduced fee to enable the existing participants to complete their time with YouthFM Program.

It is proposed that the YouthFM program is based on the continuation as is, therefore the Council will meet this funding shortfall of \$3,453 as part of the Draft 2017-2018 Recurrent Budget.

A review of the YouthFM program and funding will be completed and presented to the Council by September 2017.

Additional information relating to the Draft 2017-2018 Recurrent Operating Budget by Continuing Services is contained in **Attachment B**.

OPTIONS

The Council has the following options in respect of this issue:

- endorse 'in principle' the Draft 2017-2018 Recurrent Operating Budget as contained in **Attachment A**; or
- amend the Draft 2017-2018 Recurrent Operating Budget as contained in **Attachment A**, as it sees fit.

Option 1 is recommended as it meets the financial targets set out in the Council's LTFP and is in line with the Budget Parameters and Guidelines adopted by the Council at the meeting held on 16 January 2017.

CONCLUSION

Through the adoption of the Long Term Financial Plan, the Council has committed to the attainment of Financial Sustainability. The development of an Annual Budget with reference to the financial targets and outcomes outlined in the LTFP will ensure that the Council continues to move in the right direction to achieve its ultimate goal of Financial Sustainability.

To ensure that a responsible budget is set, the Council adopted a series of Budget Parameters, to guide Council Staff in preparing their respective budget estimates. As detailed in this report, the Draft 2017-2018 Recurrent Budget has been delivered within these guidelines, with a combined increase on the 2016-2017 Third Quarter Budget Update of 1.4%.

COMMENTS

If Elected Members have any questions in relation to specific budget items or proposed allocations, please do not hesitate to contact the Acting General Manager, Corporate Services on 8366 4585, prior to the meeting as these discussions may assist in resolving any enquiry prior to the meeting.

RECOMMENDATION

1. That the Draft 2017-2018 Recurrent Budget be endorsed in principle, subject to the presentation and adoption of a consolidated report for the Council's consideration on the draft 2017-2018 Annual Business Plan and Budget.
 2. The Council notes that a further report in respect to the adoption of the 2017-2018 Budget be prepared for the Council's consideration.
-

Cr MacRae left the meeting at 8.09pm.
Cr Wormald left the meeting at 8.09pm.
Cr MacRae returned to the meeting at 8.11pm.

Cr Frogley moved:

- 1. That the Draft 2017-2018 Recurrent Budget be endorsed in principle, subject to the presentation and adoption of a consolidated report for the Council's consideration on the draft 2017-2018 Annual Business Plan and Budget.*
- 2. The Council notes that a further report in respect to the adoption of the 2017-2018 Budget be prepared for the Council's consideration.*

Cr Wormald returned to the meeting at 8.16pm.

Seconded by Cr Marcuccitti and carried unanimously.

4. CONFIDENTIAL REPORTS
Nil

5. CLOSURE

There being no further business, the Mayor declared the meeting closed at 8.22pm.

Mayor Robert Bria

Minutes Confirmed on _____
(date)