

Council Meeting Minutes

21 January 2019

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.*

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
Norwood
Payneham
& St Peters

1.	KAURNA ACKNOWLEDGEMENT	1
2.	OPENING PRAYER	1
3.	CONFIRMATION OF THE MINUTES OF THE COUNCIL MEETING HELD ON 3 DECEMBER 2018	1
4.	MAYOR'S COMMUNICATION	1
5.	DELEGATES COMMUNICATION	2
6.	QUESTIONS WITHOUT NOTICE	2
7.	QUESTIONS WITH NOTICE	2
8.	DEPUTATIONS	2
	8.1 DEPUTATION – PUBLIC ART PROGRAM	3
9.	PETITIONS	4
10.	WRITTEN NOTICES OF MOTION	4
	10.3 2019-2020 BUDGET – FOOTPATH MAINTENANCE – SUBMITTED BY CR MIKE STOCK [This Item was dealt with out of sequence]	5
	10.1 PLAQUES, MONUMENTS AND MEMORIALS POLICY – SUBMITTED BY MAYOR ROBERT BRIA	8
	10.2 2019-2020 BUDGET – RATING STRATEGY – SUBMITTED BY CR FAY PATTERSON	10
	10.3 2019-2020 BUDGET – FOOTPATH MAINTENANCE – SUBMITTED BY CR MIKE STOCK [This Item was dealt with out of sequence - refer to Page 5 for the Minutes relating to this Item]	13
11.	STAFF REPORTS	14
	Section 1 – Strategy & Policy	15
	11.1 BUILDING INSPECTION POLICY REVIEW	16
	Section 2 – Corporate & Finance	22
	11.2 MONTHLY FINANCIAL REPORT – NOVEMBER 2018	23
	11.3 2018-2019 MID YEAR BUDGET REVIEW	26
	11.4 2019-2020 ANNUAL BUSINESS PLAN AND BUDGET PROCESS, PARAMETERS AND OBJECTIVES	34
	11.5 EXTERNAL AUDITORS REPORT 2017-2018	42
	11.6 FUNDING ARRANGEMENTS FOR THE PURCHASE OF 88 SIXTH AVENUE, ST PETERS	45
	Section 3 – Governance & General	49
	11.7 REPORTS OUTSTANDING	50
	11.8 APPOINTMENT OF INDEPENDENT MEMBERS TO THE AUDIT COMMITTEE	51
	11.9 NOMINATIONS – LOCAL GOVERNMENT ASSOCIATION OF SOUTH AUSTRALIA FOR MEMBERS OF THE GREATER ADELAIDE REGION ORGANISATION OF COUNCILS (CASUAL VACANCIES)	55
	11.10 APPOINTMENT TO THE EASTERN WASTE MANAGEMENT AUTHORITY INCORPORATED BOARD (EAST WASTE)	58
	11.11 APPOINTMENT TO THE HIGHBURY LANDFILL AUTHORITY INC	60
12.	ADOPTION OF COMMITTEE MINUTES	61
13.	OTHER BUSINESS	61
	13.1 2019 SANTOS TOUR DOWN UNDER	61
14.	CONFIDENTIAL REPORTS	61
15.	CLOSURE	61

VENUE Council Chambers, Norwood Town Hall

HOUR 7.00pm

PRESENT

Council Members Mayor Robert Bria
Cr Kester Moorhouse
Cr Evonne Moore
Cr Garry Knoblauch
Cr John Minney
Cr Carlo Dottore
Cr Kevin Duke
Cr Connie Granozio
Cr Mike Stock
Cr Scott Sims
Cr Fay Patterson
Cr Sue Whittington
Cr John Callisto
Cr Christel Mex

Staff Sharon Perkins (Acting Chief Executive Officer)
Lisa Mara (General Manager, Governance & Community Affairs)
Mark Thomson (Acting General Manager, Urban Planning & Environment)
Chris McDermott (Acting General Manager, Urban Services)
Andrew Alderson (Financial Services Manager)
Tina Zullo (Administration Officer, Governance & Community Affairs)

APOLOGIES Nil

ABSENT Nil

1. KAURNA ACKNOWLEDGEMENT

2. OPENING PRAYER

The Opening Prayer was read by Cr Kevin Duke.

Cr Sims left the meeting at 7.02pm.

3. CONFIRMATION OF THE MINUTES OF THE COUNCIL MEETING HELD ON 3 DECEMBER 2018

Cr Stock moved that the minutes of the Council meeting held on 3 December 2018 be taken as read and confirmed. Seconded by Cr Whittington and carried unanimously.

4. MAYOR'S COMMUNICATION

Monday, 3 December	• Presided over a Council Meeting, Council Chamber, Norwood Town Hall.
Tuesday, 4 December	• Attended the Mary Mackillop College End of Term Mass and Awards Presentation, St Ignatius Church, Norwood.
Thursday, 6 December	• Attended the 'End of Year' City of Norwood Payneham & St Peters' Business Networking Function.
Friday, 7 December	• Attended the City of Norwood Payneham & St Peters' Twilight Carols, Linde Reserve, Stepney.
Monday, 10 December	• Attended the Trinity Gardens Primary School Year 7 Graduation, Trinity Gardens School.

Tuesday, 11 December	<ul style="list-style-type: none">• Attended the Official Opening of the refurbished Bendigo Bank, Norwood.
Tuesday, 11 December	<ul style="list-style-type: none">• Attended the St Joseph's Memorial School Year 7 Graduation, Payneham Library & Community Centre, Felixstow.
Thursday, 13 December	<ul style="list-style-type: none">• Attended the Lord Mayor's Christmas Reception, Adelaide Town Hall.
Friday, 14 December	<ul style="list-style-type: none">• Attended the Staff Christmas Party, St Peters Banquet Hall, St Peters.
Monday, 14 January	<ul style="list-style-type: none">• Attended a meeting with the General Manager, Governance & Community Affairs, Mr David Cree and Mr Paul Ensor, Mayor's Office, Norwood Town Hall.
Monday, 14 January	<ul style="list-style-type: none">• Attended the Tour Down Under Street Party, The Parade, Norwood.
Wednesday, 16 January	<ul style="list-style-type: none">• Officially started Stage 4 of the Tour Down Under, The Parade, Norwood.

Mayor Bria welcomed everyone to the first meeting of the Council for the New Year.

Cr Sims returned to the meeting at 7.04pm.

Mayor Bria acknowledged and welcomed the presence of Mr Chris McDermott (representing the General Manager, Urban Services in his absence) and Mr Mark Thomson (representing the General Manager, Urban Planning & Environment in his absence).

5. DELEGATES COMMUNICATION

- Cr Whittington advised that on Thursday 27 December 2018, she attended on behalf of Mayor Bria, the 30th Australian Lithuanian Days Festival Opening and Concert at the Titanium Security Arena, Findon.
- Cr Whittington advised that on Friday 28 December 2018, she attended and opened on behalf of Mayor Bria, the Lithuanian Art Exhibition in the Don Pyatt Hall at the Norwood Town Hall.
- Cr Patterson advised that on Friday 7 December 2018, she attended on behalf of Mayor Bria, the Prince Alfred College 2018 Prize Giving Ceremony for Years 7 to 11 students at Prince Alfred College, Kent Town.
- Cr Knoblauch advised that on Thursday 6 December 2018, he attended on behalf of Mayor Bria, the Marden Open Access College Awards Ceremony in the Norwood Concert Hall.
- Cr Mex advised that on Saturday 8 December 2018, she attended on behalf of Mayor Bria, the Clayton Chapel Arts & Performance Venue Re-opening at The Spire, Portrush Road, Beulah Park.

6. QUESTIONS WITHOUT NOTICE

Nil

7. QUESTIONS WITH NOTICE

Nil

8. DEPUTATIONS

8.1 DEPUTATION – PUBLIC ART PROGRAM

REPORT AUTHOR: General Manager, Governance & Community Affairs
GENERAL MANAGER: Acting Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE: S.422 S.02441
ATTACHMENTS: Nil

SPEAKER/S

Ms Trish Hansen

ORGANISATION/GROUP REPRESENTED BY SPEAKER/S

Not Applicable.

COMMENTS

Ms Trish Hansen has written to the Council requesting that she be permitted to address the Council in relation to the Council's Public Art Program and in particular the value of public art and culture more broadly, the growing creative economy and cultural tourism.

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

Ms Trish Hansen addressed the Council in respect to this issue.

9. PETITIONS

Nil

10. WRITTEN NOTICES OF MOTION

Cr Stock moved:

That Item 10.3 be brought forward for consideration.

Seconded by Cr Moore and carried.

10.3 2019-2020 BUDGET – FOOTPATH MAINTENANCE – SUBMITTED BY CR MIKE STOCK

NOTICE OF MOTION: 2019-2020 Budget – Footpath Maintenance
SUBMITTED BY: Cr Mike Stock
FILE REFERENCE: S.00232 S.02962
ATTACHMENTS: Nil

Pursuant to Regulation 12(1) of the Local Government (Procedures at Meetings) Regulations 2013, the following Notice of Motion has been submitted by Cr Mike Stock.

NOTICE OF MOTION

1. That the Council allocates funding of \$200,000 to be spent in 2019-2020 on footpath maintenance in addition to any amount allocated for this purpose as part of the 2019-2020 Budget.
2. That the additional funding of \$200,000 be made available by the suspension of the Council's annual allocation to its Quadrennial Major Public Artwork Program reserve fund for the next four (4) financial years (2019-2020 to 2022-2023 inclusive).
3. That the Council's Public Art Policy be amended in accordance with the Council's decision.

REASONS IN SUPPORT OF MOTION

During my campaigning in both the 2017 Supplementary Election and the 2018 General Election, the condition of Council footpaths was by far the most common complaint I received, including claims of injuries received through tripping on uneven surfaces. In addition, whilst door-knocking in my Ward, I was able to observe first-hand the poor condition of many footpaths.

Footpath maintenance is currently treated in a reactive manner – complaints are acted upon when received. If this motion is supported, the injection of substantial additional funding (\$200,000) into this area in 2019-2020 will hasten raising the standard of our footpaths to an acceptable and safer level.

During the eleven years since the adoption of the Council's Public Art Policy, three (3) art works have been commissioned at a net cost to Council of \$513,266 (plus the Council's installation costs). This motion seeks the suspension of the funding allocation for the Quadrennial Major Public Artwork, as set out in the Council's Public Art Policy only for the term of this Council – after the 2022 election the new Council will choose whether or not to restore the funding.

This motion brings forward the equivalent of the next four (4) years funding allocation towards the Quadrennial Major Public Artwork to be spent entirely in 2019/20. It has a precedent in the former Council's February 2018 approval of the Mayor's motion to bring forward completion of line-marking in the Council area by the injection of \$170,000 into the 2017-2018 budget which would normally have been spent in future years. In both cases, it is important to note that there is no overall effect on Council's budgets - only a change in the timing of the expenditure.

I have consulted with the Council's General Managers of Governance and Community Affairs, Corporate Services, and Urban Services in preparing this motion.

STAFF COMMENT

The Council's Asset Management Plan for footpaths throughout the City shows that there are 341km or 562,990 square metres of footpaths throughout the Council area.

Based on the additional expenditure as requested by Cr Stock, an additional 2,000 square metres of footpaths could be renewed. This represents approximately 0.35% of the total footpaths network.

The Council allocates on average \$900,000, as part of the Footpath Whole of Life Program.

Based on annual expenditure, the additional funds as set out in the Notice of Motion of \$200,000 in the 2019-2020 financial year, will increase the reconstruction of footpaths in that financial year by approximately 33%.

A second alternative is to increase the maintenance budget for footpaths by an additional \$200,000. If the Council resolves to increase the footpath maintenance budget by \$200,000, then this work can be carried out in two (2) ways:

1. The first is to increase the staff by two (2) full-time equivalents to undertake this work. This will be a recurrent cost and therefore will have an impact on the rate revenue required to be raised to fund the additional cost.
2. The second option is to engage a contractor for a period of twelve (12) months to undertake the work, which will have a similar impact on the amount of rate revenue to be raised.

As Elected Members are aware, an Information Session on the review of the condition of existing footpaths was held on 10 December 2018.

Elected Members were informed that a further information session will be held following the review and a proposed method for undertaking the required work, to enable a strategic approach on the management of Council's footpath network.

In the event that the Council chooses to support the Motion, the Public Art Policy will be amended accordingly.

Personal Explanation

Cr Mex sought leave of the meeting to make a Personal Explanation in relation to Item 10.3.

The meeting granted leave for Cr Mex to make a Personal Explanation.

Cr Mex's Personal Explanation

Last week I posted on Facebook and in an email to some contacts, notifying them about this Agenda item. In the communication, I questioned the need to suspend the Public Art Program and advised that if people wanted to express their views, they needed to contact Elected Members prior to the Council meeting.

I wish to address any perceived bias and declare that I will consider all information discussed in this Chamber when making my decision.

Cr Stock moved:

1. *That the Council allocates funding of \$200,000 to be spent in 2019-2020 on footpath maintenance in addition to any amount allocated for this purpose as part of the 2019-2020 Budget.*
2. *That the additional funding of \$200,000 be made available by the suspension of the Council's annual allocation to its Quadrennial Major Public Artwork Program reserve fund for the next four (4) financial years (2019-2020 to 2022-2023 inclusive).*
3. *That the Council's Public Art Policy be amended in accordance with the Council's decision.*

Seconded by Cr Minney.

The mover of the motion (Cr Stock), with the consent of the seconder (Cr Minney), withdrew the motion.

Cr Stock moved:

That the Council allocates funding of \$200,000 to be spent in 2019-2020 on footpath maintenance in addition to any amount allocated as part of the Recurrent Operating Budget for this purpose as part of the 2019-2020 Budget deliberations.

Seconded by Cr Minney.

Personal Explanation

Mayor Bria sought leave of the meeting to make a Personal Explanation in relation to Item 10.3.

The meeting granted leave for Mayor Bria to make a Personal Explanation.

The motion was put and lost.

Division

Cr Stock called for a division and the decision was set aside.

Those in favour:

Cr Stock, Cr Knoblauch, Cr Dottore, Cr Minney and Cr Duke.

Those against:

Cr Patterson, Cr Whittington, Cr Sims, Cr Granozio, Cr Callisto, Cr Mex, Cr Moorhouse and Cr Moore.

The Mayor declared the motion lost.

10.1 PLAQUES, MONUMENTS AND MEMORIALS POLICY – SUBMITTED BY MAYOR ROBERT BRIA

NOTICE OF MOTION: Plaques, Monuments and Memorials Policy
SUBMITTED BY: Mayor Robert Bria
FILE REFERENCE: S.00232 S.00638
ATTACHMENTS: Nil

Pursuant to Regulation 12(1) of the Local Government (Procedures at Meetings) Regulations 2013, the following Notice of Motion has been submitted by Mayor Robert Bria.

NOTICE OF MOTION

That staff prepare a draft Plaques, Monuments and Memorials Policy for the Council's consideration.

REASONS IN SUPPORT OF MOTION

In recent months, the Council has considered three (3) separate Notices of Motion to recognise persons who have made significant contributions to our City.

These Notices of Motions have proposed that the following people be recognised:

- Mr Barry Skinner (services to cycling, in particular the Norwood Cycling Club);
- Mr Nino Solari (services to cycling in South Australia, Australia and internationally); and
- Mr Don Dunstan (services as the State Member for Norwood from 1953-79, which included a decade as Premier of South Australia during which time he introduced a number of political and social reforms and championed the Arts).

The proposals to recognise these persons ranged from re-naming parks and reserves to the erection of a monument.

However, having resolved to recognise the contributions of Mr Skinner and Mr Solari, the Council still does not have a relevant policy.

Without such a policy in place, the Council lacks a formal reference point upon which it can - in an impartial and transparent manner which provides confidence to the community, assess the merits of a proposal to recognise any persons against an agreed set of criteria.

This situation leaves the Council exposed to accusations of bias (both favourable and unfavourable) when considering persons for recognition. It also contributes to confusion within the local and wider community about the reasons why the Council will consider some individuals for recognition but not others, even though prima facie there appears to be a strong case to do so.

There are a number of Councils around Australia that have Plaques, Monuments and Memorials policies (or slight variations thereof) from which a similar policy for the City of Norwood Payneham & St Peters can be adapted to reflect its unique circumstances.

It is worth Elected Members noting that the development of a policy for the Freedom of the City Award has served the Council well in terms of the very strict criteria that must be met for a person to be considered for that particular honour.

I believe that a Plaques, Monuments and Memorials Policy will be equally beneficial to the Council.

If this Notice of Motion is supported, it is not proposed that the future adoption of a Plaques, Monuments and Memorials Policy be applied retrospectively to any decisions already made by the Council regarding Mr Skinner or Mr Solari.

STAFF COMMENT

A draft Policy as requested can be prepared.

Cr Minney moved:

That staff prepare a draft Plaques, Monuments and Memorials Policy for the Council's consideration.

Cr Sims left the meeting at 8.05pm.

Seconded by Cr Duke and carried unanimously.

10.2 2019-2020 BUDGET – RATING STRATEGY – SUBMITTED BY CR FAY PATTERSON

NOTICE OF MOTION: 2019-2020 Budget – Rating Strategy
SUBMITTED BY: Cr Fay Patterson
FILE REFERENCE: S.00232
ATTACHMENTS: Nil

Pursuant to Regulation 12(1) of the Local Government (Procedures at Meetings) Regulations 2013, the following Notice of Motion has been submitted by Cr Fay Patterson.

NOTICE OF MOTION

That as part of the 2019-2020 Budget, staff investigate potential changes to the Council's Rating Strategy to effect the smoothing of annual rate increases resulting from Capital Value increases on Residential properties.

REASONS IN SUPPORT OF MOTION

Rates are the principal form of Council revenue. They are also a cost of living that cannot be controlled by home owners, short of selling their homes. As such, strong growth in the housing market resulting in significant capital increases can create bill shock, especially as such growth typically occurs in steps. Recently, some residents have described the shock of 20-30% valuation increases. And sudden revaluations are impossible for residents to plan for.

To address bill shock issues, our Council has a rate capping rebate which applies when the rates payable from one year to the next increase by over 8%. This has several shortcomings:

1. It is only applicable if capital increases are not due to new building work/development activity worth more than \$10,000:
 - as the \$10,000 is not indexed to inflation or costs of construction, its value decreases in real terms over time i.e. fewer people are eligible for rate capping each year.
 - the value of work does not have to be related to the increase in capital value. So a relatively small addition, such as a \$15,000 deck, can exempt a property from rate capping on a much larger capital increase e.g. \$200,000.
2. Rate capping does not apply if it occurred in the previous year. For large increases in capital value ($\geq 30\%$), rate capping in one year is only a brief reprieve.
3. Rate capping only applies to some residents. This raises an equity issue as those who benefit most from capital appreciation are those most likely to receive a rate discount.
4. The period between capital increases is not consistent, again leading to equity issues. For example, two houses valued at \$500,000 in 2014 and \$550,000 in 2018 both appreciate by 10% over 4 years. But if one were revalued to \$525,000 in 2016, its owner would pay higher rates in 2016 and 2017 and not receive rate capping in 2018. Is this fair?
5. The 8% threshold is not indexed to inflation or other measures. In times of low inflation (as at present), rate-in-the-dollar increases can be kept low and will contribute only marginally to overall rate bill increases. Higher inflation or capital increases resulting in widespread eligibility for rate capping could place pressure on Council and create equity issues by distorting the revenue base.
6. Residents must apply for rate capping but many are unaware of the rebate:
 - this is likely to disproportionately affect people from lower socioeconomic demographics and non-English speaking backgrounds.
 - the reputational reward to Council is limited to those who are aware of and have made use of rate capping provisions.

Rate smoothing is proposed as a new rating strategy to address the shortcomings of the current rate capping rebate. The basic idea is that the effect of capital increases on rates payable is smoothed in a pro-rata manner over several years – though as under the *Local Government Act 1999* rates can only be applied on capital valuations, the concept would need to be appropriately framed.

The following tables contrast the effect of existing and proposed policies on the example mentioned of two \$500,000 houses. This assumes the 2018-19 rate-in-the-dollar of 0.22187¢ and with no increases in this over time, for ease of reference.

Existing Policy (* = rate capping rebate is applied):

	Capital Value A	Rates Payable A	Capital Value B	Rates Payable B
2014	\$ 500,000	\$ 1,109	\$ 500,000	\$ 1,109
2015	\$ 500,000	\$ 1,109	\$ 500,000	\$ 1,109
2016	\$ 525,000	\$ 1,165	\$ 500,000	\$ 1,109
2017	\$ 525,000	\$ 1,165	\$ 500,000	\$ 1,109
2018	\$ 550,000	\$ 1,242	\$ 550,000	\$ 1,198 *
2019	\$ 550,000	\$ 1,242	\$ 550,000	\$ 1,242

Proposed Policy (assumes a 5-year smoothing period):

	Capital Value A	Smoothed Value	Rates Payable A	Capital Value B	Smoothed Value	Rates Payable B
2014	\$ 500,000	\$ 500,000	\$ 1,109	\$ 500,000	\$ 500,000	\$ 1,109
2015	\$ 500,000	\$ 500,000	\$ 1,109	\$ 500,000	\$ 500,000	\$ 1,109
2016	\$ 525,000	\$ 505,000	\$ 1,120	\$ 500,000	\$ 500,000	\$ 1,109
2017	\$ 525,000	\$ 510,000	\$ 1,132	\$ 500,000	\$ 500,000	\$ 1,109
2018	\$ 550,000	\$ 518,000	\$ 1,149	\$ 550,000	\$ 510,000	\$ 1,132
2019	\$ 550,000	\$ 526,000	\$ 1,167	\$ 550,000	\$ 520,000	\$ 1,154

Under the existing rate capping rebate, only home owner B would benefit and would pay \$133 less in rates than home owner A. Under the proposed strategy, both home owners would benefit from having their rates smoothed and home owner B would pay only \$78 less in rates than home owner A by 2022, when the smoothed value equals the capital value in both cases. (This example also shows how smoothing would apply to a subsequent capital increase, for house A).

Other details:

- A smoothing period of 5 years would smooth a 40% capital value increase down to 8% in the 1st year, 7.4% in the 2nd year and smaller amounts in the 3rd to 5th years, compared to 8% in the 1st year and 29.6% in the 2nd year under the current rate capping rebate; and is about half the average length of home ownership in Australia. For smaller capital increases, it would give room for the rate-in-the-dollar to rise (e.g. reflecting inflation) while keeping increases in rate bills below 8%.
- Rate smoothing would be extinguished upon sale of a property and would not apply to capital decreases, which would be passed on immediately.
- Where a capital value increase is associated with building works, smoothing could be applied on the capital value excluding the cost of works. So for the example of a \$200,000 capital increase versus a \$15,000 expenditure, the smoothing would apply to an \$185,000 increase in value. However, this might need to be considered in the context of development versus home improvement.
- As it would apply to all residential property, the strategy would be revenue neutral to Council.

The strategy could also be applied retrospectively, i.e. considering capital increases since 2014-15, to ease current bill shock issues.

Modelling is required to ascertain whether issues apply regarding the differential impact of the strategy across the Council area and is the purpose of this Motion on Notice.

STAFF COMMENT

As part of the Annual Business Plan and Budget process, staff currently undertake an annual review of the Council's Rating Policy. Investigation of options, based on the Notice of Motion can be undertaken as part of the 2019-2020 Review.

Cr Sims returned to the meeting at 8.06pm.

Cr Patterson moved:

That as part of the 2019-2020 Budget, staff investigate potential changes to the Council's Rating Strategy to effect the smoothing of annual rate increases resulting from Capital Value increases on Residential properties.

Seconded by Cr Whittington and lost.

[This Item was dealt with out of sequence – Refer to Page 5 for the Minutes Relating to this Item]

10.3 2019-2020 BUDGET – FOOTPATH MAINTENANCE – SUBMITTED BY CR MIKE STOCK

[This Item was dealt with out of sequence – Refer to Page 5 for the Minutes Relating to this Item]

11. STAFF REPORTS

Section 1 – Strategy & Policy

Reports

11.1 BUILDING INSPECTION POLICY REVIEW

REPORT AUTHOR: Senior Development Officer, Building
GENERAL MANAGER: Acting General Manager, Urban Planning & Environment
CONTACT NUMBER: 8366 4567
FILE REFERENCE: S/00963
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to provide for the Council's endorsement, the Council's Building Inspection Policy.

BACKGROUND

Division 6A of Section 71A of the *Development Act 1993*, was introduced in July 2001 and requires all Councils within South Australia, to prepare and adopt a Building Inspection Policy. At that time, the *Development Regulations 1993*, required that the Policy apply only in respect to Class 1 and 2 buildings (ie. dwellings, boarding houses and the like) and did not specify any minimum rates of inspection. Accordingly, the Council prepared and adopted its first Building Inspection Policy, addressing Class 1 and 2 buildings, in 2001.

In January 2006, an amendment was made to the *Development Act 1993*, introducing a head-power which enables the *Development Regulations* to specify a mandatory minimum inspection regime within Council Building Inspection Policies.

In 2011, the *Development Regulations 2008*, were amended via the *Development (Roof Trusses) Variation Regulations*, which came into effect on 1 July 2012. These legislative changes resulted from the recommendations of the Ministerial Taskforce on Trusses, which was established following the collapse of the roof of the Riverside Golf Club at West Lakes in April 2002 and are set out below:

- With respect to any building work involving the construction of any roof framing (other than class 10 buildings not attached to a building of another class) within the area of the council, the following minimum levels of inspection are required to be stated in the Building Inspection Policy:
 - (a) a number of inspections equal to 66% of Building Rules Consents issued over the course of the year for building work involving the construction of any roof framing where a licensed building work contractor is responsible for the relevant building work; and
 - (b) a number of inspections equal to 90% of Building Rules Consents issued over the course of the year for building work involving the construction of roof framing where a licensed building work contractor is not responsible for the relevant building work;

At its meeting held on 3 September 2012, the Council endorsed revisions to its Building Inspection Policy, which incorporated the requirements of the *Development (Roof Trusses) Variation Regulations*, as well as a range of other revisions.

On 1 January 2014, the *Development (Swimming Pool Safety) Variation Regulations 2013*, ("the Variation Regulations") came into operation, introducing significant changes to the *Development Regulations 2008* ("the Regulations") in relation to swimming pools and associated safety fencing and barriers.

Most relevantly for Local Government, the Variation Regulations required that by 1 April 2014, all Councils develop a swimming pool inspection policy that must include the following minimum inspection requirements:

- at least 80% of swimming pools constructed over the course of a year must be inspected within two (2) weeks of the Council being notified of the completion of:
 - (a) the construction of a swimming pool; or
 - (b) where a safety fence or barrier was required as part of the development, the construction of that fence or barrier; and
- the remaining 20% of swimming pools must be inspected (in accordance with the requirements above) within two (2) months.

At its meeting held on 3 March 2014, the Council endorsed revisions to its Building Inspection Policy, which incorporated the requirements of the *Development (Swimming Pool Safety) Variation Regulations*.

The Building Inspection Policy was reviewed again on 4 December 2017, with only a minor change made, replacing the requirement for inspections to be undertaken at 'lock up' stage, with increased levels of footing, framing and masonry inspections.

Due to the introduction of the *Planning Development and Infrastructure Act 2016* (the PDI Act), it was considered appropriate to await the introduction of new inspection standards, before undertaking a more comprehensive review of the Policy. The PDI Act contains the following Section, which has not yet been activated:

Section 144—Inspection Policies

- (1) *The Commission must issue a practice direction that will require councils to carry out inspections of development undertaken in their respective areas.*
- (2) *The practice direction may make different provision in relation to different councils (or groups of councils).*
- (3) *The Commission must, when preparing (or varying) the practice direction, take into account the following matters (and may take into account other matters):*
 - (a) *the financial and other resources of councils;*
 - (b) *the impact that a failure to inspect a certain number of developments over a period of time may have on local communities;*
 - (c) *the various sizes of the areas of councils and differences in population;*
 - (d) *the amount of development undertaken in the various areas of the State;*
 - (e) *the type of development that predominates in the various areas of the State;*
 - (f) *in relation to building work, building conditions in the various areas of the State;*
 - (g) *the public interest in ensuring that development is undertaken in accordance with the requirements of this Act.*
- (4) *A council must comply with the requirements of the practice direction as they relate to the council.*

A building reform fact sheet recently prepared by the Department of Planning Transport and Infrastructure (DPTI) states that:

“A state-wide set of council inspection policies will be created to foster a more consistent and greater level of compliance across council regions. These can be tailored to meet a range of council requirements. This is a change from the current system whereby councils determine many of their own inspection policies based on set criteria.”

The regime enabled under section 144 of the PDI Act is potentially broader than the regime under section 71A of the *Development Act 1993*, as it applies to “development” and not just “building work”. The Council will be required to carry out inspections of development undertaken within the City in accordance with a practice direction prepared by the State Planning Commission. The Commission is required to take certain matters into account when preparing the practice direction.

The Department of Planning Transport and Infrastructure has engaged Botten Levinson Lawyers to prepare a report that will inform the new building inspections practice directions. A number of Councils, including the City of Norwood Payneham & St Peters, have been selected by DPTI to assist Botten Levinson with their investigations.

Following recent enquiries with the Department of Planning Transport and Infrastructure (DPTI), it is understood that Section 144 of the PDI Act will be activated in July 2020, replacing Section 71A of the *Development Act 1993*. In the meantime, it is considered appropriate to undertake a periodic review of the Building Inspection Policy, in order to maintain its currency until such time as Section 144 of the PDI Act is activated.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The adoption and implementation of a Building Inspection Policy is required by legislation. The following goals contained in *City Plan 2030, Shaping Our Future*, have been identified as relevant to the adoption and implementation of the Council's Building Inspection Policy:

Outcome 2 Cultural Vitality
Objective 2.4 Pleasant, well designed, sustainable urban environments.

The Building Inspection Policy is intended to set a framework for the inspection of buildings under construction, in order to ensure that building work is undertaken in accordance with approved documentation and is to appropriate standards of construction.

FINANCIAL AND BUDGET IMPLICATIONS

Nil

EXTERNAL ECONOMIC IMPLICATIONS

Nil

SOCIAL ISSUES

A properly considered and implemented Building Inspection Policy, will result in increased awareness of and confidence in building safety issues and obligations and will maximise the prospect of safe buildings within the Council area.

The community expects standards in respect to building safety to be achieved and maintained.

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil

RISK MANAGEMENT

The establishment and implementation of the Building Inspection Policy is necessary to ensure that the Council fulfils its obligations under the *Development Act 1993*, with respect to building inspections. A thoroughly documented and accountable Policy is necessary to ensure that its implementation is effective and the Council fulfils its obligations pursuant to Section 71A of the *Development Act 1993*.

CONSULTATION

- **Elected Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
General Manager, Urban Planning & Environment
- **Other Agencies**
Nil

DISCUSSION

In accordance with the requirements of the *Development Act 1993*, the Building Inspection Policy establishes levels of inspections to be carried out. With respect to any building work involving the construction of any roof framing (other than class 10 buildings not attached to a building of another class) within the area of the Council, the following minimum levels of inspection:

- (a) a number of inspections equal to 66% of building rules consents issued over the course of the year for building work involving the construction of any roof framing where a licensed building work contractor is responsible for the relevant building work; and
- (b) a number of inspections equal to 90% of building rules consents issued over the course of the year for building work involving the construction of roof framing where a licensed building work contractor is not responsible for the relevant building work;

The Council, at its discretion, can chose which type of inspections of building work involving the construction of roof framing will be undertaken to achieve the mandatory minimum rates as set out above. It is not necessary for the inspections to be of roof framing, but rather can comprise inspections of other components of a building, such as footings and/or masonry, or any combination of different inspection types. However, priority is given on risk basis and importance, with wall and roof framing being of most importance and masonry of least importance. The importance is generally based on the consequence which may result in the case of a catastrophic event.

The Policy which was adopted by the Council in 2012 (and reviewed in 2014 and 2017), applies an even distribution between inspections of footing inspections, wall and roof framing, and masonry, in order to achieve the prescribed 66% and 90% (licensed builder and owner builder respectively) of building rules consents issued for buildings with roof framing over the course of a year.

As the Council relies on mandatory notifications in order to achieve the required inspection levels it is not always guaranteed that an even distribution of notifications will be received. In particular, notifications of masonry completion are less frequent than notifications of footings and framing. Therefore it is recommended that the Policy be simplified to reflect the overall quota of inspections required under the *Development Act 1993*, rather than specifying the proportion of inspections required for various stages of construction. This does not change the overall number of inspections which are required to be undertaken, however provides for increased flexibility to achieve the quota, according to the notifications received by the Council.

On 21 April 2016, the requirements for Swimming Pool Signage were implemented by the Government known as *South Australian Variation SA 4 to the Building Code of Australia 2016 Volume 2*. All new swimming pools are required to have prominent and visible signage that assists persons to provide first aid and to perform cardiopulmonary resuscitation (CPR) on young children. Therefore, it is recommended that the Policy be amended to include the need to verify that CPR signage is installed, within Table 4 of the Policy, for new swimming pools approved after 21 April 2016.

The current policy, which was adopted by Council on 4 December 2017, includes a requirement for a number of inspections of Essential Safety Provisions (ESP's) equal to 90% of the Building Rules Consents, where ESP's have been issued. Inspection of ESP's is not a requirement under the *Development Act 1993*, however was included within the Policy as it was considered important to inspect the safety provisions of commercial buildings. That said, the nominated quota of 90% has proven difficult to achieve due to the number of notifications received. Therefore, it is recommended that the Policy be amended to provide a more realistic quota of 50%. In addition, staff intend to introduce procedures to increase awareness by owners of properties which are subject to ESP's, of their obligations. In most cases, it is difficult to know if a building is subject to ESP's at time of approval, as in some cases the list of ESP's is not provided by the Relevant Authority, being a Private Certifier.

On 12 March 2018, the *Development (Building Cladding) Regulations 2018* came into operation to address the widespread concern regarding the Aluminium Composite Panelling (ACP), which was being installed to buildings across the country. The issues of the ACP's came as a result of the recent Lacrosse Apartments fire in Melbourne and the Grenfell Towers Fire in London. The intent of the Variation Regulations is to ensure accurate and detailed information about a 'designated building product', being ACP and its installation, is provided in the documentation at the design and assessment stage, and that the product specified and approved for use, is verified at the construction stage.

Regulation 74(1)(cc) of *Development Regulations 2008* requires the builder or the owner to provide 1 (one) business days' notice of the intended commencement of the installation of the ACP cladding, and Regulation 74(7a) of *Development Regulations 2008* requires the person who gives notice of intended installation, to provide to the Council, a duly completed Supervisors Checklist relating to the installation of the ACP cladding. This is to ensure that the Council is aware of the installation of the ACP cladding being undertaken, and also has the relevant information of the type of cladding that is being installed. The requirements of Regulations 74(1)(cc) and 74(7a) have been included in the Discussion section of the draft Building Inspection Policy.

A copy of the draft Building Inspection Policy, containing the above recommended amendments, is contained in **Attachment A**.

CONCLUSION

The Building Inspection Policy has generally been satisfactorily implemented since it was last comprehensively reviewed in 2014. It is likely to require a substantial review in the near future, when the relevant Section of the PDI Act is activated. Until that time, the recommended amendments, will result in the need for more inspections of footings, framing and masonry and no inspection of completed buildings.

Section 144 of the *Planning Development and Infrastructure Act 2016* (the PDI Act) establishes that the State Planning Commission must issue a practice direction that will require all councils to carry out inspections of development undertaken in their respective Cities.

As the introduction of the new state-wide policies is likely to occur in July 2020, it is considered appropriate to review the Council's current Building Inspection Policy as would ordinarily occur at this time.

COMMENTS

The following amendments have been made to the Building Inspection Policy contained in **Attachment A**:

- the proportion of inspections at different stages of building work have been removed and replaced with overall inspection percentages as required by the *Development Act 1993*, to simplify the policy and streamline it with the requirements of the *Act*.
- the requirement to consider cardiopulmonary resuscitation (CPR) signs in undertaking a swimming pool inspection has been included in Table 4.
- the requirement to consider the rigidity of the swimming pool safety fencing in undertaking a swimming pool inspection has been included in Table 4; and
- mandatory notifications in relation to designated building products pursuant to Regulation 74(1)(cc) and 74(7a) have been included in the discussion section of the Policy.
- In addition, previous discussion providing background on the introduction of legislation for the inspection of roof framing as a result of the Riverside Golf Club in 2002, has been removed from the Policy, as it was considered unnecessary.

RECOMMENDATION

That pursuant to Section 71A (3) of the *Development Act 1993*, the draft Building Inspection Policy, contained in Attachment A, be endorsed.

Cr Whittington left the meeting at 8.26pm.
Cr Sims left the meeting at 8.26pm.
Cr Moorhouse left the meeting at 8.26pm.
Cr Whittington returned to the meeting at 8.27pm.
Cr Moorhouse returned to the meeting at 8.28pm.
Cr Sims returned to the meeting at 8.30pm.
Cr Mex left the meeting at 8.32pm.
Cr Mex returned to the meeting at 8.33pm.

Cr Minney moved:

That pursuant to Section 71A (3) of the Development Act 1993, the draft Building Inspection Policy, contained in Attachment A, be endorsed.

Seconded by Cr Dottore and carried unanimously.

Section 2 – Corporate & Finance
Reports

11.2 MONTHLY FINANCIAL REPORT – NOVEMBER 2018

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/00697
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to provide the Council with information regarding its financial performance for the year ended November 2018.

BACKGROUND

Section 59 of the *Local Government Act 1999* (the Act), requires the Council to keep its resource allocation, expenditure and activities and the efficiency and effectiveness of its service delivery, under review. To assist the Council in complying with these legislative requirements and the principles of good corporate financial governance, the Council is provided with monthly financial reports detailing its financial performance compared to its Budget.

RELEVANT STRATEGIC DIRECTIONS AND POLICIES

Nil

FINANCIAL AND BUDGET IMPLICATIONS

Financial sustainability is as a high priority for the Council. The Council adopted a Budget which forecasts an Operating Surplus of \$1.430 million for the 2018-2019 Financial Year.

For the period ended November 2018, the Council's Operating Surplus is \$1.080 million against a budgeted Operating Surplus of \$0.207 million, resulting in a favourable variance of \$873,000.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

- **Elected Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Responsible Officers and General Managers.
- **Other Agencies**
Not Applicable.

DISCUSSION

For the period ended November 2018, the Council's Operating Surplus is \$1.080 million against a budgeted Operating Surplus of \$0.207 million, resulting in a favourable variance of \$0.873 million. The favourable variance is consistent with the variance presented in the October 2018 Monthly Finance Report. The primary driver of this variance is:

- Total revenue is \$380,000 (2%) favourable to the budget. The primary driver behind the increase is the receipt \$225,000 of special distributions and premium rebates from the Council's various insurance policies with Local Government Risk Services resulting in a favourable variance in Other income. Income for Statutory charges is favourable (\$47,000) due to increased number of Parking Infringements being issued compared to the budget and User charges is favourable (\$67,000) primarily due to higher occupancy level by commercial hirers of the Norwood Concert Hall.
- Employee Expenses are reporting a favourable variance of \$558,000. There are two major drivers behind this, being staff vacancies and budget hours worked compared to the actual hours worked. Staff positions that are currently vacant or recently recruited have resulted in a favourable variance of \$220,000. The residual variance is driven by a variation in the number of budget hours worked compared to the actual hours worked. This favourable variance of \$250,000 arises due to the timing of staff taking Annual and Long Service Leave compared to the allowance made in the budget, combined with the careful utilisation of contracted and casual staff hours when backfilling positions.

There are no other individually significant variations to highlight with variances primarily caused by expenditure timings to the budget.

The Monthly Financial report is contained in **Attachment A**.

OPTIONS

Nil

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

That the Monthly Financial Report – November 2018, be received and noted.

Cr Minney moved:

That the Monthly Financial Report – November 2018, be received and noted.

Seconded by Cr Moore and carried.

11.3 2018-2019 MID YEAR BUDGET REVIEW

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/5075
ATTACHMENTS: A - C

PURPOSE OF REPORT

The purpose of this report is to provide the Council with a summary of the forecast Budget position for the year ended 30 June 2018, following the Mid-Year Budget Review. The forecast is based on the year-to-date November 2018 results.

BACKGROUND

Pursuant to Section 123 (13) of the *Local Government Act 1999*, the Council must, as required by the Regulations reconsider its Annual Business Plan or its Budget during the course of a financial year and, if necessary or appropriate, make any revisions.

The Budget Reporting Framework set out in Regulation 9 of the *Local Government (Financial Management) Regulations 2011* ("the Regulations") comprises two (2) types of reports, namely:

1. The Budget Update; and
2. The Mid-year Budget Review.

Budget Update

The Budget Update Report sets out a revised forecast of the Council's Operating and Capital investment activities compared with the estimates for those activities set out in the Adopted Budget. The Budget Update is required to be presented in a manner consistent with the note in the Model Financial Statements entitled *Uniform Presentation of Finances*.

The Budget Update Report must be considered by the Council at least twice per year between 30 September and 31 May (both dates inclusive) in the relevant financial year, with at least one (1) Budget Update Report being considered by the Council prior to consideration of the Mid-Year Budget Review Report.

The Regulations requires a Budget Update Report to include a revised forecast of the Council's operating and capital investment activities compared with estimates set out in the Adopted Budget, however it is recommended by the Local Government Association that the Budget Update Report should also include at a summary level:

- the year to date result;
- any variances sought to the Adopted Budget or the most recent Revised Budget for the financial year; and
- a revised end of year forecast for the financial year.

Mid-Year Review

The Mid-Year Budget Review must be considered by the Council between 30 November and 15 March (inclusive) in the relevant financial year. The Mid-Year Budget Review Report sets out a revised forecast of each item shown in its Budgeted Financial Statements compared with estimates set out in the Adopted Budget presented in a manner consistent with the Model Financial Statements. The Mid-Year Budget Review Report must also include revised forecasts for the relevant financial year of the Council's Operating Surplus Ratio, Net Financial Liabilities Ratio and Asset Sustainability Ratio compared with estimates set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled *Financial Indicators*.

The Mid-year Budget Review is a comprehensive review of the Council's Budget and includes the four principal financial statements, as required by the Model Financial Statement, detailing:

- the year to date result;
- any variances sought to the Adopted Budget; and
- a revised full year forecast of each item in the budgeted financial statements compared with estimates set out in the Adopted budget.

The Mid-year Budget Review Report should also include information detailing the revised forecasts of financial indicators compared with targets established in the Adopted Budget and a summary report of operating and capital activities consistent with the note in the Model Financial Statements entitled *Uniform Presentation of Finances*.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council's Long Term Strategy and directions are set out in *City Plan 2030 – Shaping our Future*. The 2018-2019 Annual Business Plan Budget, sets out the proposed services, programs and initiatives for the 2018-2019 Financial Year and explains how the Council intends to finance its continuing services, programs and initiatives which are to be undertaken during the financial 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, the Annual Business Plan and Budget. The 2018-2019 Adopted Budget estimates an Operating Surplus of \$1.430 million.

FINANCIAL AND BUDGET IMPLICATIONS

The Mid-Year Budget Review for the 2018-2019 Financial year, provides the opportunity to reflect any changes in projections based on the actual year-to-date results to November 2018 and forecast the 2018-2019 Operating result.

Details of material movements in the forecast from the Adopted Budget are contained in the Discussion section of this Report.

EXTERNAL ECONOMIC IMPLICATIONS

This report provides information on the planned financial performance of the Council for the year ended 30 June 2019 and has no direct external economic impacts.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

There are no risk management issues arising from this issue. All documents have been prepared in accordance with the statutory requirements.

CONSULTATION

- **Elected Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Responsible Officers and General Managers.
- **Other Agencies**
Not Applicable.

DISCUSSION

Budget Review

In determining the Adopted Operating Surplus, the Council considers the financial resources which are required to provide the ongoing services, programs and facilities (Recurrent Operating Budget), which encompass the basic responsibilities, which the Council is required to provide under the Act and other relevant legislation, plus ongoing services and programs as a result of community needs and expectations.

Such on-going services include regulatory services, such as animal management and parking management, street cleaning and rubbish collection, maintenance of basic infrastructure including roads, footpaths, parks, public open space, street lighting and storm-water drainage, development planning and control, library and learning services, community support programs, environmental programs, community events, community recreational facilities and home assistance service.

In addition, the Council considers the funding requirements associated with the introduction of new services or the enhancement to existing services (Operating Projects).

The 2018-2019 Adopted Budget, budgeted an Operating Surplus of \$1.430 million. At the Council meeting held on 3 December 2018, the Council considered the First Budget Update, which reported a forecast Operating Surplus of \$1.374 million.

Following the Mid-Year Budget Review, the Operating Surplus is forecast to be \$1.767 million, an increase of \$0.338 million on the Adopted Budget.

The material movements in the components that make up the Operating Surplus following the Mid-Year Budget Review are detailed below.

Recurrent Operating Budget

For 2018-2019, the Recurrent Operating Budget forecast a Recurrent Operating Surplus of \$1.943 million. Following the First Budget Update, the Recurrent Operating Budget Surplus increased to \$2.098 million.

As a result of the Mid-Year Budget Review, the Recurrent Operating Surplus is forecast to be \$2.532 million, an increase of \$0.434 million on the First Budget Update. The major reasons for the movement in Operating Surplus are detailed in Table 1.

TABLE 1: MAJOR VARIANCES IN RECURRENT OPERATING BUDGET - MID-YEAR BUDGET REVIEW

	Favourable/ (Unfavourable) \$
In the second quarter of the 2018-2019 Financial Year the Council received a number of special income distributions from Local Government Risk Services (LGRS). These distributions represent a return to member Councils of funds resulting from improved performance of the individual insurance schemes. Due to the uncertain nature of these distributions, estimates are not incorporated in the Adopted Budget.	191,500
The premium charged for the Council's Workers Compensation Insurance was less than anticipated, resulting in a budget saving.	69,000
In the first half of the 2018-2019 Financial Year a number of budget positions have been unfilled. The mid-year budget review proposes that the budget for these positions be decreased to reflect the savings generate by these vacancies. The majority of these vacancies have now been or are currently being recruited.	210,285
In line with the Council's Asset Valuation Program, the Council's Civil Infrastructure Condition Assessment and Valuation is being undertaken. The data pick up is being supported by Engineering Interns, which are being supervised by Tonkins Consulting. The Supervision and quality assurance of the data pick up is being sourced via the Council's general consulting contract. The increase in funding allocation for the General Consulting Contract will be offset by a reduction in the Civil Infrastructure Asset Condition Audit and Valuation (Operating Project Budget).	(25,000)
The budget increase is for the installation cost of Norwood Christmas decorations. The Capital Budget allocation of \$75,000 included both the initial purchase and installation of the Christmas Decorations outside Norwood Town Hall. Due to the nature of the installation costs which cannot be capitalised, the installation costs have been reallocated to the recurrent budget. The Capital Budget for the Norwood Christmas Decorations is reduced accordingly.	(11,472)

Operating Projects

The Adopted Budget includes an estimate of operating project expenditure for the year under review and:

- previously approved and carried forward projects from the prior budget years; less
- an allowance for current year approved projects projected to be carried forward to subsequent budget years.

Carried Forward estimates (from prior financial years) are reviewed upon finalisation of the Annual Financial Statements. Additional expenditure required for Operating Projects not completed at the end of the Financial Year, is incorporated in the Budget as part of First Budget Update.

Taking into account the carried forward Operating Project expenditure and new projects which have been endorsed by the Council, the 2018-2019 Adopted Operating Projects Budget forecast a cost to the Council of \$0.765 million.

Carried Forward Operating Project expenditure was estimated as part of the Adopted Budget to be \$0.205 million. Following the First Budget Update, the value of carried forward expenditure is \$0.347 million. The increase in the Carried Forward Budget, is due to projects not progressing as anticipated or the commencement being deferred.

The First Budget Update forecast the cost of Operating Projects to be \$0.985 million, the Mid-Year Budget Update is estimating a slight increase in this figure to \$1.026 million. The major reasons for the movement are detailed in Table 2.

TABLE 2: MAJOR VARIANCES IN OPERATING BUDGET - MID-YEAR BUDGET REVIEW

	Favourable/ (Unfavourable) \$
The budget for the Civil Infrastructure Assets Condition Audit & Valuation Project has been reduced by \$25,000 due to part of the project undertaken by Engineering Interns under the supervision of Tonkins Consulting.	25,000
The NPSP Bicycle Strategy Project commenced in the 2012-2013 financial year as a Government funding program to encourage people to ride. In the past several years, the Council has hosted several workshops and undertaken promotions to encourage people to ride rather than drive. The Council has no plan to host any further workshops or undertake promotions under this project during 2018-2019 Financial Year, and is therefore surrendering the funding. Any future ride education programs will be funded via the Recurrent Budget.	13,000
The budget for the project of Development Plan Amendment has been reduced due to the Council having limited responsibilities to amend Development Plan under new Planning Regulations.	7,000
With the introduction of the smoking ban on The Parade and a pending change in Government regulations, temporary smoke free signs were installed leading up to the ban. The budget increase requested is to install permanent signs which include reference to the new regulations.	(10,000)
At its meeting held on 22 May 2018, the Council resolved to participate in the proposed Antiques Walkabout series. With the confirmation received by the Council recently, the Council will participate in the series which is scheduled in April 2019. The Budget increase is the participation fee.	(25,000)

A review of the status of the Operating Projects will be undertaken as part of the Third Budget Update, which will be considered by the Council at the Council Meeting scheduled for May 2019.

The following Operating Projects have been completed as of 30 November 2018:

- Review of Animal Management Plan (carry forward)
- Review of By Laws (carry forward)
- Sustainable Garden Awards
- Children's Book Week
- International Film Festival
- Enotice Portal Upgrade
- Colliver Street Urban Design Review

Details of Operating Projects is contained in **Attachment A**.

Capital Projects

The Council adopted a Capital Budget of \$29.142 million for 2018-2019, which comprised funding allocations for New Capital Projects involving new or the upgrading of existing assets (\$12.199 million), the renewal/replacement of existing assets (\$6.654 million) and Carried Forward Projects from 2017-2018 (\$10.289 million).

The First Budget Update forecast the cost of Capital Projects to be \$34.294 million. The increase is predominately due to a number of projects which were initially anticipated to be completed by 30 June 2018 not being finalised. Following the Mid-Year Budget Review, the Capital Project expenditure is forecast to increase to \$35.335 million by \$1.041 million. The further increase in the Capital Budget is predominately due to the purchase of land at 88 Sixth Avenue. The budget variations identified in the Mid-Year Review are detailed in Table 3:

TABLE 3: MAJOR VARIANCES IN CAPITAL PROJECT BUDGET - MID-YEAR BUDGET REVIEW

Capital Project	Increase/ (Decrease) \$
The budget increase reflects the purchase of the land located on 88 Sixth Avenue St Peters.	956,000
As part of the Schools Review Project, the Council planned to relocate the fence at Dean Grove with the Budget estimate of \$25,000 and upgrade the EMU crossing at Queen Street for \$15,000. The tendered prices for these two pieces of work came in higher than budget by \$55,000.	55,000
The budget increase requested is for the Payneham Oval Clubroom Upgrade to cover the additional construction cost due to the condition of the Clubroom being worse than anticipated and unplanned landscaping costs.	50,000
The budget increase requested is for landscape and amenities improvements surrounding the new location of "All Things are One" art work. The adopted budget of \$23,000 allowed for the installation and relocation of the artwork.	27,900
The budget for the project of Council Intranet Enhancement is reduced due to the project being deferred. Once the Council's Electronic Document Management System is completed, the new budget for intranet enhancements may be requested as required.	(40,600)
Payneham Oval cricket pitch renewal is completed with the project being completed under budget.	(15,300)

While the anticipated Capital Expenditure has increased, due to current cash reserves it is not expected that any additional borrowings will be drawn down during the 2018-2019 Financial Year, to complete the existing projects. Additional Borrowings may be drawn down to fund the purchase of the land at 88 Sixth Avenue, St Peters.

As at the Mid-Year Budget Review, the Capital Projects not expected to be completed in the 2018-2019 Financial Year is \$12.830 million. The table 5 lists the major carried forward Capital Projects to 2019-2020 Financial Year.

TABLE 4: CAPITAL PROJECTS NOT EXPECTED TO BE INCURRED IN 2018-2019

	\$
Norwood Oval Clubrooms & Member Facilities Projects (Inc. Member Facility, Women's Facility & Streetscape) – The project commencement was delayed due to additional design work required to accommodate changes requested by the Norwood Football Club. The construction of the facility is forecasted to be 50% completed by June 2019 and fully completed by December 2019.	4,798,843
Drainage Program for Third Creek (\$3,046,456) and Hackney Road (\$1,000,000) will be carried forward. The design and early construction work for Third Creek will start in the 2018-2019 Financial Year and the project is expected to be completed by June 2020. The design for the Hackney Road Project will be undertaken in 2018-2019. The construction time frame will be determined as part of the Drainage Program following the finalisation of the Flood Plain Review.	4,046,456
Payneham Swimming Centre main pool pipework and refurbishment. The commencement of the Main Pool refurbishment has been deferred until the completion of the Concept Design for the entire Swimming Centre Site. Construction is anticipated to commence during the off season of 2020-2021.	1,649,983
The design for Payneham Oval Tennis Courts Reconstruction will be completed in 2018-2019 Financial Year with the construction budget being carried forward to 2019-2020 Financial Year	829,515

A review of status of the Capital Projects will be undertaken as part of the Third Budget Update, which will be considered by the Council at the Council Meeting scheduled for May 2019.

By November 2018, the following Capital projects have been completed:

- Core Switch upgrade
- Quadrennial Public Art Project
- Point of Sale upgrade
- Swimming Centres
- Automatic Vacuum for Norwood Swimming Centre
- RFID Security System Installation at Libraries (carried forward)
- Ken Town Streetscape upgrade (carried forward)
- Remplan Economy Software.

Details of Capital Projects is contained in **Attachment B**.

Regulation 9 (1) (b) of the Regulations states the Council must consider:

“between 30 November and 15 March (both dates inclusive) in the relevant financial year—a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.”

Further Regulation 9 (2) of the Regulations states the Council must consider:

“revised forecasts for the relevant financial year of the council's operating surplus ratio, net financial liabilities ratio and asset sustainability ratio compared with estimates set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators.”

The revised Budgeted Financial Statements and Financial Indicators as a result of the Mid-Year Budget Update are included in **Attachment C**.

OPTIONS

Not Applicable.

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

1. That the Mid-Year Budget Update Report be received and noted.
 2. That project progress reports contained in Attachments A and B be received and noted.
 3. That Pursuant to Regulation 9 (1) and (2) of the Local Government (Financial Management) Regulations 2011, Budgeted Financial Statements and Financial Indicators as contained within Attachment C, be adopted.
-

Cr Minney moved:

1. *That the Mid-Year Budget Update Report be received and noted.*
2. *That project progress reports contained in Attachments A and B be received and noted.*
3. *That Pursuant to Regulation 9 (1) and (2) of the Local Government (Financial Management) Regulations 2011, Budgeted Financial Statements and Financial Indicators as contained within Attachment C, be adopted.*

Seconded by Cr Duke and carried.

11.4 2019-2020 ANNUAL BUSINESS PLAN AND BUDGET PROCESS, PARAMETERS AND OBJECTIVES

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/5042
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to seek endorsement of the process, parameters and objectives, associated with the preparation of the 2019-2020 Annual Business Plan and Annual Budget.

BACKGROUND

Legislative Requirements

Pursuant to Section 123 of the *Local Government Act 1999* (the Act), each financial year the Council is required to prepare an Annual Business Plan and Annual Budget. The Annual Business Plan and Annual Budget are to be adopted by the Council after 31 May for the ensuing financial year and except in a case involving extraordinary administrative difficulty, before 31 August for the financial year.

Pursuant to Section 123(2) of the Act and in Regulation 6 of the *Local Government (Financial Management) Regulations 2011* (the Regulations), each Annual Business Plan of a Council must—

- (a) include a summary of the Council's long-term objectives (as set out in its strategic management plans); and
- (b) include an outline of—
 - (i) the Council's objectives for the financial year; and
 - (ii) the activities that the Council intends to undertake to achieve those objectives; and
 - (iii) the measures (financial and non-financial) that the Council intends to use to assess the performance of the Council against its objectives over the financial year; and
- (c) assess the financial requirements of the Council for the financial year and, taking those requirements into account, set out a summary of its proposed operating expenditure, capital expenditure and sources of revenue; and
- (d) set out the rates structure and policies for the financial year; and
- (e) assess the impact of the rates structure and policies on the community based on modelling that has been undertaken or obtained by the Council; and
- (f) take into account the Council's long-term financial plan and relevant issues relating to the management and development of infrastructure and major assets by the Council; and
- (g) address or include any other matter prescribed by the Regulations.

Pursuant to Section 123 (3) of the Act, prior to the adoption of the Annual Business Plan, a twenty-one (21) day public consultation period is required. During the public consultation period, the Council must make available copies of the draft Annual Business Plan at its Principle place of business. At the conclusion of the public consultation period, a public meeting is to be held where members of the community can ask questions and make submissions regarding the draft Annual Business Plan.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council's Strategic Management Plan, *CityPlan 2030: Shaping Our Future*, the long-term financial plan and Whole-of-Life Asset and Infrastructure Management Plans, provide the basis and framework upon which the Council's Annual Business Plan and Budget is based.

FINANCIAL AND BUDGET IMPLICATIONS

The Council's long-term financial plan (LTFP), sets out the Councils' financial goal as, *"A City which delivers on our Strategic Outcomes by managing our financial resources in a sustainable and equitable manner"*, in short to be financially sustainable.

The Local Government Association of South Australia defines financial sustainability as;

- *"A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services."*
- *The key elements to the definition are:*
 - *ensuring the maintenance of a Council's high priority expenditure programs, both operating and capital;*
 - *ensuring a reasonable degree of stability and predictability in the overall rate burden; and,*
 - *promoting a fair sharing in the distribution of Council resources and the attendant taxation between current and future ratepayers.*

In simple terms, financial sustainability means positioning the Council so that it can continue to provide quality services, programs and facilities and maintain the Council's infrastructure to a defined service standard, with stable rate increases (removal of sudden increases) and ensuring inter-generational equity.

The Council will need to ensure that its Annual Business Plan and Budget, contains objectives and financial parameters which will deliver a responsible budget and meet the reasonable needs of the community on an equitable and "value for money" basis. For the 2019-2020 Financial year, the LTFP projects an Operating Surplus of \$0.964 million, based on a Rate Revenue increase of 2.42%.

It should be noted that as per previous years, in order to ascertain the true cost of providing the various services, programs and facilities which are provided by the Council and the required increase in Rate Revenue, Grant Income of \$0.260m which is expected to be received in the 2018-2019 Financial Year under the Roads-to-Recovery Program and spent on a Capital Road Project, has been excluded from the Operating Surplus target of \$1.224 million, to determine the target surplus of \$0.964 million.

EXTERNAL ECONOMIC IMPLICATIONS

The Annual Business Plan and 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 level of income required to meet proposed expenditure.

SOCIAL ISSUES

Nil.

CULTURAL ISSUES

Nil.

ENVIRONMENTAL ISSUES

Nil.

RESOURCE ISSUES

Nil.

RISK MANAGEMENT

Financial Management issues and Annual Business Plan preparation processes are governed by the *Local Government Act 1999* and Regulation 6 of the Local Government (Financial Management) Regulations 2011. All budget documentation will need to be prepared in accordance with the relevant statutory requirements.

CONSULTATION

- **Elected Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Not Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

2018-2019 Annual Business Plan

The Annual Business Plan is the Council's statement of the intended services, programs, facilities and objectives set by the Council for a financial year. It is based upon the objectives and strategies set out in the Council's Strategic Plan *CityPlan 2030: Shaping Our Future*, the long term financial plan and the Whole-of-Life Infrastructure and Asset Management Plans.

CityPlan 2030: Shaping Our Future, sets out the Council's Outcomes in respect to Social Equity, Cultural Vitality, Economic Prosperity and Environmental Sustainability, together with objectives and strategies for each Outcome.

The 2018-2019 Annual Business Plan contains a series of objectives (**Attachment A**) in-line with the outcomes contained in the *City Plan 2030: Shaping Our Future*. It is proposed that these objectives be incorporated into the 2019-2020 Annual Business Plan.

The 2019-2020 Annual Budget

As stated in the Financial and Budget Implications Section of this report, the 2019-2020 Annual Budget should be developed with reference to and within the framework of the LTFP, which sets out an Operating Surplus of \$0.964 million for the 2019-2020 Financial Year, excluding grant income of \$0.260m, which will be received under the Federal Governments Roads-to-Recovery Program.

To ensure the financial targets are achieved, the 2019-2020 Annual Budget must be set with reference to similar key influences and assumptions. The influences and assumptions relating to external economic conditions and internal policy decisions are set out below.

Key Influences

- Maintenance and renewal program for existing infrastructure assets, including roads, footpaths, Council owned properties and open spaces are consistent with the Whole-of Life Infrastructure and Asset Management Plans.
- Commitment to major projects which span more than one (1) financial year.
- Initiatives and major projects which are undertaken need to contribute to the Vision, strategic direction and the wellbeing of our City as set out in the *CityPlan 2030: Shaping Our Future*.
- Previously recognised ongoing operational savings are to be maintained.
- To continue to implement the principles and practices of the Business Excellence Framework (i.e. Continuous Improvement).
- Prudent Financial Management to ensure ongoing financial sustainability.

Key Assumptions

Maintaining existing services at current service standards

The Draft 2019-2020 Annual Budget will be based on a “business as usual” assumption, which means that the Council will continue to provide the existing services, programs and facilities at the current service levels. This is not to say that the existing services, programs and facilities will be continued to be delivered in the same way. The various budget lines will be adjusted based on the 2018-2019 budget and actual performance.

The “business as usual” assumption does not take into account any change in direction or service level in response to community expectations, legislative requirements, changing economic conditions or any changes which the Council may wish to make. Such changes will be accounted for in the Council’s Operating & Capital Projects Budget. However, the 2019-2020 Annual Budget will be adjusted for known changes in the underlying services and programs.

Cost Escalation

Materials, Contracts and Other Expenses

The State Governments 2018-2019 Mid-Year Budget Review is forecasting CPI for 2019-2020 at 2.25%. An alternative measure for cost escalation is the Local Government Price Index (LGPI). As the nature of the price movement associated with goods and services consumed by Local Government is different to the goods and services consumed by the ‘average household’, the LGPI is a reliable and independent measure of the inflationary effect on price changes in the South Australian Local Government sector. The index is similar in nature to the CPI, however it represents the movements of prices associated with the goods and services used by Local Government in South Australia (to deliver services to its community) as opposed to the goods and services consumed by the ‘average metropolitan household’. The LGPI considers both recurrent and capital expenditure.

The recurrent component of the LGPI for South Australia to June 2018 is 2.90%. After considering both the LGPI and the expectation of the community that prices should only move by the CPI forecast, it is recommended that the maximum expenditure increase for 2019-2020 across the Materials, Contracts and Other Expenses budget be set at 2.5% which has been determined by the average of the CPI forecast and the LGPI Index for recurrent expenditure.

It should be noted that in some circumstances, there will be cost increases in excess of the 2.5% target (i.e. electricity, gas, water and fuel charges) and in other circumstances there will be no or minimal cost increases, therefore the expectation is that across the organisation, the Materials, Contracts and Other Expenses budget will be limited to a maximum increase of 2.5%.

Wages and Salaries

Wages and Salaries and other associated employee on-costs will be indexed in line with the current Enterprise Agreements, which is set at 2.25%. It should be noted that the Municipal Officers Agreement is due to expire on the 1 November 2019. As negotiation of the Municipal Officers Agreement will commence following the adoption of the 2019-2020 Budget; the negotiated increase may have a negative impact on the achievement of the 2019-2020 Operating Surplus.

Fees and Charges

Fees and Charges not set by legislation are proposed to be increased by 2.4% or market levels as determined by the Fees and Charges review which will be considered at the Council meeting to be scheduled on 4 March 2019. The proposed increase is the weighted average of the recommended Material & Contracts increase and the Wages & Salaries Indexation.

Capital Expenditure

Capital Expenditure relates to the purchasing, building, upgrading and renewing the Council's assets. Capital Expenditure is funded from depreciation, borrowings and grant funding (where available). For asset renewals the main funding source is depreciation. For new assets and upgrades, the main funding source is borrowings and grant funding. The Draft 2019-2020 Annual Budget will assume that the Council will borrow to fund new assets and the upgrading of existing assets, with renewed assets being funded via depreciation.

Assuming that the Reserve Bank of Australia maintain cash rates at the current level of 1.50%, the interest rates on new borrowings are forecast to be between 4.25% per annum and 4.5% per annum, depending on the term of the borrowings. The interest rate on investment income is forecast at 2.00% per annum.

New Operating and Capital Projects

New projects, both Operating and Capital, which are put forward for consideration, will be based on the objectives contained in *CityPlan 2030: Shaping Our Future*, the LTFP and the Infrastructure and Asset Management Plans.

All new Capital Projects are to be considered and approved within the constraints of the LTFP. New services and one-off projects in excess of the LTFP are to be funded through Rate Revenue increases or by expenditure savings. Capital and Operating Projects will be considered at a Special Meeting to be held on 17 April 2019.

Carry Forward Operating Projects

Where Operating Projects are not completed within budgeted timeframes, future deficits can eventuate. Table 1 illustrates the effect on the Council's operating position when projects are not completed within budgeted timeframes. Therefore, it is proposed that Operating Projects from the 2018-2019 Financial Year which are to be carried forward to be completed in 2019-2020 Financial Year, be estimated and incorporated into the draft Budget for rate modelling purposes. Estimates will be based on the 2018-2019 Third Quarter Budget Update, with the associated operational impacts being built into the determination of the 2019-2020 Operating Surplus.

It should be noted that in developing the Operating Project Budget; an estimate of the Projects (based on past experience) that will be carried forwarded to future Budget years is incorporated in the current year Budget.

TABLE 1: EXAMPLE OF IMPACT OF CARRIED FORWARD PROJECTS ON FUTURE YEARS SURPLUS/DEFICIT

	Year 1		Year 2		Year 1 & 2	
	Budget	Actual	Budget	Actual	Budget	Actual
Rate Revenue	900,000	900,000	200,000	200,000	1,100,000	1,100,000
Operating Project Expenditure	900,000	500,000	200,000	600,000*	1,100,000	1,100,000
Operating Surplus/(Deficit)	0	400,000	0	(400,000)	0	0

*Year 2 Actual comprises the \$400,000 (\$900,000-\$500,000) carried forward and the \$200,000 proposed for Year 2.

Rate Revenue Increases

As in past years, for the initial review of the Recurrent Budget, no increase in rate revenue will be accounted for in the analysis. The long-term financial plan has been based on a Rate Revenue increase on 2.42% (inclusive of development growth).

Budget Management Principles

As per previous years, the Council needs to exercise budget discipline if it is to achieve its financial outcomes. To date the approach which has been taken by this Council includes:

- no new recurrent operating expenditure or projects approved without being matched by an increase in operating revenue (i.e Grants/Fee for Service) or a reduction in expenditure, elsewhere within the Council's operations;
- expenditure over-runs are offset by deferral of discretionary spend or expenditure savings elsewhere within the Council's operations;
- income shortfalls to be matched by operating expenditure savings; and
- no new capital expenditure that requires additional borrowings.

Budget Timetable

Pursuant to Section 123 of the Act and in Regulation 6 of the Local Government (Financial Management) Regulations 2011, the Council is required to adopt the Annual Business Plan and Annual Budget after 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, before 31 August for the financial year.

As set out in Table 2 below, a budget timetable has been developed to ensure that the Council is in a position to adopt the 2019-2020 Annual Business Plan and Annual Budget at the Council meeting to be held on 1 July 2019.

TABLE 2 – KEY BUDGET PROCESS ACTIVITIES 2018-2019

KEY STEPS	DATES
Budget process, parameters and objectives adopted	Monday 21 January 2019 (Council Meeting)
Fees and charges adopted in principle by the Council	Monday 4 March 2019 (Council Meeting)
Recurrent Budget Workshop with Elected Members	Wednesday 27 March 2019
Recurrent Budget considered	Wednesday 10 April 2019 (Special Meeting)
Operating and Capital Projects considered	Wednesday 17 April 2019 (Special Meeting)
Draft Annual Business Plan, rating model and projects carried forward and Infrastructure Whole of Life endorsed	Monday 6 May 2019 (Council Meeting)
Draft Annual Business Plan available for viewing or purchase by the public	Wednesday 8 May 2019
Meeting to receive Public submissions on the Annual Business Plan	Wednesday 29 May 2019
Consideration of public submissions	Wednesday 12 June 2019 (Special Council Meeting)
Adoption of Annual Business Plan and Budget	Monday 1 July 2019 (Council Meeting)

With respect to the public consultation on the Annual Business Plan, a Public Meeting is proposed to be held on 29 May 2019 to allow members of the community to present their comments and feedback to the Council, on the content of the Annual Business Plan and Budget.

OPTIONS

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

1. adopt the Annual Business Plan objectives, Annual Budget parameters and assumptions and Annual Business Plan as recommended; or
2. amend any or all of the recommended Annual Business Plan objectives, Annual Budget parameters and assumptions.

Option 1 is recommended.

CONCLUSION

The development of the 2019-2020 Annual Business Plan and Budget should form the platform to position the Council to achieve future and ongoing Financial Sustainability. Financial Sustainability is not a number on the Income Statement, it is a strategy. Therefore, strategies need to be developed that integrate into the Councils planning and are supported by longer term planning, with any future decisions made being consistent with and supporting the strategy.

COMMENTS

If Elected Members have any questions or require clarification in relation to specific budget items, and/or any issues raised in this report, do not hesitate to contact the General Manager, Corporate Services, Sharon Perkins on 8366 4585 or email sperkins@npsp.sa.gov.au prior to the meeting.

RECOMMENDATION

1. That the following budget parameters and assumptions be adopted in principle for the purpose of preparing the 2019-2020 Annual Business Plan and Budget:
 - the Recurrent Operating Budget be prepared on a “business as usual” basis;
 - the continuation of previously recognised ongoing operational savings;
 - maximum Material, Contracts and Other Expenses cost escalation be set at 2.5%;
 - wages and salaries increases be set in line with the Council’s Enterprise Bargaining Agreements;
 - maximum combined increase in overall budget be based on salary increase and 2.4% non-salary increase;
 - fees and charges not set by Legislation be increased by 2.4% at a minimum;
 - new Capital Projects to be considered and approved within the context of the LTFP;
 - new services and one off projects to be funded through Rate Revenue increases or by expenditure savings; and
 - new capital projects being funded via long term borrowings.
 2. That the Annual Business Plan objectives contained in Attachment A be adopted in principle for the purpose of preparing the 2019-2020 Annual Business Plan and Budget.
-

Cr Minney moved:

1. *That the following budget parameters and assumptions be adopted in principle for the purpose of preparing the 2019-2020 Annual Business Plan and Budget:*
 - *the Recurrent Operating Budget be prepared on a “business as usual” basis;*
 - *the continuation of previously recognised ongoing operational savings;*
 - *maximum Material, Contracts and Other Expenses cost escalation be set at 2.5%;*
 - *wages and salaries increases be set in line with the Council’s Enterprise Bargaining Agreements;*
 - *maximum combined increase in overall budget be based on salary increase and 2.4% non-salary increase;*
 - *fees and charges not set by Legislation be increased by 2.4% at a minimum;*
 - *new Capital Projects to be considered and approved within the context of the LTFP;*
 - *new services and one off projects to be funded through Rate Revenue increases or by expenditure savings; and*
 - *new capital projects being funded via long term borrowings.*
2. *That the Annual Business Plan objectives contained in Attachment A be adopted in principle for the purpose of preparing the 2019-2020 Annual Business Plan and Budget.*

Seconded by Cr Sims and carried.

11.5 EXTERNAL AUDITORS REPORT 2017-2018

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager, Corporate Service
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/00238
ATTACHMENTS: A - C

PURPOSE OF REPORT

The purpose of this report is to provide the Council with the Audit Opinion and Auditors report regarding the 2017-2018 Financial Statements.

BACKGROUND

Pursuant to Section 129 (3) of the *Local Government Act 1999* (the Act), the Council's Auditor must provide to the Council, an audit opinion with respect to:

- the Financial Statements; and
- whether the internal controls of the Council are sufficient to provide reasonable assurance that the financial transactions of the Council have been conducted properly and are in accordance with law.

Pursuant to Section 129 (4) of Act, the Council's Auditor must provide written advice on any particular items that have arisen from the audit.

Pursuant to Section 129 (5b) (a) of the Act, the opinion and the advice must be presented to the Council at the next ordinary meeting of the Council.

RELEVANT STRATEGIC DIRECTIONS AND POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Nil.

CULTURAL ISSUES

Nil.

ENVIRONMENTAL ISSUES

Nil.

RESOURCE ISSUES

Nil.

RISK MANAGEMENT

There are no risk management issues arising from this report which has been prepared in accordance with the statutory requirements.

CONSULTATION

- **Elected Members**

A report on the draft Annual Financial Statements and draft Audit Report was presented and considered by the Council at its meeting held on 5 November 2018.

- **Community**

Not Applicable.

- **Staff**

Not Applicable.

- **Other Agencies**

Not Applicable.

DISCUSSION

The Council's External Auditors, BDO Advisory (SA) Pty Ltd, have completed the statutory audit of the City of Norwood Payneham & St Peters for the 2017-2018 Financial Year.

As advised at the Council meeting held on 5 November 2018, the External Auditors have issued an unqualified Audit Report on the Annual Financial Statements for the financial year ended 30 June 2018. A copy of the Audit Opinion is contained in **Attachment A**.

In addition to the Audit Report on the Annual Financial Statements, the External Auditors are required to undertake an audit of the internal controls exercised by the Council during the respective financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, so that they can form an opinion as to whether the internal controls established by the Council are sufficient to provide reasonable assurance that the financial transactions undertaken by the Council, have been conducted properly and are in accordance with the legislative requirements. A copy of the Internal Controls Audit Opinion is contained in **Attachment B**.

In summary, in the Auditors opinion the Council has complied, in all material aspects, with Section 129(1)(b) of the Act in relation to the internal controls which have been established by the Council relating to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

Pursuant to Section 129 (4) of the Act, the Auditors are required to provide to the Council, in writing, details of any issues that arose from the statutory audit. A copy of the correspondence from the Auditors is contained in **Attachment C**.

OPTIONS

Not Applicable.

CONCLUSION

Nil.

COMMENTS

Nil.

RECOMMENDATION

1. That the Audit Opinion with respect to the 2017-2018 Financial Statements, as contained in Attachment A, be received and noted.
 2. That the Audit Opinion with respect to the Council's Internal Controls, as contained in Attachment B, be received and noted.
 3. That the Auditor's report to Council with respect to the 2017-2018 Financial Statements, as contained in Attachment C, be received and noted.
-

Cr Sims left the meeting at 8.59pm.
Cr Sims returned to the meeting at 9.03pm.
Cr Moore left the meeting at 9.03pm.

Cr Minney moved:

1. *That the Audit Opinion with respect to the 2017-2018 Financial Statements, as contained in Attachment A, be received and noted.*
2. *That the Audit Opinion with respect to the Council's Internal Controls, as contained in Attachment B, be received and noted.*
3. *That the Auditor's report to Council with respect to the 2017-2018 Financial Statements, as contained in Attachment C, be received and noted.*

Cr Moore returned to the meeting at 9.04pm.

Seconded by Cr Knoblauch and carried unanimously.

11.6 FUNDING ARRANGEMENTS FOR THE PURCHASE OF 88 SIXTH AVENUE, ST PETERS

REPORT AUTHOR: Acting Chief Executive Officer
GENERAL MANAGER: Not Applicable
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/00232
ATTACHMENTS: Nil

PURPOSE OF REPORT

The purpose of this report is to seek the Council's endorsement of the funding arrangements for the Purchase of the property located at 88 Sixth Avenue, St Peters.

BACKGROUND

At its meeting held on 5 November 2018, the Council considered a Notice of Motion regarding the potential purchase of property located at 86- 88 Sixth Avenue, St Peters.

Following the consideration of the staff report at a Special Council Meeting held on 21 November 2018, the Council resolved to proceed with the purchase of 88 Sixth Avenue, St Peters.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

As previously advised, the Council's 2018-2019 Annual Business Plan & Budget did not make provision for the purchase of land, therefore as part of the Mid-Year Budget Review, the 2018-2019 Capital Budget will be amended to include the value of the land purchase.

At this stage, no funding allocation has been included in the 2018-2019 Annual Business Plan & Budget or the Council's Long-Term Financial Plan (LTFP) for the re-development of the land parcel or the upgrade of Hannaford Reserve, which neighbours the property.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

There are no specific risks associated with the funding of the purchase of the land at 88 Sixth Avenue, St Peters.

CONSULTATION

- **Elected Members**
The Council resolved to proceed with the purchase at the Special Council Meeting held on 21 November 2018.
- **Community**
Not Applicable
- **Staff**
Not Applicable
- **Other Agencies**
Not Applicable

DISCUSSION

The Council was successful in its bid to purchase the property located at 88 Sixth Avenue, St Peters, for the purchase price of \$0.956 million (inclusive of purchase cost).

When considering the report, to determine if the Council would proceed with the purchase of the land, the Council did not resolve how, the purchase offer, if successful would be funded.

At this stage, the Council has utilised cash reserves to fund the purchase, which settled on 18 December 2018.

The Council's LTFP has been developed on the premise of long-term financial sustainability and ensuring intergenerational equity. Intergenerational equity is based on the concept that there is fairness and equity between the current and future users of the Council's long term assets. What this means is that current users should not pay for Council's investments in long term assets which future users will receive the benefits and vice versa, future users should not be burdened with the debts of current users through the lack of infrastructure renewal and redevelopment. As such funding arrangements for long-term assets need to take this into consideration.

The Council's Treasury Management Policy states that the Council will borrow long term to fund the investment in new or upgraded long-term assets.

Given that land is a long-term asset, in line with the Council's Treasury Policy and in terms of achieving intergenerational equity, the Council has a number of options with respect to the funding of the land purchase at 88 Sixth Avenue, St Peters.

OPTIONS

Option 1: Fund from Cash Reserves

Due to timing delays in the commencement of some major capital works projects and higher than anticipated Operating Surplus, the Council had sufficient cash reserves to meet the settlement of the land purchase.

However, funding the purchase from cash reserves does not meet the objective of intergenerational equity, as past and current rate payers are essentially funding the purchase of a long-term asset, which future rate payers will receive the benefit from, essentially at no cost.

Due to the lack of intergenerational equity, this option is not recommended.

Option 2: Use Proceeds from Sale of 48 Nelson Street, Stepney

As Members may recall, the adoption of the Master Plan for Dunstone Grove/Linde Reserve, allowed for the redevelopment costs to be offset by the proceeds from the sale of 48 Nelson Street. Given that the redevelopment was completed and costs were reconciled prior to the sale of the property and therefore the sale proceeds could not be offset against the reserve redevelopment costs, at its meeting held on 4 June 2018, the Council resolved to invest the net sale proceeds (\$800,000) in a term deposit.

Given the nature of the land purchase, will result in the redevelopment of open space (i.e. Hannaford Reserve) and the intent of the sale of 48 Nelson Street, Stepney, was to offset the redevelopment cost of an open space asset (i.e. Dunstone Grover/Linde Reserve), the intended use of the sale proceeds will be achieved, if the funds are used for the purchase of the land parcel located at 88 Sixth Avenue, St Peters.

The balance of the purchase price (i.e. \$156,000) will need to be funded either via cash reserves or by borrowings.

Option 3: Utilise Open Space Contribution Fund

Pursuant to the Development Act 1993, for land divisions, which results in more than 20 allotments and one or more allotment being less than one hectare in area, developers may be required to vest with the Council up to 12.5% of the land area, to be held as open space or make a contribution, based on an amount prescribed by the Regulations. The contribution is currently set at \$7,253 for each allotment not exceeding one hectare in area.

The contributions received are held in a separate fund and can be applied by the Council for the purpose of acquiring or developing land as open space.

The balance of the Open Space fund as at 31 December 2018, is \$538,000, with \$298,000 being received during the 2018-2019 financial year, for land divisions located at River Street, Marden and Langman Grove, Felixstow.

Given that the nature of the land purchase meets the requirements of Section 50(10) of the *Development Act 1993*, and that the Council area has limited opportunity to acquire land for open space developments, the Council has the option of allocating all or part thereof of the Open Space Fund to finance the purchase of land at 88 Sixth Avenue, St Peters.

As the balance of the Open Space fund is insufficient to meet the full purchase price of the land, the balance would need to be funded via cash reserves or by long term borrowings.

Option 4: Long Term Borrowings

The Council's usual practice is to borrow for new and or upgraded assets. The current borrowing rate for a 20 year debenture loan is 4.4% (4.3% for 15 years). The interest cost over the 20 years will be \$491,385.89 which will need to be built into future recurrent budgets. Borrowing to fund the purchase ensures that future ratepayers contribute to the community benefits which will accrue from the purchase of the land and subsequent redevelopment of the land.

CONCLUSION

The Council has a number of options available to fund the land at 88 Sixth Avenue, St Peters.

The key consideration in determining the most appropriate funding arrangement is to ensure that intergenerational equity is maintained.

As previously stated, Option 1 is not recommended as it will result in the current generation of ratepayers funding the purchase of the land parcel.

While the purchase of the land will ultimately result in the redevelopment of Hannaford Reserve, given the number of reserve redevelopments (ie Adey Reserve, Burchell Reserve, Dunstan Adventure Playground) currently earmarked within the Council's LTFP, it is recommended that the objectives from the sale of 48 Nelson Street is better achieved through the allocation of the sale proceeds to previously endorsed reserve redevelopments set out in the LTFP. Therefore Option 2 is not recommended

As the Council is an established City, the opportunities for the Council to purchase land parcels for the purpose of developing public open space is limited. As such, the opportunity for the Council to apply monies that have been contributed to the Open Space fund, as intended by the *Development Act 1993*, is also limited.

As the land purchase meets the requirements of Section 50 (10) of the *Development Act 1993*, it is recommended that the Council utilises \$300,000 which has been contributed, by Developers, to the Open Space fund, with the balance of the purchase cost to be funded by long-term borrowings, to be taken out over twenty (20) years.

These funding arrangements ensure that intergenerational equity is achieved.

COMMENTS

Nil

RECOMMENDATION

1. That the Council fund the purchase of land at 88 Sixth Avenue, St Peters, through the utilisation of \$300,000 from the Open Space Fund, combined with long-term borrowings (20 years) to the value of \$656,000.
2. That the Chief Executive Officer is authorised to negotiate the most beneficial financial terms for the Council with a lending author after obtaining comprehensive quotes at a time considered appropriate by management and arrange for the drawdown of the loan.
3. That the Chief Executive Officer and General Manager, Corporate Services are authorised to sign all documentation associated with the loan borrowing referred to in 2 above. Further, where any such documentation is executed under seal that in accordance with *the Local Government Act 1999*, the Mayor and the Chief Executive Officer will attend to the affixation of the Common Seal.

Cr Dottore moved:

1. *That the Council fund the purchase of land at 88 Sixth Avenue, St Peters, through the utilisation of \$300,000 from the Open Space Fund, combined with long-term borrowings (20 years) to the value of \$656,000.*
2. *That the Chief Executive Officer is authorised to negotiate the most beneficial financial terms for the Council with a lending author after obtaining comprehensive quotes at a time considered appropriate by management and arrange for the drawdown of the loan.*
3. *That the Chief Executive Officer and General Manager, Corporate Services are authorised to sign all documentation associated with the loan borrowing referred to in 2 above. Further, where any such documentation is executed under seal that in accordance with the Local Government Act 1999, the Mayor and the Chief Executive Officer will attend to the affixation of the Common Seal.*

Seconded by Cr Moore and carried.

Section 3 – Governance & General Reports

11.7 REPORTS OUTSTANDING

REPORT AUTHOR: Chief Executive Officer
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 83664520
FILE REFERENCE: Nil
ATTACHMENTS: A

PURPOSE OF REPORT

As part of the Organisation's management system, a Reports Outstanding List will be prepared on a monthly basis. The purpose of the List is to keep track of any reports that have been requested and the status of those reports.

A copy of the List is contained in **Attachment A**.

BACKGROUND

Nil

DISCUSSION

Nil

RECOMMENDATION

That the report be received and noted.

Cr Sims moved:

That the report be received and noted.

Seconded by Cr Duke and carried.

11.8 APPOINTMENT OF INDEPENDENT MEMBERS TO THE AUDIT COMMITTEE

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/2083
ATTACHMENTS: Nil

PURPOSE OF REPORT

The purpose of the report is to seek the Council's appointment of the Independent Members to the Audit Committee.

BACKGROUND

The Council's Audit Committee is established under Section 41 of the *Local Government Act 1999* (the Act). Pursuant to Section 126 (1) of the Act, the Council must have an Audit Committee and the membership of the Audit Committee:

- (a) *may include persons who are not members of the Council; and*
- (b) *may not include an employee of the council (although an employee may attend a meeting of the committee if appropriate); and*
- (c) *may include, or be comprised of, members of an audit committee for another council; and*
- (d) *must otherwise be determined in accordance with the requirements of the regulations.*

In respect to the Membership of an Audit Committee, pursuant to Clause 17 of the *Local Government (Financial Management) Regulations 2011* (the Regulations) requires that the Audit Committee:

- (a) *must have between three (3) and five (5) members (inclusive); and*
- (b) *must include at least one (1) person who is not a member of the Council and who is determined by the Council to have financial experience relevant to the functions of the Audit Committee; and*
- (c) *must not include, as a member, the Council's External Auditor under section 128 of the Act.*

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

The Council has determined that the Independent Members of the Audit Committee will receive a sitting fee of \$440 per meeting. In line with the Terms of Reference, the Audit Committee is required to meet four (4) times per annum. The annual cost to the Council is therefore \$3,520.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Pursuant to Section 41 of the Act, the Council may establish committees to assist in the performance of council functions. The Act prescribes certain requirements that must be considered when establishing committees, to ensure all committees operate within the framework defined by the Act.

The preparation of the Audit Committee's Terms of Reference, has been undertaken in accordance with the provisions of the Act.

The establishment of the Audit Committee and adoption of the Committee's Terms of Reference, complies with the provisions of the Act.

To ensure the proper discharge of responsibilities, the Committee will be required to operate within the parameters of its Terms of Reference, as established by the Council.

CONSULTATION

- **Elected Members**
Mayor Bria, Cr John Minney (Presiding Member) and Cr Stock have been appointed to the Audit Committee.
- **Community**
Not Applicable.
- **Staff**
Nil
- **Other Agencies**
Nil

DISCUSSION

The Council's Audit Committee was established following the November 2018 Local Government Elections, with membership comprising of three (3) Elected Members and two (2) Independent Members. The term of the current Committee concludes on 31 October 2020.

At its meeting held on 3 December 2018, the Council appointed the following Elected Members to the Audit Committee:

- Cr John Minney (Presiding Member);
- Mayor Robert Bria; and
- Cr Mike Stock.

In respect to the Independent Members, both Independent Members of the previous Audit Committee were approached to gauge their interest in continuing as the Independent Members of the Committee.

Mr Peter Holmes has expressed his desire to continue as an Independent Member for the current two year (2) term, which concludes on 31 October 2020.

Mr Holmes has been a long serving Independent Member of the Audit Committee, being first appointed in 2007, when the Council's Audit Committee was first established. Mr Holmes has continued to be an active member of the Committee, who has demonstrated a strong commitment to ensuring that there is a continuous improvement approach to the Councils' financial management and on-going financial sustainability.

Due to a change in work commitments Ms Julie Wobber has indicated that she is unfortunately not in a position to continue on as an Independent Member of the Audit Committee.

To comply with the Clause 17 (1) of the Regulations, the Councils' Audit Committee must include at least one (1) Independent Member, with relevant financial experience. In addition, Clause 8.4 of the Committee's Terms of Reference requires a quorum for a meeting of the Committee to be three (3) members of the Committee, with one (1) member being an Independent Member.

To ensure the Audit Committee can continue to operate and to ensure the on-going operational efficiency of the Audit Committee, it is recommended that Mr Peter Holmes be re-appointed as an Independent Member of the Audit Committee.

In respect to the vacancy for a second Independent Member, an Expression of Interest from suitably qualified persons will be made by way of a public advertisement in January 2019.

As per the Terms of Reference, the evaluation of potential members will be undertaken by the Mayor and Chief Executive Officer and the two (2) Elected Members appointed to the Audit Committee.

OPTIONS

The Council has the following options in respect to this issue;

1. the Council can re-appoint Mr Peter Holmes as an Independent Member of the Audit Committee and advertise for an Expression of Interest from suitably qualified persons to fill the Independent Member vacancy ; or
2. the Council can choose not to re-appoint Mr Peter Holmes as an Independent Member of the Audit Committee and advertise for an Expression of Interest from suitably qualified persons to fill the two (2) Independent Member position on the Audit Committee

Option 1 is recommended.

CONCLUSION

To comply with the requirements of the Act and associated Regulations, the Council is required to have Independent Members on its Audit Committee. Given the current focus on effective financial management of councils, it is important that the Council can demonstrate effective financial governance. To ensure the effective and efficient operation of the Audit Committee, the Council must ensure that not only the Audit Committee has suitably qualified persons as members but also that there is consistency in the committee membership from one term to the next. The re-appointment of Mr Peter Holmes, together with the Elected Members who have been appointed to the Audit Committee, will ensure that these objectives are met.

COMMENTS

If Elected Members have any questions or require clarification in relation to specific budget items, and/or any issues raised in this report, do not hesitate to contact the Council General Manager, Corporate Services, Sharon Perkins on 8366 4585, prior to the meeting.

RECOMMENDATION

1. That Mr Peter Holmes is re-appointed to the City of Norwood Payneham & St Peters Audit Committee, with the term of the appointment being from 18 January 2019 until 31 October 2020.
 2. That an Expression of Interest from suitably qualified persons be sought to fill the vacancy that exists for the second Independent Member on the City of Norwood Payneham & St Peters Audit Committee, with the term of that appointment concluding on 31 October 2020.
-

Cr Whittington moved:

- 1. That Mr Peter Holmes is re-appointed to the City of Norwood Payneham & St Peters Audit Committee, with the term of the appointment being from 18 January 2019 until 31 October 2020.*
- 2. That an Expression of Interest from suitably qualified persons be sought to fill the vacancy that exists for the second Independent Member on the City of Norwood Payneham & St Peters Audit Committee, with the term of that appointment concluding on 31 October 2020.*

Seconded by Cr Stock and carried unanimously.

11.9 NOMINATIONS – LOCAL GOVERNMENT ASSOCIATION OF SOUTH AUSTRALIA FOR MEMBERS OF THE GREATER ADELAIDE REGION ORGANISATION OF COUNCILS (CASUAL VACANCIES)

REPORT AUTHOR: General Manager, Governance & Community Affairs
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE: S/00022
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of the report is to advise the Council of the call for nominations for two (2) Casual Vacancies by the Local Government Association of South Australia (LGA), for appointment to the Greater Region of Adelaide Organisation of Council (GAROC) and to invite the Council to submit a nomination/s.

BACKGROUND

In July 2018, the LGA wrote to Councils seeking nominations for appointment to the newly established Greater Region of Adelaide Organisation of Council (GAROC).

In terms of this structure, the Metropolitan region (ie GAROC), represents the greater Adelaide region based on North, South, East, West groupings of councils and the City of Adelaide and SAROC is based on the existing regional areas and areas outside the Adelaide metropolitan area.

This Council and the following Councils are members of the GAROC:

- Adelaide Hills Council;
- City of Burnside;
- Campbelltown City Council;
- City of Charles Sturt;
- Town of Gawler;
- City of Holdfast Bay;
- City of Marion;
- City of Mitcham;
- City of Onkaparinga;
- City of Playford;
- City of Port Adelaide Enfield;
- City of Prospect;
- City of Salisbury;
- City of Tea Tree Gully;
- City of Unley;
- Town of Walkerville; and
- City of West Torrens.

Cr Mex is a member of the GAROC.

As a result of the 2018 Local Government Election, there are now two (2) vacant positions on the GAROC (Casual Vacancies).

The LGA has now written to the Council seeking nominations to fill the positions.

A copy of the correspondence, dated 9 January 2019, which has been received from the LGA is contained within **Attachment A**.

RELEVANT POLICIES & STRATEGIC DIRECTIONS

Not Applicable.

DISCUSSION

The Terms of Reference for the GAROC stipulates that the role of GAROC is to provide regional advocacy, policy initiation and review, leadership, engagement and capacity building in the region(s).

The term of office will commence at the conclusion of the declaration of the election process and will conclude at the 2020 LGA Annual General Meeting.

Nominations are to be received by the Returning Officer, LGA no later than 5.00pm on Friday 22 February 2019.

It is important to note that, as this Council currently has a representative serving as a Member of the GAROC (ie Cr Mex), this Council cannot nominate another Elected Member from this Council for appointment to the GAROC.

The Council can however nominate an Elected Member from another Council within the GAROC region, however as the nomination process requires that a nomination can only be made by a Council resolution and the nomination form must be signed by both the nominating Council's Chief Executive Officer and the nominated Elected Member, the Council must be confident that the candidate nominated is willing to accept the nomination.

The current members of the GAROC are as follows:

- Mayor Karen Redman, Chair of GAROC (Town of Gawler);
- Councillor Christel Mex (City of Norwood Payneham & St Peters);
- Mayor Gillian Aldridge (City of Salisbury);
- Mayor Kevin Knight (City of Tea Tree Gully);
- Councillor Jan-Claire Wisdom (Deputy Mayor, Adelaide Hills Council);
- Mayor David O'Loughlin (City of Prospect); and
- Lord Mayor Sandy Verschoor (City of Adelaide).

All nominations must be forwarded to the LGA via the nomination form contained within **Attachment A**.

RECOMMENDATION

That the report be received and noted and the invitation to submit a nomination to the Local Government Association for the Local Government Association Board as a Member representing the Greater Region of Adelaide (GAROC) be declined.

or

The Council nominates _____ to the Local Government Association for the Local Government Association Board as a Member representing the Greater Region of Adelaide (GAROC).

Cr Stock left the meeting at 9.12pm.
Cr Dottore left the meeting at 9.12pm.
Cr Dottore returned to the meeting at 9.13pm.
Cr Stock returned to the meeting at 9.13pm.

Cr Minney moved:

That the report be received and noted and the invitation to submit a nomination to the Local Government Association for the Local Government Association Board as a Member representing the Greater Region of Adelaide (GAROC) be declined.

Seconded by Cr Callisto and carried unanimously.

11.10 APPOINTMENT TO THE EASTERN WASTE MANAGEMENT AUTHORITY INCORPORATED BOARD (EAST WASTE)

REPORT AUTHOR: General Manager, Governance & Community Affairs
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE: S/00045
ATTACHMENTS: Nil

PURPOSE OF REPORT

The purpose of the report is to seek the Council's appointment of a Board Member to the Eastern Waste Management Authority (East Waste) Board of Management.

BACKGROUND

The Eastern Waste Management Authority Incorporated (East Waste) is a Regional Subsidiary, established under Section 43 of the *Local Government Act 1999*, to provide at-cost kerbside waste collection services to its Constituent Councils. The membership base of East Waste comprises the Corporation of the Town of Walkerville, the City of Burnside, the City of Norwood Payneham & St Peters, the Campbelltown City Council, the City of Mitcham, the City of Prospect and the Adelaide Hills Council.

East Waste is governed by a Board of Management which comprises Members appointed by each of the Constituent Councils.

At its meeting held on 7 November 2016, the Council appointed its Chief Executive Officer as the Council's representative on the East Waste Board.

The Chief Executive Officer's term of office has now expired and therefore the Council is required to appoint a Board Member to the East Waste Board of Management.

In accordance with the East Waste Charter, a Deputy Board Member is no longer required to be appointed by the Council.

Over the last few years, considerable work has been undertaken in respect to the governance processes and structural framework of East Waste and therefore, ongoing stability of the Board is important over the next couple of years whilst this work continues. In turn, East Waste's financial sustainability has improved significantly and in the 2017-2018 financial year, significant operational efficiencies have been achieved.

As such, it is recommended that the Chief Executive Officer be re-appointed as the East Waste Board Member for the next two (2) years.

RELEVANT POLICIES & STRATEGIC DIRECTIONS

Not Applicable.

RECOMMENDATION

That pursuant to Clause 21.1 of the Eastern Waste Management Authority Inc Charter, the Chief Executive Officer be appointed to the Board of East Waste for a term of two (2) years.

Call for Nominations for Appointment to the Board of East Waste

The Mayor called for nominations for Appointment to the Board of East Waste.

The following nominations were received:

- Cr Mike Stock; and
- Chief Executive Officer.

Voting by Secret Ballot

A secret ballot was conducted. The General Manager, Governance & Community Affairs was appointed as Returning Officer for the counting of votes.

Completion of Counting of Votes by Secret Ballot

The votes were counted and the results were declared to the Council as follows:

- Cr Mike Stock (6 votes)
- Chief Executive Officer (7 votes).

Cr Whittington moved:

That pursuant to Clause 21.1 of the Eastern Waste Management Authority Inc Charter, the Chief Executive Officer be appointed to the Board of East Waste for a term of two (2) years.

Seconded by Cr Moore and carried.

Cr Duke moved:

That pursuant to Clause 21.1 of the Eastern Waste Management Authority Inc Charter, Cr Stock be appointed Deputy Member to the Board of East Waste for a term of two (2) years.

Seconded by Cr Moore and carried unanimously.

11.11 APPOINTMENT TO THE Highbury Landfill Authority Inc

REPORT AUTHOR: General Manager, Governance & Community Affairs
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE: S/00045
ATTACHMENTS: Nil

PURPOSE OF REPORT

The purpose of the report is to seek the Council's appointment of a Board Member to the Highbury Landfill Authority Board of Management.

BACKGROUND

The Highbury Landfill Authority Inc (HLA) is a Regional Subsidiary which has been established pursuant to Section 43 of the *Local Government Act 1999*, by the Cities of Burnside and Norwood Payneham & St Peters and the Town of Walkerville.

The purpose of the Authority is to:

- facilitate the closure and post-closure of the Highbury Landfill site;
- manage the joint interests and liability of the Constituent Councils in relation to the closure of the Highbury Landfill site;
- undertake all manner of things relating to and incidental to the management function of the Authority; and
- provide a forum for the discussion and consideration of issues related to the joint obligations and responsibilities of the Constituent Councils in respect of the closure (and post-closure) of the Highbury Landfill site.

The HLA is governed by a Board which comprises one (1) Member from each of the Constituent Councils.

RELEVANT POLICIES & STRATEGIC DIRECTIONS

Not Applicable.

RECOMMENDATION

1. That _____ be appointed to the Board of the Highbury Landfill Authority Inc for a term of three (3) years.
 2. That the General Manager, Urban Services continue as the Council's Deputy Board Member of the Highbury Landfill Authority.
-

Cr Duke moved:

1. *That Cr John Minney be appointed to the Board of the Highbury Landfill Authority Inc for a term of three (3) years.*
2. *That the General Manager, Urban Services continue as the Council's Deputy Board Member of the Highbury Landfill Authority.*

Seconded by Cr Moorhouse and carried unanimously.

12. ADOPTION OF COMMITTEE MINUTES
Nil

13. OTHER BUSINESS

13.1 2019 Santos Tour Down Under

Cr Minney moved:

That the Council's Events staff be congratulated and thanked for the excellent organisation and promotion of the 2019 Norwood on Tour Street Party held on Monday 14 January 2019 and the start of Stage 2 of the 2019 Tour Down Under held on Wednesday 16 January 2019.

Seconded by Cr Sims and carried.

14. CONFIDENTIAL REPORTS
Nil

15. CLOSURE

There being no further business, the Mayor declared the meeting closed at 9.35pm.

Mayor Robert Bria

Minutes Confirmed on _____
(date)