

Audit and Governance Committee

Agenda

Notice is hereby given pursuant to the provisions of the Local Government Act, 1999, that a meeting of the Audit and Governance Committee will be held in the Council Chambers, 181 Unley Road Unley on

Tuesday 22 May 2018

6.30pm

for the purpose of considering the items included on the Agenda.



Peter Tsokas
Chief Executive Officer

AUDIT AND GOVERNANCE COMMITTEE

**Tuesday 22 May 2018 – 6.30pm Council
Chambers**

AGENDA

MEMBERS:

Mr John Rawson (Presiding Member)
Mr Ed Parker (Independent Member)
Mr Sean Tu (Independent Member)
Councillor Rob Sangster
Councillor Michael Rabbitt

APOLOGIES

ITEM 81 **CONFLICT OF INTEREST**

1.

ITEM 82 **CONFIRMATION OF MINUTES**

2.

MOVED:
SECONDED:

That the minutes of the Audit and Governance Committee meeting, held on Tuesday 20 March 2018, as printed and circulated be taken as read and signed as a correct record.

OFFICER'S REPORTS

83 Draft 2018-19 Annual Business Plan and Budget

PRESENTATIONS

OTHER BUSINESS

- Verbal : Impact on Council regarding the ban from China on waste (recyclable)
- Verbal : Confidential Item : Centennial Park Cemetary Authority

MOTIONS WITHOUT NOTICE

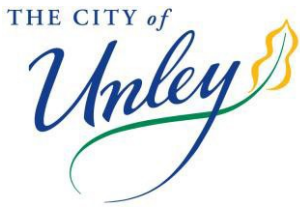
NEXT MEETING DATE

Tuesday 14 August 2018 - 6.30pm

CONFLICT OF INTEREST

TITLE:	CONFLICT OF INTEREST
ITEM NUMBER:	81
DATE OF MEETING:	22 May 2018
ATTACHMENT:	1. CONFLICT OF INTEREST DISCLOSURE FORM

Members to advise if they have any material, actual or perceived conflict of interest in any Items in this Agenda.



CONFLICT OF INTEREST DISCLOSURE FORM

I, _____ have received a
[insert name]

copy of the agenda for the (Ordinary / Special) **Council / Committee / Board**
[delete that which is not applicable]

meeting to be held on _____
[insert date]

I consider that I have a ***material** conflict of interest pursuant to section 73 / ***actual** or ***perceived** conflict of interest pursuant to section 74 *[*delete that which is not applicable]* of the *Local Government Act 1999* ("the LG Act") in relation to the following agenda item:

[insert details]

which is to be discussed by the ***Council / *Committee / *Board** at that meeting.
[delete that which is not applicable]

The nature of my **material** conflict of interest is as follows *[ensure sufficient detail is recorded, including the reasons why you (or a person prescribed in section 73(1) of the LG Act) stands to obtain a benefit or suffer a loss depending on the outcome of the consideration of the matter at the meeting of the Council in relation to the agenda item described above].*

OR

The nature of my **actual** conflict of interest is as follows *[ensure sufficient detail is recorded, including the reasons why the conflict between your interests and the public interest might lead to a decision that is contrary to the public interest in relation to the agenda item described above].*

I intend to deal with my **actual** conflict of interest in the follow transparent and accountable way *[ensure sufficient detail is recorded as to the manner in which you intend to deal with the actual conflict of interest in a transparent and accountable way]*

OR

The nature of my **perceived** conflict of interest is as follows *[ensure sufficient detail is recorded, including the reasons why you consider that an impartial fair-minded person could reasonably consider that you have a perceived conflict of interest in the matter]*

I intend to deal with the **perceived** conflict of interest in the following transparent and accountable way *[ensure sufficient detail is recorded as to the manner in which you intend to deal with the perceived conflict of interest in a transparent and accountable way]*

Signature

Date

CONFIRMATION OF MINUTES

TITLE: CONFIRMATION OF MINUTES FOR AUDIT AND
GOVERNANCE COMMITTEE MEETING HELD
ON 20 March 2018

ITEM NUMBER: 82

DATE OF MEETING: 22 May 2018

ATTACHMENTS: NIL

RECOMMENDATION

MOVED:
SECONDED:

That:

1. The minutes of the Audit and Governance Committee Meeting held on Tuesday 20 March 2018, as printed and circulated, be taken as read and signed as a correct record.
-

COMMITTEE DECISION REPORT

REPORT TITLE:	DRAFT 2018-19 ANNUAL BUSINESS PLAN AND BUDGET
ITEM NUMBER:	83
DATE OF MEETING:	22 MAY 2018
AUTHOR:	SARAH TAYLOR
JOB TITLE:	MANAGER FINANCE AND PROCURMENT

1. **EXECUTIVE SUMMARY**

The purpose of this report is to present the Draft 2018-19 Annual Business Plan and Budget to the Audit and Governance Committee for their review and feedback to Council as part of the consultation process.

The attached report provides information regarding the Draft 2018-19 Annual Business Plan for Consultation, based on the following:

- Proposed net Operating Projects of \$1.242m
- Proposed net Capital Replacement of \$7.627m
- Proposed new Capital of \$8.321m

Council is considering a rate increase of 2.8%, which incorporates a 0.3% to cover the impact of China's ban on foreign waste on the cost of disposal of recyclables. This will result in new borrowings in the order of \$5.277M to deliver all proposed projects and maintain current service levels

In summary, the Draft Annual Business Plan and Budget for 2018-19 meets the legislative requirements and the financial targets adopted as part of the Long Term Financial Plan. The 2018-19 Annual Business Plan and Budget and declaration of rates will be presented to Council for adoption at its June 2018 meeting.

2. **RECOMMENDATION**

That:

1. The report be received.
2. The Draft 2018-19 Annual Business Plan and Budget for Consultation, Attachment 1 be received.
3. The comments from the Audit and Governance Committee relating to the Draft 2018-19 Annual Business Plan be presented to the Council at the Budget Workshop to be held on 4 June 2018

3. RELEVANT CORE STRATEGIES/POLICIES

3.1 Local Government Act 1999, Section 123

3.2 Local Government (Financial Management) Regulations 2011 Regulation 7 and 9

Civic Leadership

3.3 Goal 4: Council will listen to the community and make transparent decisions for the long term benefit of the City

- Support Elected Members to provide effective leadership to the City.

4. DISCUSSION

A copy of the Draft 2018-19 Annual Business Plan and Budget for Consultation is provided as Attachment 1.

In summary, the Draft Annual Business Plan and Budget for 2018-19 meets the legislative requirements and the financial targets adopted as part of the Long Term Financial Plan.

Indicator	Adopted Target	2018 Budget
Operating Surplus Ratio (excl Centennial Park)	> 5.0%	5.0%
Net Financial Liabilities Ratio	= < 80%	48.7%
Asset Sustainability Ratio (over 10 years)	= > 100%	100.8%

Council will raise sufficient income to cover its operating expenses and undertake repayment of its debt. As such, the impact of this draft plan does not compromise Council's long term financial sustainability.

5. ANALYSIS OF OPTIONS

Option 1 – The report be received

5.1 The Draft 2018-19 Annual Business Plan and Budget for Consultation, Attachment 1 be received.

5.2 The comments from the Audit & Governance Committee relating to the Draft 2018-19 Annual Business Plan be presented to the Council at the Budget Workshop to be held on 4 June 2018.

The Audit and Governance Committee provides valuable input to the Council in its strategic financial planning processes. The review of the Draft Annual Business Plan and Budget by the Committee at this time will provide an opportunity for the Council to consider feedback before adoption.

6. RECOMMENDED OPTION

Option 1 is the recommended option.

7. POLICY IMPLICATIONS

The City of Unley Draft Annual Business Plan and Budget has been developed in the context of the Council's suite of strategic management plans which include the following:

- Community Plan 2033
- 4 Year Delivery Plan 2017-21
- Long Term Financial Plan including Council's Infrastructure and Asset Management Plans.

In addition, the Annual Business Plan and Budget and Council's Long Term Financial Plan considers the cost of implementation of strategies and plans reviewed and endorsed by Council.

8. REPORT CONSULTATION

A presentation was made to the Audit and Governance Committee on 20 March 2018 covering Council's Long Term Financial Plan (LTFP), 2018-19 Target Budget Parameters and Financial Indicators. This resulted in the financial indicators of the LTFP remaining static.

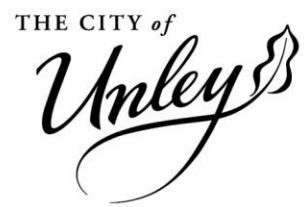
9. ATTACHMENTS

- Attachment 1 – Draft 2018-19 Annual Business Plan and Budget for Consultation
- Attachment 2 – Item 1135 - Draft 2018-19 Annual Business Plan and Budget for Consultation Council Report (Excluding Attachment 1-5)
- Attachment 3 – Council Report Minutes Item 1135

10. REPORT AUTHORISERS

<u>Name</u>	<u>Title</u>
Nicola Tinning	General Manager Business Support and Improvement
Peter Tsokas	Chief Executive Officer

**DRAFT 2018-19
ANNUAL BUSINESS PLAN
FOR COMMUNITY CONSULTATION**



How can I be Involved?

Copies of the Annual Business Plan are available for download from the website or we have copies available here today.

- Via internet

www.unley.sa.gov.au

Submissions

Make a submission by:

Visiting *Your Say Unley* on the council's website at: www.unley.sa.gov.au

Writing a submission and sending it to: 2018-19 Budget Consultation
City of Unley
PO Box 1
Unley SA 5061

Emailing a submission to: pobox1@unley.sa.gov.au

To be received by no later than midnight 27 May 2018

Public Meetings

It is also proposed to hold six public meetings/community information sessions during the consultation period at the following locations.:

Location	Date	Time
Goodwood Library	10 May	10.30am- 11.30am
Clarence Park Community Centre	10 May	6.30pm - 7.30pm
Unley Civic Centre	14 May	5.30pm - 6.30pm
Living Choice Fisher Street	17 May	10.30am- 11.30am
Living Choice Fisher Street	17 May	6.00pm - 7.00pm
Unley Community Centre	21 May	10.00am- 11.00am

- Consultation closes midnight, 27 May 2018 (Sunday).

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Background

Under Section 123 of the Local Government Act 1999 Council is required to have a budget for each financial year. This budget must be considered as part of the Council's Annual Business Plan.

Before a council adopts its Annual Business Plan it must prepare a draft Annual Business Plan and undertake a public consultation process. The consultation for this plan will be undertaken between 26 April and 25 May 2018 with a public meetings held between the 15 May and 21 May at various locations across the city.

All of the feedback collected during this period will be distributed and discussed by the Elected Members at the budget workshop and taken into account in finalising the 2018-19 Annual Business Plan and Budget.

How Council measures its performance

Council measures its achievements and financial performance through the following processes:

- Regular financial reporting to Executive and Council
- Quarterly corporate performance report to Executive and Council
- Budget Reviews in accordance with legislation
- Annual review of the Long Term Financial Plan,
- Review and input from Council's Audit and Governance Committee
- Production of an Annual Report including audited financial statements
- Community Engagement.

Strategies behind the Annual Business Plan

The purpose of the Annual Business Plan is to impart an understanding of:

- Annual objectives for the year in the context of Council's long-term objectives
- Overview of the activities and services provided by Council
- Key financial information relating to revenue and expenditure
- Proposed new initiatives and projects
- Rating context and impact of rates for 2018-19, and
- Council's Financial Planning Framework including Long Term Financial Plan and Asset Management Plans

Executive Summary

The Annual Business Plan for 2018-19 has been prepared in accordance with the priorities of Unley's draft Community Plan and 4 Year Delivery Plan, while ensuring the financial targets adopted by Council are met.

Key financial information for 2018-19 is summarised below.

General Rate Increase	2.8%
Rates Growth (new rateable properties and improvements)	0.5%

Budget Summary	\$'000
General Rates Income	41,215
All Other Operating Income	6,815
Total Operating Income	48,030
Operating Expenses	44,392
New Operating Project Initiatives (Net)	1,242
Operating Surplus (excluding Centennial Park)	2,395
Net Capital Renewal Program Expenditure	7,627
Net New Capital Expenditure	8,321
Total Net Capital Expenditure	15,948
Estimated New Borrowings	5,277
Repayment of Borrowings	669

Council will raise sufficient income to cover its operating expenses and undertake repayment of its debt.

Key Financial Targets

Indicator	Adopted Target	2018 Budget
Operating Surplus Ratio (excluding Centennial Park)	> 5.0%	5.0%
Net Financial Liabilities Ratio	= < 80%	48.7%
Asset Sustainability Ratio (over 10 years)	= > 100%	100.8%

Impact on ratepayers

It is proposed that the overall amount existing ratepayers will pay in general rates will increase on average by 2.8%. For a residential property of average value, this equates to an increase in general rates of approximately \$49 for the 2018-19 year. Rate increases may vary from the average where there has been new development, capital improvements or other significant change to the value of the property.

Significant Influences for the 2018-19 Budget

A number of significant projects and external environmental changes have influenced the preparation of the Council's 2018-19 Annual Business Plan and Budget. These include:

- Commitments to long-term major projects including King William Road, Unley Oval Goodwood Oval, LED lighting replacement and Brown Hill Keswick Creek.
- Increase in the cost to dispose of recyclables as a result of China's ban on international waste.

Other Influences for the 2018-19 Budget

There are also other annual items that we consider when setting rates and deciding on councils program of works. These include;

- Local Government Price Index increases on relevant goods and services, which in recent years has tracked close to CPI
- Provision for Enterprise Bargaining Agreements for most staff which determine conditions of employment and provide for annual salary and wages increases.
- Maintaining asset management (renewal) expenditure at a sufficient level to ensure long term maintenance of Council infrastructure, property and IT assets
- Additional maintenance costs due to increased capital works, and the construction of new assets over recent years, which have risen above forecast CPI
- NRM increase 4.1%

In response to the cost imposts on Council and to minimise the burden on ratepayers, Council has continued its work and review of service sustainability.

Savings identified as part of 2018-19 Budget Preparation include:

- Reduction in telecommunication costs of \$29k, Multifunction device review consumables cost savings \$26k, Cleaning contract cost savings \$180k and non-rates income growth of \$213k.

The total proposed capital spend on new assets for 2018-19 is \$10.12m, this spend is offset by funding grants from State and Federal Governments, the Australian Football League (AFL) and the South Australian National Football League (SANFL), reducing councils total contribution to \$8.32m. The projected operating surplus will support partial funding of these works, with the remaining \$5.277m to come from new borrowings.

Services provided to the Community

The Local Government Act 1999 (the Act) prescribes a system of local government to enable councils to govern and manage areas at a local level.

All councils have basic responsibilities under the Act and other relevant legislation. These include:

- Regulatory activities, including voters' roll maintenance and Elected Members' support
- Determining longer term strategic management and management plans, financial plans, infrastructure and asset management plans and policies and procedures
- Setting rates, preparing an Annual Business Plan and Budget
- Management and maintenance of basic infrastructure including roads, footpaths, parks, public open space, playgrounds, street lighting and stormwater drainage
- Street cleaning and rubbish collection
- Development planning and control, including building safety assessment, and
- Provision of various environmental health services.
- Management and maintenance of Councils urban forest in streets and parks
- Management and maintenance of Council owned Community Centres and other buildings

In response to community needs, Council also provides the following services and programs, over and above those listed above:

- | | |
|-------------------------------|-----------------------------|
| • Aged and Social Care | • Economic Development |
| • Animal Management | • Environmental Management |
| • Arts & Cultural Development | • Library Services |
| • Community Centres | • Museum |
| • Community Development | • Open Space Management |
| • Community Engagement | • Parking Control |
| • Community Event Programs | • Sport and Recreation |
| • Community Services | • Sustainable Landscapes |
| • Community Transport | • Volunteers |
| • Community Grants | • Urban Policy and Planning |
| • Corporate Services | • Youth Development |

The Council also maintains a number of facilities and services on a fee for service basis, some of which are subsidised and include:

- | | |
|--|---|
| • Unley Swimming Centre | • Community Bus Service |
| • Commonwealth Home Support Program (CHSP) - formerly HACC Program | • Halls for hire |
| | • Ovals, courts, parks and reserves for hire. |

An increased allowance for reactive footpath maintenance has been continued as an Operating Project for 2018-19. From 2019-20 this will result in an ongoing increase to operating expenditure.

The remaining services from 2017-18 will be maintained at existing service levels during 2018-19.

Annual Objectives and Key Projects

As the updated Community Plan and 4 Year Delivery Plans have yet to be endorsed by Council, and therefore some of the outcomes under each theme may be subject to change, it was considered appropriate to list the key projects under the agreed themes for the purposes of this document.

Community Living

Objectives

1. We understand the community's needs and ensure the availability of a broad spectrum of opportunities for participation in the community:
 - Volunteering program coordination
 - Lifelong learning opportunities
 - Supporting vulnerable people to live independent and socially active lives
 - Cultural and heritage activities and events
 - Recreational, health, fitness, and well-being activities
2. Orientate regulatory and compliance activities to enhance community safety and confidence in the governance of business, leisure, and visitor activities in the City
3. Ensure that Council's movement, connectivity, and access plans enable residents to take advantage of the benefits of living in, working in, and enjoying Unley.
4. Manage Council's parks, streets, and properties in order to support active, multi-use, and functional spaces and places for all residents.

Key Projects 2018-19

- Implementation of the local area traffic management study for Parkside and Fullarton and local area traffic management study for Clarence Park
- Continued increased level of service for reactive footpath maintenance
- Unley Oval Grandstand upgrade
- Goodwood Oval grandstand upgrade
- Place activation and community development through staging of major events including Unley Gourmet Gala, Tour Down Under, Public Arts and a diverse Community Events Program
- Continuation of Councils Active aging programs.

Economic Prosperity

Objectives

1. Implement initiatives that support the development of the Unley Central Precinct.
2. Remove barriers in our regulatory and control instruments to encourage the establishment of businesses and to enable appropriate development in the City.

3. Develop formal partnerships with stakeholders in the City (business associations and governments on a regional, state, and local level) to pro-actively drive the attraction and retention of businesses.
4. Support the main streets in the City and other areas of growing business activity as thriving destinations.

Key Projects 2018-19

- King William Road year 1 of 2 year project
- Support the main street precincts through main street improvements
- Trader event sponsorships

Environmental Stewardship

Objectives

Provide leadership to the City's residents to improve the City's environmental sustainability by:

1. Reviewing development controls and Council's asset management plans to increase the green canopy and multi-use green space to 5,000 sqm
2. Encouraging the use of alternative modes of transport through education, promotion, and management of the city's infrastructure.
3. Achieving the diversion from landfill of 70% of waste collected at the kerbside.
4. Implementing LED street lighting in 70% of Unley streets
5. Advocating that all new developments achieve the standards of access to sunlight within the Environmental Strategy

Key Projects 2018-19

- Council's contribution to the Brown Hill Keswick Creek regional project works and establishment of subsidiary
- Implementation of Council's Cycling and Walking Plan year 3
- Continuation of ongoing environmental initiatives and programs including second generation street tree implementation, greening of verges, water sensitive urban design initiatives, investigation of alternative lighting solutions for street lighting, Alternative green energy options and implementation and water well installation
- Replace existing council owned street lights with LED lights in residential streets

Civic Leadership

Objectives

1. The Council (Mayor and Councillors) will undertake a training plan to be the best civic leaders (EM's) in local government.
2. Align the organisation to support and advocate for the current and future citizens and their interests through:
 - Doing business from the customer's viewpoint
 - Providing demonstrably the best value in the services provided
 - Having talented staff who are empowered and expected to solve issues
3. Identify the services that the Council is able to potentially provide to other users on a commercial basis.
4. Actively pursue the establishment of shared services leading to regional partnerships.
5. Implement a property investment/divestment strategy that will support the achievement of Council's goals.

Key Projects 2018-19

- Year 2 of the review of services using Target Operating Model approach
- Implementation of Digital Transformation Plan year 1 to enhance and modernise existing online functionality and add new delivery and self-help functions
- Council Elections

Project Priorities proposed for the Year

Council's proposed project priorities for 2018-19 stem from the themes outlined in Council's draft Community and 4 Year Delivery Plans.

Council has undertaken a methodical and considered approach to determine its priorities for the upcoming financial year. These are the steps that were taken to determine the proposed projects for consultation:

- The Capital Works Program was guided by Council's Asset Management Plans
- Council proposed projects that aim to assist in achieving the Strategic Themes in Council's draft Community Plan and 4 Year Delivery Plan
- Elected Members submitted projects based on perceived community need
- Projects were divided into three broad categories: Operating Projects (including change to service), New Capital and Capital Renewal Program
- Elected Member workshops were used to further prioritise, refine and finalise the proposed project list for community consultation.

Operating Projects

These types of projects are either one-off, short term projects or a request to change the level of service. The request to change the level of service will also impact future budgets.

These projects are to be funded by Council's rates income and therefore affect the level of rates increase being considered. Council is considering a rate increase of 2.8% plus estimated growth of 0.5% and this Budget proposes to fund a net amount of \$1.242m of operating projects.

Key items for 2018-19 include:

- Undertaking a number of traffic and parking initiatives including:
 - a local area traffic management study for Clarence Park \$40k
 - improvements to parking across the City \$40k
- Council Elections for 2018, including Elected Member induction 194k
- Continuation of ongoing environmental initiatives and programs including second generation street tree implementation \$75k, water sensitive urban design (WSUD) initiatives \$40k, greening of verges \$50k and street tree water well installation of \$50k
- Activities for place activation and showcasing of the City of Unley including Unley Gourmet Gala, Tour Down Under (proposed but stage is yet to be confirmed), King William, Goodwood and Unley Road events and annual community events program and related activities in the order of \$400k.

The proposed projects are detailed in Appendix 1.

Capital Projects

The City of Unley is responsible for a large number of assets with a current depreciable value of approximately \$569m including land. It is important that Council engage in practices that optimise the assets “useful lives” for the benefit of the whole community.

Like many other councils, the City of Unley is faced with increasing demand to provide services in an environment of ageing assets, increased liability and continual constraints on funding.

New capital projects will largely be funded by borrowings. The proposed new capital projects total \$8.32m net and include:

- King William Road Streetscape \$2.25m year 2 of a multiyear project
- Implementation of the local area traffic management study for Parkside and Fullarton \$215k
- Continued implementation of Council’s Cycling and Walking Plan Year 3 totalling \$180k
- Unley Oval Grandstand upgrade \$1.5m NET, year 2 of a multiyear project
- Goodwood Sporting Complex upgrades \$1.8m, year 2 of a multiyear project
- Council’s Brown Hill Keswick Creek project contribution of \$1.5m

The proposed Capital Renewal Program of \$7.627m net has been based on current asset information and asset management plans. Items include:

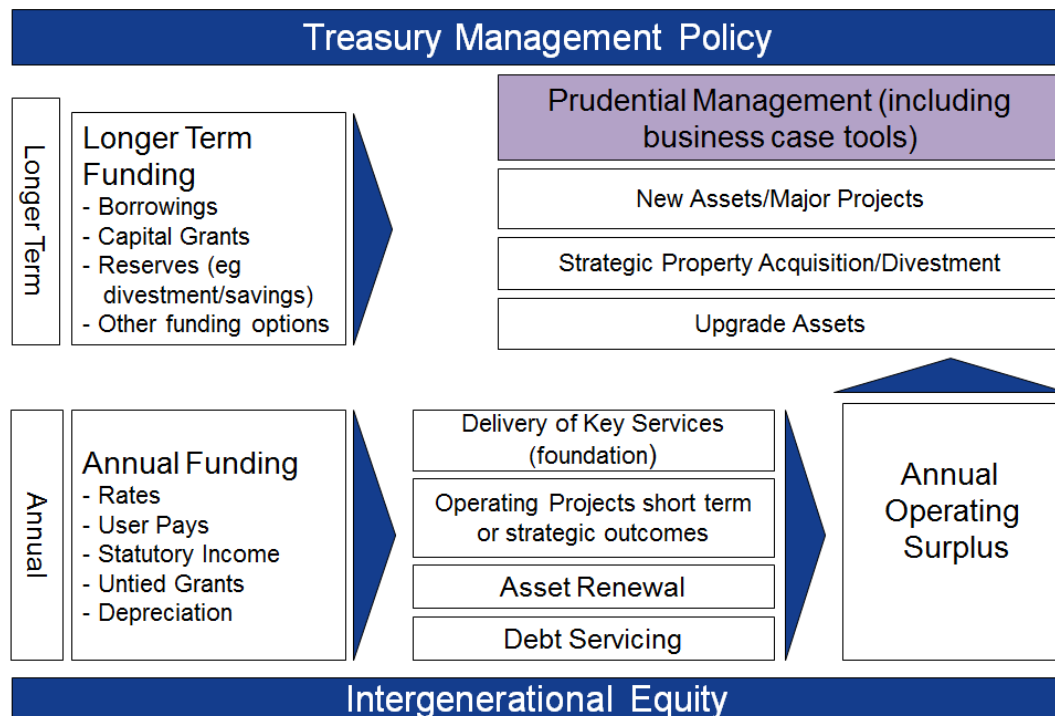
- \$1.127m for the proposed road reseal program
- \$1.041m for the footways renewal program
- \$872k for drains and storm water
- \$883k for the Property Program, and
- \$493k for reserves, recreation and open space projects

Details of the proposed Capital Works Program are provided in Appendices 2 and 3.

Financial Policy Context

Financial Planning Framework

The following diagram illustrates the overall funding framework for the City of Unley and the use of the Annual Operating Surplus and longer term funding sources including strategic property divestment.



Long Term Financial Plan (LTFP)

Council uses a LTFP to guide its financial decisions and to ensure it is prudent in its financial management and considers a longer term view. The LTFP has been reviewed and updated to reflect the most current information available.

The key components of the plan are:

- Assessment of Council's current financial position and achieving longer term financial sustainability
- Ensuring Financial Targets are met
- Consideration of Council's appropriate role and responsibilities
- Ensuring alignment with the Community Plan and 4 Year Delivery Plan and maintenance of high priority strategies
- Ensuring all proposed strategies are costed before adoption
- Ensuring alignment with agreed service provision and delivery standards
- Ensuring alignment with Asset Management Plans and Maintenance Standards
- Ensuring alignment with internal support strategies
- Ensuring alignment with Funding and Treasury principles as well as intergenerational equity (rating stability, Treasury Policy, fees and charges, external funding and investments)

Target Financial Indicators

Under the requirements of Regulation 5(c) of the Local Government (Financial Management) Regulations 2011, there is a requirement for Council's LTFP as well as the Annual Financial Statements and Budget are to include:

- An Operating Surplus ratio
- A Net Financial Liabilities ratio, and
- An Asset Sustainability ratio.

These ratios are to be presented in a manner consistent with the "Model Financial Statements", Financial Indicators.

Council has adopted 3 key financial targets relating to these required ratios to guide the direction of the LTFP and Annual Business Plan and Budget. These targets were adopted by Council at its February 2017 meeting following a recommendation from the Audit & Governance Committee on 15 February 2017.

Financial Indicator	Adopted Target
Operating Surplus Ratio (excluding Centennial Park)	Greater of 5% or 100% of principal repayments
Net Financial Liabilities Ratio	<80% of Total Operating Revenue
Asset Sustainability Ratio (rolling 10 year average)	>=100%

As noted in Council's Treasury Management Policy, the net financial liabilities ratio of less than 80% is the key target indicator for Council to assess its capacity to borrow in the medium to long term.

The Net Financial Liabilities Ratio is calculated by expressing net financial liabilities at the end of the year as a percentage of total operating revenue for the year.

Taking into account principal repayments and movements in short term borrowings, it is anticipated that total borrowings will increase by \$5.277m from the opening 1 July 2018 balance of \$5.7m to \$10.977m at 30 June 2018.

This Draft Annual Business Plan satisfies all Financial Indicator Targets.

Infrastructure and Asset Management Plans

The City of Unley is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities for City users. Infrastructure and Asset Management Plans have been developed for all infrastructure assets to ensure Council continues to provide effective and comprehensive management of its assets.

The development of the Infrastructure and Asset Management Plans indicate Council's ongoing commitment to operate and maintain its asset portfolio efficiently to both meet strategic and legislative requirements, and to deliver the required levels of service for the community.

A new approach to asset management driven from a service perspective has been implemented with the adoption of an agreed level of service for property, bridge, road and footpath asset classes.

The new asset system will collect real time data coupled with ongoing regular condition audits, to allow more accurate predictive modelling in regard to treatments and life expectancy of each asset class. Over the next few years the management of assets will balance the target levels of service for each specific asset with the long term costs.

The Infrastructure and Asset Management Plans provide the basis for the Capital Renewal Program included in Council's LTFP and is refined as part of the Annual Business Plan and Budget process. In 2018-19 the Capital Renewal Program has a projected net expenditure of \$7.627m.

For footpaths forming part of the footways asset category, Council has endorsed a schedule to replace all asphalt to pavers based on current service standards.

It is anticipated that the City of Unley will be fully paved by June 2019.

Funding the Business Plan

Excluding borrowings for New Capital, over 80% of Council's funding is generated from rates with the balance largely relating to fees and charges set by Council or statutory fees gazetted by the State Government on an annual basis.

Rates Context

In setting the rates for 2018-19 Council proposes to continue with its current method of rating, which is three differential rates with a minimum rate, applied against the capital value of properties. Council considers this to be a fair and equitable method of rating for the City of Unley.

Rates income is used to deliver services. Rates are a form of property taxation, and property values determine how much each property contributes. This system of taxation means that the rates paid may not directly relate to the services used by each ratepayer.

It is proposed that the overall amount existing ratepayers will pay in general rates will increase in the order of 2.8% with a further estimated increase of 0.5% from growth. Growth represents new development, capital improvements to existing properties and changes to value as a result of land divisions and will be confirmed by the Valuer-General as part of completing the valuation of the Council area.

Refer to Appendix 4 for details on Rates Assistance Available.

Rate Statistics

Council has over 18,900 assessments with just over 16,930 being residential, over 920 assessments within non-residential Category 2 (including commercial shops, industrial, and vacant) and nearly 870 non-residential Category 3 (commercial offices and commercial – other). There are 175 non-rateable assessments.

Assessments on the minimum rate total just over 2,400, with residential comprising over 2 300 of these assessments.

Rates Modelling

The primary valuation for the Council area has been completed by Valuer-General and reflects an increase of 5.47% in valuation for **existing properties**.

Analysis indicates that:

- residential properties, representing over 86% of the overall rateable valuation, had an average valuation increase of 5.8%.
- non-residential properties, including commercial, had an average valuation increase of 3.1%.

The Budget has been formulated on the basis of retaining differential rates for residential and non-residential property at the appropriate rate in the dollar to provide an overall increase in rates of 2.8% excluding growth.

Valuation Method

The Council uses the **capital value** method of valuing properties. This method values the land and all improvements on the land. It is the most widely used method across South Australian councils.

Council considers this valuation method the most equitable method to spread the rates burden across the measure of wealth within the City. It equates to the taxation principle that people should contribute to community, social and physical infrastructure in accordance with their capacity to pay as measured by property wealth.

In determining how rates are applied, and in determining the rate in the dollar, Council uses the following options.

Minimum Rate

In accordance with S158 of the Act, Council has decided that there will be a minimum rate on every rateable property. Council, in adopting a minimum rate, considers it appropriate that all rateable properties make a contribution to the cost of administering the Council's activities and creating and maintaining the physical infrastructure that supports each property.

The minimum rate will increase to \$805 for 2018-19, this is a total increase of \$24. City of Unley maintains one of the lowest minimum rates in metropolitan Adelaide.

Differential Rates

In accordance with S153 of the Local Government Act 1999, Council will declare three differential General Rates according to the land use category. The land use categories are as follows:

Group 1	Non-residential Category 2	Non-residential Category 3
Residential	Commercial Shop Industry Light Industry Other Primary Production Vacant Land Other	Commercial Office Commercial Other

Council has considered the principle of rate stability when assessing the rates burden across the above categories. Other considerations were given to the change in capital value across the land use categories and the rates income provided by each.

The application of a Differential General Rate is generally intended to alter the amount payable by particular land uses. In the City of Unley area it has been determined over time that the differentiation between non-residential category 2 and residential is in the order of 2 times and the differentiation between non-residential category 3 and residential is in the order of 2.36 times.

It is estimated that the Residential Differential General Rate will raise net rate revenue in the order of \$31m in 2018-19.

It is estimated that the Non-Residential Differential General Rates will raise net rate revenue in the order of \$8.2m in 2018-19.

Separate Rate for Main Street Trader Associations

Council proposes to continue to raise a separate rate for the purposes of promotion of the businesses and traders along major shopping strips excluding Glen Osmond Road. Council collects the separate rate and passes the funds collected onto the individual Trader Associations for marketing and promotion purposes.

For the 2018-19 Budget, the amounts indicated in the table below will form part of the proposed Budget. These have been developed in consultation with the four associations and their members and were presented to the Unley Business and Economic Development Committee (UBED) in March 2018.

2018-19 Separate Rate for Trader Associations

Main Street Trader Associations	Separate Rate raised 2017-18	Separate Rate raised 2018-19	% Increase (Decrease)
Unley Road	\$ 107 700	\$110,000	2.113%
King William Road	\$ 144 500	\$144,500	NIL
Goodwood Road	\$ 51 500	\$54,500	5.66%
Fullarton Road	\$ 13 250	\$13,250	NIL

In 2016-17, Council also adopted a recommendation from UBED to cap the amount any separate rate payer pays at \$2000. It is proposed that this is retained for 2018-19.

Unley Road

Currently approximately 450 ratepayers with a land use of Commercial Shop, Commercial Office and Commercial Other pay the separate rate.

King William Road

Currently approximately 130 ratepayers with a land use of Commercial Shop with addresses along King William Road between Greenhill Road and Commercial Road pay the separate rate.

Goodwood Road

Currently just under 100 ratepayers with a land use of Commercial Shop, Commercial Office and Commercial Other, with addresses along Goodwood Road between Leader Street / Parsons Street to the north and Mitchell Street / Arundel Avenue to the south pay the separate rate.

Fullarton Road

Currently just over 50 ratepayers with a land use of Commercial Shop, Commercial Office and Commercial Other, with addresses along Fullarton Road between Cross Road and Fisher Street pay the separate rate.

Fullarton Road Traders pay a fixed amount of \$250.

Natural Resource Management Levy

The City of Unley falls within the Central Group of the Adelaide and Mount Lofty Ranges Natural Resource Management (NRM) Board. Council is required, under the Natural Resources Management Act, to contribute towards the funding of the NRM Board and operates as a revenue collector for the Board by imposing a levy against properties.

Council has recently been advised by the NRM Board that the indicative amount to be paid to the NRM Board in 2018-19 is \$1.338m compared to \$1.285m in 2017-18. This represents an increase of 4.1%.

Council does not retain this revenue, nor determine how the revenue is spent.

Fees and Charges Context

Section 188 of the Local Government Act 1999 provides the legal context:

- fees and charges are determined by resolution of council either as a direct resolution or by by-law or via delegation
- a council is unable to fix or vary fees or charges prescribed under other Acts
- in respect of fees for the use of facilities, services or works requests a council need not fix fees or charges by reference to the cost of the council
- council is required to keep the list of fees and charges on public display and provide updates where fees and charges are varied during the year.

Council reviews its fees and charges each year, in conjunction with the development of the annual budget. As in previous years, a comprehensive review has been undertaken to ensure that the fees proposed:

- reflect (or move progressively toward) the cost of the services given
- are comparable with market rates, where appropriate
- take into account benefit derived by users of community facilities
- are consistent with Council directions articulated through existing policy or plans
- are consistent with Council's LTFP assumptions

Generally, this has resulted in proposed fee increases that are in line with CPI or the Local Government Price Index, insofar as this is practicable

Consultation

The 2018-19 Draft Annual Business Plan is presented in the context of strategic directions for the City that are currently being considered by Council. The Plan reflects Council's continuing focus on ensuring that the physical infrastructure of the City is fit for use and maintained in a cost effective fashion.

With implementation of this year's Annual Business Plan, Council aims to deliver a well-managed, sustainable environment for current and future generations of residents and ratepayers.

Community consultation of the Draft Annual Business Plan will occur between 26 April and 27 May 2018.

The proposed methodology for engagement is listed below and enables Council to meet its requirements under the Act, with community response options listed within the Draft Annual Business Plan and Budget:

- Advertising in the Eastern Courier Messenger
- Online consultation on Your Say Unley
- Notification on Council's website with appropriate links to the Draft Annual Business Plan and Your Say Unley
- Advertising in the Unley Life Column
- Development of a video for social media website

The process provides the opportunity for stakeholders to give feedback on the levels of service and the activities to be undertaken by Council before the final budget is adopted in June 2018.

We encourage participation in the consultation.

Appendix 1 – 2018-19 Proposed New Operating Projects

No.	Title	NET expenditure	Community Living Outcome	Economic Prosperity Outcome	Environmental Stewardship Outcome	Civic Leadership Outcome
1	Unley Central	\$ 40,000		X		
2	2018/19 Trader Events Sponsorship	\$ 45,000		X		
3	UGG & TDU	\$ 273,000	X			
4	Community Events Program	\$ 116,000	X			
5	Active Ageing	\$ 20,000	X			
6	Healthy Community Program	\$ 20,000	X			
7	*Reactive Footway Maintenance - increase level of service	\$ 150,000	X			
8	Parking Initiatives General	\$ 40,000	X			
9	Royal Show Traffic Management Support	\$ 21,000	X			
10	Local Govt Elections, including Elected Member Induction	\$ 194,000				X
11	Review of services using a Target Operating Model	\$ 30,000				X
12	City Wide Greening/Verges	\$ 50,000			X	
13	2 nd Generation street tree renewal	\$ 75,000			X	
14	Water Sensitive Urban Design	\$ 40,000			X	
15	Street Tree Water Wells	\$ 50,000			X	
16	Planning System Reform Policy update and transition	\$ 20,000				X
17	All Connections to Unley Art Prize	\$ 30,000	X			
18	LATM 3 Clarence Park	\$ 40,000	X		X	
19	Resilient Est 2018-19 projects	\$ 10,000	X		X	
20	City Wide Street Tree Risk Audit	\$ 25,000	X		X	
	Kirinari lease	-\$ 47,500				X
Operating Projects		\$ 1,241,500				

Further details of these projects are provided in the following pages

	Title	Net Expenditure \$
4 Year Plan Elected Member Priorities		
1	<p>Unley Central</p> <p>This initiative is to continue investigations and facilitation of initiatives relating to the revitalisation of the Unley Central Precinct..</p>	\$40,000
2	<p>2018-19 Trader Event Sponsorship</p> <p>The provision of financial support to Trader Associations in order to stage events based on the following:</p> <ul style="list-style-type: none"> • Unley Road Traders Association \$15,000 Evening Under the Stars (Feb 18) • King William Traders Association \$15,000. For the Unley Long Lunch to be delivered in 2018-19. • Goodwood Road Business Association: \$15,000 SALA on the Side (August 2018) 	\$45,000
3	<p>Unley Gourmet Gala and Tour Down Under</p> <p>The continued staging of Council's Unley Gourmet Gala and the Tour Down Under event in 2018-19 building on previous years' success. The hosting of a TDU Stage is dependent on a stage being granted by SA Tourism Commission.</p>	\$273,000
4	<p>2018-19 Community Events Program</p> <p>The delivery of the City of Unley community events program; including events such as the Double Shot Coffee Fiesta (Nov 18); Ignite Unley Outdoor Cinema Program (Dec 18); Fringe in Unley (Mar 19); Every Generation Festival (Oct 18).</p>	\$116,000
5	<p>Active Ageing</p> <p>Delivery of initiatives relating to Council's Age Friendly Strategy endorsed in December 2015 and informed by research undertaken in 2016-17. As well as the continuation of existing initiatives, the proposed 2018-19 program includes:</p> <ul style="list-style-type: none"> • Fringe in Unley and Zest Fest • Dementia Awareness Training 	\$20,000
6	<p>Healthy Community Program</p> <p>2018-19 will be year 4 of the 5-year program and will continue to promote the Active Unley program and wellbeing in a broader sense, with an increased focus on community participation in City life, provision of services for all age groups and abilities, promotion of alternative transport options and promoting healthy eating with links to the Greening goal within the Community Plan.</p>	\$20,000

	Title	Net Expenditure \$
7	<p>Reactive Footway Maintenance – increased level of service</p> <p>This initiative will provide for the ongoing additional funding required to implement Council’s agreed higher level of service for ongoing reactive footpath maintenance.</p>	\$150,000
8	<p>Parking Initiatives</p> <p>This initiative includes a number of activities aimed at improving parking across the City, including increasing parking accessibility and visibility in the vicinity of main street precincts, delivering outcomes from the Unley Integrated Transport Strategy and reducing unnecessary parking restriction signs.</p>	\$40,000
9	<p>Royal Show Traffic Management Support</p> <p>This is the final year of three-year funding agreement that Council has negotiated with Royal Agricultural and Horticulture Society as a contribution towards traffic management costs during the “Show” period.</p>	\$21,000
10	<p>Local Government Elections including Elected Member Induction</p> <p>This initiative provides for the conduct of the 2018 Local Government Elections and associated Elected Member induction requirements for the new Council. City of Unley requires 6 x Ward elections and a Mayoral election.</p>	\$194,000
11	<p>Implementation of Council’s Target Operating Model (TOM)</p> <p>The TOM is an approach of how an organisation can be best organised to more efficiently and effectively deliver and execute its strategy. It will provide Council with a structured approach to understanding and reviewing existing services in detail, to identify the optimum, sustainable balance of service provision</p>	\$30,000
12	<p>City Wide Greening / Verges</p> <p>Implementation of identified streetscape opportunities within the City that can value add or improve the greening of the streetscape for both amenity and environmental benefits.</p>	\$50,000
13	<p>Second Generation Street Tree Implementation (Year 4 of ongoing program)</p> <p>This initiative forms part of Council’s endorsed Environmental Sustainability Strategy and Tree Strategy to increase the level of street tree replacement to a more sustainable level. The project</p>	\$75,000

	Title	Net Expenditure \$
	covers the removal and replacement of existing street trees to ensure the City maintains its tree canopy cover	
14	Water Sensitive Urban Design (WSUD) Initiatives Year 3 of a program to support Council's Environmental Sustainability Strategy to assist in maintaining and enhancing our urban environment as well as strengthening our resilience to climate change. This Project Initiative includes the delivery of the Waterwise Unley theme, and in particular the continued implementation of WSUD which will assist in maintaining and enhancing our urban environment as well as strengthening our resilience to climate change by reducing the water usage across the City.	\$40,000
15	Street Tree Water Well Program This is Year 4 of a program forming part of the Environmental Sustainability Strategy to install tree water wells in appropriate streets to assist in providing water to street trees. Tree wells are installed in verges aligned to the Second Generation Tree Program and other verges where Council is planting trees. The initiative does not include the planting of trees.	\$50,000
16	Planning System Reform update and transition The Objectives of this project are to, assess implications and opportunities arising through Planning and Development Code. Pro-actively prepare for identified and emerging planning issues and required policy changes, investigate issues and resolve comprehensive preferred local responses, undertake comprehensive community engagement to develop and implement policy changes. It is proposed that post 2018-19 focus will be on the following initiatives; <ul style="list-style-type: none"> • Significant Tree list audit, review and update (as possible) • Proposed P+D Code policy changes comprehensive community engagement 	\$20,000
17	All Connections Unley Art Prize The all connections Unley Art Prize was part of the Public Arts Strategy. The Community and Culture Committee in August 2016 indicated a desire to further explore sustainable future opportunities for an Unley Art Prize. The Art Prize will be offered	\$30,000

	Title	Net Expenditure \$
	biennially, with a lighter “off year” program to be delivered in 2019-20 at a cost of \$5,000.	
18	LATM Study 3 – Clarence Park The proposed project is to complete a Local Area Traffic Management Study (LATM 3) for the area bounded by Leader Street, Goodwood Road, Cross Road and East Avenue. The study will enable a holistic assessment and treatment.	\$40,000
19	Resilient East 2018-19 Project A key priority under the Resilient East Project is the delivery of the Eastern Regional Climate Change Adaptation Plan. The Plan is aimed at ensuring the ‘Eastern Region remains a vibrant, desirable and productive place to live, work and visit and that our businesses, communities and environments can respond positively to the challenges and opportunities presented by a changing climate’.	\$10,000
20	Implementation of City Wide Park Tree Risk Assessment Audits This project is to undertake tree risk assessments in the following reserves: Fullarton Park, Goodwood Oval/Reserve and Forestville Reserves as well as the implementation of actions from these audits.	\$25,000
	Kirinari Lease Lease income not recognised in Operating Budget which will be used to help fund Operating Projects for 2018-19 and out years.	(\$47,500)
	Net Operating Projects	\$1,241,500

Appendix 2 – 2018-19 Proposed New Capital

No.	Title	NET expenditure	Community Living Outcome	Economic Prosperity Outcome	Environmental Stewardship Outcome	Civic Leadership Outcome
1	Main Street Improvement Fund	\$ 140,000		X		
2	Unley Oval Grandstand Upgrade	\$ 1,500,000	X			
3	King William Road	\$ 2,250,000	X	X	X	
4	Public Arts Strategy	\$ 125,000	X			
5	LATM Implementation	\$ 215,000	X			
6	Digital Services Program (technology for communication, systems and engagement)	\$ 55,000				X
7	Brown Hill Keswick Creek	\$ 1,514,000			X	
8	Alternative Green Energy - Green Infrastructure Implementation	\$ 30,000	X		X	
9	Goodwood Oval and Millswood Sporting Complex Improvement Plan	\$ -	X			
	Capitalised Project Delivery Costs including Overheads	\$ 237,000				X
10	Walking Cycling Plan	\$ 180,000	X		X	
11	Orphanage Park water fountain	\$ 25,000	X			
12	Leah Street replace failing road	\$ 550,000	X			
13	LED Streetlighting	\$ 1,500,000	X		X	
Capital Projects		\$ 8,321,000				

Further details of these projects are provided in the following pages.

	Title	Net Expenditure \$
4 Year Delivery Plan Elected Members Priorities		
	Main Street Improvement Program This funding allocation is for infrastructure improvement projects for the four main street precincts. (King William, Unley, Goodwood and Fullarton Roads) .	\$140,000
	Unley Oval Grandstand Upgrade Design This project seeks to make the ground compliant with AFL Preferred Facilities Guidelines for State League matches. Year 2 of this multi year project involves the upgrade of the existing change room facilities and creation of new 'Female Friendly player and official change rooms in the Oatey Stand (SANFL A Grade Home Team) and McKay Stand (Female and Junior Home Teams and Away Teams, and Officials) plus a new accessible canteen at the northern end of the McKay Stand.	\$1,500,000
	King William Road Streetscape Year 2 of this multi year project will see the construction of the King William Road Streetscape, to realise the vision of a flexible and adaptive road reserve environment within a contested main street. The design vision and intent is described in detail in the Curated Street Upgrade (King William Road Project Report HASSELL 2014).	\$2,250,000
	Public Art Strategy Implementation The 2018-19 Public Arts Strategy initiative aims to build upon the work undertaken in Years 1-4 of the Action Plan associated with the Public Arts Strategy. This is the final year of this strategy. The proposed 2018-19 Centrepiece project will represent the single, most significant opportunity in recent times to create a unique, permanent, stand-alone public art project at one or multiple sites.	\$125,000
	Local Area Traffic Management Implementation (Parkside, Fullarton) To continue the implementation of the LATM The Objectives of the project are to implement the High priority outcomes from LATM 2 (Fullarton and Parkside) study.	\$215,000

	Title	Net Expenditure \$
	<p>Digital Services Program Key objectives for the first year of this multiyear strategy will be to increase self-service options for customers, enable multi- channel customer engagement and improve customer access to data. Key projects include;</p> <ul style="list-style-type: none"> • My Unley • GIS Mapping • Dogs and Cats online • Electronic Rates notices • Online Community Facilities hire • Development Application online lodgement 	\$55,000
	<p>Brown Hill Keswick Creek (BHKC) The City of Unley together with the Cities of Burnside, Mitcham, West Torrens and the Corporation of the City of Adelaide have collaborated to develop a catchment based approach to mitigating flood risk and use of stormwater where feasible in the Brown Hill and Keswick Creek catchment.</p> <p>Council's contribution to the BHKC Project for 2018-19 is estimated at \$1.5m with proposed works relating to the construction of a wetland in Victoria Park.</p>	\$1,514,000
	<p>Alternative Green Energy – Green Infrastructure Implementation Council has taken the lead for the community by developing demonstration sites of alternative energy opportunities as well as investigating other energy recovery opportunities that could be easily transferred to home and or business facilities. It is recommended that Council continue a program of installing renewable energy infrastructure at Council owned properties as both an environmental initiative and a cost saving measure.</p> <p>The Goodwood Community Centre and Library buildings currently do not have solar panels or batteries and are high electricity use sites with the capacity to install up to an 80 kw system.</p> <p>It is expected that this installation will reduce electricity costs in the order of \$25,000 p.a.</p>	\$30,000
	<p>Goodwood Oval Grandstand This project is for the upgrade of the Goodwood Oval grandstand, the State Government agreed to contribute \$2.5 million to the construction of a new facility. Council will contribute \$950k in 2019-20.</p>	\$NIL

	Title	Net Expenditure \$
	<p>Walking & Cycling Plan (WCP) Year 3 Initiatives To continue the implementation of Council's WCP initiatives. This project seeks to continue the implementation of improvements identified in this plan.</p> <p>Key projects during 2018/19 include:</p> <ul style="list-style-type: none"> • King William Road, intersection with Simpson Parade • King William Road from #29 to Greenhill Road 	\$180,000
	<p>Orphanage Park Water Fountain The daily users of Orphanage Park, the Orphanage Park Pooches Group, has written asking Council to install a shelter shed and water (drinking) fountain in the park. Council staff recognise the community value the drinking fountain would have at Orphanage Park, so look to construct the fountain in 2018-19.</p>	\$25,000
	<p>Leah Street – replace failing road Leah Street Forestville had a limited reseal 7 years ago in an effort to strengthen a failing pavement at low cost and low disruption. This treatment has had limited success. The pavement has started to fail and needs to be reconstructed in the near future.</p>	\$550,000
	<p>LED Street lighting In 2014, Council completed an audit of its existing street lighting. Key findings of this audit included:</p> <ul style="list-style-type: none"> • There were over 4000 street lights across Unley • Most of our street lights are old, provide substandard lighting, and are a major contributor to our carbon foot print • Significant annual financial savings in the order of \$358k, and a large reduction in CO2 emission are to be achieved if LED lighting is implemented <p>The business case shows that converting to LED's in our City's streets would result in:</p> <ul style="list-style-type: none"> • A net life time cost saving of \$7.1 million over 20 years; • A payback period of 4.2 years if the lights are changed over in 1 year • A reduction in greenhouse gas emission in the order of 8000 tonnes over the life of the lights <p>The total cost will be \$1.5m to change over fully owned council lights across the city.</p>	\$1,500,000
	<p>Capitalised Project Delivery Costs including Overheads These are internal project management costs to deliver the projects listed</p>	\$237,000
	New Capital	\$8,321,000

Appendix 3 - 2018-19 Proposed Capital Renewal Program by Asset Class

Asset Category	Expenditure \$	Income \$
Bridges	\$100,000	
Bus Shelters	\$66,000	
Car Parks	\$44,000	
Drains and Stormwater	\$872,000	
Footways	\$1,041,000	
IT Equipment	\$750,000	
Kerb and Water table	\$438,000	
Plant and Equipment	\$1,331,000	\$318,000
Property including: <ul style="list-style-type: none"> • Buildings • Public Toilets • Swimming Facility • Office Furniture and Equipment 	\$883,000	
Reserves / Recreation and Open Space	\$493,000	
Roads	\$1,127,000	
Signs	\$16,000	
Street lighting	\$25,000	
Streetscape	\$110,000	
Traffic Facilities	\$27,000	
Project Delivery Costs including Corporate Overhead	\$622,000	
Total	\$7,945,000	\$318,000
Net Capital Renewal Program	\$7,627,000	

BRIDGES		
Location	Comment	
Bridge/Footbridge	Renewal works required to repair defects on existing structures following the condition audit.	
Total		\$100,000

BUS SHELTERS		
Compliance & Seating		
Progressively replace non-compliant bus shelters – Bus stop 6 Unley Road west side in 2018/19.		
Program to replace plastic tactile indicators with concrete insert tactile.		
Program to replace old seating with age friendly seating at bus stops.		
Total		\$66,000

CARPARKS		
Site	Comment	
Orphanage Park Carpark Stage 1 –	Replace spoon drain with permeable pavers	
Total		\$44,000

DRAINS AND STORMWATER		
Glen Osmond Road / Fullarton Road Fullarton diversion.		
Lehunte Lane Wayville upgrade small soakage well to reduce frequency of flooding.		
Ad-hoc general works through the year.		
Total		\$872,000

FOOTWAYS			
Street Name	Side of street	Suburb	Ward
Edmund Avenue (Duthy – Windsor)	both	Unley	Unley
Parker Terrace (in front of Houses 13-15A)	Southern Side	Clarence Park	Clarence Park
Norman Terrace (From Leah St – Ethel St)	Northern side only	Forestville	Clarence Park
King William Road (Park St – Arthur)	both	Hyde Park	Unley
King William Road (Park St – Arthur)	Both	Unley Park	Unley Park
Palmer Reserve (Palmer Ave – Scammell Reserve)	Board walk & Path	Fullarton	Fullarton
Corner Unley Road and Young Street (in front of 57-59)	Southeast Corner	Parkside	Unley
Footpath Condition Audit			
Eliminate Choke Points at various locations based on results of audit			
Lift and relay pavers in segments where level of service not met based on results of audit			
Total			\$1,041,000

For footpaths forming part of the footways asset category, Council has endorsed an asset management plan schedule to replace all asphalt to pavers based on current service standards. Based on the LTFP it is anticipated that the City of Unley will be fully paved by June 2019.

IT EQUIPMENT	
Computer hardware (including server room upgrade), software (including Records Management System Upgrade, telephone system and Infringements) and other ICT Equipment	
Total	\$750,000

KERB AND WATER TABLE			
Douglas Street Parkside (Various locations both sides Greenhill Rd – Clyde St)			
Liston Street Parkside (Various locations both sides Greenhill Rd – Clyde St)			
Riverdale Road Myrtle Bank (Various locations both sides Ferguson Ave – Cross Rd)			
Fourth Avenue Everard Park (Various locations both sides Everard Tce – Norman Tce)			
Duthy Street (Various locations both sides Cross Rd – Frederick St)			
Roads on the renewal program will have either kerb or water tables replaced			
Total			\$438,000
PLANT & EQUIPMENT			
	Gross \$	Income \$	Net \$
Small Plant	\$30,000		
Light Fleet	\$281,000	\$123,000	\$158,000
Major Plant	\$1,020,000	\$195,000	\$630,000
Total	\$1,331,000	\$318,000	\$1,013,000

Plant items include:

Truck Elevated Platform vehicle	1 Tonne Space Cab Ute x2	Holden Dual Cab Ute
Community Bus	3 Tonne Truck	Ride on mower
Tree wood chipper	Change-over of 8 light fleet vehicles	

PROPERTY		
Property Classification	Facilities	Cost \$
Civic Community	Mechanical Services Upgrade – Town Hall and Library Mechanical Services Upgrade – Goodwood Library Part Carpet replacement – Unley Library L1 Pool Vacuum replacement Pool umbrella shade sails restoration Pool rear gate/ pavers repair / replacement Pool café work space and refrigerator mods Pool bathroom soap holders – shower area Pool 2 x Lane rope/dive block	\$247,000

PROPERTY		
Property Classification	Facilities	Cost \$
	Lighting Upgrade – Goodwood Library Replace Dist. Board – rear area Clarence Park Community Centre	
Civic Operations	Public Toilets – Replacement of auto timers and electric strike locks to standardise across all sites for all main entrance security doors Operable wall upgrade	\$35,000
Civic Operations : other	Compaction survey and Regrade landfill Mt Osmond site Access upgrade – Goodwood Oval minor grandstand area and sub depot WHS compliant safety upgrade Compliant wash down facility – Unley Oval for mowers and grounds equipment that runs through a filtration system prior to going to sewer.	\$68,000
Lease Community	Unley Park Sports Club – Ceiling replacement Minor works – various sites including Tennis SA, Sturt Bowls Club, and Unley Park Sports Club. Goodwood/Millswood precinct – various minor works Unley Bowls Club – repair to concrete plinth Lighting upgrade – Goodwood community centre (LED)	\$182,000
Multi Category works	Paint Program Clarence Park, Goodwood and Fullarton Park Community Centres along with priorities identified in the asset condition audit Asbestos removal program year 2 of 3, (sites will be identified on a priority basis from information contained in the Asbestos Registers for each of our properties) Air conditioning – package units' upgrade program Key/lock register upgrade	\$305,000
Office Equipment		\$38,000
Total		\$875,000

Property includes the categories of Buildings, Office Furniture and Equipment, Public Toilets and Swimming Facility.

RESERVES / RECREATION AND OPEN SPACES	
Location	Description
Everard Park	Play equipment renewal and upgrade
North Unley Play Park (Young Street Unley)	Play equipment renewal and upgrade
Fern Avenue	Play equipment renewal and upgrade
Various Parks	Irrigation systems audit
Orphanage Park	Irrigation renewal
Various Parks	Bin surrounds, fencing, sets, signage, paths, lighting, soft fall and other minor items
Various	Back flow prevention devices
Various	Street furniture replacement and renewal
Total	\$493,000

ROADS			
Street	From	To	Suburb
Kenilworth Road	Dudley Street	Wattle Street	Parkside
Northbrook Ave	Victoria Street	Chelmsford Ave	Clarence Park
First Avenue	Everard Terrace	Leader Street	Goodwood
Commercial Road	Westall Street	Unley Road	Unley Park
Nairne Terrace	Nicholls Street	Leader Street	Forestville
Fuller Street	Kenilworth to	Dead end	Parkside
Second Avenue	Everard Terrace	Leader Street	Goodwood
Little Charles Street	Mary Street	Charles Street	Unley
O'Connell Street	Albert Street	Grace Street	Goodwood
King William Road	Various areas – continuing the program of localised pavement reconstruction		
Crack sealing	Various – Maintenance patching to localised defects		
Total			\$1,127,000

SIGNS	
Replacement and renewal of signage across the City.	
Total	\$16,000

STREET LIGHTING	
Replacement and renewal of lights across the City, as and when identified in conjunction with the LED capital works program.	
Total	\$25,000

STREETSCAPE	
Replacement and renewal of streetscape across the City.(Trees only)	
Key locations include:	
Unley Road Western Side (Planting approx.. 12 trees between Greenhill Rd – Cross Rd)	
Way Avenue Myrtle Bank (renewal of street trees) (Riverdale - Ridge) both sides	
Young Street Parkside (Porter to George) (renewal of street trees stage 2 of 3)	
Ferguson Street Myrtle Bank (Fullarton to Glenford) (renewal of street trees stage 2 of 2)	
Total	\$110,000

TRAFFIC FACILITIES	
Replacement and renewal of traffic management infrastructure.	
Total	\$27,000

PROJECT MANAGEMENT & DELIVERY COSTS (INCLUDING CORPORATE OVERHEAD)	
Project Delivery	
Total	\$622,000

Appendix 4 – Rates Assistance Available

Rebate of Rates – Under Sections 159-165 of the Local Government Act 1999

A rebate of rates in respect of any rateable land in the Council area will be available only when the applicant satisfies the requirements under the Act.

Discretionary Rebate of Rates – Under Section 166 of the Local Government Act 1999

In February 2017, Council endorsed a revised Rate Rebate Policy with a key principle that all ratepayers should contribute an amount towards basic service provision. As such the Policy proposes a maximum discretionary rebate of 75%.

Applications for discretionary rebates for the 2018-19 rating year will need to be received by 1 May 2018 to be considered in accordance with the statutory provisions of Section 166 of the Local Government Act 1999. Further information should be obtained from Council's Rate Rebate Policy.

State Government Pensioner and Seniors Concessions

The State Government previously funded concessions on Council rates but abolished such concessions with effect from 30 June 2015.

From 1 July 2015, the State Government has elected to replace these concessions with a single "cost-of-living payment" provided directly to those entitled. This payment may be used for any purpose, including offsetting Council rates.

To check eligibility, contact the Department for Communities and Social Inclusion (DCSI) Concessions Hotline 1800 307 758 or at www.sa.gov.au/

Alternative Payment Arrangements

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard rate payment arrangements should contact the Council to discuss options for alternative payment arrangements. Such enquiries are treated confidentially and are assessed on a case-by-case scenario.

Postponement of Rates in Cases of Hardship

In accordance with Section 182 of the Act, a postponement of rates may be granted if Council is satisfied that the payment of these rates would cause hardship. Council may, on application and subject to the ratepayer substantiating the hardship, consider granting a postponement of payment of rates in respect of an assessment on the condition that the ratepayer agrees to pay interest in the amount affected by the postponement at the cash advance debenture rate calculated monthly and if the ratepayer satisfies the following criteria:

- The property is the principal residence of the ratepayer and is the only property owned by the ratepayer, and
- The property has been owned by the ratepayer and has been their principal residence for more than five years, and

- The ratepayer is able to produce one of the following identification cards
 - Pensioner Concession Card – Centrelink
 - Pensioner Concession Card – Veterans Affairs
 - TPI Card – Veterans Affairs, or
- Can demonstrate to Council they are a self-funded retiree with a household income of less than \$30 000 per year.

All applications for postponement of rates will be assessed on a case-by-case basis and are not contingent on the level of increase in rates payable. All such enquiries and submissions will be treated confidentially.

Postponement of Rates for Seniors

In accordance with Section 182A of the Act, a person may apply to Council for a postponement of the payment of the prescribed proportion of rates for the current or future financial year. Council may, on application and subject to the ratepayer meeting the criteria, postpone payment of a proportion of rates in respect of an assessment on the condition that the ratepayer agrees to pay interest on the amount affected by the postponement at the cash advance debenture rate calculated monthly and if the ratepayer satisfies the following criteria:

The person is a prescribed ratepayer, or is the spouse or domestic partner of a prescribed ratepayer, and

- The ratepayer or their spouse hold a State Seniors Card, and
 - The property is owned and is the principal place of residence of the State Seniors Card holder and/or spouse (that is, the property is lived in most of the time), and
 - If the ratepayer has a registered mortgage on the property prior to 25 January 2007, or has over 50% equity in the property, and
 - That no person other than the Seniors Card holder and/or his/her spouse has an interest as an owner in the property.
- If a person has applied for the benefit of a postponement of rates under section 182A and an entitlement to a postponement ceases to exist, the owner of the land must, within 6 months from the day in which the entitlement ceased, inform the council in writing of that fact (unless the liability to the relevant rates has been discharged). Failure to do so could lead to a maximum penalty of \$5 000
- Where an amount is not paid in accordance with the general rate notice but is capable of being the subject of a postponement (e.g. in excess of the prescribed amount \$500) under section 182A of the Local Government Act it will be taken to be subject to postponement under that section
- Prescribed interest is applied to the amount of rates postponed, which is charged and compounded monthly on the total amount postponed, until the debt is paid.

All applications for seniors' postponement of rates will be assessed on a case-by- case basis. All such enquiries and submissions will be treated confidentially.

Appendix 5 - Proposed Operating Budget by Program

Budget Program	Program Description	Draft 2018-19		
		Operating Income \$000s	Operating Expenditure \$000s	Net Expenditure / (Revenue) \$000s
City Development Management	Provides general management, executive support and leadership to the services provided by City Development and to Elected Members	0	472	472
Operational Services	Provides maintenance services to Council's infrastructure, property, open space, street and park trees, plant and equipment assets	1,119	11,665	10,546
Property Services	Provides sustainable strategic management of Council's building and property asset portfolio	404	3,178	2,774
Strategic Asset Management	Provides sustainable strategic management of Council's asset portfolio		501	501
Waste Management	Collection and disposal of general waste, kerbside recycling, green waste and the hard rubbish collection service	82	3,931	3,849
Environmental Initiatives	Drive improved environmental sustainability through policies, strategies, programs and projects.	0	128	128
Transportation & Traffic	Coordination, administration and support to provide an effective, safe and equitable management of transport spaces for all modes, ratepayers and visitors to improve local accessibility and safety	14	580	566
Urban Design	Development and management of high quality public realm and open space. Coordination, administration and support to provide an effective, safe and equitable management of movement spaces for all modes, ratepayers and visitors to improve local accessibility and safety	0	260	260
Urban Policy Planning	Investigate and prepare Council planning strategy, policy and Development Plan Amendments and review State Government strategic, policy and operations directions	0	227	227
City Services Management	Provide general management, executive support and leadership on the services and programs provided by City Services and to Elected Members	0	540	540
Active Ageing	Coordination, administration and support for community based services and projects aimed at facilitating independence and promoting social inclusion	1,253	1,418	165
Arts & Cultural Development	Provision of Art and Cultural Development programs to support a vibrant and active community	5	145	140
Community Bus Program	A community transport service within the City of Unley provided by fully trained and accredited volunteer drivers, aimed at improving mobility plus connection to more City Services	16	139	123
Community Centres	Management and provision of a thriving network of Community Centres that promote social inclusion, belonging and connection	374	860	486
Community Development & Wellbeing Management	Provide management, support and leadership of the projects, programs and services provided by the Community Development & Wellbeing Team.	0	265	265
Community Grants	Funding for community organisations, groups and individuals to implement programs and initiatives that promote community connectivity, belonging, participation and cultural diversity	0	127	127

		Draft 2018-19		
Community Events	Efficient and effective coordination of Council-run community and cultural events and activities, as well as the successful facilitation and attraction of external events into the City of Unley to encourage place activation, cultural celebration & vibrancy	0	189	189
Recreation & Sport Planning	Supporting a healthy and active community through the provision of structured and unstructured recreation, sport and leisure programs and facilities	0	117	117
Unley Swimming Centre	Provision of a premier outdoor swimming facility, encouraging community health, wellbeing and water safety	776	1,026	250
Volunteer Development	Coordination, administration and support for community based volunteer services and projects.	0	117	117
Youth Development	Engage and empower young people in the community by identifying, developing and providing activities, programs and events	0	95	95
Animal Management	Promote community safety through education, awareness and compliance with the legislation relating to the <i>Dog and Cat Management Act</i> and <i>Local Government Act</i>	179	256	77
Development Services	Planning and building control within the City in accordance with the <i>Development Act</i> and Regulations and other legislative requirements	375	1,794	1,419
Parking Enforcement	Promote community safety through education, awareness and compliance with the legislation relating to the Road Traffic Act and <i>Local Government Act</i> and Council By Laws	985	623	(362)
Public & Environmental Health	Promote community health and safety through education, awareness and compliance with the legislation relating to the <i>Environment and Protection Act</i> and the <i>Local Government Act</i>	37	442	405
Customer Experience	Coordinate and manage the City of Unley brand through customer service, provision of frontline customer service plus resolve customer enquiries and build goodwill within the City of Unley community	0	747	747
Library Services	Provision of Library services, programs and facilities to encourage literacy, lifelong learning and social inclusion and connection	358	2,025	1,667
Unley Museum	Provision of the Unley Museum to showcase the cultural heritage and history of the area through the provision of collection, exhibitions and programs	5	136	131
Office of the CEO	Organise and manage the good governance of the City of Unley, including support for Elected Members and Civic Functions	313	1,292	979
Economic Development	Manage the implementation, monitoring and evaluation of economic development activities and strategic initiatives within the City of Unley	325	631	306
Economic Development and Planning		0	0	0
Strategic Projects	Facilitating delivery of major strategic initiatives from 4 Year Delivery Plan and Community Plan	0	145	145
Governance & Risk	Undertakes administration of legislative and corporate governance requirements, and maintains robust controls through risk management and internal audit oversight	3	927	924
Marketing & Communications	Coordinate and manage the City of Unley reputation and brand in digital and printed communications and media relations	12	482	470
Business Support & Improvement	Provides general management, executive support and leadership to the services provided by Business Support & Improvement Division and supports Elected Members	0	475	475

		Draft 2018-19		
Business Systems & Solutions	Manages and maintains Council's Information Communication Technology infrastructure, applications and supporting systems to provide high levels of secure service that supports business operations and performance	0	1,964	1,964
Corporate Activities	The accumulation of corporate costs including leave on-costs, treasury management, levy and taxes and insurances	1,699	3,809	2,110
Culture & Business Capability	This service supports the continuous improvement of overall business capability focused on the provision of 'best value' services to customers. Critical to improved business capability and customer experience is having the best organisational culture possible	0	330	330
Finance & Procurement	Delivers accounting, financial, procurement and treasury management services required to support Council's operations, including statutory and financial reporting obligations	39,695	1,377	(38,318)
Human Resources	Provides support in recruitment, change management, employee relations, injury management, Occupational Health Safety and Welfare	0	958	958
Total		48,030	44,392	(3,638)

REPORT TITLE:	2018-19 DRAFT ANNUAL BUSINESS PLAN AND BUDGET FOR CONSULTATION
ITEM NUMBER:	1135
DATE OF MEETING:	23 APRIL 2018
AUTHOR:	SARAH TAYLOR
JOB TITLE:	MANAGER FINANCE & PROCUREMENT

1. EXECUTIVE SUMMARY

The Local Government Act 1999 (the 'Act') requires Council to consult with the community prior to adopting the annual budget. Specifically, the Act requires Council to develop a Draft Annual Business Plan and follow a process of community consultation.

This report and attachments provides information regarding the 2018-19 Draft Annual Business Plan in relation to the:

- Services provided by Council to the community;
- Proposed projects to be undertaken;
- Resources required by the City of Unley to deliver the services and projects; and
- Funding required (proposed rates increase and estimated borrowings).

Council has an opportunity to review the presented projects and their impact on funding requirements before the Draft Annual Business Plan is finalised for consultation.

Based on the following:

- Proposed net Operating Projects of \$1.242M.
- Proposed net Capital Replacement of \$7.627M.
- Proposed net New Capital of \$8.321M.

Council is considering a rate increase of 2.5% resulting in new borrowings in the order of \$5.277M to deliver all proposed projects and maintain current service levels.

Council are currently investigating the impact of China's ban on foreign waste to determine how this will affect our recyclables contract, and to quantify possible cost increases for the disposal of recyclables.

In summary, the Draft Annual Business Plan and Budget for 2018-19, presented to the Council to be endorsed for consultation, will meet the legislative requirements and the financial targets adopted as part of the Long Term Financial Plan.

Community Consultation

Section 123(4) of the Act prescribes the minimum level of consultation that a council must undertake in conjunction with the Draft Annual Business Plan.

It is proposed that community consultation will occur between 26 April and 25 May 2018 and that six (6) public meetings/community information sessions will be held. Council will also receive submissions by visiting Council's website (through Your Say Unley) or written submissions to PO Box 1, Unley 5061. All submissions will be accepted up until the close of business on 25 May 2018.

The proposed level of consultation more than meets legislative requirements and Council's own Consultation Policy.

The 2018-19 Annual Business Plan and declaration of rates will be presented to Council for adoption at its June 2018 meeting.

2. RECOMMENDATION

That:

1. The report be received.
 2. The proposed list of net Operating Projects of \$1.242M (Attachment 2) be endorsed for community consultation.
 3. The proposed list of net New Capital of \$8.321M (Attachment 3) be endorsed for community consultation.
 4. The proposed list of net Capital Replacement of \$7.627M (Attachment 4) be endorsed for community consultation.
 5. The 2017-18 Draft Annual Business Plan and Budget (Attachment 5), be endorsed for the purpose of community consultation, to be conducted between 26 April and 25 May 2018.
 6. The Chief Executive Officer be authorised to make any necessary minor edits required for consistency or clarity to the 2018-19 Draft Annual Business Plan and Budget, if required.
 7. The community consultation process outlined in the report be endorsed.
-

3. RELEVANT CORE STRATEGIES/POLICIES

1.1 Local Government Act 1999, Section 123

1.2 Local Government (Financial Management) Regulations 2011 Regulation 7 and 9

Civic Leadership

Goal 4: Council will listen to the community and make transparent decisions for the long-term benefit of the City

4.1 Support Elected Members to provide effective leadership to the City.

4. DISCUSSION

Legislative Compliance

Section 123(3) of the Local Government Act 1999 requires councils to prepare a Draft Annual Business Plan and Budget for community consultation prior to formal adoption (Attachment 1).

Attachment 1

The Annual Business Plan and Budget must be adopted after 31 May and prior to 31 August each year.

Section 123(4) of the Act prescribes the minimum level of consultation that a council must undertake in conjunction with the Draft Annual Business Plan. It requires the publication of a notice in a newspaper circulating within the area of the Council, inviting interested parties to attend a public meeting, or a meeting of Council where members of the public may ask questions. Council is also required to invite interested parties to make a written submission outlining any concerns they have, or comments that they wish to make, about what is being proposed.

Community Consultation

Community consultation of the Draft Annual Business Plan will occur between 26 April and 25 May 2018.

The proposed methodology for engagement is listed below and enables Council to meet its requirements under the Act, with community response options listed within the Draft Annual Business Plan and Budget:

- Advertising in the Eastern Courier Messenger;
- Online consultation on Your Say Unley;
- Notification on Council's website with appropriate links to the Draft Annual Business Plan and Your Say Unley;
- Advertising in the Unley Life Column; and
- Development of a video for social media website.

Further, there will be six (6) public meetings/community information sessions to provide the community an opportunity to be involved. Timing is proposed as follows:

Location	Date	Time
Goodwood Library	10 May	10.30am - 11.30am
Clarence Park Community Centre	10 May	6.30pm - 7.30pm
Unley Civic Centre	14 May	6.30pm - 7.30pm
Living Choice Fisher Street	17 May	10.30am - 11.30am
Living Choice Fisher Street	17 May	6.00pm - 7.00pm
Unley Community Centre	21 May	10.00am- 11.00am

The 2018-19 Draft Annual Business Plan meets all legislative requirements of the Act.

Proposed Projects

The Council has another opportunity to review the presented projects and their impact on funding requirements before the Draft Annual Business Plan is finalised for consultation.

Based on the following:

- Proposed net Operating Projects of \$1.242M.
- Proposed net Capital Replacement of \$7.627M.
- Proposed net New Capital of \$8.321M.

Council will require an estimated rates increase of 2.5% and the level of new borrowings in the order of \$5.277M to deliver all proposed projects and maintain current service levels.

Should Council wish to reduce the estimated rates increase below 2.5%, it is recommended that the proposed Operating Projects be reduced, and if Council wishes to reduce the level of estimated new borrowings required, it is recommended that the proposed New Capital be decreased.

Operating Projects

Council has identified proposed Operating Projects that amount to \$1.242M net.

Key Projects for 2018-19 include:

- Undertaking a number of traffic and parking initiatives including:
 - Local area traffic management study for Clarence Park \$40K.
 - Improvements to parking across the City \$40K.
- Election costs and Elected Member Induction \$194K.
- Continuation of ongoing environmental initiatives and programs including second generation street tree implementation \$75K, Water Sensitive Urban Design (WSUD) initiatives \$40K, greening of verges \$50K and street-tree water well installation of \$50K.

Further review of these proposals will occur between now and June 2018 and will include consideration of the community consultation feedback, before the Budget is finalised for adoption.

A copy of the proposed Operating Projects is provided as Attachment 2.

Attachment 2

New Capital

The proposed New Capital Projects total \$8.321M net and include:

- Commencement of the King William Road Streetscape project \$2.25M, with a further \$5.5M to be spent in 2019-20.
- Implementation of the local area traffic management study for Parkside and Fullarton \$215K.
- Continued implementation of Council's Cycling and Walking Plan Year 3 totalling \$180K, focussed on the King William Road intersection with Simpson Parade and King William Road from number 29 to Greenhill Road.
- Unley Oval Grandstand upgrades including Female Change Rooms, and accessible canteen area stage 1 of a 2 year project, with a total net cost of \$1.5M.
- Goodwood Sporting Complex stage 1 of 2, new Grandstand \$1.8M, to be completed over 2 years, at a total cost of \$3.6m.
- Council's contribution to the Brown Hill Keswick Creek regional project of \$1.5M.

External funding for the Goodwood Oval Grandstand and Unley Oval Upgrades totalling over \$3.75M will be received in 2017 and 2018.

The remaining cost of New Capital Projects will largely be funded by borrowings.

A copy of the proposed New Capital Projects is provided as Attachment 3.

Attachment 3

Capital Replacement Program

The proposed Capital Replacement Program of \$7.627m net has been based on current asset information and asset management plans. Items include:

- \$1.127M for the proposed road reseal program;
- \$1.041M for the footways renewal program;
- \$872K for drains and stormwater;
- \$883K for the Property Program; and
- \$493K for reserves, recreation and open space projects.

A copy of the Capital Replacement Program is provided as Attachment 4.

Attachment 4

The 2018-19 Draft Annual Business Plan (Plan)

The Plan has been developed using the Long Term Financial Plan as a guide with the aim of achieving the adopted financial targets.

Financial Indicator	Council Adopted Target	2018-19 Draft Budget
Operating Surplus Ratio	The higher of 5% of Total Operating Revenue or Fixed Principal Repayments	5.0%
Net Financial Liabilities Ratio	<= 80% of Total Operating Revenue	48.7%
Asset Sustainability Ratio	>= 100% average over the 10 year period	100.8%

The Plan contains the following information:

- project priorities
- a summary of the services provided by Council
- information regarding Council's Long Term Financial Plan
- funding requirements
- consideration of the rating structure and impact.

The Plan has been prepared to include the following items:

- an estimated rates increase for existing ratepayers of 2.5%
- proposed new Operating Projects of \$1.242M
- proposed net Capital Replacement of \$7.627M
- proposed net New Capital of \$8.321M
- borrowings for proposed new capital of \$5.8M

Taking into account principal repayments and movements in short term borrowings, it is anticipated that total borrowings will increase by \$4.609M from the opening 1 July 2018 balance of \$5.7M to \$10.309M at 30 June 2018.

Operating Budget

The general influences that impact on revenue and expenditure in developing the Plan include:

- Proposed Enterprise Agreements currently in negotiations for most staff which provide for wages and salary increases in line with current and proposed wage agreements.
- Local Government Price Index increases on relevant goods and services and CPI.

- The requirement for Asset management (replacement) expenditure to be maintained at a sufficient level to ensure long term maintenance of Council infrastructure, property and IT assets at required standards based on detailed condition assessments of each asset class.
- Increased maintenance requirements as a result of an increase in new assets over the last number of years and the construction of public realm assets requiring increased quality of presentation.
- Commitments to major projects and partnership initiatives over more than one year, including Goodwood Oval, Unley Oval, King William Road and Brown Hill Keswick Creek.
- The impact of China's ban on foreign waste on our recyclables contract.

In response to the cost imposts on Council, and to minimise the burden on ratepayers, Council has continued its work and review of service sustainability.

This has included developing a service improvement model and framework to review services and the level as to which they are offered. Council recognises the increasing challenges in delivering services at a local level while ratepayers are increasingly reluctant to see their property rates increase.

Savings identified as part of 2018-19 Budget Preparation include:

- Reduction in telecommunication costs of \$29K;
- Multifunction device review consumables cost savings \$26K;
- Cleaning contract cost savings \$180K; and
- Non-rates income growth of \$213K.

Separate Rates

Council proposes to continue to raise a separate rate for the purposes of promoting the businesses and traders along major shopping strips. Council collects the separate rate and passes the funds collected onto the individual Trader Associations for marketing and promotion purposes.

For the 2018-19 Budget, the amounts indicated in the table below will form part of the proposed Budget. These have been developed based on feedback from the four Associations and their members, and were recommended by the Unley Business and Economic Development Committee (UBED) to Council in March 2018.

Main Street Trader Associations	Separate Rate raised 2017-18	Separate Rate requested 2018-19	% Increase (Decrease)
Unley Road	\$ 107 700	\$110,000	2.113%
King William Road	\$ 144 500	\$144,500	NIL
Goodwood Road	\$ 51 500	\$54,500	5.66%
Fullarton Road	\$ 13 250	\$13,250	NIL

In 2016-17, Council also adopted a recommendation from UBED to cap the amount that any separate ratepayer pays at \$2,000. It is proposed that this is retained for 2018-19.

Natural Resource Management Levy

The City of Unley falls within the Central Group of the Adelaide and Mount Lofty Ranges Natural Resource Management (NRM) Board. Council is required, under the Natural Resources Management Act, to contribute towards the funding of the NRM Board and operates as a revenue collector for the Board by imposing a levy against properties.

Council has recently been advised by the NRM Board that the indicative amount to be paid to the NRM Board in 2017-18 is \$1.285M compared to \$1.176M in 2016-17. This represents an increase of 9.3%.

Council does not retain this revenue, or determine how the revenue is spent.

In Summary

A copy of the Draft Annual Business Plan is provided as Attachment 5.

Attachment 5

Council will raise sufficient income to cover its operating expenses and undertake repayment of its debt. As such, the impact of this Draft Plan does not compromise Council's long-term financial sustainability.

5. ANALYSIS OF OPTIONS

Option 1 – The proposed list of new net Operating Projects of \$1.242M (Attachment 2) be endorsed for community consultation

The proposed list of net New Capital of \$8.321M (Attachment 3) be endorsed for community consultation.

The proposed list of net Capital Replacement of \$7.627M (Attachment 4) be endorsed for community consultation.

The 2018-19 Draft Annual Business Plan and Budget (Attachment 5) be endorsed for the purpose of community consultation, to be conducted between 26 April and 25 May 2018.

The Chief Executive Officer be authorised to make any necessary minor edits required for consistency or clarity to the 2018-19 Draft Annual Business Plan and Budget, if required.

The community consultation process outlined in the report be endorsed.

The Draft Annual Business Plan must be endorsed for consultation. The proposed consultation meets legislative requirements and Council's own Community Engagement and Consultation Policy. Consultation will occur between 26 April and 25 May 2018.

Council will need to raise rates income of 2.5% and require new borrowings of approximately \$5.277M to continue service provision at current levels and deliver all projects.

This option also meets the legislative requirements and the financial targets adopted as part of the Long Term Financial Plan.

Council will further consider the Annual Business Plan early June prior to adoption.

Option 2 – Council can amend the proposed projects for consultation and conduct community consultation and still meet the minimum requirements of the legislation

Should Council wish to amend (add or remove) any of the projects presented for community consultation, consideration should be given to the impact on the proposed rates increase of 2.5%.

This option still meets the legislative requirements and the financial targets adopted as part of the Long Term Financial Plan.

6. RECOMMENDED OPTION

Option 1 is the recommended option.

7. POLICY IMPLICATIONS

The City of Unley Draft Annual Business Plan and Budget has been developed in the context of the Council's suite of strategic management plans that include the following:

- Community Plan 2033.
- 4 Year Delivery Plan 2017-2021.
- Long Term Financial Plan including Council's Infrastructure and Asset Management Plans.

In addition, the Annual Business Plan and Budget, and the Council's Long Term Financial Plan considers the cost of implementation of strategies and plans reviewed and endorsed by Council.

8. REPORT CONSULTATION

The Draft Annual Business Plan and Budget has been developed in conjunction with Business Unit Managers and their respective divisional General and Executive Managers.

Two Elected Member workshops have been held as part of the Annual Business Plan development process. A further workshop is proposed, following community consultation, to be held in early June 2018.

In addition, a presentation was made to the Audit and Governance Committee on 20 March 2018 covering Council's revised Financial Indicators, Long Term Financial Plan and the 2018-19 Target Budget.

9. ATTACHMENTS

- Attachment 1 – Provisions of the Local Government Act.
- Attachment 2 – Proposed Operating Projects.
- Attachment 3 – Proposed New Capital Projects.
- Attachment 4 – Proposed Capital Replacement Program.
- Attachment 5 – 2018-19 Draft Annual Business Plan for Community Consultation.

10. REPORT AUTHORISERS

<u>Name</u>	<u>Title</u>
Nicola Tinning	General Manager Business Support & Improvement
Peter Tsokas	Chief Executive Officer

SUSPENSION OF MEETING PROCEDURES

The Presiding Member, with approval of two-thirds of the members present, suspended meeting procedures pursuant to Regulation 20(1) of the *Local Government (Procedures at Meetings) Regulations 2013* at 8.23pm for up to 20 minutes to facilitate an informal discussion of the matter.

Formal meeting procedures resumed at 8.42pm.

Councillor L Smolucha left the meeting at 8.23pm

Councillor L Smolucha returned to the meeting at 8.25pm

ITEM 1135

2018-19 DRAFT ANNUAL BUSINESS PLAN AND BUDGET FOR CONSULTATION

MOVED Councillor M Hewitson
SECONDED Councillor D Palmer

That:

1. The report be received.
2. The 2018-19 Draft Annual Business Plan and Budget (that considers a rate increase of 2.8%, which incorporates 0.3% in response to the proposed increase to costs as a result of the ban on foreign waste by China), be endorsed for the purpose of community consultation, to be conducted between 26 April and 27 May 2018.
3. The proposed net Operating Projects of \$1.242M (Attachment 2) be endorsed for community consultation.
4. The proposed list of net New Capital of \$8.321M (Attachment 3) be endorsed for community consultation.
5. The proposed list of net Capital Replacement of \$7.627M (Attachment 4) be endorsed for community consultation.
6. The Chief Executive Officer be authorised to make any necessary minor edits required for consistency or clarity to the 2018-19 Draft Annual Business Plan and Budget, if required.
7. The community consultation process outlined in the report be endorsed.

CARRIED

A DIVISION was requested by Councillor B Schnell and the previous vote was set aside.

The following members responded to the Presiding Member's call as having voted IN FAVOUR of the MOTION:

Councillors L Smolucha; D Palmer; R Salaman; M Hewitson; and R Sangster.

The following members responded to the Presiding Member's call as having voted AGAINST the MOTION:

Councillors B Schnell; and M Hudson

The Presiding Member declared the MOTION was **CARRIED**

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