

# Audit Committee Agenda & Reports

**23 May 2022**

## **Our Vision**

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

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

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

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



City of  
Norwood  
Payneham  
& St Peters

19 May 2022

## To all Members of the Audit Committee

### Committee Members

- Mayor Robert Bria
- Cr John Minney (Presiding Member)
- Cr Mike Stock
- Ms Sandra Di Blasio (Independent Member)
- Ms Brigid O'Neill (Independent Member)

### Staff

- Mario Barone (Chief Executive Officer)
- Sharon Perkins (General Manager, Corporate Services)
- Andrew Alderson (Financial Services Manager)

### NOTICE OF MEETING

I wish to advise that pursuant to Sections 87 and 88 of the *Local Government Act 1999*, the next Ordinary Meeting of the Audit Committee, will be held in the Mayors Parlour, Norwood Town Hall, 175 The Parade, Norwood, on:

**Monday 23 May 2022, commencing at 7.00pm**

Please advise Sharon Perkins on 83664585 or email [sperkins@npsp.sa.gov.au](mailto:sperkins@npsp.sa.gov.au), if you are unable to attend this meeting or will be late.

Yours faithfully



Mario Barone  
**CHIEF EXECUTIVE OFFICER**

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City of  
**Norwood  
Payneham  
& St Peters**

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**VENUE** Mayors Parlour, Norwood Town Hall

**HOUR**

**PRESENT**

**Committee Members**

**Staff**

**APOLOGIES** Mayor Robert Bria

**ABSENT**

**TERMS OF REFERENCE:**

*The Audit Committee is responsible to facilitate:*

- *the enhancement of the credibility and objectivity of internal and external financial reporting;*
- *propose and provide information relevant to a review of the Council's Strategic Management Plans and Annual Business Plan;*
- *the review and reporting on any matter relating to financial management or the efficiency and economy with which the Council manages its resources;*
- *effective management of financial and other risks and the protection of the Council's assets;*
- *compliance with laws and regulations related to financial and risk management as well as use of best practice guidelines;*
- *the provision of an effective means of communication between the external auditor, management and the Council;*
- *proposing and reviewing the exercise of powers under Section 130A of the Local Government Act 1999;*
- *review Annual Financial Statements to ensure that they present fairly the state of affairs of the Council;*
- *liaising with the Council's Auditor; and*
- *reviewing the adequacy of accounting, internal control reporting and other financial management systems and practices of the Council on a regular basis.*

1. **CONFIRMATION OF MINUTES OF THE SPECIAL MEETING OF THE AUDIT COMMITTEE HELD ON 28 MARCH 2022**
2. **PRESIDING MEMBER'S COMMUNICATION**
3. **QUESTIONS WITHOUT NOTICE**
4. **QUESTIONS WITH NOTICE**  
Nil
5. **WRITTEN NOTICES OF MOTION**  
Nil
6. **STAFF REPORTS**



## 6.1 2021-2022 DRAFT ANNUAL BUSINESS PLAN AND BUDGET

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**REPORT AUTHOR:** Financial Services Manager  
**GENERAL MANAGER:** General Manager Corporate Service  
**CONTACT NUMBER:** 83664585  
**FILE REFERENCE:** qA75186/A397752  
**ATTACHMENTS:** A - B

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### PURPOSE OF REPORT

The purpose of this report is to present to the Audit Committee for its information, the Draft 2022 -2023 Annual Business Plan, the Draft 2022-2023 Budget and Draft Rating Policy, which have been approved by the Council and released for community consultation.

### BACKGROUND

Pursuant to the provisions contained in Chapters 8, 9 and 10 of the *Local Government Act 1999* (the Act), the Council is required to adopt for each Financial Year, an Annual Business Plan (ABP) and Budget after 31 May and before 15 August.

Part 2 of the Act, “*Annual Business Plans and Budgets*”, requires the Council to consider its budget in conjunction with the Council’s Annual Business Plan and adopt the Budget following adoption of the Annual Business Plan.

Pursuant to Section 123 (3) of the Act, before the Council adopts an Annual Business Plan, the Council must prepare a Draft ABP and release the ABP for community consultation.

At the Special Council Meeting held on 9 May 2022, the Council endorsed the Draft 2022-2023 Annual Business Plan and Budget, as contained in **Attachment B**, be released for public consultation.

### RELEVANT POLICIES & STRATEGIC DIRECTIONS

The Council’s Long Term Strategic directions are outlined in the Council’s Strategic Plan, *City Plan 2030 – Shaping our Future*. The Draft 2022-2023 Annual Business Plan and supporting Draft Budget, sets out the proposed services and programs and initiatives for the 2022-2023 Financial Year and explains how the Council intends to finance its continuing services, programs and initiatives which are to be undertaken during the financial year.

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

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

The Draft 2022-2023 Annual Business Plan and Budget is developed on the basis of ensuring that it will assist in delivering on the Councils Long Term Strategic direction set out in the Councils Strategic Plan, *City Plan 2030 – Shaping our Future*, meets the Council’s Asset Management principles set out in the respective *Infrastructure and Assets Management Plans* and financial objectives set out in the *LTFP*.

## FINANCIAL AND BUDGET IMPLICATIONS

At the Special Council Meeting of Council held on 13 April 2022, the Council resolved to adopt the Minutes of the Special Audit Committee meeting held on 28 March 2022, which included the following Audit Committee recommendation in respect to the Draft 2022-2023 Budget, as set out below:

1. *That the Audit Committee notes the Draft 2022-2023 Budget is ambitious, with minimal buffer for delays in project delivery or cost over-runs.*
2. *That the Audit Committee recommends that the Council determines by resolution that once the 2022-2023 Budget is adopted, no further projects be approved by the Council unless fully funded (i.e. Grants/ Fee for Service) and that the Council adhere to the budget management principles considered by the Council at its meeting held on 17 January 2022, namely:*
  - *no new recurrent operating expenditure or projects approved without being matched by an increase in operating revenue (i.e., Grants/ Fee for Service) or a reduction in expenditure, elsewhere within the Council's operations;*
  - *expenditure over-runs are offset by deferral of discretionary expenditure or savings elsewhere within the Council's operations;*
  - *income shortfalls to be matched by operating expenditure savings; and*
  - *no new capital expenditure that requires additional borrowings.*
3. *That the Audit Committee recommends that the Rate Revenue increase for 2022-2023 be set between 5% and 6%, to achieve a maximum increase for the Average Residential Ratepayer of \$50 per annum.*
4. *That the following Operating Projects not be funded as part of the Draft 2022-2023 Budget:*

• <i>Investment Prospectus</i>	<i>\$20,000</i>
• <i>Smart City Technology Plan</i>	<i>\$80,000</i>
• <i>25 Years of NPSP</i>	<i>\$25,000</i>
5. *That the funding allocation for the following Operating Projects be reduced by the following amounts:*

• <i>Tour Down Under</i>	<i>\$50,000</i>
• <i>Review of Access &amp; Inclusion Plan</i>	<i>\$10,000</i>

With respect to Part 3 of the Committee's recommendation, at its meeting held on 2 May 2022, the Council endorsed a recommendation from the Chief Executive Officer to amend the wording of Part 3 by removing the words "to achieve a maximum increase for the Average Residential Ratepayer of \$50 per annum", Part 3 now read as follows

*That the Audit Committee recommends that the Rate Revenue increase for 2022-2023 be set between 5% and 6%.*

The Chief Executive Officers recommendation was based on the position that at that time the Audit Committee considered the draft Budget, the City's property valuation (as advised by the Valuer-General) had not yet been received and therefore, no modelling of the draft 2022-2023 Budget on the 'average residential rate' had been undertaken and therefore not in the position to understand the impact of the recommended rate revenue increase on the "average residential ratepayer".

The 'in-principle' adoption of the Draft 2022-2023 Budget by the Council for the purposes of community consultation, endorsed a rate revenue increase of 6%.

## SOCIAL ISSUES

Nil.

## CULTURAL ISSUES

Nil.

## ENVIRONMENTAL ISSUES

Nil.

## RESOURCE ISSUES

Nil.

## RISK MANAGEMENT

At the time of writing this report, the State Government is yet to hand down its 2022-2023 Budget. As such, the Draft 2022-2023 Budget could be impacted upon by the decisions of the State Government.

The Draft 2022-2023 Budget as endorsed by the Council, is based on the following assumptions;

- State Government Charges, which are set by Legislation, are yet to be indexed;
- no further increase in the Solid Waste Levy beyond the current fee of \$146 per tonne; and
- no new fees and charges will be introduced.

Any adjustments to the draft Budget arising from State Budget will be incorporated when the details become available.

As part of its 2022-2023 Federal Budget, the Federal Government advanced 75% of the 2022-2023 Financial Assistances Grants to the Council in April 2022. The cash advance is aimed at providing Councils immediate access to funds to assist with the management of the cumulative impacts of floods and the COVID-19 pandemic. While this decision implies that the Council will only receive one (1) quarter of the Financial Assistance Grant in 2022-2023, past practice indicates that advance payments will continue, and as such the Draft Budget has been prepared on the assumption that the equivalent of four (4) quarterly payments will be received. However, if the past practice of advancing Financial Assistance Grants does not continue, the Council will be at risk of being unable to deliver its budgeted Operating Surplus. If the Federal Government does not advance Financial Assistance Grants payments from the 2023-2024 funding allocation, the Operating Surplus will be reduced by \$1.071 million, with a corresponding increase in the cash deficit of \$1.071 million. Since the commencement of advancing Financial Assistance Grant Funding in 2008 (in response to the Global Financial Crisis), with the exception of the 2015-2016 financial year, the Federal Government has made advance payments, however it is considered unlikely that the advance of three (3) quarters will continue and that the advance payments will return to two (2) quarters, which if this does eventuate, the Operating surplus will be reduced by \$435,000 and the cash deficit will increase by the corresponding amount.

Notwithstanding this, the preparation of the Draft 2022-2023 Annual Business Plan and Budget has been prepared to ensure that the Council meets its legislative responsibilities in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Should the assumptions and other decisions upon which the Draft 2022-2023 Budget is based, not eventuate, there is a possibility that the Council will not be in a position to deliver its proposed budgeted Operating result.

Notwithstanding this, the preparation of the Draft 2022-2023 Annual Business Plan and Budget has been prepared to ensure that the Council meets its legislative responsibilities in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

## COVID-19 IMPLICATIONS

The focus in developing the Draft 2022-2023 Annual Business Plan and Budget, has been on ensuring that the Council maintains the service standards for its existing range of services which are aimed at supporting the delivery of the Strategic Objectives outlined in the Councils' Strategic Management Plan *CityPlan 2030*. As such, the Draft Budget has been prepared on the premise that the programs, services and activities that were suspended or cancelled over the last two (2) years will be delivered.

The Draft Budget does not provide for the continuation of COVID-19 financial relief, as provided in the previous two (2) financial years. The Council's *Financial Hardship Policy* provides options for ratepayers with respect to the payment of rates.

## CONSULTATION

- **Committee Members**

Mayor Bria, Cr Minney and Cr Stock, have been involved throughout the Budget preparation process and have considered the various components of the Draft Budget and made decisions as appropriate.

Independent Members, Ms Blasio and Ms O'Neill have been involved throughout the Budget preparation process through attendance at Information Briefings provided to Elected Members during the budget process.

- **Community**

The community through community consultation process on the Annual Business Plan will have input into the final form of the Draft Budget. The community consultation period commenced on 18 May 2022 and concludes on 8 June 2022. In addition to written submissions, the community can attend a public meeting which is being held on 8 June 2022, commencing at 7 pm.

- **Staff**

The review of the Operating Expenditure and Special Projects and the Draft Annual Business Plan process has been completed with the involvement of the Chief Executive Officer, General Managers and the various Responsible Officers.

- **Other Agencies**

Nil.

## DISCUSSION

The Council's 'in-principle' adoption of the Draft 2022-2023 Budget, endorsed a rate revenue increase of 6% which forecasts an Operating Surplus of \$1.139 million (2021-2022: Operating Surplus of \$471,000) and a Net Surplus (after Capital Income) of \$11.189 million (2021-2022: \$4.641 million).

In addition to the savings recommended by the Audit Committee, a review of both the Draft Operating Budget and the Draft Capital Budget, with particular focus being on carry forward Operating and Capital projects and the Whole-of-Life Asset Management Works Programs has been undertaken.

As a result of this review, the Council endorsed additional operational savings of \$230,000, made up of the following:

- a savings target of \$50,000, to be delivered from the Service Reviews undertaken during the 2022-2023;
- deferring the commencement of Operating Projects, which are yet to commence (\$111,000)
- reduction in the carry-forward budget for the following projects:
  - implementation of parking controls emanating from the City-wide Parking Review (\$44,000);and
  - Feasibility Investigation for an additional level(s) on Webbe Street Carpark (\$25,000).

A review of the Carried Forward Capital Works budget have identified savings of \$2.479 million, from the deferral of projects to future years. However, the review of the 2021-2022 Capital Works Program, undertaken as part of the third Budget review, has identified an additional \$1.290 million of asset renewal works to be carried forward. The net impact is a reduction in the carry-forward Capital projects of \$1.189 million. In addition, a review of the 2022-2023 Whole-of-Life Asset Renewal program has identified works to the value of \$1.447 million which can be deferred without impacting service delivery. The total savings which have been identified are \$2.636 million.

## Budget Overview

Table 1 below sets out the proposed Operating Surplus of \$1.139 million, based on a Recurrent Operating Surplus of \$2.660 million, an Operating Deficit relating to Operating Projects (including 2020-2021 Carry Forwards) of \$1.163 million and an additional \$357,000 for additional finance costs associated with borrowings which are required to deliver the strategic projects included within the draft Capital Projects Budget. It should be noted that the Operating Deficit relating to 2022-2023 Projects, incorporates \$362,298 from the Federal Government Roads-to-Recovery Program. While this funding will be utilised to fund a Capital Project, this funding is required to be included when determining the Council's Operating Surplus.

**TABLE 1: 2021-2022 PROPOSED STATEMENT OF COMPREHENSIVE INCOME**

	Recurrent Operating 2022-2023	Carry Forward s 2021- 2022	Operating Projects 2022-2023	Capital Projects 2022-2023	Proposed 2022-2023
	\$	\$	\$	\$	\$
<b>INCOME</b>					
Rates	39,920,982	-	-	-	39,920,982
Statutory charges	2,006,750	-	-	-	2,006,750
User charges	3,737,711	-	-	-	3,737,711
Grants, subsidies and contributions	2,515,869	-	492,298	-	3,008,167
Investment income	45,500	-	-	-	45,500
Other income	517,740	-	-	-	517,740
Net loss joint ventures & associates	15,444	-	-	-	15,444
<b>Total Income</b>	<b>48,759,996</b>	<b>-</b>	<b>492,298</b>	<b>-</b>	<b>49,252,294</b>
<b>EXPENSES</b>					
Employee costs	15,974,750	-	108,000	-	16,082,750
Materials, contracts & other expenses	18,276,188	213,394	1,334,000	-	19,823,582
Finance costs	515,000	-	-	357,424	872,424
Depreciation & amortisation	11,158,733	-	-	-	11,158,733
Net loss Joint Ventures & Associates	175,360	-	-	-	175,360
<b>Total Expenses</b>	<b>46,100,031</b>	<b>213,394</b>	<b>1,442,000</b>	<b>357,424</b>	<b>48,112,849</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>2,659,965</b>	<b>(213,394)</b>	<b>(949,702)</b>	<b>(357,424)</b>	<b>1,139,445</b>
Net gain (loss) on disposal or revaluation of assets	-	-	-	25,000	25,000
Amounts specifically for new or upgraded assets	-	-	-	10,024,823	10,024,823
<b>NET SURPLUS (DEFICIT)</b>	<b>2,659,965</b>	<b>(213,394)</b>	<b>(949,702)</b>	<b>9,692,399</b>	<b>11,189,268</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Change in revaluation surplus- infrastructure, property, plant & equipment	-	-	-	2,000,000	2,000,000
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>	<b>2,000,000</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,659,965</b>	<b>(213,394)</b>	<b>(949,702)</b>	<b>11,692,399</b>	<b>13,189,268</b>

On a full accrual basis, the capital expenditure will not affect the operating result before capital revenues, except through future years' depreciation and financing costs on any associated loan borrowings. Grant income which has been received and which relates to Capital Projects, will however, be included as Capital Income within the Budgeted Income Statement, after the Operating Surplus/ (Deficit) as required by the Model Financial Statements prescribed by the Local Government Act 1999.

Details of the Capital and Operating Projects endorsed as part of the Draft 2022-2023 Annual Business Plan and Budget is contained in *Appendix One: Key Initiatives & Projects* of **Attachment B**.

Financial sustainability underpins the Council's Financial Goals and Outcomes which are set out in the Councils LTFP. In general terms, financial sustainability is ensuring that the Council has the financial resources to meet the long-term service and infrastructure needs of the community, without any large rate revenue increases or cuts in service provision and/or standards.

From an operational perspective, financial sustainability is being able to manage the balance between keeping rate revenues increases to a minimum, maintaining existing service standards and expenditure on appropriate new services and necessary major capital investments and initiatives.

With the additional savings identified by the Council, the Draft Budget, as contained in **Attachment A**, is reporting a cash surplus of \$1.189 million, however this is based on new borrowings of \$30 million required to fund the strategic projects and asset upgrades set out in the Annual Business Plan.

Pursuant to Section 123 (10) (b) of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, Part 2 Financial Accountability, the budget is required to contain:

- a) a budgeted income statement, balance sheet, statement of changes in equity and statement of cash flows, presented in a manner consistent with the Model Financial Statements; and
- b) a statement as to whether projected operating income is sufficient to meet projected operating expenses for the relevant financial year; and
- c) a summary of operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances; and
- d) estimates with regard to the Council's Operating Surplus ratio, Asset Sustainability ratio and Net Financial Liabilities ratio presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators.

The Financial Statements contained in **Attachment A**, are presented as prescribed in the Model Financial Statements and are based on a 6% increase in rate revenue. The Financial Statements also provide comparisons with the 2021-2022 Forecast and the Audited Financial Statements for the past three (3) years. Together, these Statements provide a complete picture of the Councils budgeted financial position for the 2022-2023 Financial year.

## **Borrowings**

The Council must manage its indebtedness to ensure that its liabilities and associated costs are met without impinging on the Councils financial sustainability. To monitor its performance in the use of debt, the Council uses the Net Financial Liabilities Ratio and the Debt Servicing Ratio. Net Financial Liabilities Ratio measures the extent of what is owed by the Council less any liquid assets (i.e. cash or receivables) of the Council, are met by its operating revenue.

Net financial liabilities is a broader and more appropriate measure of indebtedness than the level of borrowings, because it includes items such as employee long-service leave entitlements and other amounts payable in future as well as taking account of a Council's cash holdings and invested monies.

The target set in the Long-term Financial Plan is for the Net Financial Liabilities to be less than or equal to 75% of operating revenues.

To fund the proposed net capital expenditure (inclusive of carry forwards) \$49.6 million, the Council will be required to borrow in the order of \$30 million to fund the program and achieve a minor cash surplus. The significant increase in borrowings will result in a Net Financial Liabilities ratio of 81.5% which is in-excess of the financial target set in the Long-term Financial Plan. Given the significant increase in borrowings and the future capital expenditure set out in the Council's *Infrastructure and Asset Management Plans* and the *Long-term Financial Plan*, the Council will continue to exceed the financial target set for Net Financial Liabilities over the life of the current Long-term Financial Plan, with the Net Financial Liabilities projected to exceed 100% by the 2026-2027 financial year.

While the ideal is that the Net Financial Liabilities ratio not exceed 100% of operating income, subject to the Council's ability to service its financial obligations, the indebtedness can exceed 100% in order to provide additional services to its community through acquisition of additional assets, however the extension of the Net Financial Liabilities greater than 100%, together with an increasing Debt Servicing Ratio for an extended period of time, is not the desired result. As such the Council does need to be aware that sustained levels of new capital investment, together with associated borrowings, will impact on the Council's ability to maintain its financial sustainability into the future.

### Rating Strategy

The Council's LTFP is based on a series of financial outcomes, with one being Rate Stability, with the overall objective being that *"annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term"*. The LTFP has set the target of Rate Revenue increases to be between 3% and 6% each year.

Rate revenue increases need to be reflective of the service level increase to ensure that the Council remains financially sustainable. In considering the increase in service level, the Council needs to take into account not only the increase in operating programs and services but also the increase in service level that emanates from past and proposed capital investment.

To maintain financial sustainability, the Council endorsed, in its *Long Term Financial Plan*, a rate revenue increase, which was based on:

- indexation based on the 10 year average of the LGPI;
- new assessment growth;
- factor for increase in service level from capital investment

Applying the endorsed principle, the rate revenue increase should be 7.1%, comprising:

- a Rate Revenue indexation factor of 5.1% (based on March CPI);
- new assessment growth of 0.5%; and
- an indexation factor to account for the future renewal and servicing costs of major capital works of 1.5%.

However, the LTFP sets a maximum rate revenue increase of 6%.

Due to commencement of the second transitional stage of the *Statutes Amendment (Local Government Review) Act 2021*, pursuant to Regulation 6 (ec) of the *Local Government (Financial Management Regulations) 2011*, the Council is now required to include in the Annual Business Plan a *statement on the average change in the expected rates for the financial year (expressed as a whole number of dollars) for each land use category declared, as a permissible differentiating factor, compared to the expected rates for each category for the previous financial year as set out in the annual business plan for that previous financial year as opposed to the change in the rate for the 'average residential property'*.

Applying the new methodology, the Average Rate for Residential Land use is \$1,793 which is an increase of \$144 per annum or 8.7% on 2021-2022. The Average Rate for each land use is detailed in Table 2 below.

**TABLE 2: AVERAGE RATE PER LAND USE**

Land Use	2022-2023			2021-2022			Average Rate	
	Revenue (net of rebates)	Revenue %	Average Rate	Revenue (net of rebates)	Revenue %	Average Rate	Increase Decrease	% change
Residential	31,098,817	80.61%	1,793	28,551,709	78.61%	1,649	144	8.7%
Exempt -Residential	466,678	1.21%	9,929	547,264	1.51%	11,169	-1,239	(11.10%)
Commercial	5,858,510	15.19%	2,626	6,092,723	16.77%	2,732	-106	(3.89%)
Industrial	317,199	0.82%	2,218	345,086	0.95%	2,348	-129	(5.51%)
Vacant Land	519,721	1.35%	1,704	468,870	1.29%	1,717	-13	(0.78%)
Other	316,061	0.82%	3,633	313,048	0.86%	3,440	193	5.60%
Primary Production	1,679	0.00%	1,679	1,759	0.00%	1,759	-80	(4.55%)
<b>Total</b>	<b>38,578,665</b>		<b>1,914</b>	<b>36,320,459</b>		<b>1,807</b>	<b>107</b>	<b>5.9%</b>

For 2022-2023, the Capital Values have increased (as advised by the Valuer-General) across the City of Norwood, Payneham & St Peters by 23.4%, which is predominately driven by the increase in the Capital Value of residential properties by 27.2%. The Capital Value increase for commercial properties is 11.7%. The impact of the difference in the movement of capital values, has resulted in a residential rate increase in excess of the overall rate revenue increase of 6%, due a 1.9% (\$707,000) increase in the rates revenue being collected from the residential sector.

Going forward, the impact of the valuation growth, either through a general valuation increase or new development, is excluded from the determination of the average rate increase, however the rate increase does take into account the increase in assessment (i.e. new properties). As such, the average rate increase will closer reflect the endorsed rate revenue increase, adjusted for the change in the number of assessments.

While the average rate increase of 5.9% is in line with the Adelaide CPI, the actual rates payable by a rate payer will vary according to individual property valuations, the land use, and whether there has been any new development or capital improvement on the land.

Applying the principle of the “*average property*”, for the 2022-2023 financial year, the “*average residential property*” is valued at \$866,00, compared to the 2021-2022 “*average residential property*” value of \$686,000, an increase of 26.2%. Given the increase in property values, the Council is budgeting for a decrease in the rate-in-the-dollar of 14.9%, which for the “*average residential property*” results in a decrease of \$294 per annum, however with the increase in rates payable resulting from the 26.2% increase in capital value, being \$404 per annum increase, the net increase in rates payable for the “*average residential property*” is \$116 or 7.4%. The average commercial property, which is valued at \$1.080 million will be required to pay \$2,514, a decrease of \$133 or 5.1%.

### Rating Policy

A review of the Councils' Rating Policy has been undertaken, with particular focus on the eligibility criteria for Rate Capping Rebates. Pursuant to Section 166(1)(l)(ii) of the Act, the Council grants a rebate of General Rates, subject to certain eligibility criteria, to the principal ratepayer of a residential assessment, where that property is the principal place of residence and that the increase in the rates levied is a result of a rapid change in the property value.

For eligible residential ratepayers, the increase in general rates (excluding the Regional Landscape Levy) will be capped at two (2) times the upper rate revenue increase target as set out in the LTFP or the rate revenue increase, whichever is the greater, subject to certain conditions.



The current eligibility criteria for the automatic rebate is any such increase in property value, in whole or part is not result of:

- (a) development greater than \$30,000 undertaken on the property, or
- (b) a change in land use for rating purposes on the date the Council declared its general rates; or
- (c) a change in the zoning of the land; or
- (d) a change in the ownership of the property since 1 January 2021.

For the 2022-2023, for eligible residential ratepayers, the increase in rates payable will be capped at 12%. Given the extent of the Capital Value increase for the residential properties it is estimated Rate Capping Rebates will be in the order of \$350,000.

### **Draft Annual Business Plan**

To fulfil the requirements of the *Local Government Act 1999* and therefore provide citizens with the opportunity to review and comment on the Council's proposed activities for the 2022-2023 Financial Year and the proposed funding of those activities, the Draft 2022-2023 Annual Business Plan endorsed for public consultation is included in **Attachment B**.

Following consideration of the submissions by the Council on 21 June 2022, the final 2022-2023 Annual Business Plan will be put forward for adoption, followed by the 2022-2023 Annual Budget at the Council Meeting to be held on 4 July 2022.

### **OPTIONS**

Nil

### **CONCLUSION**

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

The Draft 2022-2023 Annual Business Plan and Budget as presented in **Attachment B**, will deliver an Operating Surplus of \$1.139 million based on a 6% increase in Rate Revenue, however, the underlying Operating Result, which excludes 2021-2022 Operating Project carry forwards and Joint ventures, for the provision of the Council's continuing services and programs and new initiatives, is an Operating Surplus of \$\$1.513 million.

The proposed Rating Strategy and the Draft Budget as presented in this report, is based on sound financial management principles, which will contribute to the Council achieving its goals and objectives as set out in the suite of Strategic Planning documents.

### **COMMENTS**

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

### **RECOMMENDATION**

It is recommended that the report be received and noted.

# Attachment A

## 2021-2022 Draft Annual Business Plan and Budget

---

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

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**



2022-2023 Financial Statements  
Draft

Statement of Comprehensive Income for the year ended 30 June 2023

	Proposed 2022-2023	Forecast 2021-2022	Actual 2020-2021	Actual 2019-2020	Actual 2018-2019
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Rates	39,921	37,866	36,288	36,181	34,845
Statutory charges	2,007	1,774	1,751	1,595	1,760
User charges	3,738	3,465	3,506	3,408	3,701
Grants, subsidies and contributions	3,008	2,981	2,921	2,959	3,152
Investment income	46	20	19	88	206
Other income	518	615	771	1,146	1,013
Net loss joint ventures & associates	15	-	217	28	35
<b>Total Income</b>	<b>49,252</b>	<b>46,720</b>	<b>45,473</b>	<b>45,406</b>	<b>44,711</b>
<b>Expenses</b>					
Employee costs	16,083	15,254	14,448	14,050	13,739
Materials, contracts & other expenses	19,824	19,140	19,165	18,937	18,774
Finance costs	872	450	454	405	489
Depreciation, amortisation & impairment	11,159	10,640	9,968	9,503	8,984
Net loss Joint Ventures & Associates	175	272	327	515	346
<b>Total Expenses</b>	<b>48,113</b>	<b>45,757</b>	<b>44,363</b>	<b>43,411</b>	<b>42,331</b>
<b>Operating Surplus (Deficit)</b>	<b>1,139</b>	<b>963</b>	<b>1,110</b>	<b>1,995</b>	<b>2,380</b>
Net gain (loss) on disposal or revaluation of assets	25	25	(1,145)	(1,529)	(1,207)
Amounts specifically for new or upgraded assets	10,025	2,045	3,303	1,125	1,131
Physical resources received free of charge	-	-	-	-	24
Non Operating Items - Joint Venture and Associates	-	-	-	-	-
<b>Net Surplus (Deficit) transferred to Equity Statement</b>	<b>11,189</b>	<b>3,033</b>	<b>3,268</b>	<b>1,590</b>	<b>2,327</b>
Other Comprehensive Income					
Changes in revaluation Surplus- infrastructure, property, plant & equipment	2,000	2,000	12,046	3,542	32,993
Share of Other comprehensive Income - joint ventures and associates	-	-	5	13	9
<b>Total Other Comprehensive Income</b>	<b>2,000</b>	<b>2,000</b>	<b>12,051</b>	<b>3,555</b>	<b>33,001</b>
<b>Total comprehensive Income</b>	<b>13,189</b>	<b>5,033</b>	<b>15,320</b>	<b>5,145</b>	<b>35,329</b>

Pursuant to S123 (10)(b) of the *Local Government Act 1999* and Clause 7 of the *Local Government (Financial Management) Regulations 2011*, as detailed in the Statement of Comprehensive Income, the projected Operating Income (\$49.252m) is sufficient to meet the projected Operating Expenditure (\$48.113m) for the 2022-2023 Financial Year.



2022-2023 Financial Statements  
Draft

Statement of Financial Position as at 30 June 2023

	Proposed 2022-2023 \$'000	Forecast 2021-2022 \$'000	Actual 2020-2021 \$'000	Actual 2019-2020 \$'000	Actual 2018-2019 \$'000
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	7,281	6,098	7,071	9,177	12,152
Trade & other receivables	2,961	2,799	3,699	2,889	2,945
<b>Total Current Assets</b>	<b>10,242</b>	<b>8,897</b>	<b>10,770</b>	<b>12,067</b>	<b>15,097</b>
<b>Non-current Assets</b>					
Financial Assets	104	104	104	105	136
Equity accounted investments in Council businesses	3,384	2,288	2,207	2,463	2,890
Infrastructure, Property, Plant & Equipment	554,269	513,774	507,904	476,469	473,423
Other Non-current Assets	-	-	2,509	17,891	6,119
<b>Total Non-current Assets</b>	<b>557,757</b>	<b>516,165</b>	<b>512,725</b>	<b>496,929</b>	<b>482,569</b>
<b>Total Assets</b>	<b>567,999</b>	<b>525,062</b>	<b>523,495</b>	<b>508,995</b>	<b>497,666</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Trade & Other Payables	6,573	5,816	8,006	7,310	6,272
Borrowings	946	931	972	1,651	1,781
Short-term Provisions	2,972	2,888	3,326	3,135	2,752
<b>Total Current Liabilities</b>	<b>10,491</b>	<b>9,635</b>	<b>12,304</b>	<b>12,095</b>	<b>10,805</b>
<b>Non-current Liabilities</b>					
Long-term Borrowings	37,165	8,461	9,392	10,357	5,388
Long-term Provisions	1,202	1,191	1,328	1,160	1,203
Liability - Equity accounted Council Businesses	1,612	1,437	1,164	1,397	1,429
<b>Total Non-current Liabilities</b>	<b>39,980</b>	<b>11,088</b>	<b>11,884</b>	<b>12,913</b>	<b>8,020</b>
<b>Total Liabilities</b>	<b>50,471</b>	<b>20,723</b>	<b>24,188</b>	<b>25,008</b>	<b>18,825</b>
<b>Net Assets</b>	<b>517,528</b>	<b>504,339</b>	<b>499,306</b>	<b>483,987</b>	<b>478,842</b>
<b>Equity</b>					
Accumulated Surplus	74,321	63,132	60,099	56,825	55,222
Asset Revaluation Reserve	443,208	441,208	439,208	427,162	423,620
<b>Total Equity</b>	<b>517,528</b>	<b>504,339</b>	<b>499,306</b>	<b>483,987</b>	<b>478,842</b>



2022-2023 Financial Statements  
Draft

Statement of Changes in Equity for the year ended 30 June 2023

	Proposed 2022-2023 \$'000	Forecast 2021-2022 \$'000	Actual 2020-2021 \$'000	Actual 2019-2020 \$'000	Actual 2018-2019 \$'000
<b>Accumulated Surplus</b>					
Balance at end of previous reporting period	63,132	60,099	56,825	55,222	52,886
Net Surplus/ (Deficit) for year	11,189	3,033	3,268	1,590	2,327
Other comprehensive Income	-	-	-	-	9
<b>Balance at end of period</b>	<b>74,321</b>	<b>63,132</b>	<b>60,093</b>	<b>56,812</b>	<b>55,222</b>
<b>Asset Revaluation Reserve</b>					
Balance at end of previous reporting period	441,208	439,208	427,162	423,620	390,627
Gain on revaluation of infrastructure, property, plant & equipment	2,000	2,000	12,046	3,542	32,993
<b>Balance at end of period</b>	<b>443,208</b>	<b>441,209</b>	<b>439,210</b>	<b>427,162</b>	<b>423,619</b>
<b>Total Equity at end of reporting period</b>	<b>517,528</b>	<b>504,340</b>	<b>499,303</b>	<b>483,974</b>	<b>478,841</b>

Statement of Cash Flow for the year ended 30 June 2023

	Proposed 2022-2023 \$'000	Forecast 2021-2022 \$'000	Actual 2020-2021 \$'000	Actual 2019-2020 \$'000	Actual 2018-2019 \$'000
<b>Cash Flow from Operating Activities</b>					
<u>Receipts</u>					
Rates - general & other	39,759	38,465	36,672	36,107	34,696
Fees & other charges	2,007	1,774	1,613	1,646	1,694
User Charges	3,738	3,465	3,113	3,297	4,014
Investment receipts	46	20	19	88	204
Grants utilised for operating purposes	3,008	2,981	2,756	3,677	2,744
Other Income	518	615	998	1,474	1,244
<u>Payments</u>					
Employee Costs	(15,987)	(15,282)	(14,547)	(13,486)	(14,322)
Contractual services & materials	(19,066)	(17,422)	(18,074)	(19,030)	(17,593)
Finance payments	(872)	(450)	(447)	(407)	(489)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>13,149</b>	<b>14,167</b>	<b>12,102</b>	<b>13,368</b>	<b>12,191</b>
<b>Cash flow from Investing Activities</b>					
<u>Receipts</u>					
Amounts specifically for new or upgraded assets	10,025	2,045	2,626	1,165	1,049
Sale of replaced assets	25	25	47	58	9
Repayments of loans by community groups	-	-	11	43	13
Capital Distributions from associated entities	-	-	-	-	-
<u>Payments</u>					
Expenditure on renewal/replacement of assets	(15,757)	(13,661)	(9,652)	(8,919)	(9,009)
Expenditure on new/upgraded assets	(33,884)	(2,536)	(5,508)	(13,175)	(6,615)
Capital contributed to associated entities	(1,081)	(81)	(81)	(81)	(96)
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(40,672)</b>	<b>(14,208)</b>	<b>(12,556)</b>	<b>(20,909)</b>	<b>(14,649)</b>
<b>Cash Flow from Financing Activities</b>					
<u>Receipts</u>					
Proceeds from Borrowings	29,651	-	-	6,500	-
<u>Payments</u>					
Repayments of Borrowings	(945)	(931)	(1,653)	(1,934)	(1,202)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>28,706</b>	<b>(931)</b>	<b>(1,653)</b>	<b>4,566</b>	<b>(1,202)</b>
<b>Net Increase (Decrease) in cash held</b>	<b>1,183</b>	<b>(973)</b>	<b>(2,107)</b>	<b>(2,975)</b>	<b>(3,660)</b>
Cash & cash equivalents at beginning of period	6,098	7,071	9,177	12,152	15,812
<b>Cash &amp; cash equivalents at end of period</b>	<b>7,281</b>	<b>6,098</b>	<b>7,071</b>	<b>9,177</b>	<b>12,152</b>



2022-2023 Financial Statements  
Draft

Uniform Presentation of Finances for year ended 30 June 2023

	Proposed 2022-2023 \$'000	Forecast 2021-2022 \$'000	Actual 2020-2021 \$'000	Actual 2019-2020 \$'000	Actual 2018-2019 \$'000
Income	49,252	46,720	45,473	45,406	44,711
less Expenses	(48,113)	(45,757)	(44,363)	(43,411)	(42,331)
<b>Operating Surplus (Deficit)</b>	<b>1,139</b>	<b>963</b>	<b>1,110</b>	<b>1,995</b>	<b>2,380</b>
<b>less Net Outlays on Existing Assets</b>					
Capital Expenditure on renewal and replacement of Existing Assets	15,757	13,661	9,652	8,919	15,624
Depreciation, Amortisation and Impairment	(11,159)	(10,640)	(9,968)	(9,503)	(8,984)
Proceeds from Sale of Replaced Assets	(25)	(25)	(47)	(58)	(9)
	<b>4,573</b>	<b>2,996</b>	<b>(363)</b>	<b>(642)</b>	<b>6,631</b>
<b>less Net Outlays on New and Upgraded Assets</b>					
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	33,884	2,536	5,508	13,175	6,615
Amounts received specifically for New and Upgraded Assets	(10,025)	(2,045)	(2,626)	(1,165)	(1,049)
Asset Received Free of Charge	-	-	-	-	(24)
	<b>23,859</b>	<b>491</b>	<b>2,882</b>	<b>12,010</b>	<b>5,542</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(27,293)</b>	<b>(2,525)</b>	<b>(1,408)</b>	<b>(9,373)</b>	<b>(9,793)</b>

Financial Indicators

	Proposed 2022-2023	Proposed 2022-2023	Forecast 2021-2022	Forecast 2021-2022	Actual 2019-2020	Actual 2018-2019
Required by Local Government (Financial Management) Regulations 1999 Section 5B(d)						
	\$					
<b>Operating Surplus Ratio</b>						
<u>Operating Surplus/(Deficit)</u>	<u>1,139,445</u>	2.3%	2.1%	2.4%	4.4%	5.3%
Operating Revenue	49,252,294					
		<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>				
<b>Net Financial Liabilities Ratio</b>						
<u>Net Financial Liabilities</u>	<u>40,124,839</u>	81.5%	25.1%	29.3%	28.3%	8.0%
Total Operating Revenue	49,252,294					
		<i>This ratio expresses the extent of Operating Revenue required to meet all monies owed by the Council Net financial liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).</i>				
<b>Asset Sustainability Ratio</b>						
<u>Net Asset Renewals</u>	<u>15,757,121</u>	109%	100%	79%	99%	109%
Asset Management Plan	14,517,821					
		<i>This ratio measure the extent existing assets are being renewed compared to the Infrastructure &amp; Asset Management Plan Net asset renewals is defined as capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets</i>				
<b>Rolling five-year average</b>		96.6%	92.9%	87.2%	96.1%	94.8%
Requested by Council						
<b>Debt to Total Income Ratio</b>						
<u>Debt Servicing</u>	<u>1,817,424</u>	4.7%	3.8%	6.0%	6.7%	5.0%
Rate Revenue less NRM Levy	38,537,982					

*The Debt to Rate Revenue Ratio measures the extent of rate revenue covers the loan repayments (interest and principal)*

# Attachment B

## 2021-2022 Draft Annual Business Plan and Budget

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

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



City of  
Norwood  
Payneham  
& St Peters





# Draft Annual Business Plan 2022–2023



City of  
Norwood  
Payneham  
& St Peters



# Our Vision

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

A progressive City which is prosperous,  
with a strong community spirit.





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# Mayor's Message

The City of Norwood Payneham & St Peters remains focused on financial sustainability, as we continue to recover from the impacts of the COVID-19 pandemic. This focus is balanced against the need to generate sufficient revenue to meet the demands for services and improvements to infrastructure, as well as repayment of loan borrowings, in order to fund capital works.



**The City of Norwood Payneham & St Peters 2022–2023 Annual Business Plan, contains a Budget which highlights the Council's resilient financial position.**

Like other Local Governments around Australia the City of Norwood Payneham & St Peters has not been immune from a range of factors impacting the economy, particularly those resulting from the COVID-19 pandemic.

Against this backdrop, properties in our City also experienced an extraordinary increase in property values over the past 12 months—an average of 26 per cent growth for residential properties and 11 per cent for commercial properties.

These increases have shaped the development of the 2022–2023 Annual Business Plan and Budget and in particular the effect on rates.

In this regard, the combination of the increases in property values with the current inflation rate of 5.1 per cent, has resulted in an average increase of 5.9 per cent, which is required to continue to fund essential services, as well as the Council's comprehensive and ongoing program of Capital Works and major projects.

While the average rate is in line with the Adelaide Consumer Price Index (CPI), the annual change in actual rates payable by a ratepayer, will vary according to the individual property value, the land use and whether there has been development or improvements to the property.

Consistent with all previous Budgets, the Council has again strived to provide value for money with regard to expenditure, whilst ensuring at the same time, that any rate increase is commensurate with the standards of service and infrastructure, which are expected by the community.

The 2022–2023 Annual Business Plan and Budget continues the Council's commitment to a number of major infrastructure projects, some of which commenced in 2021–2022, aimed at

improving our City, the well-being and quality of life of our community and, in addition, helping to create local jobs.

This year, the Council will invest \$51.2 million in projects which includes a number of new initiatives. To find out more about some of our major projects – including the Payneham Memorial Swimming Centre redevelopment, The Parade Masterplan and upgrades to Dunstan Adventure Reserve, please see page 13.

The Council's whole-of-life Capital Works Program includes \$14.5 million to provide for the renewal of the City's stormwater drainage system, footpaths, kerbs, water tables, and resealing of roads.

The projected operating surplus of \$1.139 million continues the Council's recent record of financial management and surpluses—money which is used to repay loan borrowings, thereby reducing the future debt burden on ratepayers and future generations.

I encourage you to read the Council's 2022–2023 Annual Business Plan and Budget and the details of the projects planned for the coming year.

**Robert Bria**  
**Mayor**

# Introduction



The City of Norwood Payneham & St Peters' Annual Business Plan is a key document in the Council's overall Planning Framework. It sets out the Council's proposed projects, services and programs for the 2022–2023 financial year.

The Annual Business Plan supports the Council's long-term strategic directions, which are outlined in the Council's strategic management plan: *CityPlan 2030: Shaping Our Future*, as well as the Long-term Financial Plan and Whole of Life Infrastructure and Asset Management Plans.

First endorsed by the Council in 2008, *CityPlan 2030*, focuses on developing the things which the community love, changing the things the community don't and creating the things our community wants in order to achieve a preferred future for our City.

As reflected in *CityPlan 2030* the future can be shaped, modelled and influenced by our actions today, for both the benefit of our community now and future generations.

In 2020, a mid-term review of *CityPlan 2030* was undertaken to ensure that it continues to capture the community's aspirations for the City. This assists the Council to establish directions which shape the City's future with the overall aim of achieving Community Well-being.





The vision for the City continues to be underpinned by the four outcomes of Social Equity, Cultural Vitality, Economic Prosperity and Environmental Sustainability. These four outcomes are the foundation upon which *CityPlan 2030* is based and this approach is referred to as 'Quadruple Bottom Line'.

Quadruple Bottom Line is a management tool which ensures that the Council's sustainability principles are embedded across all of its operations, projects and undertakings.

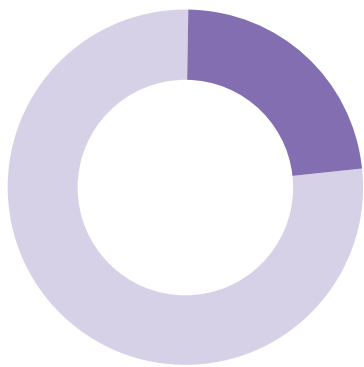
In line with *CityPlan 2030* and in developing this Annual Business Plan, the Council continues to work towards these outcomes, through the delivery of the programs, services, projects and initiatives set out within *CityPlan 2030*. The accompanying Budget details the Council's revenue and how it proposes to fund the programs, services, projects and initiatives which it intends to provide to the community during the 2022–2023 financial year.

Diagram 1. Quadruple Bottom Line Framework for Community Well-being.



# City Snapshot

The City of Norwood Payneham & St Peters enjoys a reputation as one of Adelaide's most desirable places to live, work and visit.

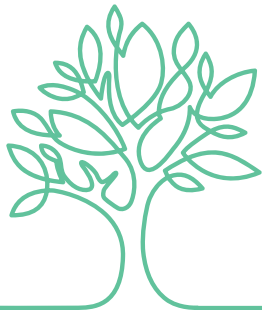


## 30.2%

of people in the City of Norwood Payneham & St Peters were born overseas, compared with 26.3% in Greater Adelaide.

**341km**  
of footpaths

**363km**  
of kerbing



**local businesses**

# 6,991

Our business community values the City's unique and diverse business mix with strong connections and ability to work together.

**171km** of roads

**23,000+** street trees



**2 Swimming Centres**

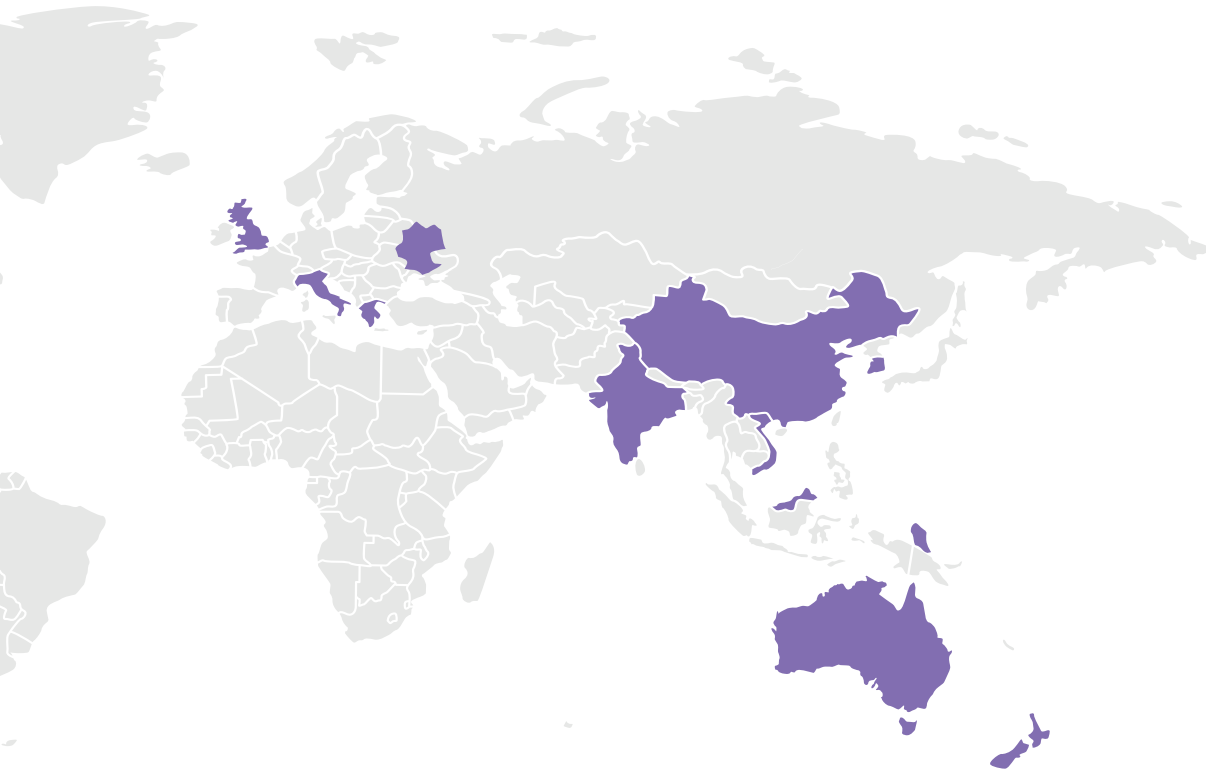


**1 Child Care Centre & Pre-School**



**3 Libraries**

# Source: Australian Bureau of Statistics 2019 Estimated Resident Population



**Top 5 origins of birth in the City**

**64.7%**  
Australia

**4.8%**  
United Kingdom

**4.3%**  
Italy

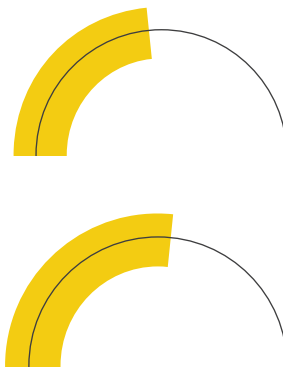
**4.0%**  
China

**2.6%**  
India

**residents**

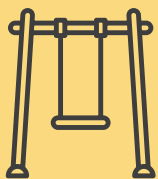
**37,056<sup>#</sup>**

The median age of people is 40 years.  
Children aged 0–14 years make up 14.3% of the population and people aged over 65 years make up 19.6%



**48%** males

**52%** females



**29 playgrounds**



**72 parks and reserves**



**180 hectares of open space**



# Strategic Direction

The City of Norwood Payneham & St Peters' strategic management plan, *CityPlan 2030: Shaping Our Future*, provides the strategic framework and directions which guide the Council's decision making towards achieving the overall aim of Community Well-being.

All programs, projects and services delivered by the Council fall under four outcome areas: Social Equity, Cultural Vitality, Economic Prosperity and Environmental Sustainability.



## Outcome 1 Social Equity

An inclusive, connected, accessible and friendly community.

### Objectives

1. Convenient and accessible services, information and facilities.
2. A people friendly, integrated and sustainable transport network.
3. An engaged and participating community.
4. A strong, healthy resilient and inclusive community.



## Outcome 2 Cultural Vitality

A culturally rich and diverse City, with a strong identity, history and sense of place.

### Objectives

1. An artistic, creative, cultural and visually interesting City.
2. A community embracing and celebrating its social and cultural diversity.
3. A City which values and promotes its rich cultural and built heritage.
4. Pleasant, well designed, and sustainable urban environments.
5. Dynamic community life in public spaces and precincts.



*Linde Reserve, Stepney*



## Outcome 3 Economic Prosperity

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A dynamic and thriving centre for business and services.

### Objectives

1. A diverse range of businesses and services.
2. Cosmopolitan business precincts contributing to the prosperity of the City.
3. Attract new enterprises and local employment opportunities to our City.
4. A leading centre for creative industries.
5. A local economy supporting and supported by its community.



## Outcome 4 Environmental Sustainability

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A leader in environmental sustainability.

### Objectives

1. Sustainable and efficient management of resource.
2. Sustainable streets and open spaces.
3. Thriving and healthy habitats for native flora and fauna.
4. Mitigating and adapting to the impacts of a changing climate.

# Strategic Planning Framework

In working towards our vision, all of the programs, projects and services which the Council delivers are structured into four key outcome areas, referred to as the 'Four Pillars' of Community Well-being.





# Objectives and Key Initiatives

In preparing the 2022–2023 Annual Business Plan and Budget, the Council has considered the strategic directions set out in *CityPlan 2030: Shaping Our Future* and has determined to undertake initiatives which respond to the Council’s vision and contribute to the overall well-being of our City and its community.



King William Street, Kent Town

The projects, programs and initiatives which the Council proposes to undertake during 2022–2023, must meet the objectives of at least one of the four key outcome areas of *CityPlan 2030*: social equity, cultural vitality, economic prosperity and environmental sustainability. In some cases, projects and initiatives may contribute towards more than one outcome. Projects and initiatives have been listed against the outcome with which it has the strongest alignment.

Other priorities which have influenced the preparation of the 2022–2023 Annual Business Plan and Budget include:

- an increase in operating expenditure in line with the Local Government Price Index and Consumer Price Index;
- ensuring the maintenance and renewal program for existing infrastructure assets, including roads, footpaths, Council owned properties and open spaces, are consistent with the Whole of Life Infrastructure and Asset Management Plans;
- consideration of financial commitment to major projects which span more than one financial year; and
- sensible and prudent financial management to ensure financial sustainability for our City.

# Major Projects



*Payneham Memorial Swimming Centre Concept*

## *Payneham Memorial Swimming Centre Redevelopment*



The Payneham Memorial Swimming Centre will be transformed into an exciting aquatic park for swimmers, families and the wider community.

The Council will be investing \$16.5 million in 2022–2023. This is in addition to the Council's \$500,000 investment last financial year.

Once completed the total investment in the state-of-the-art facility will be in the order of \$24 million with \$5.6 million contributed from the State Government.

This redevelopment includes:

- two new pools (including an all season 25 metre pool);
- high platform waterslides;
- water play areas; and
- disability access ramps to facilitate the increased use of the existing facilities, as well as supporting greater independence for all patrons.

The redevelopment will also boost the local economy by creating jobs and a direct spend on construction.

The redevelopment was outlined in the Payneham Memorial Swimming Centre Strategy which was endorsed by the Council in 2017..



## Dunstan Adventure Playground Upgrade



Local residents and the wider community will benefit greatly from major upgrades to the Dunstan Adventure Playground.

In 2022–2023, the total investment to redevelop the Playground will be \$1.3 million, which includes \$450,000 from the State Government with the remainder being funded by the Council.

The much-loved Dunstan Adventure Playground, at St Peters, has several pieces of outdated play equipment requiring regular maintenance.

The redevelopment will include:

- the installation of new adventure themed play; equipment (and the removal of old equipment);
- carpark and entry improvements;
- new public toilets;
- a new shade structure;
- lighting; and
- better path integration with the River Torrens Linear Park.

The Playground was constructed in the 1970s and although it is still very popular, this redevelopment will ensure it remains contemporary, safe and practical for many years to come.

The redevelopment is planned to commence in October 2022.

To view the concept design and images visit the Council's website [www.npsp.sa.gov.au/majorprojects](http://www.npsp.sa.gov.au/majorprojects)

## The Parade Masterplan



The Parade Masterplan forms part of the long-term strategic framework for the planning, redevelopment and activation of The Parade.

The Masterplan focuses on protecting the identity and appeal of Adelaide's premier mainstreet and how this significant economic, social and cultural asset can enhance the experience of people who choose to live, work and play on The Parade.

A prioritisation on pedestrian safety and movement is a key objective of The Masterplan. Other changes include:

- wider footpaths along the full length of The Parade;
- removal of on-street car parking between Edward and George Street;
- additional street trees and landscaping;
- new pedestrian crossings;
- new street furniture; and
- public art and lighting.

The next steps in the delivery of The Parade Masterplan is the preparation of detailed design, followed by construction.

The Council is currently in the process of selecting an experienced and qualified consultant team to commence the detailed designs.

The total cost allocated in the 2022–2023 budget is \$2 million. This includes the upgrade of George Street plus funding for the detailed design of The Parade between Fullarton Road and Portrush Road.

The upgrade to The Parade is currently planned to be undertaken over four years commencing in 2024.



# Outcome 1 Social Equity

An inclusive, connected, accessible and friendly community.

## 2021–2022 Achievements

### Capital Works Program

Completed the annual Capital Works Program, which includes upgrades to civil infrastructure (roads, footpaths stormwater drainage and kerbing), buildings and open space assets.

### Community Survey

Completed the 2021 Community Survey. The biennial survey involved 601 face to face interviews with residents and/or business operators.

### New Digital Look East

Launched a digital and interactive edition of the Council's community publication, Look East, and increased its production from twice a year to four times a year.

### Zest for Life

Hosted Zest for Life – a program of events that encourage positive and active ageing and promote Community Well-being.

## Annual Business Plan Objectives

- Continue to deliver services which are relevant, community focussed and cost effective.
- Continue to maintain and renew the City's infrastructure assets in line with the Council's whole-of-life framework for infrastructure.
- Deliver programs and activities that which engage our young people in the City's future.
- Provide a variety of events and programs that engage all citizens regardless of age, ability.
- Ensure fair and equitable rates for all ratepayers.

## Proposed key initiatives for 2022–2023

- Deliver the Annual Capital Works Program in accordance with the respective infrastructure and asset management plans, including civil infrastructure (roads, footpaths and kerbing), buildings and open space assets.
- Commence construction of the state-of-the-art Payneham Memorial Swimming Centre.
- Continue the implementation of the 15 year Stormwater Drainage Program.
- Complete the redevelopment of Burchell Reserve.
- Complete Stage 2 of the River Torrens Linear Park Shared Path Upgrade Project.





## Outcome 2 Cultural Vitality

A culturally rich and diverse city, with a strong identity, history and sense of place.

### 2021–2022 Achievements

#### Major Artwork

Commenced procurement of the Council's fourth Major Quadrennial Public Artwork.

#### Hosted Popular Events

Art on Parade  
Movie in the Park  
Twilight Carols  
St Peters Fair  
Concerts in the Park series



#### Annual Business Plan Objectives

- Promote our cultural diversity through the use of public art and events that complement the City's cultural heritage and enhance its sense of place.
- Provide opportunities for the community to contribute to the social and creative life of the City through events, activities, arts and cultural initiatives.
- Provide a variety of events and programs which engage all citizens, regardless of age, ability, gender or cultural background.

#### Proposed key initiatives for 2022–2023

- Deliver a number of programs and activities which are focussed on achieving the objectives set out in the Council's Youth Strategy.
- Installation of the Council's fourth Major Quadrennial Public Artwork.
- Host the Concerts in the Park series.
- Further explore heritage protection opportunities through the Council's Built Heritage Strategy Action Plan.
- Host a Stage of the Tour Down Under which returns to South Australia in 2023.





## Outcome 3 Economic Prosperity

A dynamic and thriving centre for business and services.

### 2021–2022 Achievements

#### Raising the Bar

Hosted Raising the Bar Adelaide and Eastside Happy Hour events across the City.

#### Business Initiatives and Competitions

Supported local businesses through a range of initiatives and competitions such as Win a Fiat on The Parade and Book a Holiday – Win a Holiday.

#### Eastside Business Awards

Hosted the fifth Eastside Business Awards to recognise the best small businesses in the City, as voted by the public.

#### Financial Support Package

Provided the third financial support package to local businesses impacted by State Government density restrictions.

### Annual Business Plan Objectives

- Support the development of a prosperous local economy.
- Continue to engage, network and explore opportunities to grow the local businesses.

### Proposed key initiatives for 2022–2023

- Launch the Eastside Design for Living booklet.
- Host the sixth annual Eastside Business Awards to recognise the best small businesses, including retailers, restaurants, cafes, bars, venues, cultural experiences and entertainment venues in the City.
- Host Raising the Bar Adelaide in various venues — creating an environment of academia, learning and fun in laid back casual settings throughout the City.
- Commence detailed design of The Parade Masterplan.



## Outcome 4 Environmental Sustainability

A leader in environmental sustainability.

### 2021–2022 Achievements

#### Tree Strategy

Developed the Tree Strategy 2022–2027.

#### E-scooter

Implemented e-scooter trials across the City.

#### Corporate Emissions Strategy

Commenced implementation of the Corporate Emissions Reduction Strategy actions.

#### Urban Greening

Implemented a range of urban greening initiatives.

#### Smart City Plan

Commenced implementation of the Smart City Plan actions.

### Annual Business Plan Objectives

- Ensure any urban development that is undertaken enhances the environmental, social, cultural character and unique 'sense of place' of the City.
- Maximise use of the City's open space by providing a range of active and passive open space recreation opportunities.
- Promote recycling and environmentally sustainable practices throughout the City.

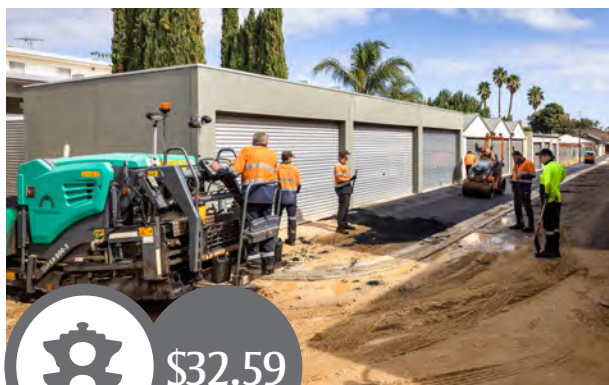
### Proposed key initiatives for 2022–2023

- Continued support of Resilient East which aims to strengthen the resilience of the Council and its community in respect to the impacts of climate change project.
- Complete St Peters Streetscape Upgrade to improve connection with the River Torrens and upgrade existing infrastructure.
- Following a successful trial, continuation of the Urban Greening Program.
- Education program to encourage the community to adopt a tree.
- Install electric vehicle charging stations across the City.



# Services

For every \$100 paid in rates, the breakdown in Council expenditure is as follows:



## Infrastructure Management

- Asset management
- Strategic projects
- Civil infrastructure maintenance
- Streetscape maintenance
- Public lighting
- Stormwater drainage network
- Traffic Management



## Waste & Recycling Services

- Kerbside collection of
  - Household waste
  - Recyclables
  - Green organics
- Hard waste collection and disposal
- Public litter bins
- Illegal dumping



## Trees, Parks, Sport & Recreation

- Reserve maintenance
- Sports and recreational facilities
- Street trees
- Swimming centres



## Economic Development, Regulatory Services, Environment & Planning

- City planning
- Building inspections
- Parking management
- Animal management
- Abandoned vehicles
- Business precinct management
- Economic development
- Environmental sustainability initiatives



### Community, Health, Aged & Youth Services

- Environmental health and services
- Community programs
- Home care assist
- Youth services
- St Peters Child Care Centre & Pre-school
- Volunteer Services



### Libraries & Community Facilities

- Library services
- Lifelong Learning Programs
- Facility hire (casual and long term)
- Norwood Concert Hall



### Community Events, Arts & Heritage

- Community events
- Community arts
- Cultural heritage



### Governance, Communications & Administration

- Corporate governance
- Financial management and services
- Information management and services
- Customer services
- People and organisational development
- Internal and external communications
- Media liaison
- Marketing

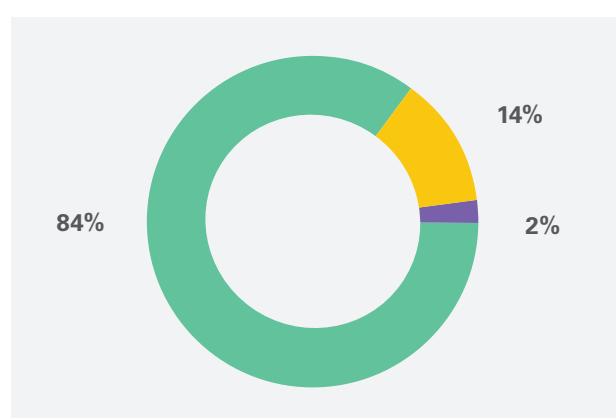


# Infrastructure Management



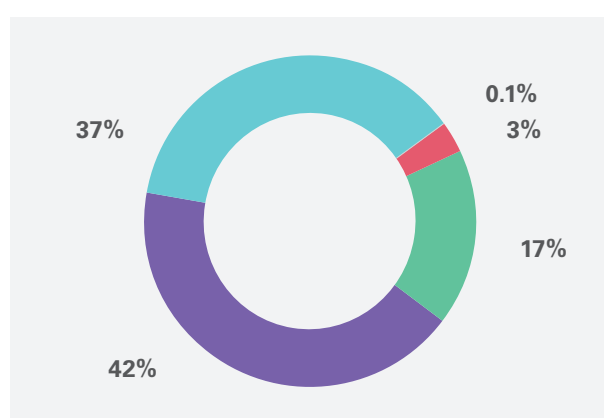
## 2022–2023 Budget \$29.755 million\*

### Where it is spent



● Recurring Expenditure	\$4,234,802
● Service Initiatives	\$481,000
● Capital Expenditure	\$25,039,164

### Source of funds



● Operating Grant Funding	\$1,022,298
● Rates	\$12,153,835
● Capital Grant Funding	\$5,355,823
● Other Capital Funding	\$18,000
● Borrowings	\$11,356,821

### Services Provided

- **Asset management**, which provides project management services for the capital works program, which includes;
  - road reseals;
  - footpath;
  - kerbing and watertable; and
  - stormwater drainage network system.
- **Civil infrastructure maintenance** which includes programmed and responsive maintenance of the Council's civil infrastructure assets
- **Road and traffic management**
- **Street lighting**
- **Streetscape maintenance**

### Projects and Service Initiatives

- **Civil Infrastructure Capital Works Program**
- **Trinity Valley Storm Drainage Upgrade** which involves works to reduce the risk of flooding in St Morris, Maylands, Stepney and Trinity Gardens. The work will be delivered over the next three years commencing in 2022–2023.
- **Replacement of small plant and equipment used in maintenance activities**
- **Street lighting renewal and upgrade**
- **Implementation of 40km per hour speed limit in Norwood and Kent Town**

Further details are provided in Appendix 1.

\*Includes carry forward projects.

## Infrastructure Maintenance

Infrastructure Maintenance is responsible for the administration for both the programmed and responsive maintenance of the Council's civil infrastructure assets, to maintain infrastructure to the required standard.

Also included, is the management of the City-wide Street Cleansing and the Norwood Parade Footpath Sweeping Program.

Services undertaken by Civil Infrastructure Maintenance also includes:

- **Footpath, Kerb & Watertable**

Income	-
Expenditure	\$925,961
Net Cost/(Net Contribution)	\$925,961

- **Road & Traffic Management**

Income	\$660,000
Expenditure	\$1,442,137
Net Cost/(Net Contribution)	\$782,137

- **Stormwater Network**

Income	-
Expenditure	\$280,587
Net Cost/(Net Contribution)	\$280,587

- **Streetscape Maintenance**

Income	-
Expenditure	\$1,109,433
Net Cost/(Net Contribution)	\$1,109,433

- **Management of the Council's public lighting**

Income	-
Expenditure	\$618,500
Net Cost/(Net Contribution)	\$618,500

## Asset Management

The Council's strategic asset management staff are responsible for the maintenance, construction, renewal and disposal of Council's facilities and assets, including the preparation of the Capital Works Program. This unit is responsible for the expenditure of external infrastructure grants such as the Roads to Recovery Program and project specific grants.

Specific areas covered by Asset Management include:

- **Capital project services** - This area provides project management services for capital works construction and contract management associated with Council assets, in particular, the delivery of road, kerb, footpath, water table and stormwater drainage capital works renewal projects. Staff also oversee external contracts for the provision of building maintenance services for Council buildings including cleaning, plumbing, carpentry, electrical, air conditioning, painting, general maintenance and renewal.
- **Open space planning and delivery** - Staff in this area develop and implement open space policies and strategies; develop the public open space asset renewal and improvements program; undertake project management for capital works relating to open space improvements; provides internal technical advice and provide assistance to local community groups.
- **Assets and special projects** - Staff in this area maintain the Council's Whole-of-Life Asset Management Plans and prepares scope of works for major capital works projects.

Income	\$362,298
Expenditure	\$339,184
Net Cost/(Net Contribution)	(\$23,114)





East Waste truck at Materials Recovery Facility





# Waste & Recycling Services



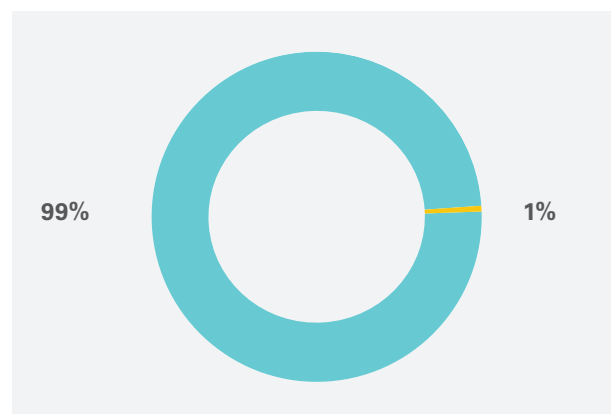
## 2022–2023 Budget \$4.537 million\*

### Where it is spent



● Recurring Expenditure	\$4,536,706
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### Source of funds



● User Fees and Charges	\$43,000
● Rates	\$4,639,751

This service oversees external contracts responsible for kerbside recyclables and residual waste collection, illegally dumped rubbish, hard and green waste collection, street and parks rubbish bin collection.

\*Includes carry forward projects.



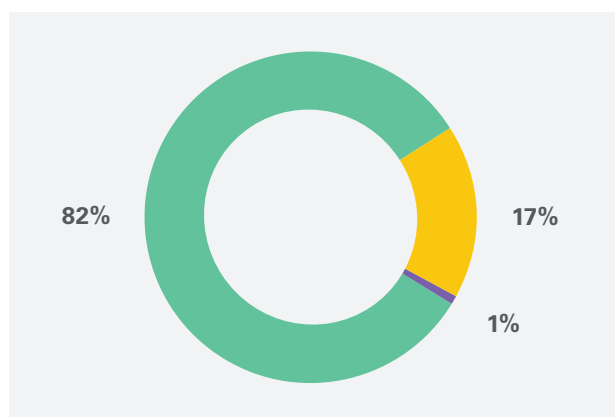


# Trees, Parks, Sport & Recreation



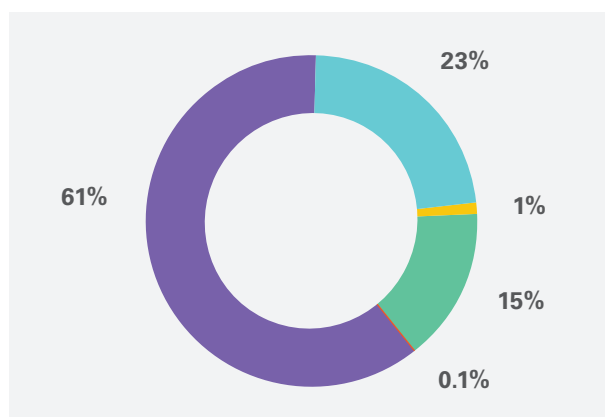
## 2022–2023 Budget \$27.197 million\*

### Where it is spent



● Recurring Expenditure	\$4,668,126
● Service Initiatives	\$162,000
● Capital Expenditure	\$22,366,577

### Source of funds



● User Fees and Charges	\$309,041
● Rates	\$6,192,238
● Other Income	\$21,550
● Capital Grant Funding	\$4,559,000
● Borrowings	\$17,386,947

### Services Provided

- Reserve maintenance includes parks, gardens and reserves
- Sporting and recreational facilities include recreational and sporting facilities such as sporting fields and tennis courts
- Street trees include the management of the City’s 23,000 street trees
- Swimming Centres include the Norwood Swimming Centre and the Payneham Memorial Swimming Centre

### Projects and Service Initiatives

- Recreation and Open Space Works Program
- Additional street tree planting
- Commencement of the redevelopment of Payneham Memorial Swimming Centre
- Undertaking the Burchell Reserve Upgrade Project
- Commence redevelopment of Dunstan Adventure Playground
- Cruickshank Reserve Building Upgrade

Further details are provided in Appendix 1.

\*Includes carry forward projects.

### Reserve Maintenance

The Council has more than 180 hectares of reserves, parks gardens. This area is responsible for the ongoing maintenance of the Council's reserves, parks and gardens.

Income	-
Expenditure	\$2,374,427
Net Cost/(Net Contribution)	\$2,374,427

### Sporting and Recreational Facilities

The Council provides a wide variety of recreational and sporting facilities such as sporting fields and tennis/netball courts, which are available for either casual hire or seasonal hire or leased to home sporting clubs within the City. This also includes administration of the hire of the Council's sporting facilities, as well as managing the ongoing maintenance of the open space and associated infrastructure provided at these facilities.

Income	\$95,450
Expenditure	\$532,747
Net Cost/(Net Contribution)	\$437,297

### Street Trees

Approximately 23,000 street trees are located throughout the City with several thousand more trees located on reserves. This area is responsible for the management of the Council's street trees, which includes inspection, condition assessment and ongoing maintenance such as watering, pruning, planting and removal.

Income	-
Expenditure	\$1,363,471
Net Cost/(Net Contribution)	\$1,363,471

### Swimming Centres

The Council owns and operates two swimming centres, the Norwood Swimming Centre and Payneham Memorial Swimming Centre. Both centres provide for lap swimming, swimming lessons and general recreational swimming.

Income	\$235,141
Expenditure	\$559,481
Net Cost/(Net Contribution)	\$324,340

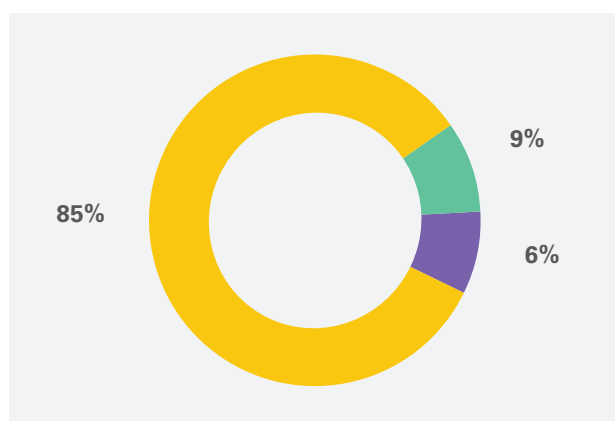


# Economic Development, Regulatory Services, Environment & Planning



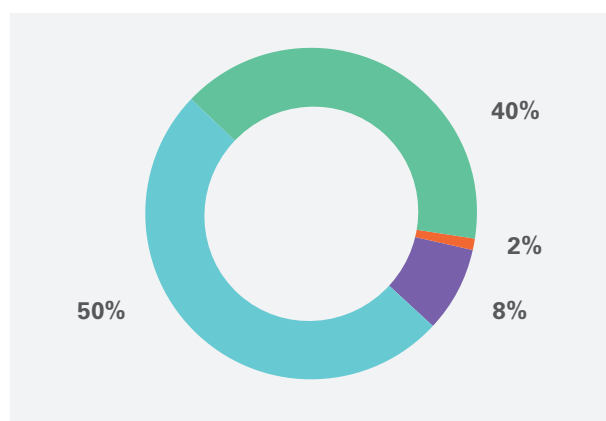
## 2022–2023 Budget \$4.601 million\*

### Where it is spent



● Recurring Expenditure	\$3,924,919
● Service Initiatives	\$276,000
● Capital Expenditure	\$400,000

### Source of funds



● Statutory Fees	\$1,873,750
● Rates	\$2,392,405
● Other Income	\$70,000
● Borrowings	\$400,000

### Services Provided

- Business networking events
- Marketing The Parade and other business precincts throughout the City
- Ongoing promotion of the Eastside Wine & Ale Trail
- City planning
- Regulatory services
- Environmental management

### Projects and Service Initiatives

- **Eastside Business Awards** – is an awards program that recognises the best small business, retailers, restaurants, cafes bars, venues and boutiques within the City.
- **Raising the Bar** – activates venues within the City as they are transformed into relaxed learning environments with the aim of making education part of popular culture.
- **Urban Greening Program**
- **Borthwick Park Creek Improvements**
- **Dog & Cat Management Plan education campaign**
- **Sustainable Garden Awards**

Futher details are provided in Appendix 1.

\*Includes carry forward projects.

## City Planning

Responsible for the development of strategic policy and planning across the City, this area issues planning permits, controls the use and development of land, land divisions, liquor licenses, administers heritage controls and advice, and sustainable urban design advice.

Income	\$398,500
Expenditure	\$1,697,586
Net Cost/(Net Contribution)	\$1,299,086

## Building Inspections

This area issues building permits and administers and enforces building regulations, siting provisions and legal requirements concerning building safety.

Income	\$100,000
Expenditure	\$249,803
Net Cost/(Net Contribution)	\$149,803

## Economic Development

Provision of services and events which facilitate economic growth in the retail and commercial precincts throughout the City.

Income	\$343,500
Expenditure	\$995,078
Net Cost/(Net Contribution)	\$651,578

## Environmental Management

This area leads the delivery of projects aimed at achieving a sustainable environment for the City and the organisation. This incorporates the support of a range of programs and events designed to engage the community to take action on climate change and includes strategic planning in the areas of water, greenhouse emissions and climate change adaptation and sustainable transport.

Environmental Management also includes the management of First, Second, Third and Fourth Creeks and environmental pests such as European wasps and noxious weeds.

Income	\$54,000
Expenditure	\$467,491
Net Cost/(Net Contribution)	\$413,491

## Regulatory Services

This area is responsible for administration of the Council's by-laws, policies and other legislation which the Council is charged with administering. Specific areas covered by Regulatory Services include:

- Animal Management – With more than 3,000 dogs residing in our City, it is important that certain provisions surrounding their care and control are applied. Regulatory Services staff administer the provisions of the *Dog & Cat Management Act 1995* which includes annual dog registration, managing barking and noise complaints, and ensuring dogs are not found wandering at large where they pose a significant threat to their own safety, as well as to that of other members of our community who may not be familiar with the best way to handle a distressed or wandering dog.
- On-street Parking Management – The Council is responsible for ensuring that the parking provisions (Part 12) of the Australian Road Rules as well as the *Private Parking Areas Act 1986* are observed by motorists. In addition this area leads the management of resident parking permits in line with the Council's Resident Parking Permit Policy.

Regulatory Services is also responsible for the management of abandoned vehicles and the investigation and enforcement of alleged breaches of Council's local laws including issues associated with building site management, kerbside trading, amenity and litter control and flammable growth.

Income	\$1,262,750
Expenditure	\$801,961
Net Cost/(Net Contribution)	(\$460,789)



## Community, Health, Aged & Youth Services



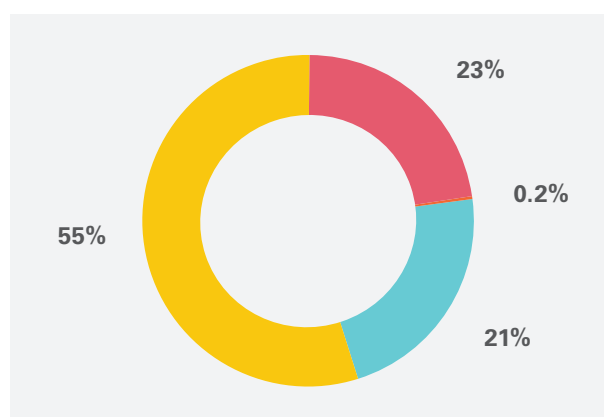
### 2022–2023 Budget \$4.799 million\*

#### Where it is spent



● Recurring Expenditure	\$4,714,115
● Service Initiatives	\$85,000

#### Source of funds



● User Fees and Charges	\$2,746,220
● Rates	\$1,139,439
● Other Income	\$8,080
● Grant Funding	\$1,057,869

#### Services Provided

- St Peters Child Care Centre & Preschool
- Home and community care
- Domestic care
- Home modifications
- Personal care
- Transport
- Health and fitness programs
- Social inclusion programs
- Youth programs
- Immunisations
- Environmental health inspections
- Volunteer services
- Community Visitors Scheme

#### Projects and Service Initiatives

- Review of the Access and Inclusion Strategy
- Canvas Youth Art and Events Project – is a youth art program which provides young people with the opportunity to work alongside industry professionals in visual art, photography and film.
- Youth Development Strategy - a program of events which include:
  - sport week;
  - community cooking;
  - skills development; and
  - Wheel Park.

\*Includes carry forward projects.



## Community Services

Community services offered by the Council include the Community Visitors Scheme that provides Volunteer visitors to socially or culturally isolated residents living in Federal Government subsidised aged care homes. Community Visitors are Council Volunteers who visit on a one-to-one basis.

Other programs provided include:

- health and fitness programs; and
- a range of social support activities designed to improve social connectedness and quality of life.

Income	\$78,500
Expenditure	\$116,372
Net Cost/(Net Contribution)	\$37,872

## Home and Community Care Services

The Council's Home and Community Care (HACC) services is funded by the Federal and State Government to provide community care services for our City's frail aged and younger residents with a disability and their carers.

The services are designed to prevent social isolation, and provides individuals with assistance to maintain their independence and remain in their own homes for as long as possible. The range of services - which are available to help the frail and aged, people with a disability and their carers, who live within the community - include:

- home maintenance and safety and security assistance;
- personal care and cleaning; and
- transport services.

Income	\$1,127,169
Expenditure	\$1,245,856
Net Cost/(Net Contribution)	\$118,687

## Youth Development

The Council is committed to providing opportunities for young people aged 12–25 years to be visible, valued and involved in shaping the current and future direction of the community. Services and programs delivered include Youth FM, Young Achievers Program and Eastern Region Youth Projects.

Income	-
Expenditure	\$197,053
Net Cost/(Net Contribution)	\$197,053

## Volunteer Services

Volunteers play a vital role in ensuring that the Council can deliver a range of important services to our community.

Volunteer Services is responsible for the development and promotion of volunteering opportunities across the Council's full range of services and activities, including the recruitment, recognition and training of Council Volunteers.

Income	-
Expenditure	\$148,046
Net Cost/(Net Contribution)	\$148,046

## St Peters Child Care Centre & Preschool

The Council owns and operates the St Peters Child Care Centre and Preschool community-based child care centre and preschool. The Centre is licensed to provide child care and preschool services for 105 children between the ages of six weeks and five years of age. The St Peters Child Care Centre & Preschool provides a preschool program under the Government's Universal Access Program.

Income	\$2,608,500
Expenditure	\$2,496,788
Net Cost/(Net Contribution)	(\$111,712)

## Environmental Health Services

The area aims to enhance public health by managing the registration of all premises as required under the *South Australian Public Health Act 2011* along with the City's immunisation program. These services are provided on behalf of the Council by the Eastern Health Authority.

Income	-
Expenditure	\$595,000
Net Cost/(Net Contribution)	\$595,000

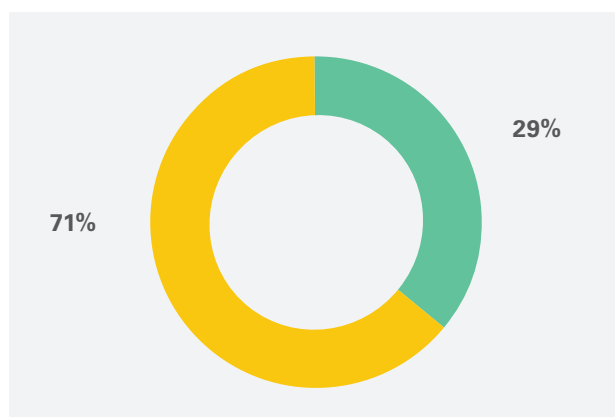


# Libraries & Community Facilities



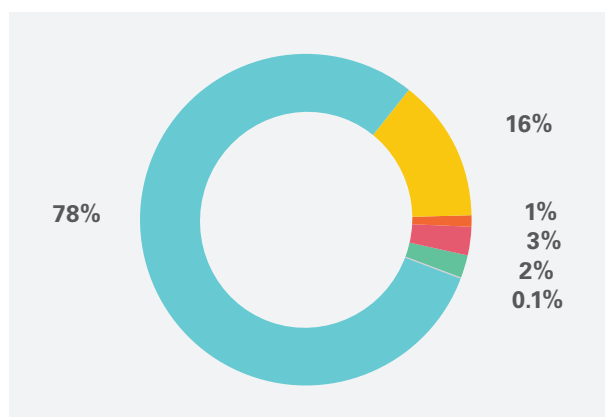
## 2022–2023 Budget \$4.120 million\*

### Where it is spent



● Recurring Expenditure	\$2,922,251
● Capital Expenditure	\$1,198,000

### Source of funds



● User Fees and Charges	\$679,650
● Rates	\$3,368,514
● Other Income	\$43,160
● Grant Funding	\$123,000
● Capital Grant Funding	\$110,000
● Other Capital Funding	\$7,000

### Services Provided

- **Libraries** – Library services are provided by the Council across three locations and include;
  - free use of computers and internet;
  - training programs;
  - home library;
  - infant and children programs; and
  - book groups.
- **Norwood Concert Hall** is a versatile event space that is available for hire for musical theatre production and functions such as balls.
- **Community Facilities** – are provided by the Council and are available to hire—from rooms to entire buildings—on a casual basis or under a long-term lease. From rooms for hire to entire buildings which can be hired on a casual basis or under a long-term lease.

### Projects and Service Initiatives

- **Council Building Works Program**
- **Acquisition of Library resources** such as books, DVDs and other items.

Further details are provided in Appendix 1.

\*Includes carry forward projects.

## Libraries

The Council operates three Libraries, located at Norwood, St Peters and Payneham. The services provided include free access to educational and recreational resources including books, magazines, DVDs and CDs; online databases; public internet access; programs and events; local history services; and inter-library loans.

Income	\$148,000
Expenditure	\$1,798,834
Net Cost/(Net Contribution)	\$1,650,834

## Community Facilities

The Council has a number of buildings and facilities available for casual hire or long-term lease. This area is responsible for the management of these facilities.

Income	\$322,210
Expenditure	\$784,893
Net Cost/(Net Contribution)	\$462,683

## Norwood Concert Hall

The Norwood Concert Hall caters for events of all sizes, including Adelaide Festival productions, international acts, product launches, school concerts, cabaret acts, grand balls and weddings.

Income	\$375,600
Expenditure	\$338,524
Net Cost/(Net Contribution)	(\$37,076 )

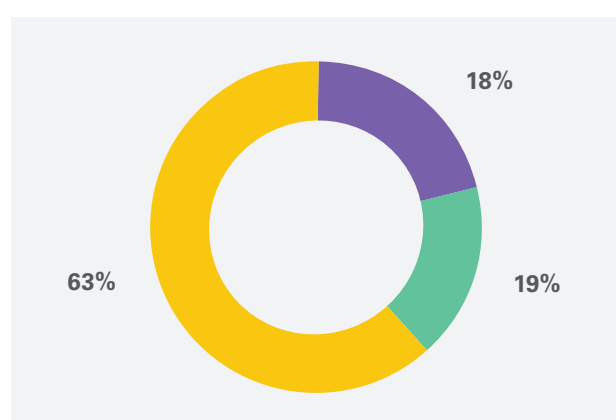


## Community Events, Arts & Heritage



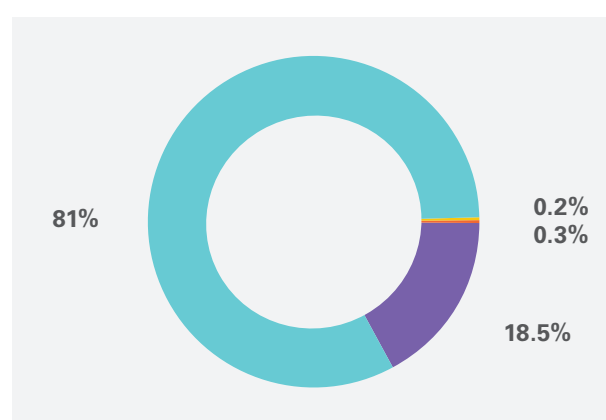
### 2022–2023 Budget \$1.475 million\*

#### Where it is spent



● Recurring Expenditure	\$925,209
● Service Initiatives	\$266,000
● Capital Expenditure	\$283,762

#### Source of funds



● User Fees and Charges	\$2,800
● Rates	\$1,221,756
● Other Income	\$5,000
● Borrowing	\$283,762

#### Services Provided

- **Community Events** – are hosted by the Council across a diverse range of areas including festivals, concerts, performances and activities.
- **Community Arts** – initiatives are delivered in accordance with the Council's Public Art Policy and Program, which includes;
  - Art on The Parade;
  - public art throughout the City;
  - support of local artists through the SALA Festival; and
  - exhibitions in the Norwood Town Hall.
- **Cultural Heritage** activities and services which recognise the heritage of the City, including;
  - Cultural Heritage Centre;
  - SA History Festival Program of events; and
  - Cultural Heritage signs, walks and trails.

#### Projects and Service Initiatives

- 2023 Tour Down Under
- New Concerts series in Norwood Concert Hall
- Heritage Protection Opportunities
- Quadriennial Public Art Project

Futher details are provided in Appendix 1.

\*Includes carry forward projects.



## Community Events

This area coordinates and delivers a number of events held by the Council which cater to the wide demographic of our community. Events include:

- Norwood Christmas Pageant;
- Twilight Carols and Christmas Market;
- St Peters Fair;
- A Day of Fashion;
- Concerts in the Park;
- Australia Day Celebrations;
- Citizenship Ceremonies; and
- Tour Down Under.

Income	\$2,800
Expenditure	\$730,548
Net Cost/(Net Contribution)	\$727,748

## Community Arts

As a culturally rich and socially diverse community, the City of Norwood Payneham & St Peters has a long tradition of valuing creativity and artistic expression. This area supports the Council's Public and Community Arts Programs which are informed by the Thinking Through The City Minor Public Artworks Strategic Plan 2009–2019 and the Council's Public Art Policy.

Income	\$5,000
Expenditure	\$203,296
Net Cost/(Net Contribution)	\$198,296

## Cultural Heritage

The Council's Cultural Heritage Program assists the community to understand, celebrate and benefit from the City's rich and distinctive history through the provision of a number of specialist historical services and activities.

Income	-
Expenditure	\$257,365
Net Cost/(Net Contribution)	\$257,365

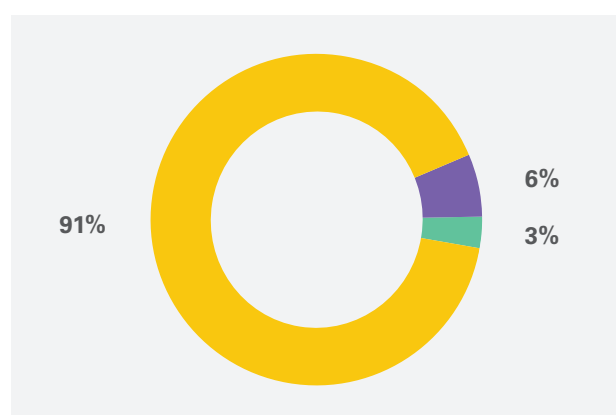


# Governance, Communications & Administration



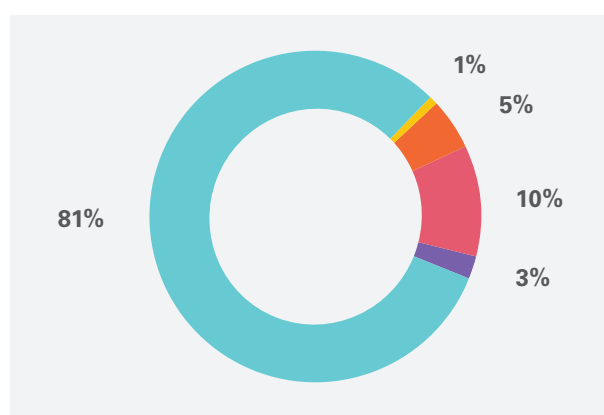
## 2022–2023 Budget \$7.550 million\*

### Where it is spent



● Recurring Expenditure	\$6,941,457
● Service Initiatives	\$385,394
● Projects	\$223,140

### Source of funds



● User Fees and Charges	\$90,000
● Rates	\$6,412,766
● Other Income	\$369,950
● Grant Funding	\$805,000
● Borrowings	\$233,140

### Services Provided

- Financial management and services
- Customer service
- Human resources and employee services
- Communications and public relations
- Information management
- Rates administration
- Governance
- Elected Members
- Risk management

### Projects and Service Initiatives

- Local Government Elections
- Upgrades to the Council’s Business Systems
- Website upgrades and refresh

Further details are provided in Appendix 1.

\*Includes carry forward projects.

### Governance

Corporate Governance supports the Council’s decision-making processes, compliance with legislation and minimisation of risk to enable the Council to meet community needs and legislative requirements transparently.

This area provides administrative support and assistance to the Mayor and Elected Members, and handles enquiries and complaints from the public. Corporate Governance also includes the Chief Executive’s Office which provides executive leadership through the coordination of policy development, communication of strategic directions and performance monitoring.

Income	\$340,000
Expenditure	\$2,241,262
Net Cost/(Net Contribution)	\$1,901,262

## Communications

The Communications team manages the Council's internal and external communications including public relations, social media, and various publications.

Income	\$20,000
Expenditure	\$590,268
Net Cost/(Net Contribution)	\$570,268

## Council Administration

### Financial Management and Services

Financial Management and Services ensure the effective management and control of the Council's financial resources.

Financial management includes the provision of strategic financial management and leadership, budgeting and financial performance monitoring, preparation of annual financial statements and treasury management. Financial management also includes the Council's annual business planning, provision of project management support and advice and undertakes long-term financial planning, performance monitoring and reporting.

Financial Services incorporates the provision of financial activities to the Council, including;

- cost effective and efficient accounts payable and accounts receivable services;
- monitoring the application of financial internal controls;
- cost effective and efficient payroll services whilst contributing to the maintenance and development of the Council's Human Resource Information System;
- administration of the Council's insurance program;
- administration the Council's leased vehicle fleet; and
- asset reporting.

Income	\$805,000
Expenditure	\$1,421,839
Net Cost/(Net Contribution)	\$616,839

### Rates

The Rates area maintains the Council's property rating database, facilitates the collection of rates and charges from the residents and ratepayers of the Council and provides property information to the community.

Income	\$97,700
Expenditure	\$387,005
Net Cost/(Net Contribution)	\$289,305

### Customer Service

Customer Service is the primary interface between the Council, the community and the delivery of services. Customer Service staff provide information to the City's citizens via direct telephone, service desk and online request services, and provides over the counter payment options for the payment of rates and other fees and charges for Council services and administers the Council's electronic payment options.

Income	\$2,250
Expenditure	\$460,575
Net Cost/(Net Contribution)	\$458,325

### Information Management and Services

This area provides support to deliver on organisational priorities and improved service delivery to the community through information and communication technology. Information management incorporates the maintenance of the Council's corporate records.

Income	-
Expenditure	\$1,557,100
Net Cost/(Net Contribution)	\$1,557,100

### Organisational Development and Work Health and Safety

Organisational Development supports the Council's management and staff by providing advice in the areas of human resources, organisational development and performance.

Services provided include industrial advice and human resources, recruitment and training and development programs. Organisational Development staff also manage the business excellence program and the Council's work health and safety program.

Income	-
Expenditure	\$668,802
Net Cost/(Net Contribution)	\$668,802

# Long-term Financial Plan

## Overview

Financial sustainability is a key objective of the Council, as a sound financial base is essential to delivering on the strategic directions contained in *CityPlan 2030: Shaping Our Future* and the delivery of programs and services set out in the Annual Business Plan.

**The Council's Long-term Financial Plan supports the Council to achieve financial sustainability, particularly in the face of the significant challenge of being expected to deliver more with minimal increases in rate revenue. The Plan sets out the Council's financial strategies and commitment over the long-term to ensure that as a Council, we can meet this challenge. The Plan is driven by the need to deliver enhanced and improved services to our ratepayers and residents, by the most efficient and effective means possible.**

The Council's long-term financial sustainability is dependent on ensuring that, on average over time, the Council's income can cover the cost of its operational expenses and generate sufficient cash flows to meet loan servicing requirements.

The Council's Operating Result, as shown in *Graph 1*, demonstrates how the Council has been able to achieve financial sustainability with sustained operating surpluses.

The Long-term Financial Plan provides a high level framework to guide the preparation of the Annual Business Plan and Budget, so that the Council understands the impact of decisions that are made today, have on the future, so we can be over the long-term.

The Council undertakes an annual review of the Long-term Financial Plan and updates the financial estimates set out in the plan based on the decisions made in developing the 2022–2023 Annual Business Plan and Budget to ensure it is continuing to deliver on the outcomes set out in the Plan

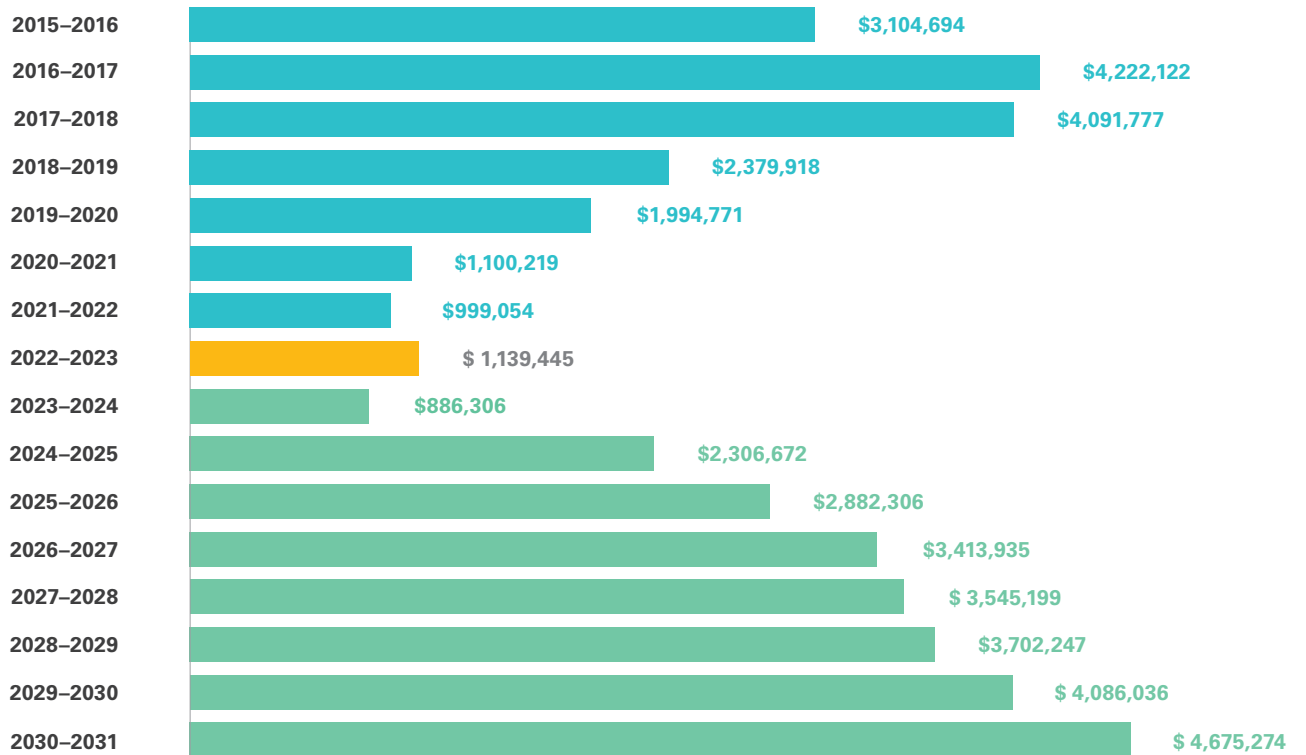
A copy of the Council's Long-term Financial Plan is available at [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



Graph 1

**Operating Surplus  
2015–2016 to 2030–2031**

Actual Proposed Forecast



# Rates

Council rates are a form of property taxation and are the main source of income which the Council uses to fund the planned projects, programs and services detailed in this Annual Business Plan, on behalf of the City.

**Like all Local Governments around the nation, the City of Norwood Payneham & St Peters has not been immune from various and unpredictable economic impacts, particularly as a result of the COVID-19 pandemic.**

Rates are the main source of income for the Council and they fund essential services such as management of infrastructure, public health and safety, as well as major capital projects, the provision of community programs, events and festivals.

Over the 12 months to the March 2022 Quarter, the Consumer Price Index (CPI) rose by 5.1%—the highest reading since the introduction of the Goods and Services Tax in the early 2000s.

The increasing cost of goods and services has an immediate and direct effect on the Council's core activities and the cost of the delivery of major projects, which ultimately affects Council rates.

Coupled with increasing costs and to deliver services, and upgrading the City's infrastructure and other assets, there has been a steep increase in property values—an average of 25 per cent growth of all properties across the City—which needs to be taken into account when setting rates.

In preparing the Annual Business Plan and Budget, one of the key objectives for the Council is to ensure that rate revenue is kept to a responsible level, reflective of the service level of community infrastructure, services and programs provided and to ensure that rates are applied across the community as fairly and equitably as possible.

Over the past financial year, the State Government made amendments to the *Local Government Act*, which are intended to create consistency across all councils in South Australia when it comes to informing ratepayers about annual changes to their rates.

For the 2022–2023 financial year, a total of \$38.4 million will be collected through general rates, an increase of 6% or \$2.173 million on 2021–2022.

While the average rate increase is in line with the Adelaide CPI, the actual rates payable will vary according to individual property valuations, the respective land use of the property and whether there has been any development or improvements to the property.

Applying the new State Government's methodology for reporting the change in the average rate, the rates collected from residential properties, have on average, increased by \$144 per property on 2021–2022, whereas rates collected from commercial and industrial properties have, on average, decreased by \$107 and \$125 respectively. Rates collected from other land uses have, on average, decreased by \$260 per property.

This year to counteract the significant increase in property values which have been experienced across the City, the Council has budgeted for a decrease of 14.9% in the rate-in-the-dollar. The change in the rate-in-the-dollar increase takes into account general property valuation increases, new development, cost increases and changes in service levels.

The general rate revenue is collected from property owners by applying a rate-in-the-dollar to the capital value of individual properties.

The Council supplements revenue with funding from other sources, such as fees and charges, State and Federal Government grants, investment incomes and loan borrowings.

Details of the Council's Rating Policy is included in Appendix 4 of this document with the complete policy available at [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)

**Average Rate = Rate Revenue / Number of Properties**

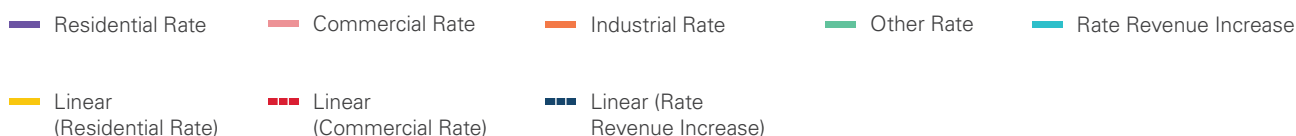
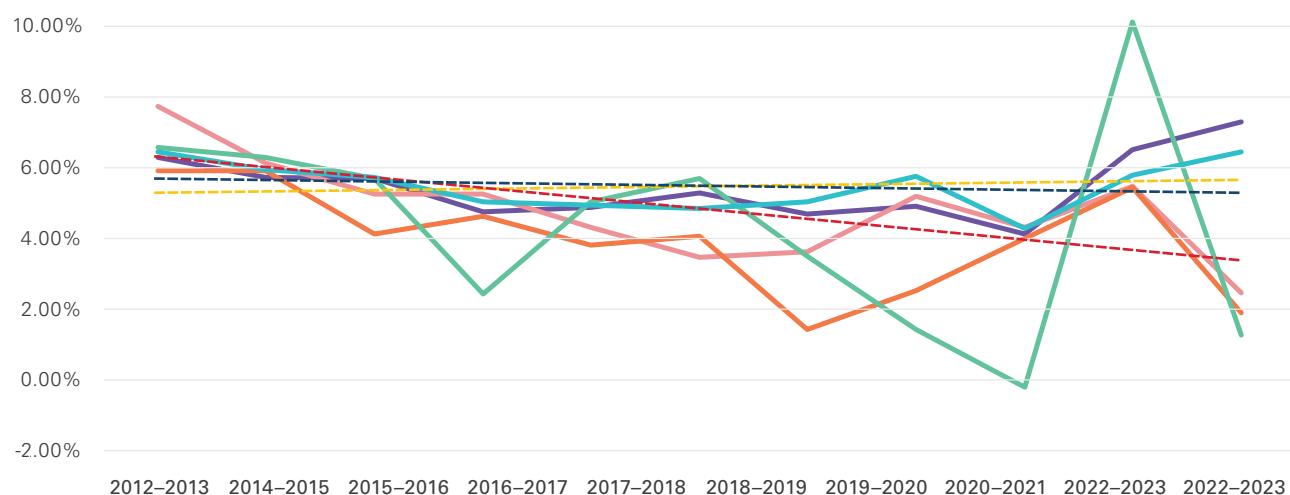
**Average Residential Property = Capital Value / Number of Properties**

For 2022–2023, the ‘average residential property’ is valued at \$866,000, with the rates payable being \$1,678. The value of the ‘average residential property’ has seen a 26.2% increase in capital value from 2021–2022. Therefore, taking into account the capital value movement, the total increase in rates payable for the ‘average residential property’ will be 7.4%.

The ‘average commercial property’ is valued at \$1,018,000, with the rates payable being \$2,515. The value of the ‘average commercial property’ has seen a 11.6% increase in capital value from 2021–2022. Therefore, taking into account the capital value movement, the total decrease in rates payable for the ‘average commercial property’ will be 5.1%.

Graph 2

**Impacts of Council's Rating Policy - Average Rate**



# Budget Overview

## 2022–2023

Our financial goal is to be a Council which delivers on its strategic outcomes by managing our financial resources in a sustainable and equitable manner.

**The 2022–2023 Budget has been developed within the Council’s planning framework and sets the strategic direction over the medium and long term, converting these into annual actions and outputs.**

The development of the Budget has been undertaken in consultation and review by the Council’s Elected Members, Council staff and in consultation with the community.

As South Australia undergoes economic recovery from the COVID-19 pandemic, the focus in developing the 2022–2023 Annual Business Plan and Budget, has been on ensuring the Council maintains the standards for its existing range of services which are aimed at supporting the delivery of the Strategic Objectives outlined in the Council’s Strategic Management Plan *CityPlan 2030: Shaping Our Future*, and that those services receive the appropriate funding.

The Budget reflects decisions which have assumed that the restrictions—which were in place by the State Government during 2021–2022—will be relaxed, with the provision of services, programs and activities being delivered in a post COVID-19 safe manner.

The Council is supporting both the state’s and the local economic recovery by continuing its commitment to a number of largescale infrastructure projects, which commenced in 2021–2022, with the aim to be delivered this financial year.

The 2022–2023 Budget remains focused on the future and aims to ensure that the Council’s emerging and continuing priorities are appropriately resourced and to this end, the Budget is built upon the strategic outcomes set out in the Councils’ Asset Management Plans and Long-Term Financial Plan.

The key driver is to ensure that the Budget priorities not only contribute to the Council’s broader strategic objectives, but also the Council’s long term financial objective of managing its financial resources in a sustainable and equitable manner. The focus continues to be on initiatives which have been identified to support the delivery of the strategic objectives outlined in *CityPlan 2030: Shaping Our Future* and to ensure that our services are delivered in the most efficient and effective manner, thereby satisfying community needs and expectations.



The 2022–2023 Budget builds on the principle of financial sustainability. This is demonstrated by adherence, over the term of the Plan, to the overarching principles that require the Council to:

- achieve long term income, expenditure and cash flow neutrality while keeping rates growth within the average for the sector; and
- ensure the Council’s long term Capital Works Program fully funds asset renewal requirements.

A number of significant factors have influenced the preparation of the 2022–2023 Budget, namely:

- impact of the Consumer Price Index (CPI) and the Local Government Price Index increases on relevant inputs of the Budget;
- maintenance and renewal program for existing infrastructure assets, including roads, footpaths, Council owned properties and open spaces (parks and reserves);
- Enterprise Bargaining Agreements, which provide for employee wage and salary increases of 2.0%; and
- commitment to major projects which span more than one year.

**Table 3 provides a comparison of the financial targets included in the Council’s Long Term Financial Plan and how they are met by the 2022–2023 Budget.**

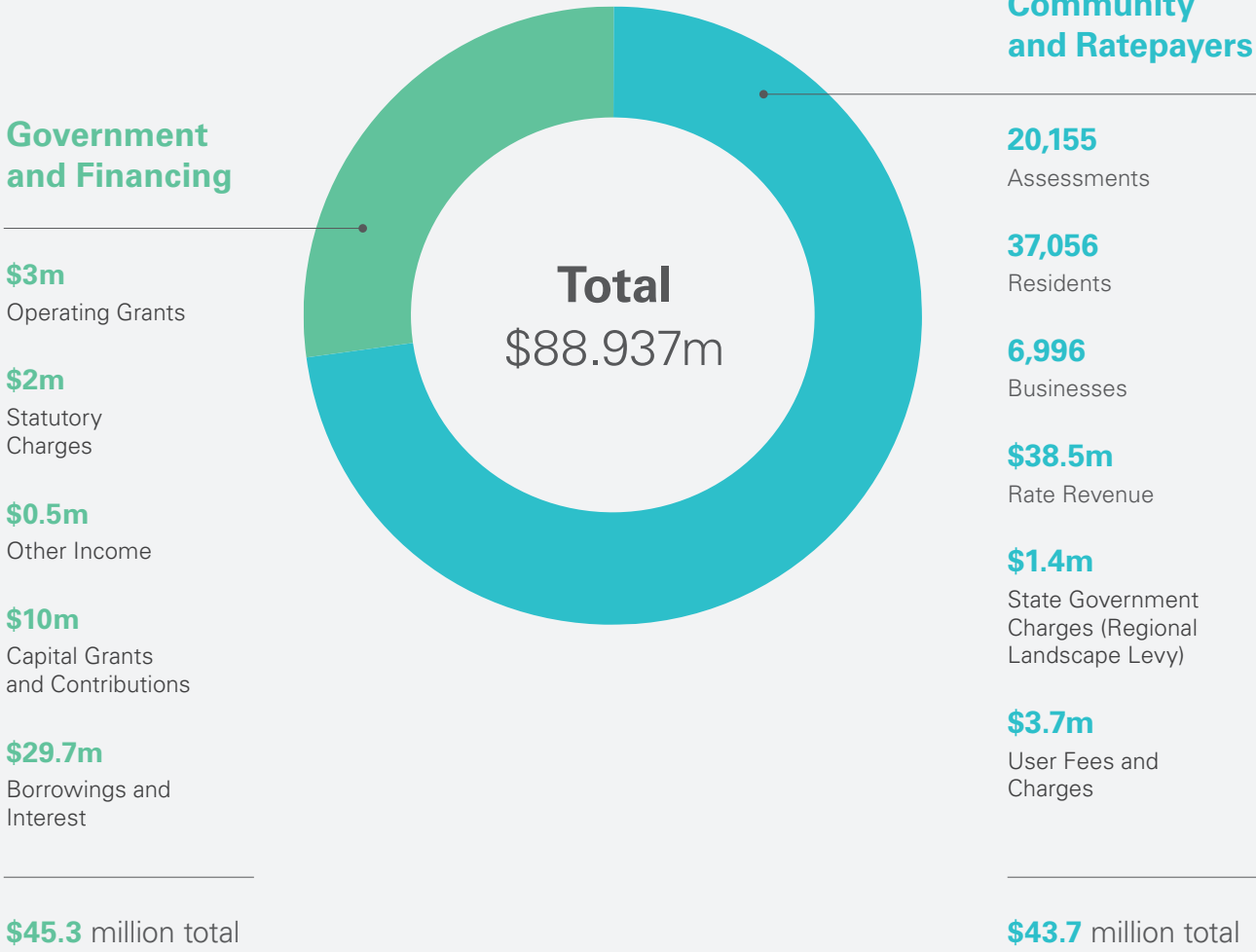
Table 3

Outcome	Indicator	LTFP Target	Target Met
A balanced budget	Operating Surplus	\$0	✓
	Operating Ratio	0–10%	✓
Rate stability	Annual Rate revenue increases	Between 3%–6%	✓
Infrastructure and Asset Management	Asset Sustainability Ratio	Between 90%–110% on a rolling three year average	✓
Debt Management	Net Financial Liabilities	≤ 75%	✓
	Debt Servicing Ratio	≤ 15%	✓

# Budget Overview

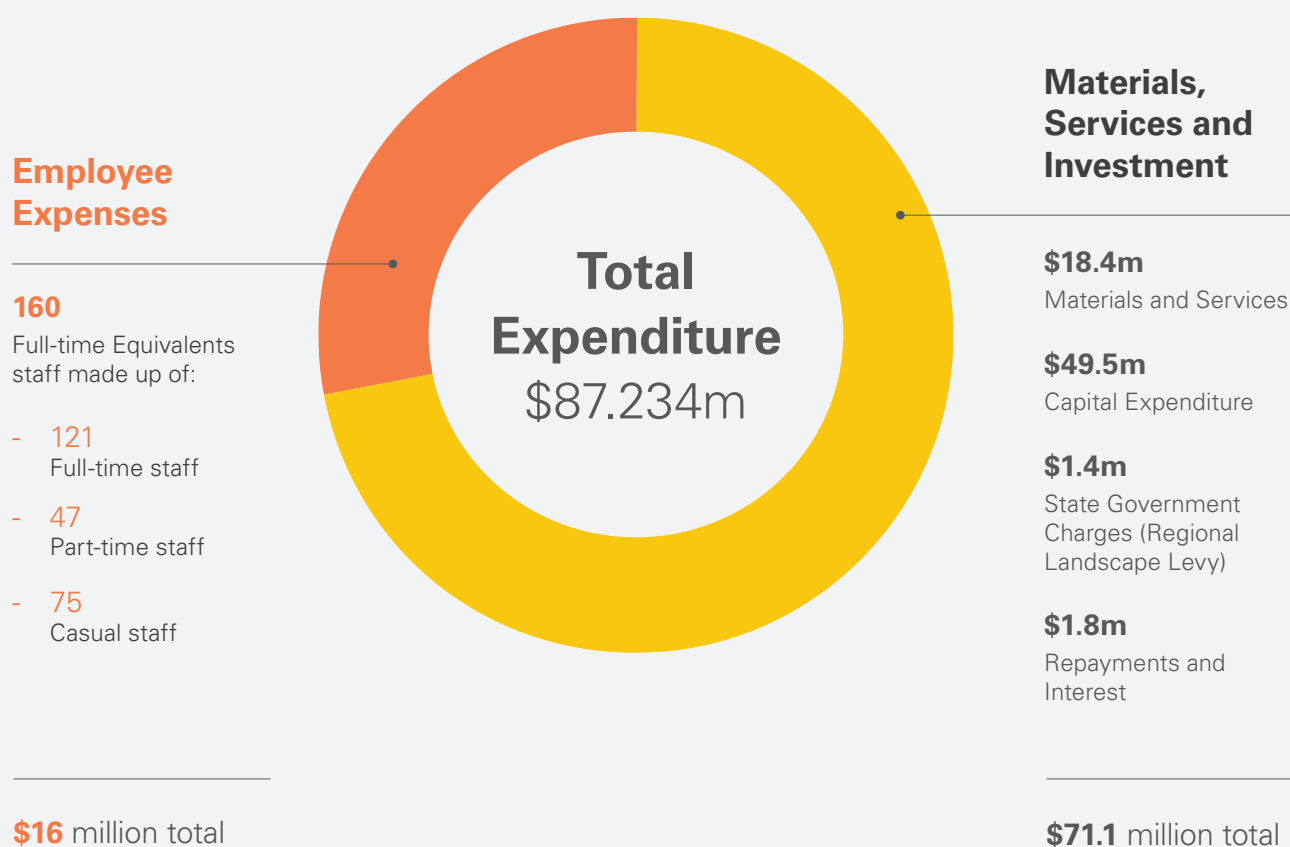
## 2022–2023

### Income and Funding



The Budget shapes the projects, services and events held each year. The revenue from the community, government and financing allows the Council to deliver more than 40 services, programs and events and will enable the delivery of 42 special projects.

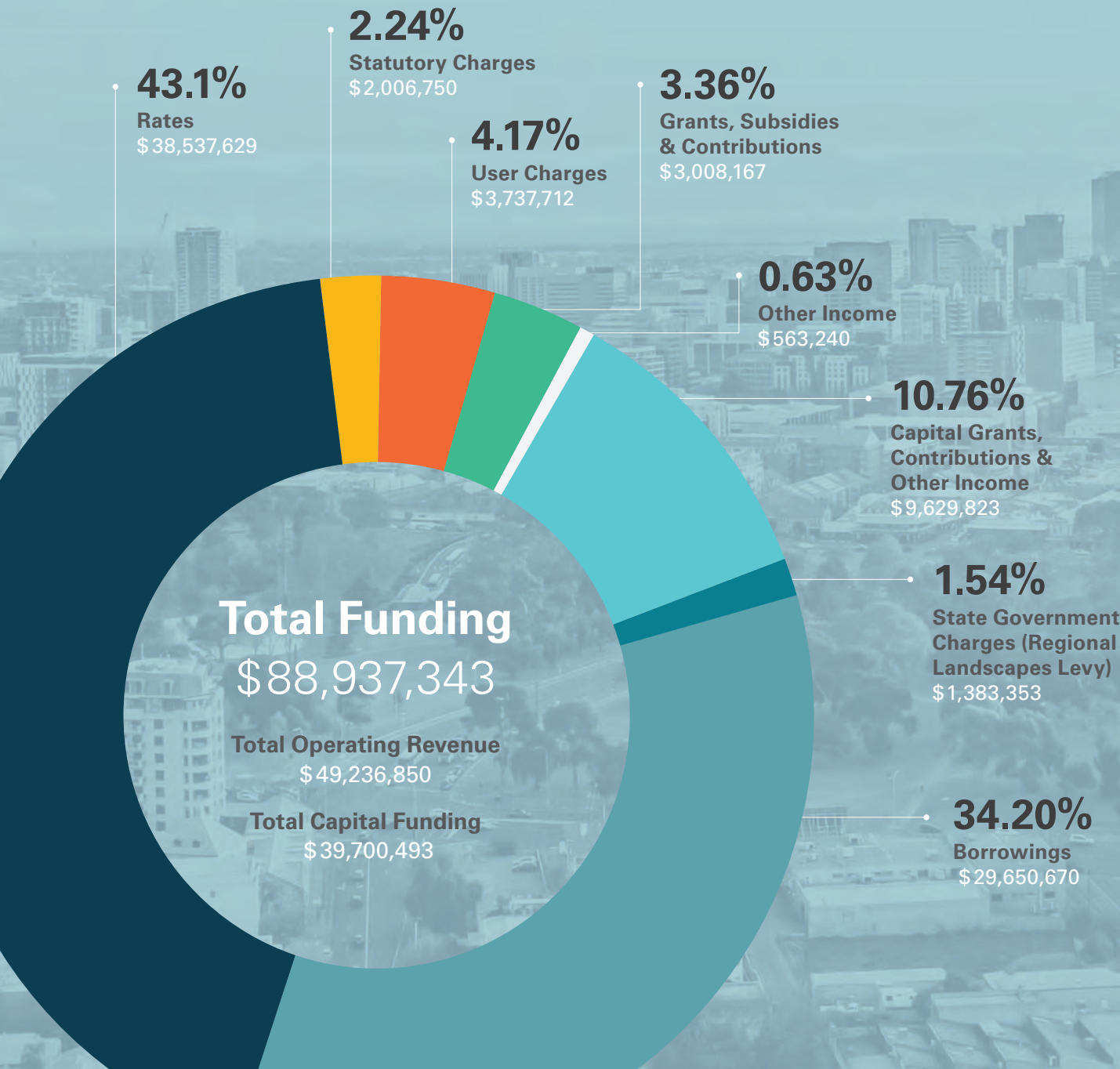
## Expenditure and Investment



# Revenue & Expenditure

The 2022–2023 Annual Business Plan and Budget focuses on ensuring that the Council can maintain and improve its existing service standards while appropriately funding new projects and initiatives in a sustainable way.

## How Council services are funded



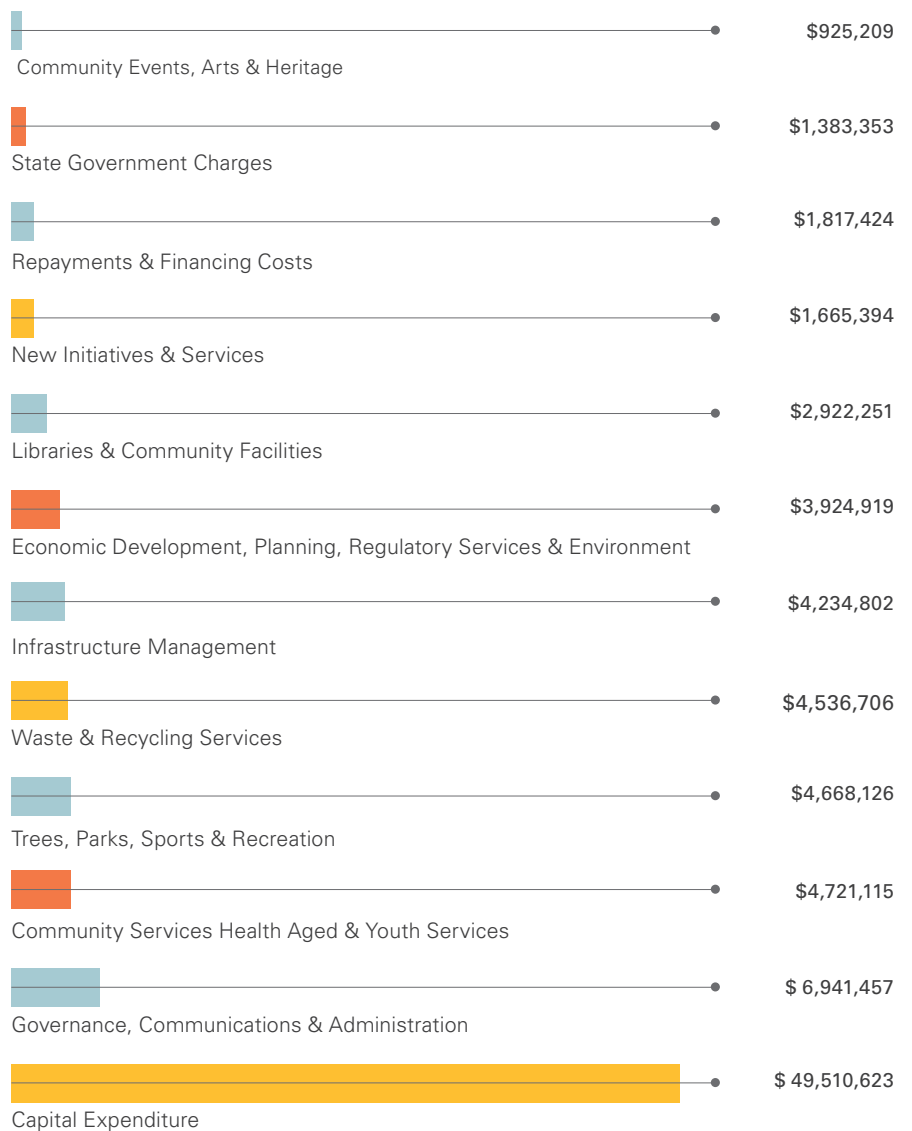


## How the funds are spent

**Total Expenditure** \$87,234,379

**Total Operating Expenditure** \$36,778,756

**Total Capital Expenditure** \$50,455,623



*2022-2023 Key Initiatives &  
Projects*

Project Name	Project Description	Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$	Carry forward \$
<b>Infrastructure Management</b>						
C Capital Work Program Traffic Control	To deliver the 2022-2023 Civil Infrastructure Capital Works Program ("the Capital Works Program") for the replacement and upgrade of selected segments of roads, footpaths and kerbs, in accordance with the "Whole-of-Life" allocation set out in the Council's Roads, Footpaths & Kerbs Infrastructure & Asset Management Plan (2020).	180,001	-	180,001	-	-
C Capital Works Program Footpath		897,338	-	897,338	-	-
C Capital Works Program Kerb		1,779,290	-	1,779,290	-	-
C Capital Works Program Road Resealing		4,591,018	532,298	4,058,720	-	-
C Drainage Program <i>Includes carry forward funding</i>	To deliver the 2022-2023 Stormwater Drainage Program which involves enhancement of the Council's drainage network. The Program includes the design and upgrade of the Council's trunk stormwater drainage network as directed by the City-Wide Floodplain Mapping project. The Program has been developed in accordance with the objectives and goals contained in the Council's Stormwater Drainage Infrastructure & Asset Management Plan (2020)	9,534,205	3,635,823	-	5,898,382	1,950,000
C Linear Park Path Upgrade <i>Includes carry forward funding</i>	The reconstruction of the shared path along the River Torrens Linear Park between the intersection of Battams Road/Ninth Street Royston Park and Twelftree Reserve, Collage Park, encompassing a section of the path that passes through Dunstan Adventure Playground. Once completed, pedestrian and cyclist capacity will be increase whilst improving safety and accessibility for all ages and abilities. This is a continuation of Stage 1 of the River Torrens Shared Path enhancement Project which was completed in 2019. The upgrade will be delivered over two financial years, with the total project cost estimated to be \$2.975 million  2021-2022 - \$204,000 2022-2023 - \$2.771 million  The Council secured \$1.350 million as part of the State Governments Open Space & Places for People Program	2,770,918	1,350,000	623,300	797,618	1,945,000
C Plant Replacement	Replacement of plant and vehicles utilised by City Services Field staff in the delivery of maintenance services associated with Council's assets.	136,000	18,000	118,000	-	-

Project Name	Project Description	Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$	Carry forward \$
C St Peters Street Streetscape <i>Includes carry forward funding</i>	<p>Delivers of the Concept Plan endorsed by the Council in 2019-2020, which was designed to enhance St Peters Street and builds on the recent upgrades to the St Peters Precinct, which included Linde Reserve-Dunstone Grove, the St Peters Town Hall Complex and the Avenue of Honor along St Peters Street to Second Avenue.</p> <p>The estimated project cost is \$4.5 million, which includes civil infrastructure renewal works and stormwater drainage works to the value of \$1.5 million. These elements have been accounted for in the recently adopted Infrastructure &amp; Asset Management Plans.</p> <p>The Project was scheduled to be delivered over two financial years, with the estimated spend being incurred as follows:</p> <ul style="list-style-type: none"> <li>• 2021-2022 - \$1.270 million</li> <li>• 2022-2023 - \$3.076 million</li> </ul> <p>The Council secured \$1.270 million as part of the Federal Governments Local Government and Community Infrastructure Program Extension.</p>	3,076,042	200,000	1,500,000	1,376,042	700,000
C The Parade Master Plan <i>Includes carry forward funding</i>	The Parade Masterplan was endorsed by the Council in May 2019. Stage 2 encompasses the design development for the Parade between Fullarton Road and Portrush road, and detail design and construction documentation for George Street between the intersection of The Parade and Webbe Street.	2,061,000	-	-	2,061,000	889,000
O 40 kph Speed Limit Implementation – Norwood & Kent Town <i>Includes carry forward funding</i>	To undertake associated works to implement an area speed limit of 40km/h in Norwood & Kent Town (except The Parade, The Parade West and Osmond Terrace)	25,000	-	25,000	-	-
O Street Lighting Renewal & Upgrade	Delivery of minor street lighting upgrades for streets which have non-compliant street lighting	40,000	-	40,000	-	-
O Sydneham Road Street Lighting Upgrade	Delivery of street lighting upgrades along the length of Sydenham Road, Norwood	60,000	-	60,000	-	-
O Signalised Pedestrian Crossing – Magill Road	To install a pedestrian crossing on Magill Road between Trinity Gardens and Beulah Park. The City of Burnside will co-fund the installation.	230,000	115,000	115,000	-	-
O Traffic Engineer	Employment of a Traffic Engineer with a fixed term three-year contact to assist the Manager, Traffic & Integrated Transport to manage and deliver the Council's traffic management function in an efficient and effective manner.	101,000	-	101,000	-	-



Project Name	Project Description	Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$	Carry forward \$
O Evaluation of 40kph – Stephney & Maylands	To evaluate the outcomes of the implementation a 40 km/h area-wide speed limit in Stepney, Maylands and Evandale in 2019. The funding is requested to outsource the evaluation study to a suitable qualified Traffic Engineering Consultancy.	25,000	-	25,000	-	-
<b>Trees Parks Sport &amp; Recreation</b>						
C Burchell Reserve Upgrade <i>Includes carry forward funding</i>	The redeveloped Burchell Reserve will establish a contemporary setting, whilst improving the amenity of the Reserve through new community tennis courts, seating, refurbished toilets and landscaping that would create a gathering point for the community and encourage social interaction.	2,600,000	-	388,000	2,212,000	2,026,000
C Dunstan Adventure Playground Redevelopment	The Dunstan Adventure Playground is identified in a number of the Council's strategic documents as one of four Regional Level Playgrounds within the City of Norwood Payneham & St Peters. The intent of the Project is to construct a new Playground, whilst maintaining some of the key elements that are well loved by the broader Adelaide community.	900,000	450,000	-	450,000	-
C Payneham Swimming Centre <i>Includes carry forward funding</i>	The full redevelopment of the Payneham Memorial Swimming Centre, as per the Council's Swimming Centres Strategy and endorsed concept plans	16,500,000	2,800,000	-	13,700,000	2,500,000
C Recreation & Open Space Infrastructure Works Program	To deliver the Recreation & Open Space Works Program 2022-2023 ("the Program") which will see the replacement and upgrade of various assets as identified and as allowed for in the Council's Recreation & Open Space Infrastructure & Asset Management Plan (2020).	1,190,000	-	1,190,000	-	-
C Cruickshank Reserve Facility Upgrade	Cruickshank Reserve, located in Maylands, contains the 'Maylands Sports Centre' comprising tennis and netball playing courts, a small building (31 sqm) with a clubroom/kitchen area and toilets, a veranda and storage shed. The Project proposes the demolition of the existing building, veranda and storage shed and the construction of a new multipurpose building to support tennis, netball and other recreation activities at the Reserve.	889,000	889,000	-	-	-
O Street Tree Planting <i>Includes carry forward funding</i>	To increase the minimum street tree planting to 500 trees per financial year, from the current minimum 300.	100,000	-	50,000	-	50,000

Project Name	Project Description	Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$	Carry forward \$
O Tree Management Policy and Strategy <i>Includes carry forward funding</i>	The 2022-2027 Tree Strategy which guides the management, financial planning, planting and maintenance of all trees within the City (with a particular focus on street trees). The Strategy sets out a number of actions to be taken over the life of the plan to ensure the delivery of the strategy. Year one implementation includes the development of Guidelines aim to provide staff with a 'one stop shop' for all things relating to Council owned three plantings and maintenance requirements.	45,000	--	25,000	-	20,000
O Adopt a Tree	The program aims to educate the community about the importance of trees and encourage the retention of trees	2,000	-	2,000	-	
O Open Space and Playground Strategy	The Open Space and Playgrounds Strategy will result in a new and more holistic and integrated approach to the City's open space assets (physical and natural) and how they are maintained and developed. This project presents the opportunity to integrate a number of existing strategies into a single strategic document, which represent the multitude of uses and fulfil the multiple functions which are required of the contemporary urban environment.	15,000	-	15,000	-	
<b>Economic Development, Regulatory Services, Environment &amp; Planning</b>						
O Eastside Business Awards	To recognise the best small businesses – retailers, restaurants, cafes, venues, professional services and food and beverage manufacturers within the City of Norwood Payneham & St Peters	40,000	-	40,000	-	-
O Dog & Cat Management Plan Education Campaign	To implement an education campaign as required by the Council's 2019-2024 Dog & Cat Management Plan. The purpose of the education campaign is to educate the community in relation to: <ul style="list-style-type: none"> <li>- the new legislative requirements relating to microchipping and desexing of dogs and cats; and</li> <li>- the general principles of responsible dog and cat ownership.</li> </ul>	20,000	-	20,000	-	-
O Greening of Verges Program	The funding is requested to cover the cost of excavating compacted materials and supplying and spreading loam for approved applications to green verges on a 'first come first served' basis, subject to such applications meeting eligibility criteria.	25,000	-	25,000	-	-
O Raising the Bar Adelaide	The event is aimed at making education a part of the City's popular culture by simply mixing learning and debate into a fun-night out.	37,000	-	37,000	-	-

Project Name	Project Description	Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$	Carry forward \$
O Sustainable Garden Awards	To host a series of free sustainable gardening events to encourage the community to adopt sustainable gardening practices with long term environmental benefits.	11,000	-	11,000	-	-
O Urban Greening Program 2021	To encourage the City of Norwood Payneham & St Peters community to plant trees and natives within private land that increases, enhances and adds value to the City green cover including canopy and increases biodiversity and habitat. The project includes: - via the implementation of a Tree Incentive to citizens by giving vouchers towards purchasing a tree; - via a Native Plant Giveaway by giving a native plant pack (six seedlings/tube stock) to citizens	25,000	-	25,000	-	-
O Marryatville Precinct Master Plan	In partnership with the City of Burnside, to deliver a Masterplan for Marryatville Precinct, which contains a clear vision and design framework for the future development and activation of the Precinct, as well as set out opportunities for improved greening, landscaping, streetscape work, traffic management, and people movement to support the diverse social, business and cultural heritage of the area.	40,000	-	40,000	-	-
<b>Community Events, Arts and Heritage</b>						
C Quadrennial Art Project Includes carry forward	Installation of the Major artwork. The Council's Public Art Policy states the Council will ensure the adequate and on-going funding of public art through the creation of a reserve fund where the equivalent of 1% of the Capital Works Budget (Civil Infrastructure Capital Works Program and Drainage Infrastructure Works Program) or \$50,000, whichever is the greater amount, is set aside annually for the purpose of funding a commissioned art work during the term of each Council. For 2022-2023 Financial Year, the allocation to the quadrennial art project is \$112,000.	258,762	-		258,762	146,762
O Tour Down Under	Subject to the Council's Expression of Interest being successful, host a Stage of the 2023 Tour Down Under.	55,000	-	55,000	-	-
O Concert Series	To host a three (3) Concert Series in the Norwood Concert Hall	36,000	-	36,000	-	-
O Spring Fest	Sponsorship of the Spring Fest Event which is scheduled to be held in the Concert Hall in October	75,000		75,000		



O – New Service and Program Initiatives



C – Assets – New, Upgrades and Renewal



Project Name	Project Description	Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$	Carry forward \$
O Heritage Protection Opportunities	Undertaken an assessment to identify key risks and opportunities for the Council in regards to its unprotected built heritage, to investigate and prepare a proposal to initiate a new Code Amendment to extend heritage and/or historic area protections.	70,000	-	70,000	-	-
<b>Community, Health Aged &amp; Youth Services</b>						
O Access & Inclusion Plan	The Council's Access & Inclusion Strategy is due for review in 2022. Pursuant to the South Australian Disability Inclusion Act (2018), the Strategy is a requirement for all State and Local Government entities.	10,000	-	10,000	-	-
O Youth Strategy	<p>A program of events and activities that will deliver the Council's Youth Development Strategy. Programs for 2022-2023 include:</p> <p><b>Sports Week:</b> A week long program incorporating a come and try focus on a range sport options (i.e., basketball, netball, soccer, cricket) including some which may not be considered mainstream sports such as dodgeball, water polo, and bouldering (a form of rock climbing). Each activity will run a come and try for a group of young people with the intention to encourage on-going participation.</p> <p><b>Sport Vouchers Program:</b> To facilitate connections between local young people and recreation groups and clubs by providing up to \$100 toward sport and recreation club registration and associated fees to eligible young people.</p> <p><b>Youth Community Cooking:</b> The program aims to provide young people with cooking skills, social interaction and a sense of community. Meals will be provided to those in need through the already established food drive with a not-for-profit community group.</p> <p><b>Youth Skill Development:</b> To create three (3) new Council youth programs focused on skill development and being able to apply for work. These programs include a Work Experience, Life Skills and School Advisory program.</p> <p><b>Wheel Park:</b> The project aims to host the Wheel Park Events three (3) times per year during the January, April and October school holiday periods. Each event will have workshops for young people to participate in as well as have the opportunity to practice their riding skills on a flat, sealed surface.</p>	45,000	-	45,000	-	-



Project Name	Project Description	Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$	Carry forward \$
O Regional Public Health & Wellbeing Plan	To progress the actions identified in the Regional Health and Wellbeing Plan	10,000	-	10,000	-	-
<b>Libraries &amp; Community Facilities</b>						
C Annual Acquisition of Library Books	The Annual acquisition of Library stock, in order to replenish Library Service collections across the three Library sites	202,000	110,000	85,000	7,000	-
C Building Works Program	To deliver the 2022-2023 Buildings Works Program (Capital) ("the Program") for the upgrade of various Council building components, in meeting the strategies and objectives of the Council's Community Buildings Infrastructure & Asset Management Plan (2020).	826,000	-	826,000	-	-
<b>Governance, Communication and Administration</b>						
C Electronic Document Management System	To upgrade the Council's electronic document management system	123,000	-	-	123,000	-
C Website Development	to deliver annual upgrades and improvements to the City of Norwood Payneham & St Peters website	10,000	-	10,000	-	-
C iPad Refresh for Elected Members	To replace 19 iPad and 16 Logitech keyboard cases. The iPad refresh will reduce the risk of equipment failure, allow the latest IOS to be run and reduce the Council to any cyber attacks	18,400	-	18,400	-	-
C Wi-Fi Refresh	To upgrade the Wi-Fi equipment and future proof the Wi-Fi solution for existing users and to enable guest Wi-Fi at Council offices.	26,000	-	26,000	-	-
C IPAD for Field Staff	To procure an additional eight Ipad's for the City Services, Civil Maintenance and Parks & Gardens Teams. Annual data cost and ongoing management cost for new iPad purchased for City Services	13,000	-	6,000	7,000	-
O Local Government Elections	The Local Government Election will be held in November 2022 and funding is required to conduct the election.	200,000	-	200,000	-	-
O Service Reviews	To engage suitably qualified consultants to undertake reviews of key Council services and processes to ensure they are provided in an efficient and effective manner.	100,000	-	100,000	-	-

Project Name	Project Description	Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$	Carry forward \$
O Land & Building Valuation	To undertake the five (5) year independent valuation of Council building and other structures and to upload Building assets to Conquest to enable effective asset management plans and maintenance programs to be developed based on asset condition.	75,000	15,000	60,000	-	-

## 2022 – 2023 Civil Whole-of-Life Infrastructure Renewal Program

Suburb	Street	From	To
<b>College Park</b>			
Road Re-sealing	Goss Court	Harrow Road	End
Kerb & Water Table	Goss Court	Harrow Road	End
Footpaths	Harrow Road (LHS)	Third Avenue	Fourth Avenue
	Harrow Road (LHS)	Fourth Avenue	College Street
	Magdalen Street (RHS)	Torrens Street	Harrow Road
	Marlborough Street (LHS)	Rugby Street	College Street
<b>Evandale</b>			
Footpaths	Portrush Road (LHS)	Janet Street	Edward Street
	Portrush Road (LHS)	Edward Street	Bakewell Road
	Portrush Road (LHS)	Bakewell Road	Suburb Boundary
<b>Felixstow</b>			
Road Re-sealing	Hilltop Avenue	95m (N) of Payneham Road	Fisher Street
	Hilltop Avenue	Payneham Road	95m (N) of Payneham Road
	Laver Terrace	Fisher Street	Torrens Avenue
	Cadna Avenue	Laver Terrace	Wicks Avenue
Kerb & Water Table	Hilltop Avenue	95m (N) of Payneham Road	Fisher Street
	Hilltop Avenue	Payneham Road	95m (N) of Payneham Road
	Laver Terrace	Fisher Street	Torrens Avenue
	Cadna Avenue	Laver Terrace	Wicks Avenue
Footpaths	Payneham Road (LHS)	Briar Rd	Shirley Avenue
	Payneham Road (LHS)	Shirley Avenue	Ashleigh Ave

Suburb	Street	From	To
<b>Firle</b>			
Road Re-sealing	Arnold Avenue	Gage Street	Hampden Street
	Gage Street	Gwynne Street	Shelley Street
	Gage Street	Shelley Street	Ryan Avenue
	Hampden Street	Shelley Street	Margaret Street
	Hampden Street	Margaret Street	Arnold Avenue
	Hampden Street	Arnold Avenue	Marian Road
	Margaret Street	Hampden Street	Glynburn Road
	May Street	Arnold Avenue	End (S)
<b>Kerb &amp; Water Table</b>			
	Arnold Avenue	Gage Street	Hampden Street
	Gage Street	Gwynne Street	Shelley Street
	Gage Street	Shelley Street	Ryan Avenue
	Hampden Street	Shelley Street	Margaret Street
	Hampden Street	Margaret Street	Arnold Avenue
	Hampden Street	Arnold Avenue	Marian Road
	Margaret Street	Hampden Street	Glynburn Road
	Marian Road	Portrush Road	Arthur Street
	Marian Road	Avenue Road	Gage Street
	Marian Road	Gage Street	Glynburn Road
	May Street	Arnold Avenue	End (S)
<b>Footpaths</b>			
	Gage Street (RHS)	Gwynne Street	Shelley Street
	Shelley Street (RHS)	Gage Street	John Street
	Shelley Street (RHS)	John Street	Hampden Street
	Shelley Street (RHS)	Hampden Street	Glynburn Road

Suburb	Street	From	To
<b>Glynde</b>			
Road Re-sealing	Marian Road	Avenue Road	Gage Street
Footpaths	Marian Road	Gage Street	Glynburn Road
	Glynburn Road (LHS)	Lewis Road	Alford Road
	Glynburn Road (LHS)	Penna Avenue	Lewis Road
	Glynburn Road (LHS)	Hectorville Road	Penna Avenue
	Glynburn Road (LHS)	Davis Road	Hectorville Road
	Glynburn Road (LHS)	Janet Avenue	Davis Road
Glynburn Road (LHS)	Marian Road	Janet Avenue	
<b>Hackney</b>			
Kerb & Water Table	Cambridge Street	Hackney Road	Hatswell Road
Footpaths	Cambridge Street (LHS)	Hackney Road	Hatswell Road
	Hatswell Street (LHS)	South End	Bertram Street
<b>Kent Town</b>			
Road Re-sealing	Little Angas Street	Dequetteville Terrace	Fullarton Road
	Little Grenfell Street	College Road	Fullarton Road
Footpaths	Fullarton Rd / North Terrace corner (LHS)	Fullarton Road	North Terrace
<b>Maylands</b>			
Kerb & Water Table	Dover Street	Morcombe Street	Frederick Street
Footpaths	Dover Street (RHS)	Morcombe Street	Frederick Street
<b>Norwood</b>			
Road Re-sealing	Gloucester Terrace	Elizabeth Street	Osmond Terrace
	William Street	Roundabout	Charles Street
	William Street	Charles Street	Sydenham Road
	William Street	Roundabout	Sydenham Road
	William Street	Sydenham Road	Elizabeth Street



Suburb	Street	From	To
<b>Norwood continued</b>			
Road Re-sealing	William Street	Roundabout	Elizabeth Street
	William Street	Elizabeth Street	Osmond Terrace
	William Street	Fullarton Road	Charles Street
Kerb & Water Table	Gloucester Terrace	Elizabeth Street	Osmond Terrace
	William Street	Charles Street	Sydenham Road
	William Street	Sydenham Road	Elizabeth Street
	William Street	Elizabeth Street	Osmond Terrace
	William Street	Fullarton Road	Charles Street
<b>Payneham</b>			
Road Re-sealing	Marian Road	Portrush Road	Arthur Street
	Marian Road	Arthur Street	Ashbrook Avenue
<b>Payneham South</b>			
Road Re-sealing	Avonmore Avenue	Aberdare Avenue	Devitt Avenue
Kerb & Water Table	Avonmore Avenue	Aberdare Avenue	Devitt Avenue
Footpaths	Aberdare Avenue (LHS)	Aveland Avenue	Ashbrook Avenue
<b>St Peters</b>			
Road Re-sealing	Eighth Avenue	River Street	Stephen Terrace
	First Lane	Stephen Terrace	Westminster Street
	River Street	End (W)	First Bend
	River Street	First Bend	Tenth Avenue
	River Street	Tenth Avenue	Eighth Avenue
	Seventh Lane	Winchester Street	End
	Fourth Lane	Stephen Terrace	Winchester Street
	Second Lane	Winchester Street	Suburb Boundary
Kerb & Water Table	Eighth Avenue	River Street	Stephen Terrace
	Fourth Lane	Stephen Terrace	Winchester Street

Suburb	Street	From	To
<b>St Peters continued</b>			
Kerb & Water Table	River Street	End (W)	First Bend
	River Street	First Bend	Tenth Avenue
	River Street	Tenth Avenue	Eighth Avenue
	Second Lane	Winchester Street	Suburb Boundary
	Seventh Lane	Winchester Street	End
Footpaths	Stephen Terrace (RHS)	Payneham Road	First Avenue
	Winchester Street (LHS)	First Avenue	Second Avenue
	Winchester Street (LHS)	Fourth Avenue	Fifth Avenue
	Winchester Street (RHS)	Fourth Avenue	Fifth Avenue
	Winchester Street (LHS)	Fifth Avenue	Sixth Avenue
	Winchester Street (LHS)	Seventh Avenue	Eighth Avenue
	Winchester Street (LHS)	Eighth Avenue	Ninth Avenue
	Winchester Street (LHS)	Ninth Avenue	Tenth Avenue
<b>Stepney</b>			
Kerb & Water Table	Battams Street	Loch Street	Olive Road
Footpaths	Battams Street (RHS)	Loch Street	Olive Road
	Henry Street (LHS)	Ann Street	Bend # 2
	Henry Street (LHS)	Bend # 2	Frederick Street
	Nelson Street (LHS)	Magill Road	Lindas Lane
	Nelson Street (LHS)	Lindas Lane	Henry Street
	Nelson Street (RHS)	Alfred Street	Payneham Road

## 2022-2023 Storm-water Drainage Whole-of-Life Infrastructure Renewal Program

Location	Nature of Works	From	To
Trinity Valley	Stormwater Capacity upgrade		
St Peters	Stephen Terrace Flow diversion *	Stephen Terrace	
Joslin	Joslin Valley Design		

\*works to be undertaken with the Burchell Reserve Upgrade Project



Social Equity



Cultural Vitality



Economic Prosperity



Environmental Sustainability

# Appendix 2

*Measures of Success*

## Measures of Success

**The measure of the Council's success is driven by the achievement of the objectives outlined in *CityPlan 2030*.**

A series of performance indicators have been developed to monitor our progress against these objectives and are reported on in our Annual Report. In addition to the *CityPlan 2030* indicators, the Council also measures its achievements through the following non-financial and financial Indicators;

### *Non-Financial Indicators*

#### **Program Delivery**

To ensure that the Council delivers on the Strategic Objectives set out in the *CityPlan 2030*, various projects and initiatives must be delivered. During 2021-2022, the Council approved 14 Capital Projects and 19 Service Initiatives. The Council's performance against the 2021-2022 programs is detailed on the following page.

For 2022-2023, the Council has proposed 14 Capital Projects and 19 Service Initiatives projects. Progress on these projects will be reported in the 2022-2023 Annual Report and 2023-2024 Annual Business Plan.

#### **Financial Indicators**

When evaluating activities undertaken during any given financial year, the Council considers a number of factors, one being the future financial sustainability of the Council.

A series of financial indicators have been developed by local government to assist in determining whether a council is financially sustainable or moving to a position of financial sustainability.

Financial indicators which are used by the Council to measure performance and financial sustainability are;

#### **Operating Surplus/ (Deficit) Ratio**

The Council's long term sustainability is dependent upon ensuring that, on average over time, the operating expenses are less than the associated revenues.

As the major source of income for the Council is rates revenue, Operating Surplus ratio measures operating surplus/ (deficit) as a percentage of total operating revenue. This indicator represents the percentage by which the major controllable income source varies from the day to day operating expenditure.

In 2022-2023, the forecast operating surplus is \$961,000, resulting in an Operating Surplus ratio of 2.0%

#### **Net Financial Liabilities Ratio**

A Council's indebtedness must be managed to ensure its liabilities and associated costs are met without impinging on the financial sustainability of the Council.

Net Financial Liabilities ratio measures the extent of what is owed by the Council less any liquid assets (i.e. cash or receivables) of the Council are met by its operating revenue.

Where the ratio is increasing, it indicates a greater amount of the Council's operating revenues is required to service its financial obligations. For 2022-2023, it is anticipated the net Financial Liabilities ratio of the Council will be 86.7%.

#### **Debt Servicing Ratio**

Debt servicing ratio measures the extent Council's commitment to interest expense and loan repayments is met by general rate revenue. For 2022-2023, it is anticipated that 4.7% of the Council's general rate revenue will be committed to service the interest and principal repayments on its borrowings.

#### **Asset Sustainability Ratio**

Asset Sustainability Ratio measures whether the Council is renewing or replacing existing physical assets (roads, footpaths, buildings etc.) at the same rate the stock of assets is wearing out. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned expenditure outlined in the Council's Asset Management Plans.




In 2022-2023, the Council has planned to spend \$22 million on asset renewal compared to the Asset Management Plan spend of \$13.7 million.

The Council can accelerate or reduce asset expenditure over time to compensate for prior events, or invest in assets by spending more now so that it costs less in the future to maintain. On a three (3) year rolling average, the asset sustainability ratio of 122%.



## Non-Financial Indicators 2021-2022 Program Delivery

City Plan 2030 Outcome	Project Description	Status
<b>Infrastructure Management</b>		
*	 Civil Infrastructure Capital Works Program	√
* 	 Storm water Drainage Program	√
* 	 River Torrens Linear Park Shared Path Upgrade – stage 2	-
+ 	 Street Lighting Renewal & Upgrade	√
*	 Private Laneways Conversion Project	-
*	 Plant Replacement Program	√
+	 Rectification of Footpath Defect	√
+	 40 kph Speed Limit Norwood & Kent Town	√
* 	 St Peters Street Streetscape Upgrade	-
+	 Traffic Study - area bound by Payneham Road, Glynburn Road, Portrush Road and Magill Road	√
+ 	 Cycling Plan 2021-2026 Year 1 Implementation	√
<b>Trees, Parks, Sport &amp; Recreation</b>		
*	 Recreation & Open Space Works Program	√
* 	  Burchell Reserve Upgrade	-
* 	  Payneham Memorial Swimming Centre Redevelopment	-
* 	  Dunstan Adventure Playground Upgrade	-
+ 	 Street Tree Planting	√
* 	 Tree Management Software	•
*	 Willow Bend Lighting Upgrade	√
+	 Open Space Asset Condition Audit	√
<b>Economic Development, Regulatory Services Environment &amp; Planning</b>		
+	 Dog & Cat Management Plan – Year 3 Implementation	√
+ 	Energy and Water Audits	√
+ 	 Smart City Plan - Year 1 Implementation	√
+	 Transition to the SA Planning Portal	√
	 <b>Social Equity</b>	
	 <b>Cultural Vitality</b>	
	 <b>Economic Prosperity</b>	
	 <b>Environmental Sustainability</b>	
 Assets – New, Upgrades and Renewal		 New Service and Program Initiatives
√ Completed	- In Progress	• Not Yet Started

City Plan 2030 Outcome	Project Description	Status
*   	Borthwick Park Creek Improvements	-
+  	Greening Verges Program	√
+ 	Urban Greening Program	√
+ 	Resilient East	√
+  	Raising The Bar Adelaide	√
+  	Eastside Business Awards	√
<b>Community, Health, Aged &amp; Youth Services</b>		
+  	Youth Strategy Programs	√
<b>Libraries &amp; Community Facilities</b>		
* 	Buildings Capital Works Program	√
*  	Annual Acquisition of Library Stock	√
+  	Children's Book Week	√
<b>Community Events, Arts &amp; Heritage</b>		
+  	2022 Tour Down Under & Community Event (cancelled due to COVID-19)	•
<b>Governance, Communications &amp; Administration</b>		
+ 	Biennial Community Survey	√
* 	Annual Website Upgrades and Improvements	√
+ 	Digitisation of Council's Civil and Building Plans	√
+ 	Organisational Culture Survey (Human Synergistic)	√
* 	Electronic Document Management System Upgrade	√
* 	Meeting Room Audio Visual Upgrade	-

 Social Equity

 Cultural Vitality

 Economic Prosperity

 Environmental Sustainability

⌘ Assets – New, Upgrades and Renewal  
√ Completed

- In Progress

⌘ New Service and Program Initiatives  
• Not Yet Started

# Financial Ratios

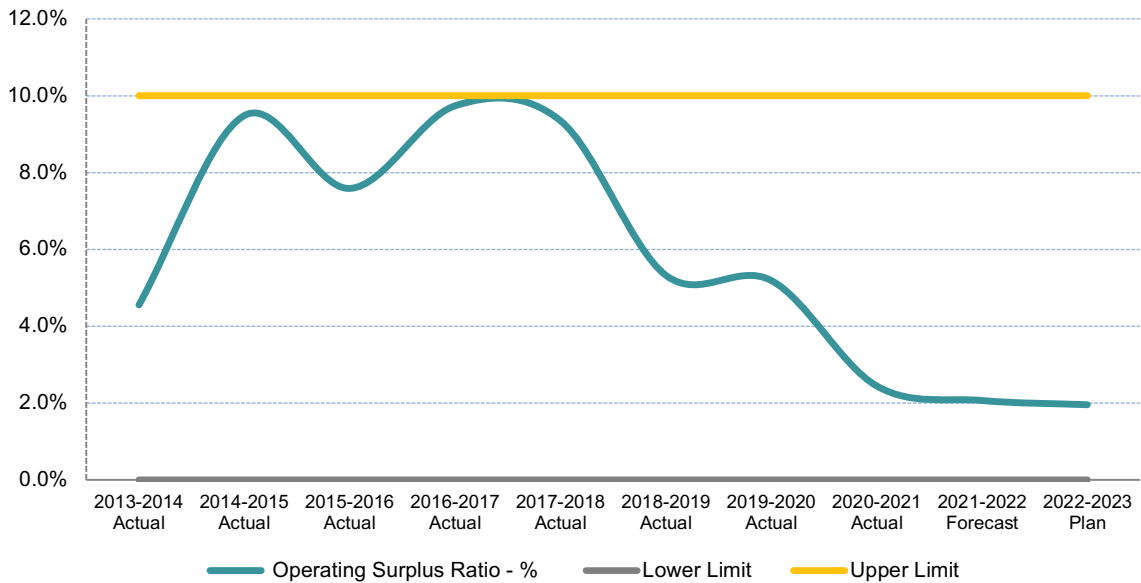
To ensure that it delivers on its financial goals, the Council has committed to achieving a number of financial outcomes.

The Council's performance against these outcomes over the last two terms of Council is detailed below.

## Outcome 1: A balanced budget

The Council's services and programs, including depreciation of infrastructure and assets, are fully funded and the costs are shared equitably between current and future ratepayers.

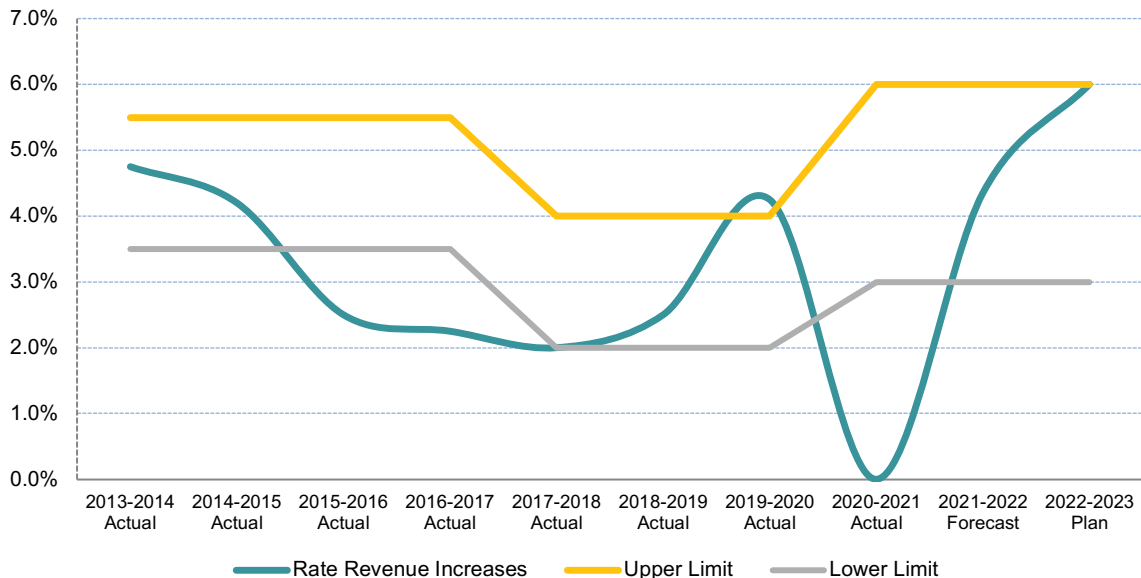
### Operating Surplus Ratio - %



## Outcome 2: Rate Stability

Annual rate collections are fair and equitable for residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

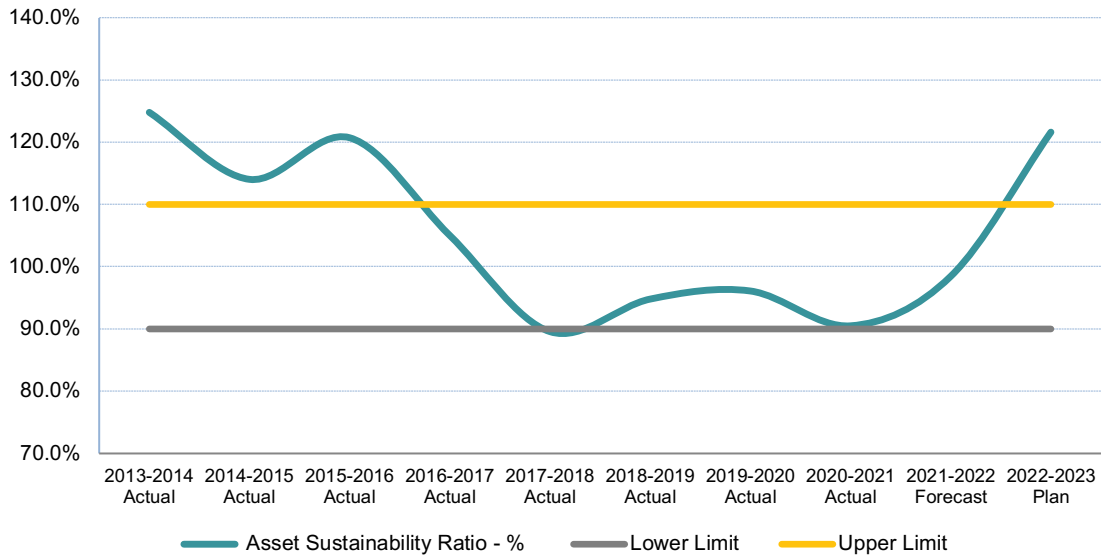
### Rate Revenue Increase



**Outcome 3: Infrastructure and Asset Management**

Maintain Infrastructure and Assets in line with the Council's Whole-of-Life Infrastructure framework to achieve the outcomes and objectives, as set out in *CityPlan 2030*.

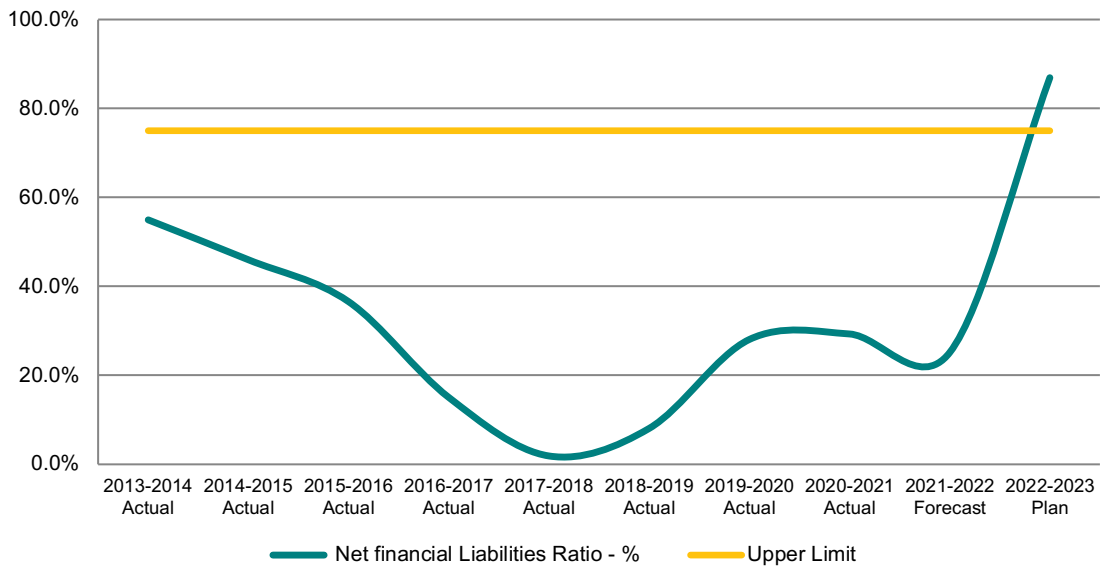
**Asset Sustainability Ratio %**



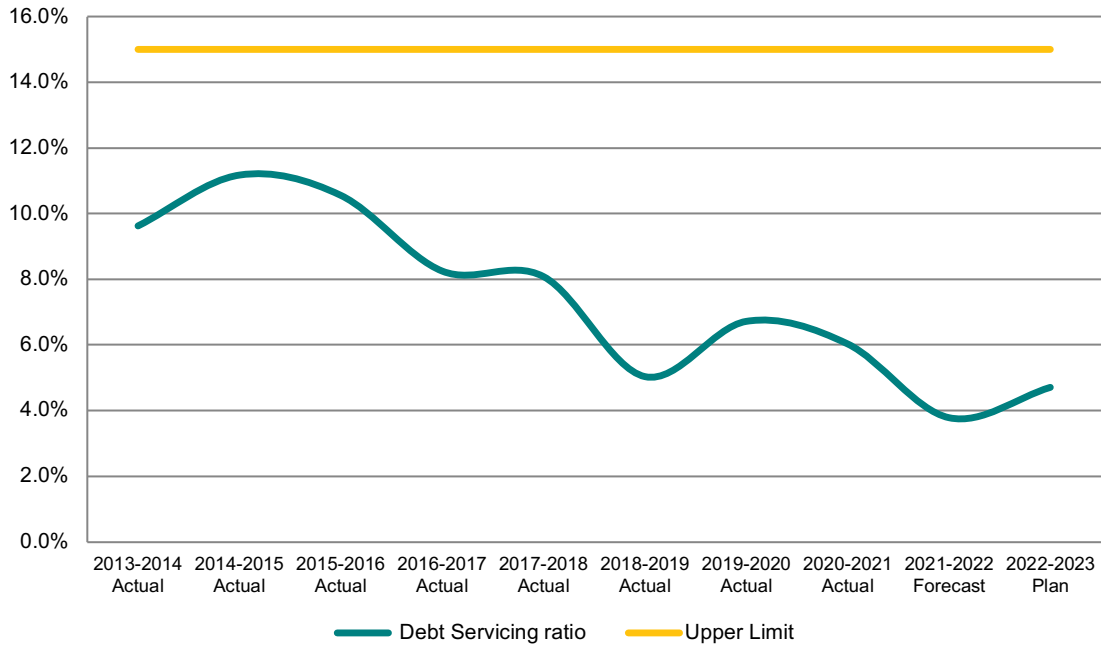
**Outcome 4: Debt Management**

Prudent use of debt to invest in new long term assets, that ensures intergenerational equity between current and future users.

**Net Financial Liabilities Ratio**



Debt Servicing Ratio





# Appendix 3

## *Financial Statements*

Statement of Comprehensive Income for the year ended 30 June 2023	Proposed 2022-2023 \$'000	Forecast 2021-2022 \$'000	Actual 2020-2021 \$'000	Actual 2019-2020 \$'000	Actual 2018-2019 \$'000
<b>Income</b>					
Rates	39,973	37,866	36,288	36,181	34,845
Statutory charges	2,007	1,774	1,751	1,595	1,760
User charges	3,738	3,465	3,506	3,408	3,701
Grants, subsidies and contributions	3,008	2,981	2,921	2,959	3,152
Investment income	46	20	19	88	206
Other income	518	615	771	1,527	1,013
Net loss joint ventures & associates	15	-	217	28	35
<b>Total Income</b>	<b>49,304</b>	<b>46,720</b>	<b>45,473</b>	<b>45,786</b>	<b>44,711</b>
<b>Expenses</b>					
Employee costs	16,083	15,254	14,448	14,050	13,739
Materials, contracts & other expenses	20,053	19,140	19,165	18,937	18,774
Finance costs	872	450	454	405	489
Depreciation, amortisation & impairment	11,159	10,640	9,968	9,503	8,984
Net loss Joint Ventures & Associates	175	272	327	515	346
<b>Total Expenses</b>	<b>48,343</b>	<b>45,757</b>	<b>44,363</b>	<b>43,411</b>	<b>42,331</b>
<b>Operating Surplus (Deficit)</b>	<b>962</b>	<b>963</b>	<b>1,110</b>	<b>2,375</b>	<b>2,380</b>
Net gain (loss) on disposal or revaluation of assets	25	25	(1,145)	(1,529)	(1,207)
Amounts specifically for new or upgraded assets	10,025	2,045	3,303	744	1,131
Physical resources received free of charge	-	-	-	-	24
<b>Net Surplus (Deficit) transferred to Equity Statement</b>	<b>11,012</b>	<b>3,033</b>	<b>3,268</b>	<b>1,590</b>	<b>2,327</b>
<b>Other Comprehensive Income</b>					
Changes in revaluation Surplus - infrastructure, property, plant & equipment	2,000	2,000	12,046	3,542	32,993
Share of Other comprehensive Income - joint ventures and associates	-	-	5	13	9
<b>Total Other Comprehensive Income</b>	<b>2,000</b>	<b>2,000</b>	<b>12,051</b>	<b>3,555</b>	<b>33,001</b>
<b>Total Comprehensive Income</b>	<b>13,012</b>	<b>5,033</b>	<b>15,320</b>	<b>5,145</b>	<b>35,329</b>

Pursuant to S123 (10)(b) of the *Local Government Act 1999* and Clause 7 of the *Local Government (Financial Management) Regulations 2011*, as detailed in the Statement of Comprehensive Income, the proposed Operating Income (\$48.754m) is sufficient to meet the proposed Operating Expenditure (\$48.395m) for the 2022-2023 Financial Year.

Statement of Financial Position  
as at 30 June 2023

	Proposed 2022-2023 \$'000	Forecast 2021-2022 \$'000	Actual 2020-2021 \$'000	Actual 2019-2020 \$'000	Actual 2018-2019 \$'000
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	4,550	6,098	7,071	9,177	12,152
Trade & other receivables	2,961	2,799	3,699	2,889	2,945
<b>Total Current Assets</b>	<b>7,512</b>	<b>8,897</b>	<b>10,770</b>	<b>12,067</b>	<b>15,097</b>
<b>Non-current Assets</b>					
Financial Assets	104	104	104	105	136
Investments -Equity accounted Council businesses	3,384	2,288	2,207	2,463	2,890
Infrastructure, Property, Plant & Equipment	556,822	513,774	507,904	476,469	473,423
Other Non-current Assets	-	-	2,509	17,891	6,119
<b>Total Non-current Assets</b>	<b>560,309</b>	<b>516,165</b>	<b>512,725</b>	<b>496,929</b>	<b>482,569</b>
<b>Total Assets</b>	<b>567,821</b>	<b>525,062</b>	<b>523,495</b>	<b>508,995</b>	<b>497,666</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Trade & Other Payables	6,573	5,816	8,006	7,310	6,272
Borrowings	946	931	972	1,651	1,781
Short-term Provisions	2,972	2,888	3,326	3,135	2,752
<b>Total Current Liabilities</b>	<b>10,491</b>	<b>9,635</b>	<b>12,304</b>	<b>12,095</b>	<b>10,805</b>
<b>Non-current Liabilities</b>					
Long-term Borrowings	37,165	8,461	9,392	10,357	5,388
Long-term Provisions	1,202	1,191	1,328	1,160	1,203
Liability - Equity accounted Council Businesses	1,612	1,437	1,164	1,397	1,429
<b>Total Non-current Liabilities</b>	<b>39,979</b>	<b>11,088</b>	<b>11,884</b>	<b>12,913</b>	<b>8,020</b>
<b>Total Liabilities</b>	<b>50,470</b>	<b>20,723</b>	<b>24,188</b>	<b>25,008</b>	<b>18,825</b>
<b>Net Assets</b>	<b>517,351</b>	<b>504,339</b>	<b>499,306</b>	<b>483,987</b>	<b>478,842</b>
<b>Equity</b>					
Accumulated Surplus	74,143	63,132	60,099	56,825	55,222
Asset Revaluation Reserve	443,208	441,208	439,208	427,162	423,620
<b>Total Equity</b>	<b>517,351</b>	<b>504,339</b>	<b>499,306</b>	<b>483,987</b>	<b>478,842</b>

**Statement of Cash Flow  
for the year ended 30 June 2023**
**Proposed  
2022-2023  
\$'000**
**Forecast  
2021-2022  
\$'000**
**Actual  
2020-2021  
\$'000**
**Actual  
2019-2020  
\$'000**
**Actual  
2018-2019  
\$'000**
**Cash Flows from Operating Activities**
**Receipts**

Rates - general & other	39,811	38,465	36,672	36,107	34,696
Fees & other charges	2,007	1,774	1,613	1,646	1,694
User Charges	3,738	3,465	3,113	3,297	4,014
Investment receipts	46	20	19	88	204
Grants utilised for operating purposes	3,008	2,981	2,756	3,677	2,744
Other Income	518	615	998	1,474	1,244

**Payments**

Employee Costs	(15,987)	(15,282)	(14,547)	(13,486)	(14,322)
Contractual services & materials	(19,296)	(17,422)	(18,074)	(19,030)	(17,593)
Finance payments	(872)	(450)	(447)	(407)	(489)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>12,971</b>	<b>14,167</b>	<b>12,102</b>	<b>13,368</b>	<b>12,191</b>

**Cash Flows from Investing Activities**
**Receipts**

Amounts specifically for new or upgraded assets	10,025	2,045	2,626	1,165	1,049
Sale of replaced assets	25	25	47	58	9
Repayments of loans by community groups	-	-	11	43	13

**Payments**

Expenditure on renewal/replacement of assets	(22,543)	(13,661)	(9,652)	(8,919)	(9,009)
Expenditure on new/upgraded assets	(29,650)	(2,536)	(5,508)	(13,175)	(6,615)
Capital contributed to associated entities	(1,081)	(81)	(81)	(81)	(96)
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(43,224)</b>	<b>(14,208)</b>	<b>(12,556)</b>	<b>(20,909)</b>	<b>(14,649)</b>

**Cash Flow from Financing Activities**
**Receipts**

Proceeds from Borrowings	29,650	-	-	6,500	
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**Payments**

Repayments of Borrowings	(945)	(931)	(1,653)	(1,934)	(1,202)
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<b>Net Cash provided by (or used in) Financing Activities</b>	<b>28,705</b>	<b>(931)</b>	<b>(1,653)</b>	<b>4,566</b>	<b>(1,202)</b>
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<b>Net Increase (Decrease) in cash held</b>	<b>(1,548)</b>	<b>(973)</b>	<b>(2,107)</b>	<b>(2,975)</b>	<b>(3,660)</b>
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Cash & cash equivalents at beginning of period	6,098	7,071	9,177	12,152	15,812
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<b>Cash &amp; cash equivalents at end of period</b>	<b>4,550</b>	<b>6,098</b>	<b>7,071</b>	<b>9,177</b>	<b>12,152</b>
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**Statement of Changes in Equity  
for the year ended 30 June 2023**

	<b>Proposed 2022-2023 \$'000</b>	<b>Forecast 2021-2022 \$'000</b>	<b>Actual 2020-2021 \$'000</b>	<b>Actual 2019-2020 \$'000</b>	<b>Actual 2018-2019 \$'000</b>
<b>Accumulated Surplus</b>					
Balance at end of previous reporting period	63,132	60,099	56,825	55,222	52,886
Net Surplus/ (Deficit) for year	11,012	3,033	3,268	1,590	2,327
<b>Balance at end of period</b>	<b>74,143</b>	<b>63,132</b>	<b>60,093</b>	<b>56,812</b>	<b>55,213</b>
<b>Asset Revaluation Reserve</b>					
Balance at end of previous reporting period	441,208	439,208	427,162	423,620	390,627
Gain on revaluation of infrastructure, property, plant & equipment	2,000	2,000	12,046	3,542	32,993
<b>Balance at end of period</b>	<b>443,208</b>	<b>441,209</b>	<b>439,210</b>	<b>427,162</b>	<b>423,619</b>
<b>Total Equity at end of reporting period</b>	<b>517,351</b>	<b>504,340</b>	<b>499,303</b>	<b>483,974</b>	<b>478,842</b>

**Uniform Presentation of Finances  
for the year ended 30 June 2022**

	<b>Proposed 2022-2023 \$'000</b>	<b>Forecast 2021-2022 \$'000</b>	<b>Actual 2020-2021 \$'000</b>	<b>Actual 2019-2020 \$'000</b>	<b>Actual 2018-2019 \$'000</b>
Income	49,304	46,720	45,473	45,786	44,711
<i>less Expenses</i>	(48,343)	(45,757)	(44,363)	(43,411)	(42,331)
<b>Operating Surplus (Deficit)</b>	<b>962</b>	<b>963</b>	<b>1,110</b>	<b>2,375</b>	<b>2,380</b>
<b>less Net Outlays on Existing Assets</b>					
Capital Expenditure on renewal and replacement of Existing Assets	22,543	13,661	9,652	8,919	15,624
Depreciation, Amortisation and Impairment	(11,159)	(10,640)	(9,968)	(9,503)	(8,984)
Proceeds from Sale of Replaced Assets	(25)	(25)	(47)	(58)	(9)
	<b>11,359</b>	<b>2,996</b>	<b>(363)</b>	<b>(642)</b>	<b>6,631</b>
<b>less Net Outlays on New &amp; Upgraded Assets</b>					
Capital Expenditure on New & Upgraded Assets	29,650	2,536	5,508	13,175	6,615
Amounts received specifically for New & Upgraded Assets	(10,025)	(2,045)	(2,626)	(1,165)	(1,049)
Asset Received Free of Charge	-	-	-	-	(24)
	<b>19,625</b>	<b>491</b>	<b>2,882</b>	<b>12,010</b>	<b>5,542</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(30,022)</b>	<b>(2,525)</b>	<b>(1,408)</b>	<b>(8,993)</b>	<b>(9,793)</b>



Financial Indicators for the year ended 30 June 2023	Proposed 2022-2023	Proposed 2022-2023	Forecast 2021-2022	Actual 2020-2021	Actual 2019-2020	Actual 2018-2019
	\$'000	Indicator	Indicator	Indicator	Indicator	Indicator

#### Operating Surplus / (Deficit) Ratio

<b>Operating Surplus/(Deficit)</b>	<b>962</b>	<b>2.0%</b>	2.1%	2.4%	5.2%	5.3%
<i>Total Operating Revenue</i>	<b>49,304</b>					

This ratio expresses the Operating Surplus as a percentage of total Operating Revenue

#### Net Financial Liabilities Ratio

<b>Net Financial Liabilities</b>	<b>42,855</b>	<b>86.9%</b>	25.1%	29.3%	28.0%	8.0%
<i>Total Operating Revenue</i>	<b>49,304</b>					

This ratio expresses the extent of Operating Revenue required to meet all monies owed by the Council  
*Net financial liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses)*

#### Asset Sustainability Ratio

<b>Net Asset Renewals</b>	<b>22,542</b>	<b>184%</b>	110%	91%	99%	109%
<i>Infrastructure &amp; Asset Management Plan required expenditure</i>	<b>12,220</b>					

This ratio measure the extent existing assets are being renewed compared to the Infrastructure & Asset Management Plan  
*Net asset renewals is defined as capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets*

<b>Rolling three-year average</b>		<b>121.6%</b>	98.4%	90.5%	96.1%	94.8%
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# Appendix 4

## *Rating Policy*

# Rating Policy

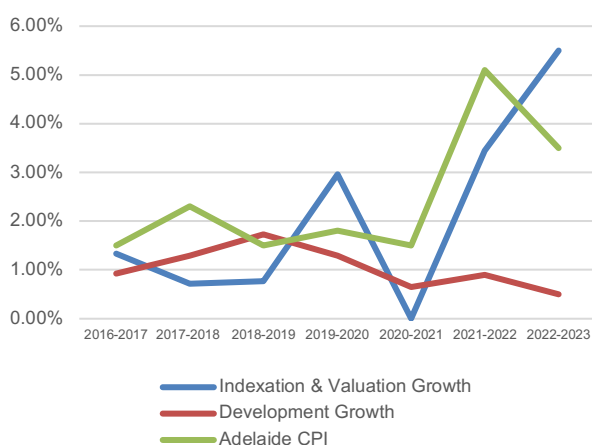
## Method Used to Value Land

The Council has continued to use Capital Value as the basis for valuing land within the City of Norwood Payneham & St Peters. It is considered that this method of valuing land provides the fairest method of distributing the rates across all ratepayers on the following basis:

- property value is a good indicator of wealth and Capital Value, which closely approximates the market value of a property, therefore providing the best indicator of overall property value;
- the equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- the distribution of property values throughout the City of Norwood Payneham & St Peters is such that only just over one third of residential ratepayers will pay more than the average rate per property.

Information received from the Valuer General indicates a number of changes in the City's property values to date. 0.5% of the increase can be attributed to growth related to new development within the City to date.

**Graph 1 Rate Revenue Increase**



## Differential General Rates

The Local Government Act 1999, allows Councils to apply differential rates based on the use of the land, the locality of the land or the use and locality of the land. The City of Norwood Payneham & St Peters applies differential rates on the basis of land use.

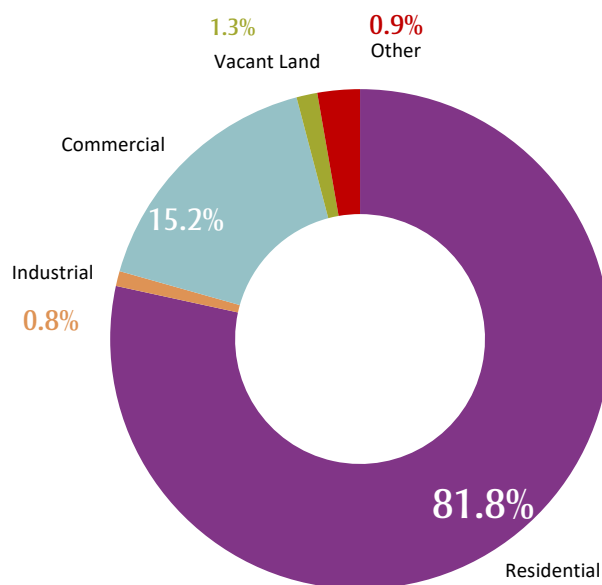
Definitions of land use are prescribed by regulation and are categorised as follows for rating purposes:

- Residential; • Industrial – Other; • Commercial – Shops; • Primary Production; • Commercial – Office; • Vacant Land;
- Commercial – Other ▪ Other
- Industrial – Light

The City of Norwood Payneham & St Peters applies differential rates on the basis of land use whereby non-residential properties have an increased rate-in-the-dollar of an additional 20% of the rate-in-the-dollar which is applied to residential properties.

Based on information provided by the Valuer General to date, the payment of rates will be distributed across the difference categories as detailed in Graph 2 below:-

**Graph 2 Rate Revenue by Land Use**



### Minimum Rate

Pursuant to the *Local Government Act 1999*, a Council may impose a minimum amount which is payable by way of rates. Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer. Where a Council imposes a minimum rate it must not apply to more than 35% of properties in the Council area.

The Council has set a minimum rate of \$1,132. The minimum rate will be applied to 6,706 (32.9%) of all ratable properties.

In determining the minimum rates, the Council is ensuring that all rateable properties make a base level contribution to the costs of:

- administering the Council's activities;
- the provision of the physical infrastructure that supports each property and is available for use by all ratepayers;
- services provided that are available for use by all ratepayers (e.g. Library and Parks and Gardens).

### The Parade Precinct Separate Rate

The Council has determined to raise a Separate Rate, for the purposes of promoting and enhancing business viability and employment generation within The Parade Precinct. The Parade Precinct Separate Rate is levied against all commercial properties located along The Parade between Fullarton Road and Portrush Road, and the revenue raised will only be used for this purpose.

### Proposed Rate Increases for 2022-2023

To fund the activities proposed within the 2022-2023 Annual Business Plan and to ensure that the Council continues to provide the level of services required and expected by the community, the Council estimates that it will require an additional \$2.173 million or 6% in general rate income.

Based on the initial valuations which have been received from the Valuer-General, this will result in a 14.9% decrease in the "cents-in-the-dollar".

The average residential property will be required to pay \$1,679 and the average commercial property will be required to pay \$2,514.

For the 2022-2023 financial year, the average rate per property by land use is

Land Use	Average Rate \$	Increase (Decrease) \$	% Change on 2021-2022
Residential	1,793	144	8.7%
Exempt -Residential	9,929	(1,239)	(11.1%)
Commercial	2,626	(106)	(3.9%)
Industrial	2,218	(129)	(5.5%)
Vacant Land	1,704	(13)	(0.8%)
Other	3,633	193	5.6%
Primary Production	1,679	(80)	(4.5%)
<b>All properties</b>	<b>1,914</b>	<b>107</b>	<b>5.9%</b>

### State Government Regional Landscape Levy

Pursuant to the *Landscape South Australia Act 2019*, the Council is required to collect funds on behalf of the State Government, for the operations of the Green Adelaide Board.

The Council collects the funds through a separate rate levied as the Regional Landscape Levy and is applicable to land within its area of the Green Adelaide Region.

In 2022-2023, the Council will collect \$1.383m for the payment of the Regional Landscape Levy. The Council is acting as a revenue collector and as such does not retain this revenue, but simply forwards it through to the Green Adelaide Board.

### Rate Capping

Rate Capping is provided in the form of a Rebate or Remission of Rates above an approved threshold. In the 2022-2023 Budget, the Council has determined that rates will be capped (subject to certain conditions) at two times the rate revenue increase in set in the Annual Budget. This means that the maximum increase in rates for individual properties will be 12% for the 2022-2023 Financial Year.

### Remission and Postponement of Rates

Section 182A of the *Local Government Act 1999*, provides the option for State Senior Card Holders to apply to postpone part of their council rates on a long term basis. The deferred amount is subject to a monthly interest charge, with the accrued debt being payable on the disposal or sale of the property.

For complete details on these items and additional information please refer to the Rating Policy and Rebate Policy which is available online at [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au).

## Council Facilities

**The Council's Principal Office is located at:**

Norwood Town Hall  
175 The Parade, Norwood

**Additional sites of operation include:**

Council Works Depot  
Davis Street, Glynde

Norwood Library  
110 The Parade, Norwood

St Peters Library  
101 Payneham Road, St Peters

Payneham Library & Community Facilities Complex  
(Tirkandi)  
2 Turner Street, Felixstow

Payneham Community Centre  
374 Payneham Road, Payneham

Cultural Heritage Centre  
101 Payneham Road, St Peters

Norwood Swimming Centre  
Phillips Street, Kensington

Payneham Memorial Swimming Centre  
OG Road, Felixstow

**The Council also operates two unique entities:**

St Peters Child Care Centre  
42-44 Henry Street, Stepney

Norwood Concert Hall  
175 The Parade, Norwood

## Additional Copies

The 2022-2023 Annual Business Plan can be viewed online at [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



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

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**



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### **Further information**

For more information about the City of Norwood Payneham & St Peter's 2022–2023 Annual Business Plan and Budget, please contact the Council's General Manager, Corporate Services, on 8366 4585 or email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)

For further information, visit [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)

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

**Telephone** 8366 4555  
**Email** [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
**Website** [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)  
**Socials**  /cityofnpsp  @cityofnpsp



*City of*  
**Norwood  
Payneham  
& St Peters**

## 6.2 2022-2023 THIRD BUDGET REVIEW

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**REPORT AUTHOR:** Financial Services Manager  
**GENERAL MANAGER:** General Manager, Corporate Services  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** q64901/A150308  
**ATTACHMENTS:** A

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### PURPOSE OF REPORT

The purpose of this report is to provide the Council with a summary of the forecast Budget position for the year ended 30 June 2021, following the Third Budget Review. The forecast is based on the year-to-date March 2022 results.

### BACKGROUND

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

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

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

#### Budget Update

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

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

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

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

#### Mid-Year Review

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

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

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

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

## **RELEVANT STRATEGIC DIRECTIONS & POLICIES**

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

The *2021-2022 Annual Business Plan* and Budget, sets out the proposed services, programs and initiatives for the 2021-2022 Financial Year and explains how the Council intends to finance its continuing services, programs and initiatives which are to be undertaken during the financial year. The 2021-2022 Adopted Budget estimated an Operating Surplus of \$471,000. The Operating Surplus was decreased as part of the Mid-Year Budget Review to \$185,300.

## **FINANCIAL AND BUDGET IMPLICATIONS**

The Third Budget Review, provides the opportunity to reflect any changes in projections based on the actual year-to-date results to March 2022 and forecast the 2021-2022 Operating result.

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

## **EXTERNAL ECONOMIC IMPLICATIONS**

This report provides information on the planned financial performance of the Council for the year ended 30 June 2022 and has no direct external economic impacts.

## **SOCIAL ISSUES**

Not Applicable.

## **CULTURAL ISSUES**

Not Applicable.

## **ENVIRONMENTAL ISSUES**

Not Applicable.

## **RESOURCE ISSUES**

Not Applicable.

## **RISK MANAGEMENT**

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



## COVID-19 IMPLICATIONS

Since the re-opening of the South Australian border on 23 November 2021 and the emergence of the Omicron variant of COVID-19, a number of businesses have been impacted by the increase in the number of COVID-19 cases and capacity restrictions introduced by State Government. To support the local businesses, a Financial Assistance Package was approved by the Council at its Meeting held on 17 January 2022. The financial impact of the Financial Assistance Package, was taken into account as part of the Mid-Year Budget review that was endorsed by the Council at its meeting held on 7 March 2022.

## CONSULTATION

- **Elected Members**

The Council considered the First Budget Update and the Mid-year Budget review at its meetings held on 6 December 2021 and 7 March 2022 respectively.

- **Community**

Not Applicable.

- **Staff**

Responsible Officers and General Managers.

- **Other Agencies**

Not Applicable.

## DISCUSSION

### Budget Review

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

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

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

The 2021-2022 Adopted Operating Budget, projected an Operating Surplus of \$471,000. At the Council meeting held on 7 March 2022, the Council endorsed the Mid-Year Budget Update, which reported a forecast Operating Surplus of \$185,000.

Following the Third Budget Review, the Operating Surplus has increased to \$1.356 million.

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

**A. Recurrent Operating Budget**

For 2021-2022, the Recurrent Operating Budget forecast a Recurrent Operating Surplus of \$1.064 million. Following the First Budget Update and the Mid-Year Budget Review, the Recurrent Operating Budget Surplus was reduced to \$933,500.

As a result of the Third Budget Update, the Recurrent Operating Surplus is increased to \$1.663 million. The major reasons for the movement in Operating Surplus are detailed in Table 1.

**TABLE 1: MAJOR VARIANCES IN RECURRENT OPERATING BUDGET – THIRD BUDGET REVIEW**

	Favourable/ (Unfavourable) \$
As part of the 2022-2023 Federal Budget, the Federal Government announced that it is advancing 75% of the 2022-2023 Financial Assistance Grants. Past practice has been for the Federal Government to advance 50% of future years Financial Assistance Grants. The additional 25% cash advance is aimed at providing Councils immediate access to funds to help manage the cumulative impacts of floods and the COVID-19 pandemic.	533,000
Adjust Rate Rebates and Rate Capping expenses to the level calculated as part of the annual Rates Notice generation process.	140,000
Following a review of the cash position and the review of the Capital Works Program, it is anticipated that no new long-term borrowings will be drawn down prior to 30 June 2022, therefore, finance cost has been reduced to reflect interest payable on existing loans only.	60,000
Reduction in payments to external service providers of Home Support services to anticipated payments for the year.	50,000
General Savings across administration costs such as printing & stationary, cash collection and postage.	56,000
Given the increase in property sales, the number of Rate & Property Searches has increased. The Rate Search Income has been increased to reflect anticipated activity for the remainder of the year.	20,000
Legal expenses has been increased to reflect the actual expenditure on legal proceedings and settlement costs associated with to the scramble crossing at the intersection of the Parade and George Street, Norwood.	(100,000)

**B. Operating Projects**

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

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

Carried Forward estimates (from prior financial years) are reviewed upon finalisation of the Annual Financial Statements. Additional expenditure required for non-completed Operating Projects at the end of the Financial Year, is incorporated in the Budget as part of First Budget Update.

Taking into account the Carried Forward Operating Project expenditure and new projects which have been endorsed by the Council, the 2021-2022 Adopted Operating Projects Budget forecast a cost to the Council of \$955,000, inclusive of carry forward project expenditure of \$203,000.

Following the First Budget Update, the value of carried forward expenditure was increased to \$510,000. The increase in the Carried Forward Budget, is due to projects not progressing as anticipated or the commencement of some projects being deferred.

The Mid-Year Budget Update forecast the cost of Operating Projects to be \$1.170 million. The Third Budget Update is estimating that the cost of Operating Projects to be \$760,000, a decrease of \$410,000.

The reduction reflects the operating projects not expected to be finalised by 30 June 2022, coupled with completed projects being delivered under budget.

The Operating Projects, and expenditure not expected to be incurred in the 2021-2022 is detailed in Table 2 below.

**TABLE 2: OPERATING PROJECTS NOT EXPECTED TO BE COMPLETED IN 2021-2022**

Service Initiative	\$
Authority Content Migration to Councils EDMS, Objective ECM is proposed to be deferred to 2023-2024 due to other priorities and resourcing of the IT and Corporate Records team.	58,400
The development of the <i>City-wide Parking Policy</i> was delivered under budget. Excess funds were carried forward to implement any necessary changes emanating from the review. A review of how parking controls are enforced is being undertaken in-house, with \$10,000 from the savings to be carried forward to the 2022-2023 Financial Year.	53,870
Ehive - Cultural Heritage Collections Project – the digitisation of the Council’s Cultural Heritage collection is being deferred, with delivery proposed to be undertaken in 2023-2024.	52,570
Due to the planting season, \$50,000 of the Additional Street tree planting program will be carried forward to the 2022-2023 financial year.	50,000
Initial investigations on the feasibility assessment of additional level on the Webbe Street Parking has commenced however the full investigations are not anticipated to be finalised by 30 June 2022.	50,000
Development of the <i>People, Place and Activation Strategy</i> has commenced with the work undertaken to date being delivered by internal resources. The Budget allocation relates to cost associate with consultation and finalisation of the documentation which is not anticipated to be completed by 30 June 2022.	30,000
Review of the <i>Public Art Strategy</i>	30,000
Development of the <i>Tree Management Policy &amp; Strategy</i> was delivered under budget. Excess funds have been carried forward to the 2022-2023 financial year to implement the year one actions set out in the Strategy.	20,000
The project of <i>Age Friendly Wayfinding Strategy</i> has commenced; however the installation of signage will not be installed prior to 30 June 2022.	20,000
Resilient East Project	13,000
<b>TOTAL OPERATING PROJECTS NOT EXPECTED TO BE INCURRED IN 2021-2022</b>	<b>377,840</b>

### C. Capital Projects

The Council adopted a Capital Budget of \$26.972 million for 2021-2022, which comprised funding allocations for New Capital Projects involving new or the upgrading of existing assets (\$8.081 million), the renewal/replacement of existing assets (\$14.089 million) and Carried Forward Projects from 2020-2021 (\$4.801million).

The First Budget Update forecast the cost of Capital Projects to be \$30.594 million. The increase is predominately due to a number of projects which were initially anticipated to be completed by 30 June 2021 being delayed or still being in progress as at 30 June 2021. Following the Mid-Year Budget Review, the Capital Project expenditure is forecast to increase by \$289,952 to \$30.884 million. Following a review of the status of the Capital works Program, the Capital projects to be completed by 30 June 2022 is anticipated to be \$16.197 million, with project expenditure of \$14.687million to be carried forward to future years. Details of Projects to be carried forward to be undertaken in the 2022-2023 Financial Year are detailed in Table 3 below.

**TABLE 3: PROJECTS TO BE CARRIED FORWARD TO 2022-2023**

Capital Project	Increase/ (Decrease) \$
<b>River Torrens Linear Park Path Upgrade</b> The reconstruction of the shared path along the River Torrens Linear Park between the intersection of Battams Road/Ninth Street Royston Park and Twelftree Reserve, Collage Park, encompassing a section of the path that passes through Dunstan Adventure Playground. \$1.350 million of grant funding will also be carried forward.	1,945,000
<b>St Peters Street Streetscape Upgrade</b> – As previously advised, works have commenced with the project due to be completed by 31 December 2022.	700,000
<b>The Parade Master Plan</b> was endorsed by the Council in May 2019. Stage 2 encompasses the design development for the Parade between Fullarton Road and Portrush road, and detail design and construction documentation for George Street between the intersection of The Parade and Webbe Street. Funds carried forward relate to the George Street Construction and finalisation of Stage 1 detailed design.	889,000
<b>Burchell Reserve Upgrade</b> The redeveloped Burchell Reserve will establish a contemporary setting, whilst improving the amenity of the Reserve through new community tennis courts, seating, refurbished toilets and landscaping that would create a gathering point for the community and encourage social interaction. Construction works scheduled to commence in September 2022 and to be completed by June 2023.	2,060,000
<b>Payneham Memorial Swimming Centre</b> The redevelopment of the Payneham Memorial Swimming Centre, as per the Council's Swimming Centres Strategy and endorsed concept plans, with carried forward funds being carried forward to completed detailed design.	2,500,000
<b>Quadrennial Public Art Project</b> - Installation of the Major artwork.	146,800
<b>Norwood Library Strategic Review &amp; Concept Plan</b> – preliminary investigation has commenced; however final concepts are not anticipated to be delivered prior to 30 June 2022.	100,000
<b>Borthwick Park Creek</b> improvements.	400,000
<b>Building Works Program:</b>	728,500
<ul style="list-style-type: none"> <li>• Solar installation at St Peters Library, St Peters Childcare Centre &amp; Pre-school and the Glynde Depot (\$208,550). Works have been tendered and awarded however works will not be completed by 30 June 2022.</li> <li>• Norwood Town Hall Airconditioning upgrade (\$520,000). Due to the lead times for the delivery of the air-conditioning units works will not be completed by 30 June 2022.</li> </ul>	
<b>Civil Infrastructure Works Program</b> – Awaiting works designs, which are subject to traffic review and drainage designs.	1,134,761
<b>Design and construction of the traffic management devices along Langman Grove</b> to resolve traffic management issues associated with Langman Grove, Briar Road and Turner Street, Felixstow, as per the recommendation from the Traffic Management Committee	148,000
<b>Minor Projects</b>	253,740

In addition, the following Capital Projects set out in Table 4 below will be deferred to be undertaken in future Financial Years.

**TABLE 4: CAPITAL PROJECTS TO BE CARRIED FORWARD TO FUTURE YEARS**

Capital Project	\$
Following a review of the Stormwater Drainage Program, the Trinity Valley Stormwater Drainage Upgrade – Stage 1 is now scheduled to be undertaken in the 2024-2025 Financial Year.	1,950,000
Stephen Street (Norwood) Improvements – commencement of works is dependent on the completion of the private development (Norwood Green). Following discussions with the developers, due to on-going construction and site access by heavy vehicles occurring via Stephen Street, works have been deferred to the 2024-2025 financial year.	250,000
To ensure that the proposed upgrades reflects current trends and delivers on the needs and expectation at the time of delivery, the commencement of the following two (2) Master Plans have been deferred, as the delivery of the projects have been reprioritised as part of the recently endorsed Long Term Financial Plan: <ul style="list-style-type: none"> <li>• \$50,000 for Adey Reserve Master Plan;</li> <li>• \$50,000 for Hannaford Reserve Master Plan.</li> <li>•</li> </ul>	100,000
Concept Design for Norwood Swimming Centre - Works at the Norwood Swimming Centre are not scheduled to commence until 2026-2027 as per the LTFP. Given the timespan between the development of the Masterplan and the delivery of works, to ensure that the proposed concept reflects current technologies and delivers on the needs and expectations at the time of delivery, it is recommended that the preparation of the Masterplan be deferred.	47,075
Minor Projects	60,710

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

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

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

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

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

**OPTIONS**

Not Applicable.

**CONCLUSION**

Nil

**COMMENTS**

Nil

**RECOMMENDATION**

1. That the Third Budget Update Report be received and noted.
2. That the Audit Committee recommends to the Council that pursuant to Regulation 9 (1) and (2) of the Local Government (Financial Management) Regulations 2011, Budgeted Financial Statements and Financial Indicators as contained within **Attachment A** be adopted.



# Attachment A

## 2022-2023 Third Budget Review

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

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
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Payneham  
& St Peters**



**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2022

Actual 2019-2020	Actual 2020-2021		Adopted Budget 2021-2022	Revised Budget 2021-2022	Variance	Actual YTD March 2022
\$	\$		\$			
		<b>INCOME</b>				
36,181,201	36,287,820	Rates	37,810,867	37,931,000	120,133	28,422,817
1,595,430	1,751,114	Statutory charges	1,865,875	1,821,875	(44,000)	1,517,623
3,408,253	3,505,662	User charges	3,910,411	3,764,666	(145,745)	2,711,578
2,958,655	2,921,485	Grants, subsidies and contributions	2,883,167	3,496,495	613,328	2,127,309
87,981	18,786	Investment income	110,500	45,500	(65,000)	12,978
1,526,956	771,114	Other revenues	498,126	577,126	79,000	478,143
27,605	217,074	Net gain - joint ventures & associates	<b>2,288</b>	-		
<b>45,786,081</b>	<b>45,473,055</b>	<b>Total Revenues</b>	<b>47,081,234</b>	<b>47,636,662</b>	<b>557,716</b>	<b>35,270,448</b>
		<b>EXPENSES</b>				
14,050,351	14,447,559	Employee costs	16,115,712	15,682,087	(433,625)	12,440,195
18,936,897	19,165,311	Materials, contracts & other expenses	18,920,993	19,044,026	123,033	13,706,764
404,968	454,465	Finance costs	730,000	670,000	(60,000)	311,101
9,503,233	9,968,299	Depreciation, amortisation & impairment	10,640,005	10,640,005	-	7,893,753
515,399	327,202	Net loss joint ventures and associates	203,305	244,908	41,603	-
<b>43,410,847</b>	<b>44,362,836</b>	<b>Total Expenses</b>	<b>46,610,015</b>	<b>46,281,026</b>	<b>(328,989)</b>	<b>34,351,813</b>
2,375,234	1,110,219	<b>OPERATING SURPLUS / (DEFICIT)</b>	471,219	1,355,636	884,417	918,635
(1,529,255)	(1,145,242)	Net gain (loss) on disposal or revaluation of assets	25,000	25,000	-	-
-	-	Non-operating items - joint ventures and associates	-	-	-	-
744,208	3,303,447	Amounts specifically for new or upgraded assets	5,540,707	2,044,718	(3,495,989)	-
-	-	Physical resources received free of charge	-	-	-	-
<b>1,590,187</b>	<b>3,268,424</b>	<b>NET SURPLUS (DEFICIT)</b>	<b>6,036,926</b>	<b>3,425,354</b>	<b>(2,611,572)</b>	<b>918,635</b>
3,542,270	12,045,839	Changes in revaluation Surplus- infrastructure, property, plant & equipment	2,000,000	2,000,000	-	-
12,526	5,388	Share of Other comprehensive Income - joint ventures and associates	-	-	-	-
<b>3,554,796</b>	<b>12,051,227</b>	<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>
<b>5,144,982</b>	<b>15,319,651</b>	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>8,036,926</b>	<b>5,425,354</b>	<b>(2,611,572)</b>	<b>918,635</b>



City of  
Norwood  
Payneham  
& St Peters

**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2022

Actual 2019-2020	Actual 2020-2021		Adopted Budget 2021-2022	Revised Budget 2021-2022	Variance	Actual YTD March 2022
\$	\$		\$	\$		
		<b>ASSETS</b>				
		<b>Current Assets</b>				
9,177,369	7,070,828	Cash and cash equivalents	3,662,327	8,749,116	5,086,789	8,127,168
2,889,164	3,699,322	Trade & other receivables	2,799,096	2,799,096	-	10,481,067
<b>12,066,533</b>	<b>10,770,150</b>	<b>Total Current Assets</b>	<b>6,461,424</b>	<b>11,548,213</b>	<b>5,086,789</b>	<b>18,608,234</b>
		<b>Non-current Assets</b>				
104,780	104,044	Financial Assets	104,044	104,044	-	104,044
2,463,297	2,207,035	Equity accounted investments in Council businesses	2,290,037	2,246,146	(43,891)	2,207,035
476,469,020	507,904,397	Infrastructure, Property, Plant & Equipment	528,705,097	512,930,702	(15,774,395)	500,010,644
17,891,485	2,509,203	Other Non-current Assets	-	-	-	10,291,511
<b>496,928,582</b>	<b>512,724,679</b>	<b>Total Non-current Assets</b>	<b>531,099,178</b>	<b>515,280,892</b>	<b>(15,818,286)</b>	<b>512,613,234</b>
<b>508,995,115</b>	<b>523,494,829</b>	<b>Total Assets</b>	<b>537,560,602</b>	<b>526,829,105</b>	<b>(10,731,497)</b>	<b>531,221,468</b>
		<b>LIABILITIES</b>				
		<b>Current Liabilities</b>				
7,309,501	8,006,434	Trade & Other Payables	7,195,916	7,195,916	-	15,583,429
1,651,032	971,642	Borrowings	931,098	931,098	-	339,129
3,134,785	3,325,976	Short-term Provisions	2,948,347	2,948,347	-	3,189,498
<b>12,095,318</b>	<b>12,304,052</b>	<b>Total Current Liabilities</b>	<b>11,075,361</b>	<b>11,075,361</b>	<b>-</b>	<b>19,112,056</b>
		<b>Non-current Liabilities</b>				
10,356,769	9,391,818	Long-term Borrowings	16,580,645	8,460,720	-	9,391,818
1,159,734	1,328,251	Long-term Provisions	1,193,655	1,193,655	-	1,328,251
1,396,501	1,164,265	Liability - Equity accounted Council businesses	1,367,570	1,367,570	-	1,164,265
<b>12,913,004</b>	<b>11,884,334</b>	<b>Total Non-current Liabilities</b>	<b>19,141,870</b>	<b>11,021,945</b>	<b>-</b>	<b>11,884,334</b>
<b>25,008,322</b>	<b>24,188,386</b>	<b>Total Liabilities</b>	<b>30,217,231</b>	<b>22,097,306</b>	<b>-</b>	<b>30,996,390</b>
<b>483,986,793</b>	<b>499,306,443</b>	<b>NET ASSETS</b>	<b>507,343,371</b>	<b>504,731,799</b>	<b>(10,731,497)</b>	<b>500,225,078</b>
		<b>EQUITY</b>				
56,825,014	60,098,826	Accumulated Surplus	66,135,751	63,524,180	(2,611,571)	61,017,461
427,161,779	439,207,617	Asset Revaluation Reserve	441,207,620	441,207,618	-	439,207,617
<b>483,986,793</b>	<b>499,306,443</b>	<b>TOTAL EQUITY</b>	<b>507,343,371</b>	<b>504,731,798</b>	<b>(2,611,571)</b>	<b>500,225,078</b>



City of  
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**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June 2022

Actual 2019-2020	Actual 2020-2021		Adopted Budget 2021-2022	Revised Budget 2021-2022	Variance	Actual YTD March 2022
\$	\$			\$		
<b>ACCUMULATED SURPLUS</b>						
55,222,301	56,825,014	Balance at end of previous reporting period	60,098,825	60,098,826	-	60,098,826
1,590,187	3,268,424	Net Result for Year	6,036,926	3,425,354	(2,611,572)	918,635
-	-	Other Comprehensive Income	-	-	-	-
12,526	5,388	Share of other Comprehensive income - joint ventures and associates	-	-	-	-
<b>56,825,014</b>	<b>60,098,826</b>	<b>Balance at end of period</b>	<b>66,135,751</b>	<b>63,524,180</b>	<b>(2,611,572)</b>	<b>61,017,461</b>
<b>ASSET REVALUATION RESERVE</b>						
423,619,509	427,161,779	Balance at end of previous reporting period	439,207,620	439,207,618	-	439,207,618
3,542,270	12,045,839	Gain on revaluation of infrastructure, property, plant & equipment	2,000,000	2,000,000	-	-
<b>427,161,779</b>	<b>439,207,618</b>	<b>Balance at end of period</b>	<b>441,207,620</b>	<b>441,207,618</b>	<b>-</b>	<b>439,207,618</b>
<b>483,986,793</b>	<b>499,306,444</b>	<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>507,343,371</b>	<b>504,731,798</b>	<b>(2,611,572)</b>	<b>500,225,079</b>



**STATEMENT OF CASH FLOWS**  
for the year ended 30 June 2022

Actual 2019-2020	Actual 2020-2021		Adopted Budget 2021-2022	Revised Budget 2021-2022	Variance	Actual YTD March 2022
		<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$			
		<u>Receipts</u>				
46,202,352	42,414,473	Operating receipts	47,868,672	48,491,388	622,716	35,257,470
87,981	2,755,845	Investment receipts	110,500	45,500	(65,000)	12,978
		<u>Payments</u>				
(32,515,736)	(32,620,886)	Operating payments to suppliers & employees	(36,359,448)	(36,048,856)	310,592	(27,631,737)
(406,609)	(447,160)	Finance Payments	(730,000)	(670,000)	60,000	(311,101)
<b>13,367,988</b>	<b>12,102,272</b>	<b>Net Cash provided by (or used in) Operating Activities</b>	<b>10,889,723</b>	<b>11,818,031</b>	<b>928,308</b>	<b>7,327,610</b>
		<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
		<u>Receipts</u>				
1,164,734	2,625,998	Grants specifically for new or upgraded assets	5,540,707	2,044,718	(3,495,989)	-
50,739	25,659	Sale of replaced assets	25,000	25,000	-	-
43,077	21,190	Repayments of loans by community groups	-	-	-	-
7,179	11,040	Capital contributed to associated entities	-	-	-	-
		<u>Payments</u>				
(8,919,370)	(9,651,815)	Expenditure on renewal/replacement of assets	(11,653,096)	(7,506,347)	4,146,749	(4,277,104)
(13,174,690)	(5,507,612)	Expenditure on new/upgraded assets	(15,318,948)	(3,691,302)	11,627,646	(3,239,601)
-	-	Loans made to community groups	-	-	-	-
(80,714)	(80,714)	Capital contributed to associated entities	(80,714)	(80,714)	-	-
<b>(20,909,045)</b>	<b>(12,556,254)</b>	<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(21,487,051)</b>	<b>(9,208,645)</b>	<b>12,278,406</b>	<b>(7,516,705)</b>
		<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
		<u>Receipts</u>				
6,500,000	-	Proceeds from Borrowings	8,119,925	-	-	-
		<u>Payments</u>				
(1,933,691)	(1,652,559)	Repayments of Borrowings	(931,098)	(931,098)	-	(632,513)
<b>4,566,309</b>	<b>(1,652,559)</b>	<b>Net Cash provided by (or used in) Financing Activities</b>	<b>7,188,827</b>	<b>(931,098)</b>	<b>-</b>	<b>(632,513)</b>
<b>(2,974,748)</b>	<b>(2,106,541)</b>	<b>Net Increase (Decrease) in cash held</b>	<b>(3,408,501)</b>	<b>1,678,288</b>	<b>5,086,789</b>	<b>(821,608)</b>
12,152,118	9,177,369	Cash & cash equivalents at beginning of period	7,070,829	7,070,829	-	7,070,829
<b>9,177,370</b>	<b>7,070,828</b>	<b>Cash &amp; cash equivalents at end of period</b>	<b>3,662,328</b>	<b>8,749,117</b>	<b>5,086,789</b>	<b>6,249,221</b>



City of  
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**UNIFORM PRESENTATION OF FINANCES**  
for the year ended 30 June 2022

Actual 2019-2020	Actual 2020-2021		Adopted Budget 2021-2022	Revised Budget 2021-2022	Variance	Actual YTD March 2022
45,786,081	45,473,055	Income	47,081,234	47,636,662	555,428	35,270,448
(43,410,847)	(44,362,836)	less Expenses	(46,610,015)	(46,281,026)	328,989	(34,351,813)
<b>2,375,234</b>	<b>1,110,219</b>	<b>Operating Surplus / (Deficit)</b>	<b>471,219</b>	<b>1,355,636</b>	<b>884,417</b>	<b>918,635</b>
		<b>less Net Outlays on Existing Assets</b>				
8,919,370	9,651,815	Capital Expenditure on renewal and replacement of Existing Assets	11,653,096	7,506,347	(4,146,749)	4,277,104
(9,503,233)	(9,968,299)	less Depreciation, Amortisation and Impairment	(10,640,005)	(10,640,005)	-	(7,893,753)
(50,739)	(25,659)	less Proceeds from Sale of Replaced Assets	(25,000)	(25,000)	-	-
<b>(634,602)</b>	<b>(342,143)</b>		<b>988,091</b>	<b>(3,158,658)</b>	<b>(4,146,749)</b>	<b>(3,616,649)</b>
		<b>less Net Outlays on New and Upgraded Assets</b>				
13,174,690	5,507,612	Capital Expenditure on New and Upgraded Assets	15,318,948	3,691,302	(11,627,646)	3,239,601
(1,164,734)	(2,625,998)	less Amounts received specifically for New and Upgraded Assets	(5,540,707)	(2,044,718)	3,495,989	-
(7,179)	(11,040)	Proceeds from Sale of Surplus Assets				
<b>12,002,777</b>	<b>2,870,574</b>		<b>9,778,241</b>	<b>1,646,584</b>	<b>(8,131,657)</b>	<b>3,239,601</b>
<b>(8,992,942)</b>	<b>(1,418,212)</b>	<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(10,295,113)</b>	<b>2,867,710</b>	<b>13,162,823</b>	<b>1,295,683</b>





**FINANCIAL RATIOS**  
for the year ended 30 June 2022

Actual 2019-2020	Actual 2020-2021		Adopted Budget 2021-2022	Revised Budget 2021-2022	Actual YTD March 2022
<b>Operating Ratio</b>					
5%	2%	<u>Operating Result</u>	1%	3%	3%
		Total Operating Revenue			
<b>Net Financial Liabilities Ratio</b>					
28%	29%	<u>Net Financial Liabilities</u>	50%	22%	35%
		Total Operating Revenue			
<b>Asset Sustainability Ratio</b>					
113%	124%	<u>Net Asset Renewals</u>	140%	90%	na
		Infrastructure & Asset Management Plan required expenditure			
		<i>Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets,</i>			
<b>Recommended for disclosure by Local Government Association</b>					
2,375,234	1,110,219	<b>Operating Surplus/(Deficit)</b>	471,219	1,355,636	918,635
		<i>Being the operating surplus (deficit) before capital amounts .</i>			
12,837,009	13,314,192	<b>Net Financial Liabilities</b>	23,651,763	10,445,049	12,284,112
		<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in</i>			
<b>Interest Cover Ratio</b>					
1%	1%	<u>Net Interest Expense</u>	2%	1%	1%
		Total Operating Revenue less Investment Income			
<b>Asset Consumption Ratio</b>					
61%	55%	<u>Carrying value of depreciable assets</u>	60%	58%	57%
		Gross value of depreciable assets			
		<i>Total carrying value of depreciable assets divided by total reported value of depreciable assets before</i>			
<b>Requested by Council</b>					
<b>Debt Repayment to Rate Revenue Ratio</b>					
6%	6%	<u>Debt Servicing</u>	4%	4%	3%
		Rate Revenue			

## 6.3 SERVICE REVIEW PROJECT

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**REPORT AUTHOR:** Chief Executive Officer  
**GENERAL MANAGER:** Not Applicable  
**CONTACT NUMBER:** 8366 4539  
**FILE REFERENCE:** qA75186  
**ATTACHMENTS:** Nil

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### PURPOSE OF REPORT

The purpose of this report is to advise the Committee of the proposed Service Review Project which will be undertaken by the Council.

### BACKGROUND

The *Local Government Act 1999*, provides that Council can examine and report on the financial management or the efficiency and economy with which the Council manages or uses its resources to achieve its objectives.

Reviewing the efficiency and economy of an organisation are ostensibly service reviews.

The best and most prudent, efficient, structured and objective way of undertaking service reviews is to agree on and have in place a program of what needs to be reviewed and then agree on how the respective service will be reviewed.

Over the years, a number of service reviews have been undertaken by the Council. The most recent examples are the Street & Footpath Sweeping Program, the Home Library Service and a review of On-Street Parking Management is currently in progress. These reviews have been undertaken as part of the organisations Business Excellence Program.

At its meeting held on 4 April 2022, the Council resolved the following with respect to the Service Review Project:

1. *That the conduct of the Service Review Project over a three (3) year period commencing in the 2022-2023 financial year, be endorsed.*
2. *The Council notes that \$100,000 has been included on the draft 2022-2023 Budget for the purposes of undertaking the first year of the Service Review Project.*
3. *The Council notes that a report setting out the scope of the Service Reviews and the suggested and recommended services, programs and process to be reviewed, will be prepared for the Council's consideration at the June 2022 Council Meeting.*

### RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

### FINANCIAL AND BUDGET IMPLICATIONS

An allocation of \$100,000 has been included in the draft 2022-2023 Budget.

In addition, the draft 2022-2023 Budget includes a dividend of \$50,000, which is an estimate of the savings which could be delivered through the reviews which are undertaken in the 2022-2023 Financial year.

## CONSULTATION

- **Elected Members**  
The Council formally adopted the Service Review project at its meeting held on 4 April 2022.
- **Community**  
Not Applicable.
- **Staff**  
Not Applicable.
- **Other Agencies**  
Not Applicable.

## DISCUSSION

It is proposed to implement the Service Review Project over three (3) years, commencing in the 2022-2023 Financial year. As part of the project, the Council will determine (based upon advice and recommendation of staff) the high priorities and which services/programs/processes it wishes to review.

Following this, the Council's Audit & Risk Committee is proposed to have oversight of the Service Review Project, which will also entail making recommendations to the Council following consideration of any outcomes and recommendations of the respective reviews.

Whilst some of the service reviews will be undertaken *'in house'* there will be a need to engage specialist consultants as required (depending on the service/program/process which are proposed to be reviewed).

To fund the Service Review Project (which will commence in 2022-2023), an allocation of \$100,000 has been included in the draft 2022-2023 Budget, with a corresponding dividend of \$50,000. Given both the financial and service improvements which are likely to be derived from the Service Review Project, these funds will be well spent.

The Service Review Project will be coordinated by the Chief Executive Officer.

## OPTIONS

Not Applicable.

## CONCLUSION

Subject to the Council endorsing the Service Review Project (and allocating funds as contained in the draft 2022-2023 Budget), a report which sets out the scope of the Service Review Project, the review schedule and the service/programs/processes which are proposed to be reviewed, will be prepared for the Council's consideration and endorsement.

## COMMENTS

Nil

## RECOMMENDATION

That the report be received and noted.

## 6.4 BORROWING & INVESTMENT PERFORMANCE FORECAST FOR YEAR ENDED 30 JUNE 2021

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**REPORT AUTHOR:** Accountant  
**GENERAL MANAGER:** General Manager, Corporate Services  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA392651  
**ATTACHMENTS:** A

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### PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with information on the management of the Councils' borrowings and investment performance, for the year ended 30 June 2022.

### BACKGROUND

Pursuant to Section 140 of the *Local Government Act 1999* (the Act), the Council is required, at least once in each year, to review the performance (individually and as a whole) of its investments.

This report provides a summary of the outstanding debenture loans as at 30 June 2022, together with the outcome of the Councils investment performance.

### RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council's *Treasury Management Policy* which was adopted by the Council on 2 March 2020, requires a Treasury Management performance report to be presented to the Audit Committee, at least annually.

### FINANCIAL AND BUDGET IMPLICATIONS

The financial implications arising from this report, relate to the Councils ability to meet loan instalment payments inclusive of interest when they fall due.

Through its annual budget process, the Council ensures that sufficient cash flow is maintained to service its financing obligations.

### EXTERNAL ECONOMIC IMPLICATIONS

Nil.

### SOCIAL ISSUES

Nil.

### CULTURAL ISSUES

Nil.

### ENVIRONMENTAL ISSUES

Nil.

### RESOURCE ISSUES

Nil.

### RISK MANAGEMENT

The risk management issues relate to the Councils ability to meet loan instalment payments when they fall due. This risk is minimised by the Annual Budget process which recognises the timing of cash requirements and the revenue required to manage the Councils operations.

## CONSULTATION

- **Committee Members**  
Not Applicable.
- **Community**  
Not Applicable.
- **Staff**  
Nil.
- **Other Agencies**  
Not Applicable.

## DISCUSSION

### Borrowings

Pursuant to Section 134 of the *Local Government Act 1999*, the Council can enter into financial arrangements as deemed appropriate by the Council, to borrow monies to fund recurrent operations and capital expenditure requirements.

The Council's policy is to borrow on a fixed interest basis for the term of the loan to fund Capital Projects. To minimise future financing costs, the current funding strategy is to utilise surplus funds in the first instance, with short-term funding needs being met through the utilisation of the Cash Advance Drawdown (CAD) facility held with the Local Government Financing Authority (LGFA).

As at 30 June 2022, the balance of outstanding borrowings is forecast to be \$9.4 million. The balance comprises four (4) active fixed interest rate loans. The Council has approved loan borrowings to the value of \$28.6 million which are yet to be drawn down. In addition, the Council has two (2) Cash Advance Drawdown (CAD) variable rate facility, held with the Local Government Financing Authority. Due to Covid-19, LGFA offered the Council a discounted convertible cash advance debenture loan facility where the interest rate is 0.75% off of the current standard variable interest rate of 2.3%. This discounted facility is a completely new facility and is effective for three (3) years from the date of drawdown. This facility will expire by 17 August 2023.

The active fixed interest loans have been provided by the Local Government Financing Authority. The loan terms range from fifteen (15) years to twenty (20) years, with the respective interest rates varying between 2.4% pa and 6.1% pa.

The list of the Council's active loans is contained in **Attachment A**.

From 1 May 2021 to 30 April 2022, there was one (1) finalised loan. Debenture 14 matured on 15 September 2021 and was taken out in 2006 for the purposes of undertaking the 2011-2012 Infrastructure Works. The total principal payments and interest payments were \$500,000 and \$303,861.6 respectively.

Given the current cash reserves and projected timing of the capital expenditure, it is not anticipated that other Long Term Borrowings will be required before 30 June 2021, however there may be a need to draw down on the CAD facility to cover cash needs between June 2022 and the first quarter rates payments, which are due in September 2022.

Principal repayments made on long term active loans for the year to 30 June 2022, are forecast to be \$930,000.

The details of the movement in the loan balances are contained in **Attachment A**.

## Investments

Pursuant to Section 139 of the *Local Government Act 1999*, the Council can invest monies under its control.

The Council's *Treasury Management Policy* allows for surplus funds which cannot be applied to reduce existing borrowings to be invested. Surplus funds are to be invested either:

- a. "At Call" with the Local Government Finance Authority; or
- b. fixed term investment products, where the term of the investment does not exceed a point in time where the funds could be applied to defer new borrowings or reduce existing borrowings.

For the 2021-2022 financial year, surplus funds are invested "At Call" with the Local Government Finance Authority. The balance of funds invested at 30 April 2022 was \$6.459 million. Interest earned on funds which have been invested, was \$18,356.

In addition to the 'At Call' account, the Council manages the 'St Peters RSL Trust Account'. The balance of Trust Account at 30 April 2022 was \$42,495. Interest earned to 30 April 2021 was \$113.

## OPTIONS

Not Applicable.

## CONCLUSION

Nil.

## COMMENTS

Nil.

## RECOMMENDATION

That Borrowing and Investment Report be recommended to the Council for endorsement.



# Attachment A

## Borrowing & Investment Performance Forecast for Year Ended 30 June 2021

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

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**



City of  
Norwood  
Payneham  
& St Peters

## SCHEDULE OF BORROWINGS AS AT 30 JUNE 2022

### FIXED RATE BORROWINGS

Loan Number	Purpose	Loan Type	Term of Loan	Principal Amount	Maturity Date	Interest Rate	Repayment Frequency	Principal Loan Balance Outstanding
Debenture No. 18	St Peters Town Hall Redevelopment	Fixed Rate Reducing Balance	15 years	4,000,000	15/02/2027	5.85%	Bi-annual. (Principal and Interest)	1,730,602
Debenture No. 19	St Peters Town Hall Redevelopment	Fixed Rate Reducing Balance	15 years	3,000,000	16/04/2027	6.10%	Bi-annual. (Principal and Interest)	1,310,720
Debenture No. 28	Purchase the Land for Hannaford Reserve	Fixed Rate Reducing Balance	20 years	656,000	15/03/2039	4.20%	Bi-annual. (Principal and Interest)	588,795
Debenture No. 29	Norwood Oval Members Facilities	Fixed Rate Reducing Balance	15 years	6,500,000	15/05/2035	2.40%	Bi-annual. (Principal and Interest)	5,761,702
<b>Total</b>				<b>14,156,000</b>				<b>9,391,818</b>

### VARIABLE RATE BORROWINGS

Loan Number	Lending Institution	Loan Type	Expiry Date of Facility	Facility Limit	Amount Drawdown	Available Facility	Interest Rate	Interest Payment Frequency
NorwCA02	Local Government Financing Authority	Cash Advance Drawdown Facility	17/06/2028	6,000,000	-	6,000,000	Variable	Quarterly
NorwCA03	Local Government Financing Authority	Covid-19 Cash Advance Drawdown Facility	17/08/2023	4,500,000		4,500,000	0.75% off of CA02 Interest Rate	Quarterly
<b>Total</b>				<b>6,000,000</b>	<b>-</b>	<b>6,000,000</b>		



## Movement in Loan Balance

Opening Balance \$ 10,322,917

### FINALISED LOANS - From 30/06/2021 to 30/06/2022

Loan Number	Lending Institution	Loan Type	Term of Loan	Principal Amount Repaid	Repayment Date	Interest Rate	Interest Paid
Debenture 14	Local Government Financing Authority	Fixed Rate Reducing Balance	15 Years	500,000	15/09/2021	6.77%	303,862
<b>Total</b>				<b>500,000</b>			

### NEW LOANS - FINANCIAL YEAR 2021-2022 (to 30 JUNE 2022)

Loan Number	Lending Institution	Loan Type	Term of Loan	Principal Amount	Maturity Date	Interest Rate	Purpose
	Local Government Financing Authority	Fixed Rate Reducing Balance					
<b>Total</b>				<b>-</b>			

### Principal Repayments & New Loans

Fixed Term Loans	931,099
CAD Facility	
<b>Total</b>	<b>931,099</b>

Closing Balance \$ 9,391,818

## Schedule of Investment as at 30 April 2022

### DEPOSIT

Deposit	Investment Institution	Investment Type	Rate	Current Principal
Norwood 09 St Peters RSL T/Fund	Local Government Financing Authority	Fixed term	0.74%	40,000
Norwood 09 St Peters RSL T/Fund	Local Government Financing Authority	24HR	0.30%	2,643
Norwood General	Local Government Financing Authority	24HR	0.30%	6,459,161

## 6.5 GOVERNANCE ARRANGEMENTS – REGIONAL SUBSIDIARIES

---

**REPORT AUTHOR:** General Manager, Corporate Services  
**GENERAL MANAGER:** Chief Executive Officer  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA75186/A397642  
**ATTACHMENTS:** A - C

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### **PURPOSE OF REPORT**

The purpose of this report is to provide the Audit Committee with a record of information which has been provided to the Council since the last meeting.

### **BACKGROUND**

At the Audit Committee meeting held on 21 January 2010, it was resolved:

*“That reports be prepared by the General Managers responsible for each Regional Subsidiary on any matters of concern within the Subsidiary, for consideration by the Audit Committee in lieu of the distribution of minutes etc.”*

### **RELEVANT STRATEGIC DIRECTIONS & POLICIES**

Not Applicable.

### **FINANCIAL AND BUDGET IMPLICATIONS**

The emphasis of this report is to provide the Audit Committee an overview of the Draft 2022-2023 Budgets of the Council’s Regional subsidiaries which have been considered the Council.

The Councils Draft 2022-2023 Budget includes the respective cost of services which are delivered on behalf of the Council by the respective Regional Subsidiary and the Council’s share of the respective Regional Subsidiary operating result.

The Budget implications are discussed in the Discussion section of this report

### **EXTERNAL ECONOMIC IMPLICATIONS**

Not Applicable.

### **SOCIAL ISSUES**

Not Applicable.

### **CULTURAL ISSUES**

Not Applicable.

### **ENVIRONMENTAL ISSUES**

Not Applicable.

### **RESOURCE ISSUES**

There are no resource issues arising from this report.

### **RISK MANAGEMENT**

There are no risk management issues arising from this report.

## CONSULTATION

- **Committee Members**

Cr Minney is a Board member of ERA Water and Highbury Landfill Authority. Cr Mike Stock is a Board member of East Waste. Ms Brigid O'Neill is a member of the Audit Committee of ERA Water. Ms Sandra Di Blasio is a member of the Audit Committee of East Waste.

- **Community**

Not applicable.

- **Staff**

Chief Executive Officer  
General Manager, Urban Services.  
General Manager, Urban Planning and Environment.

- **Other Agencies**

Not Applicable.

## DISCUSSION

### Eastern Health Authority (EHA)

EHA have advised that the key priorities for the Authority for the 2022-2023 Financial year, are based on the focus areas set out Regional Public Health and Wellbeing Plan, '*Better Living, Better Health*', which include:

Public and environmental health services

- Continue to assist SAPOL and SA Health with monitoring and education of relevant COVID-19 Directions.
- Develop educational material to be communicated to Personal Care and Body Art premises on specific high-risk practices.
- Provide feedback to SA Health on the review of Public Health Regulations review as required.

Immunisation

- Promotion of EHA's public immunisation clinic program through channels identified in the EHA Marketing Plan.
- Continue to ensure the effective governance and delivery of EHA's public clinic immunisation program in accordance with the National Immunisation Program (NIP) Schedule.
- Deliver School Immunisation Program (SIP) in accordance with the SA Health Service Agreement contract.
- Develop a business case for the provision of immunisation services on behalf of non-Constituent Councils (dependent on available opportunities)

Food safety

- Prepare a report on the outcomes from the first twelve months of the SA Health voluntary Food Star Rating Scheme.
- Communicate and inform food businesses of the proposed legislative food management tools: food safety supervisor; food handler training and evidence that will come into effect within 12 months.
- Collate a biennial food safety newsletter training be distributed to EHA's food businesses.
- Provide tailored food safety training to workplaces upon request.

Governance and organisational development

- In consultation with Constituent Councils, review and revise the EHA business planning and reporting framework.
- Work with the Audit Committee and the Board to review and revise the financial indicators in the Long-Term Financial Plan.
- Create a Chief Executive group with Constituent Council CEOs to channel information and bilateral communication.
- Development of targeted quarterly performance report for Constituent Councils.
- Develop a presentation highlighting strengths and benefits of centralised service delivery model for Constituent Council Elected Members.

While the Authority's Charter does not require the Constituent Councils to endorse the Draft Budget, by virtue of the endorsement of the Business Plan, the Council ostensibly endorsed the EHA Draft Budget.

EHA's main source of income to fund its operations is contributions from its Constituent Councils. To deliver the Annual Business Plan, EHA requires contributions of \$1,828,000 (which is a 0% increase on 2021-2022) to fund the operational expenditure.

Following the 2021 EHA Service Review, it was recommended that the administration fee of 12.5% be divided into fixed and variable components. The fixed portion of the administration fee of 5% is now shared equally (1% per council), while the variable component is calculated on a proportional basis, dependent on use. The impact of the change in methodology is that larger Councils now pay a slightly higher proportion of the administrative fee and smaller Councils pay less. As such, the Councils contribution has increased from 31.3% to 32.0%.

As a receiver of services from EHA, the Council's Draft 2022-2023 Budget includes a funding allocation for the provision of environmental health services of \$585,000, a 2.17% or \$12,500 increase on 2021-2022.

EHA are forecasting an Operating Deficit of \$49,000, with the Council's share of the EHA Operating result being \$15,660. It should be noted that budgeted Operating Deficit is an accounting deficit and the contributions requested from Constituent Councils will provide for a balanced operating cash budget.

A copy of the Authority's draft Annual Business Plan and Budget is contained in **Attachment A**.

### **East Waste**

The East Waste Draft 2020-2021 Budget is developed based on a Common Fleet Costing methodology, with Common Fleet Costs, which predominately relate to collection costs, being charged to Constituent Councils based on the cost to undertake the collection of each Council's waste streams. The allocation of the Common Fleet Costs is based on the GPS System utilised by East Waste. It should be noted that as per the Authority's Budget Policy, the Common Fleet Cost includes an additional charge to incorporate a return on revenue, which is currently set at 1% of the Common Fleet Costing Charge.

In addition, where Constituent Councils utilise East Waste for other services such as Contract Management Services (Disposal and Resource processing) and Waste Bin Maintenance, these services are on-charged to Councils at cost.

The Draft 2022-2023 Budget is reporting an Operating Surplus of \$108,000. The Council's share of the draft Operating Surplus is \$15,444, which is based on an ownership share of the Authority of 14.3%.

The Authority's collection costs have increased by 6.3% on the 2021-2022 Budget, however for this Council, the collection cost has increased by 6.4%, which is slightly higher than the overall increase in the East Waste collection costs. East Waste have advised that the increase in collection costs is due to:

- fuel costs due to the combined impact of the significant increase in the fuel price combined with the high AdBlue costs. The projected increase in fuel costs account for 60% of the overall cost increase for the 2022-2023 financial year; and
- an increase in employee expenses due to an increase in service requests, combined with the Enterprise Agreement increases and the mandatory increase in super contributions to 10.5%.

The Council's Draft Waste Management Budget, reflects a proposed Common Fleet fee of \$2.270 million (2021-2022 \$2.204 million) to be charged for the collection of this Councils waste streams, which include Domestic waste, Green Organics, Recyclables, Public Litter Bins, Illegal Dumping and pre-booked Hard Rubbish Collection.

While the East Waste Budget includes income from disposal costs, the disposal charges are a "pass through" cost from East Waste to each Constituent Council; as such the Council's proposed budget for the disposal of the Council's streams is based on the Council's estimate of waste which is collected and processed as opposed to the East Waste estimates.

The East Waste Draft 2022-2023 Annual Plan is contained in **Attachment B**.



## ERA Water

The Draft 2022-2023 Budget assumes that 253ML of water will be sold in the 2022-2023 Financial year, with the first 205ML of the available water, being sold to the Constituents Councils on a take or pay basis and the balance (48ML) being made available for third parties with existing commitments and the City of Burnside taking 10 ML more than their take or pay allocation. The water sold to Constituent Councils will be priced at the SA Water price, which is forecast at \$2.85/kl. Forecast income from Constituent Councils is in the order of \$603,000.

The other water sales which are sold to third parties and Constituent Councils in excess of the take or pay allocation, are assumed to be sold at 85% of the SA Water price, with the income forecast at \$117,000 and represents 16% of total water sales for 2022-2023. The Budget assumes that 352ML will be available for sale in 2022-2023. ERA Water are pursuing opportunities for the additional water supply; however, the income budget does not assume any new connections.

Operating costs are forecast to be \$634,000 which includes Employee Expenses of \$251,500. Fixed Operating costs of \$127,500 and other variable operating costs of \$255,000 to operate and maintain the Scheme. The Scheme's operational costs include mechanical and electrical operations and maintenance support provided by an external contractor, licence fees, water testing, utilities costs and administration costs such as insurances, audit fees and general administrative costs.

At the Special Council Meeting held on 13 April 2022, the Council considered and endorsed the ERA Water draft Budget, which was based on a recapitalisation proposal comprising of a capital injection of \$3 million to be contributed in line with the ownership share plus a water security charge of \$1.250 million to be paid over five (5) years, with the contribution per Constituent Council being based on the take or pay water allocation.

The recapitalisation funds will be utilised to:

- expand the network and the number of connections to build scale over a five (5) year period, so that ERA Water has an operating cash break-even position;
- invest in assets to increase and or improve the reliability of supply;
- meet operating cash deficits over the five (5) year period; and
- pay down debt.

For the City of Norwood Payneham & St Peters, the total contribution requested as part of the recapitalisation proposal is \$1.475 million, which is made up of a \$1 million capital contribution and an annual water security charge of \$95,000, payable for five years.

The ERA Water Charter requires the ERA Water Board (the Board), prior to it adopting its Draft Budget, to obtain unanimous approval of its Draft Budget from all Constituent Councils.

Following feedback from the City of Burnside on the draft budget, the Board reviewed its draft budget to ensure that it would receive unanimous approval from all Constituent Councils.

The main change from the draft Budget endorsed by this Council at the Special Council meeting held on the 13 April 2022, is a reduction in capital injection required from this Council and the City of Burnside from \$1 million to \$200,000 for the 2022-2023 financial year.

This amendment brings the capital contribution in-line with that of the Town of Walkerville. It should be noted, that the total capital contribution by the three (3) Constituent Councils, to be paid as part of the recapitalisation of ERA Water remains at \$3 million. It is unknown at this stage regarding the timing of future contributions, (i.e., future capital contributions for this Council and the City of Burnside may be in-line with the original five (5) payment schedule set for the Town of Walkerville or there may be a request that balance of \$800,000 be made in 2023-2024 financial year).

As a result of the proposed reduced capital injection:

- the forecast debt as at 30 June 2023 will increase from \$13.839 million to \$15.270 million, which while still within the debt cap of \$15.3 million, does not allow for any contingency should the assumptions, upon which the budget is predicated on, not holding true;
- the increased debt levels, coupled with a change in the interest rate on the Cash Advance Debenture facility, will increase the interest expense by \$31,000 to \$358,000; and
- the provision for Capital works will decrease from \$850,000 to \$350,000. It is proposed that the capital works undertaken during the year will be funded on a business case and feasibility assessment, as such a provision of \$300,000 has been allowed for in the Operating Budget to engage consultants to assist with the development of the business and feasibility assessment for capital projects.

The revised ERA Water Budget continues to forecast a small cash surplus however due to the reduction of the capital contribution to \$600,000 (i.e. \$200,000 for each Constituent Council), which is \$1.6 million less than the initial draft Budget, ERA Water is not in a position to repay borrowings which were originally set at \$1.355 million.

The revised Draft 2022-2023 Budget is forecasting an Operating Deficit of \$803,000 and increase of \$324,000 on the original draft Budget. This Councils share of the Operating Deficit, which will be required to be included in the Councils 2022-2023 Budget will increase by \$108,000 to \$267,667.

The Draft Budget includes water sales to this Council of \$220,477 which is based on the consumption of 76.67ML. The Council's Draft 2022-2023 Budget includes a budget estimate of \$380,000, which includes water sourced from SA Water and ERA Water for the Councils reserves, parks, medians and sporting grounds, the water security charge of \$95,000 and the capital contribution of \$1 million.

The Councils Draft 2022-2023 Budget will be amended to reflect the increase in the share of the Operating Deficit and the lower capital contribution, thereby reducing the Council's cash needs by \$800,000 for the 2022-2023 Financial Year.

The revised Draft ERA Water Budget is being considered by the Council at its meeting scheduled for 6 June 2022. It is recommended that the Audit Committee recommends to the Council that the revised Draft ERA Water Budget be approved.

A copy of the revised Draft Budget is contained in **Attachment C**.

### **Highbury Landfill Authority**

At the time of writing this report, the Council is yet to receive the Draft 2022-2023 budget for the Highbury Landfill Authority.

### **OPTIONS**

Nil.

### **CONCLUSION**

Nil.

### **COMMENTS**

Nil.

### **RECOMMENDATION**

1. That the report be received and noted.
2. That the Audit Committee recommends to the Council that the revised Draft 2022-2023 ERA Water Budget be approved.

# Attachment A

## Governance Arrangements Regional Subsidiaries

### Eastern Health Authority (EHA)

---

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

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



City of  
Norwood  
Payneham  
& St Peters

**DRAFT**

EASTERN HEALTH AUTHORITY  
ANNUAL BUSINESS PLAN AND  
BUDGET 2022/2023

**DRAFT**

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## Introduction

### *Keeping the community healthy – About EHA*

Eastern Health Authority (EHA) has a proud history of promoting and enforcing public health standards in Adelaide's eastern and inner northern suburbs.

We are a regional subsidiary established under the *Local Government Act 1999* and work across our Constituent Councils to protect the health and wellbeing of around 165,000 residents.

EHA is guided by the collective vision and commitment to public health and safety of our five Constituent Councils:

- City of Burnside
- Campbelltown City Council
- City of Norwood Payneham and St Peters
- City of Prospect
- Town of Walkerville

These councils have come together to prepare a shared Regional Public Health and Wellbeing Plan 2020-2025. EHA's role is covered in the Plan's strategic directions for Protecting Health and includes vital public and environment health services such as immunisation, hygiene and sanitation control, licensing and monitoring of Supported Residential Facilities (SRFs), and inspection and regulation of food premises.

EHA effectively manages the risk profile for public and environmental health and food safety across the region, having centralised services provided through a regional subsidiary model which is well recognised and valued by stakeholders.

With a single focus, and highly specialised and experienced staff, EHA is well-equipped to deal with the increasing diversity and complexity of public and environmental health on behalf of its Constituent Councils.

### *Key Statistics*

<b>Population Served</b>	<b>165,573</b>
<b>Staffing</b>	<b>28 Staff (19.2 FTE)</b>
<b>Number of Inspections Undertaken</b>	<b>2,114</b>
<b>Number of Immunisations Administered</b>	<b>21,730</b>
<b>Total Budget</b>	<b>\$2,739K</b>
<b>Grant Funding Received</b>	<b>\$301K</b>
<b>User Income Generated</b>	<b>\$407K</b>
<b>Constituent Council Contributions</b>	<b>\$1,828K</b>

## *Developing our 2022-23 Annual Business Plan*

EHA is governed by a Board of Management comprised of two members elected by each of our Constituent Councils. Our Charter is the formal agreement between the Councils about how EHA will operate and meet our obligations under the *Local Government Act 1999*.

The EHA Board is required to adopt an Annual Business Plan and Budget each year to outline our objectives and activities for the financial year, our financial requirements and how we will measure our performance.

This year we have responded to the feedback of Constituent Councils and delivered a streamlined Annual Business Plan that has a more strategic focus. We have developed a series of strategic objectives, drawn from EHA's commitment to good governance under our Charter and our responsibilities under the *Regional Public Health and Wellbeing Plan 2020-2025*, which is prepared for and adopted by our Constituent Councils. EHA is responsible for the 'Protection for Health' priorities in the Regional Public Health Plan, and this is reflected in our four key focus areas:

1. Public and environmental health services
2. Immunisation
3. Food safety
4. Governance and organisational development

In consultation with our Constituent Councils, we have prepared a Plan for the next 12 months that aligns to our strategic objectives within each focus area and guides the efficient and effective delivery of our day-to-day operations.

As we are committed to continuous improvement, EHA plans to undertake further consultation with Constituent Councils throughout the year to review and refine our strategic objectives and adopt an improved business planning and reporting framework.

A summary of our 2022-23 budget and how we are performing against our Long-Term Financial Plan is also included within this Plan.

Our performance against this Annual Business Plan will be reported in our Annual Report, which will be provided to Constituent Councils by 30 September 2023.



## Key influences in 2022-23

The environment in which EHA and our Constituent Councils operate in is always changing. In preparing our 2022-23 Annual Business Plan, EHA has considered the key influences that we need to be aware of and respond to throughout the next 12 months. The major external factors that we have taken into consideration in the preparation of our Plan are summarised below.

<p><b>P</b> POLITICAL</p>	<ul style="list-style-type: none"> <li>• <i>New State Government</i></li> <li>• <i>Local Government Elections – New Board</i></li> <li>• <i>Changes in government / council policies</i></li> <li>• <i>Revised Charter</i></li> </ul>
<p><b>E</b> ECONOMIC</p>	<ul style="list-style-type: none"> <li>• <i>Use of revised funding formula</i></li> <li>• <i>Enterprise Agreement Labour Cost Increase</i></li> <li>• <i>CPI forecast of 3.9% for 2022 FY</i></li> <li>• <i>New Immunisation Service Provision Contracts</i></li> <li>• <i>Increase in size of School Immunisation Program in 2023</i></li> <li>• <i>Reduced Finance Costs</i></li> </ul>
<p><b>S</b> SOCIAL</p>	<ul style="list-style-type: none"> <li>• <i>Impacts of COVID – public and mental health, compliance activities</i></li> <li>• <i>Potential for Covid Vaccines to be delivered by local government</i></li> <li>• <i>Community attitudes to vaccines</i></li> <li>• <i>Community expectations of environmental health</i></li> <li>• <i>Community attitude towards compliance</i></li> <li>• <i>Changing customer / community expectations</i></li> <li>• <i>Heightened media interest in public health and safety issues</i></li> </ul>
<p><b>T</b> TECHNOLOGICAL</p>	<ul style="list-style-type: none"> <li>• <i>Data collection and analysis</i></li> <li>• <i>Smart technology</i></li> <li>• <i>Online services / immunisation bookings / information provision</i></li> <li>• <i>New ways of communicating</i></li> <li>• <i>Increased functionality from enhanced Immunisation Database</i></li> </ul>
<p><b>E</b> ENVIRONMENTAL</p>	<ul style="list-style-type: none"> <li>• <i>Ongoing Covid restrictions and impacts</i></li> <li>• <i>Increased risk of emergency events</i></li> <li>• <i>Impacts of climate change</i></li> <li>• <i>Disease from pests</i></li> </ul>
<p><b>L</b> LEGAL</p>	<ul style="list-style-type: none"> <li>• <i>Revised public health regulations</i></li> <li>• <i>Training and evidence requirements for Food Businesses</i></li> <li>• <i>Lack of appropriate registration and licensing systems for food safety and public health matters</i></li> <li>• <i>Review of Supported Residential Facility legislation.</i></li> </ul>

## 2022-2023 Annual Business Plan Overview

### Our 2022-23 Priorities

Focus Area	2022-23 Priorities
<b>1. Public and Environmental Health Services</b>	<ol style="list-style-type: none"> <li>1. Continue to assist SAPOL and SA Health with monitoring and education of relevant COVID-19 Directions.</li> <li>2. Develop educational material to be communicated to Personal Care and Body Art premises on specific high-risk practices.</li> <li>3. Provide feedback to SA Health on the review of Public Health Regulations review as required.</li> </ol>
<b>2. Immunisation</b>	<ol style="list-style-type: none"> <li>1. Promotion of EHA's public immunisation clinic program through channels identified in the EHA Marketing Plan.</li> <li>2. Continue to ensure the effective governance and delivery of EHA's public clinic immunisation program in accordance with the National Immunisation Program (NIP) Schedule.</li> <li>3. Deliver School Immunisation Program (SIP) in accordance with the SA Health Service Agreement contract.</li> <li>4. Develop a business case for the provision of immunisation services on behalf of non-Constituent Councils (dependent on available opportunities)</li> </ol>
<b>3. Food Safety</b>	<ol style="list-style-type: none"> <li>1. Prepare a report on the outcomes from the first twelve months of the SA Health voluntary Food Star Rating Scheme.</li> <li>2. Communicate and inform food businesses of the proposed legislative food management tools: food safety supervisor; food handler training and evidence that will come into effect within 12 months.</li> <li>3. Collate a biennial food safety newsletter training be distributed to EHA's food businesses.</li> <li>4. Provide tailored food safety training to workplaces upon request.</li> </ol>
<b>4. Governance and Organisational Development</b>	<ol style="list-style-type: none"> <li>1. In consultation with Constituent Councils, review and revise the EHA business planning and reporting framework.</li> <li>2. Work with the Audit Committee and the Board to review and revise the financial indicators in the Long-Term Financial Plan.</li> <li>3. Create a Chief Executive group with Constituent Council CEOs to channel information and bilateral communication.</li> <li>4. Development of targeted quarterly performance report for Constituent Councils.</li> <li>5. Develop a presentation highlighting strengths and benefits of centralised service delivery model for Constituent Council Elected Members.</li> </ol>

## Focus Area 1 - Public and Environmental Health Services

### Strategic Objectives

- 1.1 Provide services that protect and maintain the health of the community and reduce the incidence of disease, injury or disability.
- 1.2 Increase awareness and understanding of good public and environmental health through community and business education programs.
- 1.3 Promote a safe and home-like environment for residents by ensuring quality of care in supported residential facilities.
- 1.4 Facilitate community safety and resilience through the integration of public and environmental health in emergency management planning.

### 2022-23 Priorities

Priority	Why this is important	Strategy
1. Continue to assist SAPOL and SA Health with monitoring and education of relevant COVID-19 State Directions.	As partners in government, local government has been asked to assist with administering the public health Directions issued by the State. EHA will continue to play a role based on advice from the Local Government Functional Support Group (LGFSG).	1.1
2. Develop educational material to be communicated to Personal Care and Body Art premises on specific high-risk practices.	Develop and provide education material to inform a high-risk industry on new skin penetration practices to help minimise the risk of clients contracting certain infectious diseases.	1.2
3. Provide feedback to SA Health on the review of Public Health Regulations review as required.	EHA's key responsibility is to administer the Public Health Act and its associated Regulations. Providing feedback to the review of the Regulations enables EHA to address what is working well and areas of change to enable these legislative tools to be effective to ensure residents are provided with a safe and healthy lifestyle.	1.1

## Core services

EHA will continue to:

- Implement the elements of the Regional Public Health Plan 'Better Living, Better Health' as they apply to EHA.
- Comply with all relevant legislation and reporting requirements in undertaking assessments and investigating complaints to ensure appropriate standards are met in regulated premises:
  - Public swimming pools and spas
  - Cooling towers and warm water systems
  - Personal care and body art
  - Onsite wastewater management systems
- Respond to or coordinate multi-agency responses to public health enquiries and complaints within the built environment that give rise to public health risk.
- Provide information, advice and resources to households and businesses to assist with the management of public health risks.
- Contribute to and promote interagency management of residents impacted by hoarding and squalor.
- Develop, maintain, and distribute a comprehensive range of health education and promotion material to educate the community and promote good public health.
- Assess applications under the Supported Residential Facilities legislation and undertake inspections and investigations to ensure residents receive an appropriate level of care.
- Liaise with Constituent Councils and Eastern Adelaide Zone Emergency Management Committee to ensure integration of emergency management arrangements.
- Provide public and environmental health information to the community and businesses during emergencies to minimise public health consequences of emergency events.

## Key performance indicators

We will know that we are on track to achieve our strategic objectives if we are meeting these Key Performance Indicators.

Strategic Objectives	KPIs
<p>1.1 Provide services that protect and maintain the health of the community and reduce the incidence of disease, injury or disability.</p>	<p>EHA is meeting all public and environmental inspection requirements as per relevant legislation (and / or) adopted service standards.</p> <p>All public health complaints are responded to within EHA's adopted service standards.</p>
<p>1.2 Increase awareness and understanding of good public and environmental health through community and business education programs.</p>	<p>Reduce the number of health inspections that require a follow up inspection to achieve compliance.</p> <p>All Constituent Councils are using EHA public health resources in their own communications.</p> <p>Participation in at least two proactive educational activities annually.</p>
<p>1.3 Promote a safe and home-like environment for residents by ensuring quality of care in supported residential facilities.</p>	<p>Conduct unannounced audits of all single license / non-dual Support Residential Facilities annually.</p> <p>All licensing applications are processed within the legislated timeframes.</p>
<p>1.4 Facilitate community safety and resilience through the integration of public and environmental health in emergency management planning.</p>	<p>Attend and participate in all Eastern Adelaide Zone Emergency Management Committee meetings.</p> <p>Conduct or participate in at least one business continuity or emergency management plan exercise annually.</p>

## Focus Area 2 - Immunisations

### Strategic Objectives

- 2.1 Contribute to the effective control of preventable disease by delivering a high-quality public clinic immunisation service that complies with all relevant legislation and standards
- 2.2 Increase number of adult and child clients and vaccinations through promotion and provision of accessible clinics, booking systems and appointment times.
- 2.3 Continue to be recognised as a trusted partner and sector leading immunisation provider of choice.
- 2.4 Advocate for appropriate funding to ensure that local government delivery of immunisation services is financially sustainable.

### 2022-23 Priorities

Priority	Why this is important	Strategy
1. Promotion of EHA's public immunisation clinic program through channels identified in the EHA Marketing Plan.	The development and distribution of promotional and information materials to our community increases awareness of our services and the importance of immunisation. EHA's website is an effective platform for communication of this information and other information relating to the various immunization programs and projects being delivered. Building EHA's Social Media presence through Constituent Council platforms will assist in increasing awareness of immunisation clinics and Flu Worksites.	2.1 2.2 2.3
2. Continue to ensure the effective governance and delivery of EHA's public clinic immunisation program in accordance with the National Immunisation Program (NIP) Schedule.	Immunisation is a safe and effective way of protecting people against harmful diseases that can cause serious health problems. Effective management and governance of the immunisation program delivered by our specialist immunisation nurses and our customer service team, ensures that our community receive a high quality and safe immunisation service.	2.1 2.2 2.3

<p>3. Deliver School Immunisation Program (SIP) in accordance with the SA Health Service Agreement contract.</p>	<p>An effective ongoing relationship with SA Health and the High Schools located within our area is critical the delivery of a successful program. Key elements include liaising with school coordinators and SA Health regarding the implementation and evaluation of the program, community engagement with schools, submission of consent information and statistics via IRIS and the Australian Immunisation Register (AIR).</p>	<p>2.4</p>
<p>4. Develop a business case for the provision of immunisation services on behalf of non-Constituent Councils (dependent on available opportunities).</p>	<p>EHA can diversify its revenue sources by providing additional services where it has capacity and where there will be a net benefit to Constituent Councils.</p>	<p>2.3</p>

## Core services

EHA will continue to:

- Deliver a School Immunisation Program in accordance with the SA Health Service Agreement
- Ensure effective governance and delivery of a public health clinic immunisation program in accordance with relevant legislation and EHA's adopted service standards
- Promote and provide a professional and quality Workplace Immunisation Program on a fee for service basis
- Promote EHA's public immunisation clinic program in accordance with the EHA Marketing Plan
- Provide Constituent Councils with educational and promotional materials relating to immunisation
- Promote EHA's online booking system for immunisation appointments
- Participate in discussions with SA Health and the Local Government Association about funding and support for the delivery of local government immunisation services
- EHA services have not historically been included in the Commonwealth's current roll out of COVID-19 vaccinations. EHA will however continue its regular contact with SA Health to enquire about future involvement in delivery of the COVID-19 vaccine in both our SIP and NIP programs
- Facilitate the Adelaide Public Health Network Community Engagement Project with the aim of increasing immunisation coverage in the Adelaide metropolitan region.



## Key performance indicators

We will know that we are on track to achieve our strategic objectives if we are meeting these Key Performance Indicators.

<i>Strategic Objectives</i>	<i>KPIs</i>
2.1 Contribute to the effective control of preventable disease by delivering a high-quality public clinic immunisation service that complies with all relevant legislation and standards	Annual clinical performance evaluation completed.  Submit all reports within the required timeframes.
2.2 Continue to increase number of adult and child clients and vaccinations through promotion and provision of accessible clinics, booking systems and appointment times.	Maintain or increase the number of public immunisation clinics offered by EHA annually.  All eligible students are offered vaccinations through the School Immunisation Program and all absent students are invited to EHA public clinics to catch up.  70% of bookings are made via the Immunisation Online Booking System.  Clinic Timetable reviewed and published by 30 November.
2.3 Continue to be recognised as a trusted partner and sector leading immunisation provider of choice.	Renewal rate for EHA Workplace Immunisation Program is not less than 70%  Satisfy all requirements of the SA Health Service Agreement contract.
2.4 Advocate for appropriate funding to ensure that local government delivery of immunisation services is financially sustainable.	No reduction in the level of State Government funding provided to EHA to deliver immunisation services.

## Focus Area 3 - Food Safety

### Strategic Objectives

- 3.1 Contribute to the effective control of preventable illness by monitoring and enforcing food safety standards and investigating food related complaints on behalf of Constituent Councils.
- 3.2 Be proactive in building positive relationships with food businesses and provide training and resources to encourage and support compliance with food safety standards.
- 3.3 Build community awareness of food safety issues by leading or participating in food safety education projects and partnerships.

### 2022-23 Priorities

Priority	Why this is important	Strategy
1. Prepare a report on the outcomes from the first twelve months of the SA Health voluntary Food Star Rating Scheme.	EHA formally commenced its participation in the SA Health voluntary Food Star Rating Scheme in July 2021. Undertaking a review in 2022/23, including feedback from food businesses, will help EHA to monitor the impact the scheme is having on food safety compliance and consumer awareness and identify any suggested improvements to the Scheme.	3.1 3.2
2. Communicate and inform food businesses of the proposed legislative food management tools: food safety supervisor; food handler training and evidence that will come into effect within 12 months.	On 3 March 2022 LGA notified that FSANZ has assessed a proposal to consider food safety management tools for the food service and retail sectors. In summary there are three proposed food safety management tools: food safety supervisor; food handler training and evidence. Following feedback, the proposed Standard 3.2.2A is stated to commence 12 months after gazettal, meaning that businesses and food regulators will have 12 months to implement them. During this process EHA's feedback on the proposed standard and communication to the respective food businesses is critical in ensuring they are prepared and understand the expected changes.	3.1 3.2

3. Collate a biennial food safety newsletter training be distributed to EHA's food businesses.	A newsletter provides communication to a target audience. It enables EHA to communicate to food businesses on any key legislative updates, promotes positive food safety culture, spotlights safe food safety practices and new initiatives within the industry. The newsletter also enables food businesses to recognise that EHA services extends to education providing food businesses with confidence to contact EHA regarding food safety questions and advice.	3.1 3.2 3.3
4. Provide tailored food safety training to workplaces upon request.	Extend the food safety training program to workplaces. This enables a training program to be tailored specifically to the food business. This type of training addresses food safety practices specific to the workplace and allows the staff to engage in a proactive manner.	3.2 3.3 3.4

## Core services

EHA will continue to:

- Monitor and maintain a register of all food businesses operating within EHA's jurisdiction
- Conduct routine food business assessments using an appropriate food safety rating tool to ensure compliance with the *Food Act 2001* and Food Safety Standards.
- Undertake enforcement action in relation to breaches of the *Food Act 2001* and Food Safety Standards and follow up actions to ensure compliance is achieved
- Implement the voluntary SA Health Food Star Rating Scheme
- Respond to food related customer complaints in accordance with customer service standards and SA Health guidelines and maintain a register of all food related complaints
- Respond to food recalls in accordance with SA Health recommendations
- Engage with applicants and provide advice to Constituent Councils about development applications and the structural fit out of new food businesses
- Assess risks, conduct safety assessments where required and provide educational materials for temporary food businesses and temporary events
- Provide reports on food safety assessments investigations and actions to the Board, Constituent Councils and SA Health
- Provide a food safety training program for new businesses
- Develop and maintain a comprehensive range of health education and promotion material on food safety related issues.

## Key performance indicators

We will know that we are on track to achieve our strategic objectives if we are meeting these Key Performance Indicators.

Strategic Objectives	KPIs
<p>3.1 Contribute to the effective control of preventable illness by monitoring and enforcing food safety standards and investigating food related complaints on behalf of Constituent Councils.</p>	<p>EHA is meeting all food safety inspection requirements for higher risk food business determined by the SA Food Business Risk Classification Framework and performance of the food business.</p> <p>All food safety complaints are investigated in accordance with EHA service standards and SA Health instructions.</p>
<p>3.2 EHA is proactive in building positive relationships with food businesses and provide training and resources to encourage and support compliance with food safety standards.</p>	<p>Reduce the number of routine food premise inspections requiring a follow up inspection to address non-compliance.</p> <p>The average rating given under the SA Health Food Star Rating Scheme in increasing annually</p> <p>All new food businesses receive an EHA Welcome Pack following notification.</p>
<p>3.3 Build community awareness of food safety issues by leading or participating in food safety education projects and partnerships.</p>	<p>Provide food safety training to at least 75 participants annually.</p> <p>All Constituent Councils are using EHA food safety education materials in their communications.</p>

## Focus Area 4 - Governance and Organisational Development

### Strategic Objectives

- 4.1 Achieve best practice standards of governance in accordance with the EHA Charter and relevant legislation.
- 4.2 Keep Constituent Councils informed of the services and actions performed by EHA on their behalf and the community outcomes being achieved.
- 4.3 Demonstrate leadership within the local government sector as an advocate for public health reforms that benefit the community and councils.
- 4.4 Provide a safe, healthy and rewarding working environment.

### 2022-23 Priorities

Priority	Why this is important	Strategy
1. In consultation with Constituent Councils, review and revise the EHA business planning and reporting framework.	Feedback from Constituent Councils highlights that we can improve the way we plan our services and measure the outcomes we deliver to councils and the community. The new format of this Annual Business Plan is the start of this process and further improvements can be made by developing and adopting a new planning and reporting framework.	4.1 4.2
2. Work with the Audit Committee and the Board to review and revise the financial indicators in the Long-Term Financial Plan.	The EHA Long Term Financial Plan contains financial sustainability measures that are consistent with those used by Councils. As a subsidiary with a clearly defined focus on delivering public health services, we can explore whether these are the most meaningful measures for EHA to use in its new business planning and reporting framework.	4.1
3. Create a Chief Executive group with Constituent Council CEOs to channel information and bilateral communication.	Feedback from Constituent Councils indicated that regular executive communication at a group and individual level between EHA and its Constituent Councils would strengthen relationships.	4.2

4. Development of targeted quarterly performance reports for Constituent Councils.	Regular targeted performance reporting focusing on high-level EHA service provision information and pertinent service delivery expectations for each constituent council will assist in councils having comfort that their legislative requirements relating to public health are being appropriately managed and also provide a level of understanding in relation to the breadth of services provided by EHA.	4.2
5. Develop a presentation highlighting strengths and benefits of centralised service delivery model for Constituent Council Elected Members.	A presentation provided to Constituent Council Elected Members and/or Executive which highlight the benefits of EHA as a centralised service delivery model provider will assist with strategic council engagement and relationships.	4.2

## Core services

EHA will continue to:

- Achieve full compliance with the requirements of the EHA Charter and the Local Government Act 1999.
- Provide administrative assistance to the Public Health Plan Advisory Committee
- Prepare and monitor a Long-Term Financial Plan
- Prepare, monitor, and implement a Corporate Risk Plan
- Make submissions on public health reforms on behalf of Constituent Councils
- Compile and submit all periodic reports on EHAs activities required by legislation (Public Health Act, Food Act, Safe Drinking Water Act etc.)
- Explore the potential for the expansion of service provision to areas outside of current Constituent Councils
- Expand the functionality of Health Manager and Mobile Health to improve inspection, compliant and administrative efficiency and reporting capabilities
- Foster team cohesiveness and support effective teamwork
- Provide systems for a safe working environment with appropriate Work Health and Safety (WHS) practices in place
- Provide professional development opportunities to staff and encourage membership of relevant professional organisations.

## Key performance indicators

We will know that we are on track to achieve our strategic objectives if we are meeting these Key Performance Indicators.

Strategic Objectives	KPIs
4.1 Achieve best practice standards of governance in accordance with the EHA Charter and relevant legislation.	No instances of non-compliance with the EHA Charter. No instances of non-compliance with the reporting requirements to external bodies required by legislation. A new business planning and reporting framework is adopted by the Board and implemented by 30 June 2023. Ongoing implementation of all risk controls in the EHA Corporate Risk Plan.
4.2 Keep Constituent Councils informed of the services and actions performed by EHA on their behalf and the community outcomes being achieved.	Meet with Constituent Council nominated contacts at least four times per year. Respond to all Constituent Council requests for information within 5 business days. Provide an Annual Report to Constituent Councils by 30 September. All Constituent Councils participate in EHA's Annual Business Plan and Budget setting process.
4.3 Demonstrate leadership within the local government sector as an advocate for public health reforms that benefit the community and councils.	Written submissions on public health reform proposals are endorsed by the Board. Attend meetings of the Environmental Managers Forum.
4.4 Provide a safe, healthy and rewarding working environment.	WHS is an agenda item at all EHA staff meetings. Annual staff training and development budget is not less than 1.75% of total budget. Staff portfolios are reviewed annually as part of a performance development framework.



## Budget Overview

The forecast for the 2022/2023 financial year is that EHA's operating result will be a deficit of \$49,000. The deficit is an accounting deficit (depreciation and amortisation treatments for leases) and the contributions requested from Constituent Councils will provide for a balanced operating cash budget.

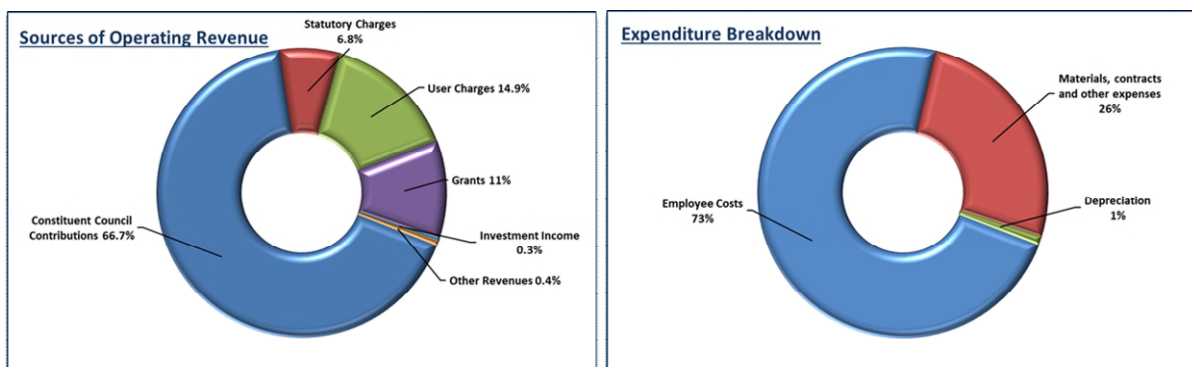
A total of \$1,828,000 will be raised through contributions from our Constituent Councils

This represents a zero (0%) increase in overall collective contributions from the previous year.

Operating Activity	(\$'000s)
<b>Total Income</b>	<b>\$2,739</b>
<b>Less</b>	
<b>Employee costs</b>	<b>\$2,014</b>
<b>Operating Expenditure</b>	<b>\$725</b>
<b>Depreciation</b>	<b>\$131</b>
<b>Net Surplus (Deficit)</b>	<b>(\$49) Deficit</b>

The key assumptions that have been used to prepare the 2022-23 Budget are summarised below.

- Use of Revised Contribution Formula which will have differing impacts on individual councils.
- CPI of 3.9%, equivalent to Adelaide CPI forecast to June 2022 used for Enterprise Agreement increase.
- Delivery of Immunisation Service Contracts to Unley Council and Adelaide Hills Council.
- Increase (33%) to 2023 School Immunisation Program (additional year level).
- Reduced Finance Costs
- New Initiative – Development of Strategic Plan



## Funding the Annual Business Plan

The component of income required from Constituent Councils to fund EHA operations is determined by a formula contained within the EHA Charter. In the past, included in the formula calculations was a nominal administration fee of 12.5% which was shared evenly (2.5%) per council, while the remaining costs were shared on a proportional basis, dependent upon the numbers of individual public health activities conducted by EHA on behalf of Constituent Councils.

A recommendation from the 2021 EHA Service Review Report was that the administration fee of 12.5% be broken into fixed and variable components. The fixed portion of 5% is now shared equally (1% per council), while the variable component is calculated on a proportional basis. The net effect is that that larger councils pay a slightly higher proportion of the administrative fee and smaller councils less. While the total administrative charge remains at 12.5%, individual charges now ranges from 3.44% to 1.27% as compared to the 2.5% charged previously.

## Financial Sustainability

The following financial ratios are used to monitor the financial performance of the EHA in its Long-Term Financial Plan (LTFP). Overall, the ratios show that that EHA is on track to achieve its LTFP targets.

During FY2023, EHA is committed to reviewing its current financial sustainability indicators and presenting these to both the Audit Committee and the Board for consideration.

Indicator	LTFP Projections 2023	2022-23 Annual Budget Estimate	Comments
<b>Operating Surplus / (Deficit) - \$'000</b>	(17,556)	(49,000)	
<b>Operating Surplus Ratio - %</b>	(1)%	(1)%	
<b>Net Financial Liabilities - \$'000</b>	457,429	354,456	
<b>Net Financial Liabilities Ratio - %</b>	18.1%	12.94%	

## 2022-23 Budget

EASTERN HEALTH AUTHORITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 June 2023		
REVISED BUDGET 2021/2022		DRAFT BUDGET 2022/2023
	<b>INCOME</b>	
1,828,263	Council Contributions	1,828,000
181,500	Statutory Charges	185,000
326,000	User Charges	407,000
254,000	Grants, subsidies and contributions	301,000
10,000	Investment Income	7,000
11,000	Other Income	11,000
<b>2,610,763</b>	<b>TOTAL INCOME</b>	<b>2,739,000</b>
	<b>EXPENSES</b>	
1,852,000	Employee Costs	2,014,000
550,000	Materials, contracts and other expenses	608,000
43,000	Finance Charges	35,000
145,277	Depreciation	131,000
<b>2,590,277</b>	<b>TOTAL EXPENSES</b>	<b>2,788,000</b>
20,486	Operating Surplus/(Deficit)	(49,000)
	Net gain (loss) on disposal of assets	-
20,486	Net Surplus/(Deficit)	(49,000)
<b>20,486</b>	<b>Total Comprehensive Income</b>	<b>(49,000)</b>

EASTERN HEALTH AUTHORITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 June 2023		
REVISED BUDGET 2021/2022		DRAFT BUDGET 2022/2023
	<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>	
	Receipts	
1,828,263	Council Contributions	1,828,000
181,500	Fees & other charges	185,000
326,000	User Charges	407,000
10,000	Investment Receipts	7,000
254,000	Grants utilised for operating purposes	301,000
11,000	Other	11,000
	Payments	
(1,852,000)	Employee costs	(2,014,000)
(550,000)	Materials, contracts & other expenses	(608,000)
(43,000)	Finance Payments	(35,000)
165,763	<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>82,000</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
	Loans Received	-
(76,131)	Repayment of Borrowings	(38,391)
(102,873)	Repayment of Finance Lease Liabilities	(82,000)
(179,004)	<b>Net Cash Provided/(Used) by Financing Activities</b>	<b>(120,391)</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
	Receipts	
	Sale of Replaced Assets	-
	Payments	
	Expenditure on renewal / replacements of assets	-
	Expenditure on new / upgraded assets	-
	Distributions paid to constituent Councils	-
-	<b>Net Cash Provided/(Used) by Investing Activities</b>	<b>-</b>
89,632	<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>(38,391)</b>
782,896	<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD</b>	<b>872,528</b>
872,528	<b>CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD</b>	<b>834,137</b>

<b>EASTERN HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION</b>		
<b>FOR THE YEAR ENDING 30 June 2023</b>		
<b>REVISED BUDGET 2021/2022</b>		<b>DRAFT BUDGET 2022/2023</b>
	<b>CURRENT ASSETS</b>	
872,528	Cash and Cash Equivalents	834,137
188,901	Trade & Other Receivables	188,901
<b>1,061,429</b>	<b>TOTAL CURRENT ASSETS</b>	<b>1,023,038</b>
	<b>NON-CURRENT ASSETS</b>	
1,155,437	Infrastructure, property, plant and equipment	1,024,437
<b>1,155,437</b>	<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,024,437</b>
<b>2,216,866</b>	<b>TOTAL ASSETS</b>	<b>2,047,475</b>
	<b>CURRENT LIABILITIES</b>	
163,940	Trade & Other Payables	163,940
307,903	Provisions	307,903
177,021	Borrowings	119,871
<b>648,864</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>591,714</b>
	<b>NON-CURRENT LIABILITIES</b>	
21,716	Provisions	21,716
960,556	Borrowings	897,315
<b>982,272</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>919,031</b>
<b>1,631,136</b>	<b>TOTAL LIABILITIES</b>	<b>1,510,745</b>
<b>412,565</b>	<b>NET CURRENT ASSETS/(CURRENT LIABILITIES)</b>	<b>431,324</b>
<b>585,730</b>	<b>NET ASSETS</b>	<b>536,730</b>
	<b>EQUITY</b>	
585,730	Accumulated Surplus/(Deficit)	536,730
<b>585,730</b>	<b>TOTAL EQUITY</b>	<b>536,730</b>

EASTERN HEALTH AUTHORITY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 June 2023		
REVISED BUDGET 2021/2022		DRAFT BUDGET 2022/2023
	<b>ACCUMULATED SURPLUS</b>	
565,244	Balance at beginning of period	585,730
20,486	Net Surplus/(Deficit)	(49,000)
<b>585,730</b>	<b>BALANCE AT END OF PERIOD</b>	<b>536,730</b>
	<b>TOTAL EQUITY</b>	
565,244	Balance at beginning of period	585,730
20,486	Net Surplus/(Deficit)	(49,000)
<b>585,730</b>	<b>BALANCE AT END OF PERIOD</b>	<b>536,730</b>

# Attachment B

## Governance Arrangements Regional Subsidiaries

### East Waste

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

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**



# EastWaste



## 2022/23 Annual Plan

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2022/23 Objectives & Activities.....	4
Annual Plan 2022/23 Delivery Schedule .....	5
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# VISION

## The Destination

To be the leading waste logistics company in Australia through the delivery of innovative collection and resource management services.

# MISSION

## The Vehicle

Delivering leading-edge solutions and services for a cleaner and sustainable future.

# Introduction

East Waste is the trading name of Eastern Waste Management Authority, which was established in 1928. The Authority is a regional subsidiary of the Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Norwood Payneham & St Peters, City of Mitcham, City of Prospect and Town of Walkerville.

Through the servicing of kerbside waste, recycling and organics bins as well as street and reserve litter bins, East Waste undertakes approximately 9 million collections and 30,000 hard waste collections each year for the Member Councils. East Waste however is far more than a waste logistics Company and has been a driving force in the waste education space in recent years.

East Waste is governed by a Charter (the Charter) pursuant to *Section 43 of the Local Government Act 1999* and administered by a Board, which includes a director appointed by each Council and an Independent Chair. Clause 51 of the Charter requires the Authority each year to have an Annual Plan which supports and informs the budget. Specifically, it is to include an outline of East Waste's objectives, the activities intended to be pursued, and the measurement tools defined to assess performance. It must also assess and summarise the financial requirements of East Waste and set out the proposals to recover overheads and costs from the Member Councils.

Sitting above the Annual Plan is the *East Waste 2030 Strategic Plan* which sets out a series of bold and ambitious targets (Key Performance Indicators) which we aspire to meet through five Key Objectives and a series of Strategies. The *2030 Strategic Plan* is summarised on the following page.

For full context this Plan should be read in conjunction with East Waste's broader strategic planning framework including the *Strategic Plan 2030*, Long-Term Financial Plan, and Risk Management Planning Framework.

As a regional subsidiary, East Waste recognises that success from this Annual Plan is not possible without the continued support, integration and active working partnership of all our Member Councils and key Strategic Partners. East Waste is committed to developing and continuing partnerships which ultimately drive value back to the communities we serve. The value East Waste offers is unique, in that we are continually working with our Member Councils to drive down costs. East Waste have established a model where we are nimble and respond swiftly to external impacts and Member Council requests, in a far more timely manner than industry counterparts. East Waste takes much of the worry and pressures associated with waste away from the Member Councils, allowing them to focus on other key matters of importance to them and their communities.



# East Waste Strategic Plan Vision, Objectives & Strategies

## VISION

To be the leading waste logistics company in Australia through the delivery of innovative collection and resource management services to our Member Councils & their Communities.

## OBJECTIVES

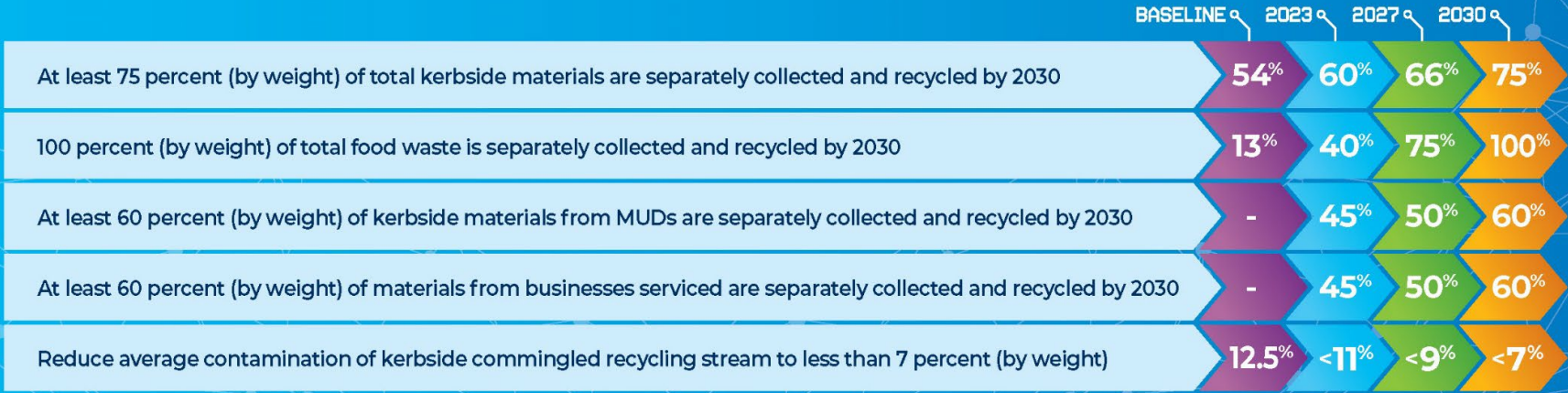
-   
**1. Deliver cost-effective and efficient services facilities**
-   
**2. Maximise source separation and recycling**
-   
**3. Provide leading and innovative behaviour change and education**
-   
**4. Help develop a local circular economy**
-   
**5. Provide leadership**

## STRATEGIES

- |  |   |  |  |  |
|--|---|--|--|--|
| <ul style="list-style-type: none"> <li>1.1 Attract additional services and/or new councils where further economies of-scale can be achieved</li> <li>1.2 Offer a single contract for the management of the residual waste to all member councils</li> <li>1.3 Partner with other councils and organisations to achieve greater synergies and economies of scale in service delivery</li> <li>1.4 Investigate and implement collection technologies and innovation</li> <li>1.5 Provide a consistently high standard of Customer Service</li> </ul> | <ul style="list-style-type: none"> <li>2.1 Provide more service choice and flexibility to residents on kerbside services to support them to increase their recycling levels</li> <li>2.2 Provide a tailored 3-stream service to Multi-Unit Dwellings (MUDs) to support waste reduction and increased recycling</li> <li>2.3 Pilot a tailored service delivery model across a business precinct(s) to support waste reduction and increased recycling</li> </ul> | <ul style="list-style-type: none"> <li>3.1 Engage in research and projects delivering evidence-based data which increases behaviour change decision making</li> <li>3.2 Develop an integrated and tailored long-term community behaviour change and education program</li> <li>3.3 Identify and trial behaviour change programs aimed at reducing contamination</li> <li>3.4 Encourage and support councils to introduce an incentive(s) to households to reduce their landfill volumes</li> <li>3.5 Engage schools in behaviour change &amp; waste education</li> </ul> | <ul style="list-style-type: none"> <li>4.1 Support local reprocessing and procurement of recycled content products</li> <li>4.2 Encourage and support councils to procure and use recycled content products</li> <li>4.3 Support councils to implement sharing economy and reuse initiatives</li> <li>4.4 Investigate options to process and extract the highest value from collected resources</li> </ul> | <ul style="list-style-type: none"> <li>5.1 Implement best practice safety standards</li> <li>5.2 Advocate on behalf of our Member Councils</li> <li>5.3 Invest in our people</li> <li>5.4 Quality and transparent Corporate (Governance &amp; Financial) Activities</li> </ul> |
|--|---|--|--|--|

## KPIs

We will measure our success in reaching our objectives through the following KPIs...



## 2022/23 Objectives & Activities

At a high level, progression towards the Vision and 2030 Key Performance Indicators (KPI's) will be the key Objective and sit behind all the activities that East Waste undertake.

The KPIs set in the Strategic Plan were deliberately designed to be stretch targets and with the current legislative impediments reaching these goals will be challenging. The programs listed below will drive towards achieving these, however are by no means a silver bullet to addressing the required community-wide behaviour change and perceptions that is required. Achieving these will require a long concerted effort. While challenging, from a waste industry perspective, no one is better placed than East Waste to partner with and drive these changes.

The following is not a prescriptive list, rather the key projects East Waste intends to undertake over the 2022/23 year and are detailed below. While these will be the key focus, East Waste will remain as a fluent and adaptable Organisation that is able to pivot and respond as required to maximise funding, partnerships, opportunities and projects that will fast-track the pursuit of our KPIs.

NO.	ACTIVITY/PROJECT	OVERVIEW	OBJECTIVE	STRATEGY	MAIN KPI TARGET
<b>DELIVER COST EFFECTIVE AND EFFICIENT SERVICES AND FACILITIES</b>					
1.	Continue & Expand Core services	East Waste optimisation will come from providing a full suite of services to Member Councils. Where this doesn't occur, East Waste will work with the respective Councils in a bid to secure these services.	Deliver Cost Effective and efficient services and facilities	1.1	Vision Target
2.	Investigate opportunities outside of existing Member Councils.	East Waste will actively pursue service provision to non-member Councils where value to existing Members can be realised.	Deliver Cost Effective and efficient services and facilities	1.3	Vision Target
3.	Communication System Upgrade	East Waste is a service-based organisation who recognise the importance of providing a great customer experience. Therefore, it is important that our communication systems are designed in a manner that enhances callers experiences whilst also being able to provide accurate data that helps to inform current & future business decisions.	Deliver Cost Effective and efficient services and facilities	1.5	Vision Target



NO.	ACTIVITY/PROJECT	OVERVIEW	OBJECTIVE	STRATEGY	MAIN KPI TARGET
<b>MAXIMISE SOURCE SEPARATION &amp; RECYCLING</b>					
4.	Continue to advance a broadscale 'Choice & Flexibility model.'	Some small positive steps have been taken across metropolitan Adelaide in recent times to investigate alternate collection options. This program will draw together the latest research and findings to develop an "off-the-shelf" framework which will drive reduced material to landfill, particularly food waste.	Maximise Source separation and recycling	2.1	<ul style="list-style-type: none"> <li>• At least 75% of kerbside material separately collected &amp; recycled</li> <li>• 100% of food waste separately collected and recycled.</li> </ul>
5.	Multi-Unit Dwelling Research and Source Separation Trial.	<p>Across East Waste approximately 8% of total unit dwellings are Multi-unit. These are typically, challenging to manage, low performing sites which hinder diversion targets.</p> <p>This project will explore the latest international evidence-based guidance to identify ways to increase convenience and effectiveness of source separation for MUD residents and identify or exclude ways to improve performance and help to understand the operational, environmental and community benefits or impacts.</p>	Provide leading and innovative behaviour change and education	2.2	<ul style="list-style-type: none"> <li>• 60% by weight of kerbside materials from MUDs is separately collected and recycled</li> </ul>

## Annual Plan 2022/23 Delivery Schedule

NO.	ACTIVITY/PROJECT	OVERVIEW	OBJECTIVE	STRATEGY	MAIN KPI TARGET
<b>PROVIDE LEADING AND INNOVATIVE BEHAVIOUR CHANGE AND EDUCATION</b>					
6.	Delivery of the “Why Waste It?” behaviour change program and associated social media.	Utilising the results of the reviews and audits undertaken over the past 12 months, refine and deliver the ongoing successful “Why Waste It?” program.	Provide leading and innovative behaviour change and education	3.2	<ul style="list-style-type: none"> <li>• Vision Target</li> </ul>
7.	Develop & Implement an East Waste wide bin tagging program.	Several Member Councils conduct bin tagging as part of a broader educational and behaviour change program. East Waste will seek to draw these individual programs together to generate efficiency and data which can be analysed across Councils.	Provide leading and innovative behaviour change and education	3.4	<ul style="list-style-type: none"> <li>• At least 75% of kerbside material separately collected &amp; recycled</li> <li>• 100% of food waste separately collected and recycled.</li> </ul> <p>Reduce average contamination of kerbside commingled recycling to less than 7%.</p>

NO.	ACTIVITY/PROJECT	OVERVIEW	OBJECTIVE	STRATEGY	MAIN KPI TARGET
<b>HELP DRIVE A LOCAL CIRCULAR ECONOMY</b>					
8.	Identify opportunities amongst Member Councils for the uptake of crushed glass.	A feature by our current recycling provider is the possibility of separating glass fines from the Material Recovery Facility waste stream, for reuse rather than the current practice of landfilling. Should this materialise, East Waste will work with the required parties to provide and encourage Member Councils to utilise this material in asset renewal programs.	Encourage & support Councils to procure and use recycled content products	4.2	Vision Target
9.	Investigate current and future opportunities for East Waste and Member Council in a carbon market.	<p>The collection and processing of materials generates a significant amount of harmful greenhouse gases. This can be minimised through alternative treatment processes, which in turn may provide opportunities within the carbon market.</p> <p>This project will investigate any such opportunities or additional work required.</p>	Investigate options to process and extract the highest value from collected resources.	4.4	Vision Target

## Annual Plan 2022/23 Delivery Schedule

NO.	ACTIVITY/PROJECT	OVERVIEW	OBJECTIVE	STRATEGY	MAIN KPI TARGET
<b>PROVIDE LEADERSHIP</b>					
10.	Fleet Replacement	In line with the Long Term Financial Plan, undertake the replacement of five (5) collection vehicles.	Provide Leadership	5.4	Vision Target
11.	WHS Systems Audit.	East Waste will focus on both internal and external auditing. The purpose and objective of the auditing is to test the validity and the effectiveness of the implementation of the systems within our organisation. East Waste will seek evidence of the implementation process that haven taken place. A strong focus on the auditing process will be focusing on the hierarchy of control (HOC). The decision to focus on the HOC is based on the organisational risk factors and previous audit results.	Provide Leadership	5.1	Implement best practice safety standards



**We will continue to work closely with our member Councils, Government Agencies and like-minded organisations to ultimately drive value back to the communities we serve.**

**I encourage you to engage in conversation with us if you see opportunity for partnership.** ”

Fraser Bell  
East Waste Chair 2020

**EastWaste**

**20**  
STRATEGIC  
PLAN  
**30**

## Budget Management

East Waste operates almost entirely on a Common Fleet Costing methodology, whereby Member Councils are charged directly against the time it takes to undertake their services. This is achieved through the utilisation of a specialised, highly accurate and powerful cloud-based, real-time GPS based system, supported by detailed reporting capabilities. As a result of this minor variations in the common fleet percentages (and therefore apportioning of Common Fleet costs) occur from year to year in response to efficiencies and increased collection costs (e.g. increase in developments, Fire Ban days and events). Specific costs (and rebates where applicable) such as waste disposal and resource processing are directly on-charged, to Member Councils.

The budget to deliver this Annual Plan, along with all East Waste's Services and legislative requirements is detailed in the following proposed 2022/23 Financial Papers (refer Attachment 1 – 5).

**EAST WASTE**

## Projected Statement of Comprehensive Income (Budgeted)

for the Financial Year Ending 30 June 2023

<b>FY2021</b>		<b>FY2022</b>	<b>FY2022</b>	<b>FY2023</b>
<b>Audited Actuals</b>		<b>Adopted Budget</b>	<b>BR2</b>	<b>Proposed Budget</b>
<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>Income</b>			
16,707	User Charges	18,241	16,822	17,949
12	Investment income	2	2	2
-	Grants, subsidies and contributions	-	82	75
917	Other	1,171	956	1,234
<b>17,636</b>	<b>Total</b>	<b>19,414</b>	<b>17,862</b>	<b>19,260</b>
	<b>Expenses</b>			
6,089	Employee Costs	6,309	6,309	6,504
9,149	Materials, contracts & other expenses	10,686	9,520	10,171
1,986	Depreciation, amortisation & impairment	2,122	2,082	2,209
262	Finance costs	281	271	268
<b>17,486</b>	<b>Total</b>	<b>19,398</b>	<b>18,182</b>	<b>19,152</b>
<b>150</b>	<b>Operating Surplus / (Deficit)</b>	<b>16</b>	<b>(320)</b>	<b>108</b>
105	Asset disposals & fair value adjustments	115	45	100
<b>255</b>	<b>Net Surplus / (Deficit)</b>	<b>131</b>	<b>(275)</b>	<b>208</b>
-	Other Comprehensive Income	-	-	-
<b>255</b>	<b>Total Comprehensive Income</b>	<b>131</b>	<b>(275)</b>	<b>208</b>

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**EAST WASTE**

## Projected Balance Sheet (Budgeted)

for the Financial Year Ending 30 June 2023

FY2021		FY2022	FY2022	FY2023
Audited Actuals		Adopted Budget	BR2	Proposed Budget
\$'000		\$'000	\$'000	\$'000
	<b>Assets</b>			
	<b>Current</b>			
3,168	Cash & Cash Equivalents	2,192	2,161	2,420
661	Trade & Other Receivables	1,020	661	661
-	Other Financial Assets	-	-	-
<b>3,829</b>	<b>Total</b>	<b>3,212</b>	<b>2,822</b>	<b>3,081</b>
	<b>Non-Current</b>			
8,098	Infrastructure, Property, Plant & Equipment	8,576	8,513	8,631
<b>8,098</b>	<b>Total</b>	<b>8,576</b>	<b>8,513</b>	<b>8,631</b>
<b>11,927</b>	<b>Total Assets</b>	<b>11,788</b>	<b>11,335</b>	<b>11,712</b>
	<b>Liabilities</b>			
	<b>Current</b>			
1,609	Trade & Other Payables	1,224	1,220	1,145
1,925	Borrowings	2,176	1,850	1,870
654	Provisions	642	694	734
<b>4,188</b>	<b>Total</b>	<b>4,042</b>	<b>3,764</b>	<b>3,749</b>
	<b>Non-Current</b>			
6,423	Borrowings	6,273	6,490	6,634
97	Provisions	123	137	177
<b>6,520</b>	<b>Total</b>	<b>6,396</b>	<b>6,627</b>	<b>6,811</b>
<b>10,708</b>	<b>Total Liabilities</b>	<b>10,438</b>	<b>10,391</b>	<b>10,560</b>
<b>1,219</b>	<b>Net Assets</b>	<b>1,350</b>	<b>944</b>	<b>1,152</b>
	<b>Equity</b>			
1,219	Accumulated Surplus	1,350	944	1,152
<b>1,219</b>	<b>Total Equity</b>	<b>1,350</b>	<b>944</b>	<b>1,152</b>

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**EAST WASTE****PROJECTED STATEMENT OF CASH FLOWS (BUDGET)**

for the Financial Year Ending 30 June 2023

<b>FY2021</b>		<b>FY2022</b>	<b>FY2022</b>	<b>FY2023</b>
<b>Audited Actuals</b>		<b>Adopted Budget</b>	<b>BR2</b>	<b>Proposed Budget</b>
<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>Cash Flows from Operating Activities</b>			
	<b>Receipts</b>			
18,457	Operating Receipts	19,412	17,940	19,183
7	Investment Receipts	2	2	2
	<b>Payments</b>			
(6,012)	Employee costs	(6,309)	(6,229)	(6,424)
(9,243)	Materials, contracts & other expenses	(10,686)	(9,990)	(10,171)
(233)	Interest Payments	(281)	(271)	(268)
<b>2,976</b>	<b>Net Cash Flows from Operating Activities</b>	<b>2,138</b>	<b>1,452</b>	<b>2,322</b>
	<b>Cash Flows from Investing Activities</b>			
	<b>Receipts</b>			
124	Sale of Replaced Assets	115	115	100
	<b>Payments</b>			
(2,452)	Expenditure on Renewal/Replaced Assets	(2,381)	(2,566)	(2,327)
-	Expenditure of New/Upgraded Assets	-	-	-
<b>(2,328)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(2,266)</b>	<b>(2,451)</b>	<b>(2,227)</b>
	<b>Cash Flow from Financing Activities</b>			
	<b>Receipts</b>			
2,284	Proceeds from Borrowings	2,200	2,031	2,225
	<b>Payments</b>			
(260)	Repayment of Lease Liabilities	(265)	(247)	(263)
(1,826)	Repayment of Borrowings	(1,810)	(1,792)	(1,798)
<b>198</b>	<b>Net Cash Flow from Financing Activities</b>	<b>125</b>	<b>(8)</b>	<b>164</b>
<b>846</b>	<b>Net Increase (Decrease) in cash held</b>	<b>(3)</b>	<b>(1,007)</b>	<b>259</b>
<b>2,322</b>	<b>Cash &amp; cash equivalents at beginning of period</b>	<b>2,195</b>	<b>3,168</b>	<b>2,161</b>
<b>3,168</b>	<b>Cash &amp; cash equivalents at end of period</b>	<b>2,192</b>	<b>2,161</b>	<b>2,420</b>

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**EAST WASTE**
**Projected Statement of Changes in Equity (Budgeted)  
for the Financial Year Ending 30 June 2023**

<b>FY2021</b>		<b>FY2022</b>	<b>FY2022</b>	<b>FY2023</b>
<b>Audited Actuals</b>		<b>Adopted Budget</b>	<b>BR2</b>	<b>Proposed Budget</b>
<b>\$</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
964	<b>Opening Balance</b>	1,219	1,219	944
255	Net Surplus / (Deficit) for Year	131	(275)	208
-	Contributed Equity	-	-	-
-	Distribution to Councils	-	-	-
<b>1,219</b>	<b>Closing Balance</b>	<b>1,350</b>	<b>944</b>	<b>1,152</b>

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**EAST WASTE**
**Projected Uniform Presentation of Finances (Budgeted)  
for the Financial Year Ending 30 June 2023**

FY2021		FY2022	FY2022	FY2023
Audited Actuals		Adopted Budget	BR2	Proposed Budget
\$'000		\$'000	\$'000	\$'000
17,636	Income	19,414	18,848	19,260
(17,486)	Expenses	(19,398)	(18,982)	(19,152)
<b>150</b>	<b>Operating Surplus / (Deficit)</b>	<b>16</b>	<b>(134)</b>	<b>108</b>
	<b>Net Outlays on Existing Assets</b>			
(2,452)	Capital Expenditure on Renewal and Replacement of Existing Assets	(2,381)	(2,516)	(2,327)
1,986	Depreciation, Amortisation and Impairment	2,122	2,082	2,209
124	Proceeds from Sale of Replaced Assets	115	115	100
<b>(342)</b>		<b>(144)</b>	<b>(319)</b>	<b>(18)</b>
	<b>Net Outlays on New and Upgraded Assets</b>			
-	Capital Expenditure on New and Upgraded Assets	-	-	-
-	Amounts Specifically for New and Upgraded Assets	-	-	-
-	Proceeds from Sale of Surplus Assets	-	-	-
-		-	-	-
<b>(192)</b>	<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(128)</b>	<b>(453)</b>	<b>90</b>

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# Attachment C

## Governance Arrangements Regional Subsidiaries

### ERA Water

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

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**



## **DRAFT VERSION 2 FY2023 Revised Draft Budget for Constituent Council Approval**

### **1. INTRODUCTION**

The ERA Water Board is required by its Charter to submit a draft budget to Constituent Councils by 31 March in each year for the ensuing financial year. For the 2022 – 2023 year, the Board adopted a draft budget on 16 March 2022 which was submitted to the Constituent Councils by the due date of 31 March 2022.

Unanimous approval of all Constituent Councils is required for the Board to adopt a budget which must occur before 30 June. Feedback from the Constituent Councils suggests that changes are required to the original budget to obtain unanimous approval.

This revised draft budget version 2 takes account of feedback from the Constituent Councils and has been drafted to allow a period of consolidation for ERA Water's activities and to prepare for the coming years under circumstances that differ considerably from when the stormwater harvesting scheme was originally conceived.

This document sets out the range of assumptions that have informed the budget with the resulting budgeted financial statements shown in Attachment A.

### **2. WATER SUPPLY AND DEMAND ASSUMPTIONS**

#### **2.1 Water Supply**

With five of the six injection bores connected, the maximum injection capacity of the Scheme is approximately 66l/s compared to a design capacity of 80l/s. During the injection season, actual injection rates can be constrained by:

- Pressure in the aquifer during periods of high injection;
- The condition of the filters within the UV unit which can become stained and slow the rates at which water must flow through the UV unit to ensure water is treated to an appropriate standard prior to injection into the aquifer; and
- Performance of the wetlands and biofilters.

The amount of water that can be captured during a season is dependent on:

- the injection capacity and the above noted constraints;
- the number of flow days, i.e. the amount of water flowing down the creeks and over the ERA Water collection inlets; and
- the average number of hours per day of operation during flow days ranging from a lower bound of 14.5 hours per day to an upper bound of 22.5 hours per day which is dependent on the reliability and efficiency of the scheme.

The budget assumes that 352ML of new water will be captured and available for sale in FY2022 based on a 52.8 l/s injection rate, an average number of flow days for the year and 18.5 average hours per day of operating time during each flow day which is the midpoint of the upper and lower estimate.



Based on a number of changes to the regulatory framework and ERA Water's injection performance since commissioning, ERA Water has established a water balance credit of 450ML. This represents the "bank" of additional water than can be supplied over the amount injected in any given year based on the current licensing framework.

It is expected that there will be sufficient water available to meet connected demand during the 2022/23 extraction season.

## 2.2 Water Demand

Constituent Councils have entered into 'take or pay' water supply arrangements with ERA Water based on the following volumes.

City of Burnside	100 ML
City of Norwood Payneham & St Peters	76.7 ML
Town of Walkerville	28 ML
<b>Total volume sold to ERA Water Councils</b>	<b>204.7 ML</b>

ERA Water has also connected three external customers to the network with a total anticipated demand of 38ML per annum and is budgeting for the City of Burnside to take approximately 10ML more than its committed take or pay volumes.

Total connected demand is assumed in the budget at 252.7ML.

ERA Water is currently investigating opportunities to connect additional Constituent Council reserves and new external customers to the ERA Water scheme. To be conservative, the budget does not assume any additional connections will be made during the 2023 financial year, although it is strongly ERA Water's intention to pursue and connect further reserves that exist within and in the immediate vicinity of the irrigation network.

ERA Water are specifically targeting:

- Reserves on the proposed Linde Loop pipeline network (a section of which is funded by the City of Norwood Payneham St Peters in conjunction with the upgrade of St Peters Street)
- Department of Education sites within the existing network
- Kensington Gardens Bowling and Tennis Club

## 2.3 Climatic conditions

Based on the latest weather outlook dated 5 May 2022 from the Bureau of Meteorology, there is an 85% chance of above median rainfall between Junel to August 2022, a 57% chance of it being unusually wet and a 1% chance of it being unusually dry.

We have interpreted this information to mean that there is an expectation of above average rainfall for the start of the 2022 injection season. Whilst this is a positive outlook, actual rainfall and the length of rainfall events (e.g. intense short duration events vs longer steady rainfall events) will impact harvesting yields.





## **Income**

### **2.4 Water pricing**

The selling price of water is tied to the lower of the SA Water Price and the price calculated under the principles of 'full cost recovery'. ERA Water will not achieve full cost recovery at a water price which is less than SA Water in FY2023.

Our budget assumes that the water price is based on the current SA Water price, increasing by a CPI factor, assumed to be 2.5% in FY2023 (1.1% in FY2022). The actual water price charged will be adjusted to the announced FY2023 SA Water price which is usually available on 1 July of each year.

The budget assumes that Constituent Councils are charged the full SA Water price for water purchased within the existing take or pay arrangements, and that external customers and water sold to Constituent Councils above the take of pay arrangements are charged a discount to the SA Water price.

### **2.5 Water Supply Charge**

A supply charge of \$281 per Constituent Council connection per annum has been included in the budget which is based on the current SA Water connection charge inflated by 2.50%.

Due to the uncertainty surrounding the number of external connections and whether a supply charge should be levied on those connections, no water supply charge has been included in the budget in relation to external customers. Connection costs from the ERA Water network are built into the pricing for external customers or are paid for up front by the external customer.

### **2.6 Grants and Investments**

There is no forecast income expected from either grants or investments for FY2023. ERA Water may receive a member distribution from the LGFA or LGA Mutual Liability Scheme however such as distribution has not been budgeted.

Grant opportunities such as the Federal Off Farm Efficiency Grants Program will be actively pursued to support the cost of capital works which align with the grant program criteria.



## 2.7 Income summary

The forecast income from water sales is shown below in Table 1.

**TABLE 1: INCOME FROM WATER SALES**

<b>Constituent Council</b>	<b>Revenue</b>
City of Norwood, Payneham & St Peters (Take or Pay)	\$220,477
Town of Walkerville (Take or Pay)	\$80,519
City of Burnside (Take or Pay)	\$287,566
Constituent Council Supply charge	\$14,062
Other sales	\$117,327
<b>Total Income</b>	<b>\$719,951</b>

The budget assumes that water sales to Constituent Councils under the current take or pay arrangements are prepaid in the first month of the financial year. .

## 3. EXPENSES

### 3.1 Employee Costs

**Table 2: Employee Costs**

<b>ITEM</b>	<b>AMOUNT</b>	<b>KEY ASSUMPTIONS</b>
General Manager	\$101,475	Cost for the position of General Manager on a part time basis.
Principal Operator	\$150,000	Contracted cost for Principal Operator
Admin and Board Secretarial Support	\$nil	Assumes no paid support for the GM.
<b>Total Employee Costs</b>	<b>\$251,475</b>	



### 3.2 Materials, Contract & Other Expenses

**Table 3: Fixed operating Expenses**

ITEM	AMOUNT	KEY ASSUMPTIONS
Audit and Accounting	\$8,000	\$8,000 for external auditing and other accounting work.
Governance	\$17,000	Chairman plus provision for two independent audit committee members.
Bank Charges	\$500	Provision for bank charges.
ICT	\$500	Provision for miscellaneous IT and software costs.
Insurances	\$46,000	Based on FY2022 actual costs with an allowance for a 10% increase in premiums as advised by LGA Mutual and provision for new cyber security coverage.
Office Expenses	\$500	Provision
Premises	\$0	NPSP providing premises to ERA Water for \$nil rent.
Professional Services	\$350,000	\$300,000 provision for feasibility and design work in relation to expansion opportunities. Financial and strategic management support - \$20,000 Provision for legal services and other engineering support regarding scheme extensions and new connections.
Staff Amenities and Development	\$2,500	Provision
General Expenses	\$2,500	Provision
<b>Total Fixed Operating Expenses</b>	<b>\$427,500</b>	

**TABLE 4: Operating Expenses**

ITEM	AMOUNT	KEY ASSUMPTIONS
Engineering and support services	\$60,000	Technical support to the GM and Principal Operator
Scheme maintenance and landscaping	\$25,000	Support to the Principal Operator to allow for maintenance tasks requiring 3 <sup>rd</sup> party contractors.
General maintenance	\$25,000	Provision for unexpected maintenance issues.
Electricity	\$110,000	Slight increase in expected electricity consumption as a result of increase injection and extraction activity.
Licencing and testing	\$15,000	\$4,000 provision for EPA Licence and \$11,000 for development of MARART and other licencing and testing requirements.
Telecoms & SCADA	\$20,000	Assumption based on FY2022 Telstra charges.



<b>Total Expenses</b>	<b>Operating</b>	<b>\$255,000</b>	
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### 3.3 Depreciation and Amortisation

Depreciation for FY2023 has been calculated at \$480,680 with reference to the useful life estimates by asset class shown in Table 5.

**TABLE 5: Asset Useful Lives**

Asset Class	Sub Asset Class	Years	Depn Rate
Civil Assets	CA - Biofilters and Wetlands	50	2.0%
	CA - Bores (excluding pumps)	70	1.4%
	CA - Buildings (including foundations)	50	2.0%
	CA - Earthworks	70	1.4%
	CA - Fencing	30	3.3%
	CA - Landscaping and Plantings	10	10.0%
	CA - Pipelines and Pipework	70	1.4%
	CA - Roadways and Paving	50	2.0%
	CA - Stormwater Structures	50	2.0%
	CA - Tanks / Chambers / Manholes	50	2.0%
Electrical Assets	EA - Electrical conduits / cables / pits	70	1.4%
	EA - Switchboards and Transformers	25	4.0%
Instrumentation and Control Assets	IA - Flow Meters and Water meters	15	6.7%
	IA - Online instrumentation	15	6.7%
	IA - SCADA System and PLC's	15	6.7%
	IA - Security and fire detection equipment	15	6.7%
ICT Assets	IT - Telemetry equipment	15	6.7%
	IT - Computer Hardware	5	20.0%
Mechanical Assets	IT - Computer Software	5	20.0%
	MA - Pumps and pump sets	20	5.0%
Sunk Costs	MA - Valves	20	5.0%
	SC - Sunk Costs	70	1.4%
Specialised Water Treatment Equipment	WT - UV disinfection systems	20	5.0%

At the end of the financial year, ERA Water will undertake an asset reconciliation and calculate a refined depreciation estimate based on actual new asset data. The difference between the current depreciation estimate and the actual depreciation calculated at the end of the financial year is not expected to be material.

### 3.4 Finance Costs

Interest expense is forecast to be \$358,342. This is calculated using the following assumptions:

- \$5.0 million fixed rate facility at 2.90% per annum (maturing July 2024);
- \$5.0 million fixed rate facility at 1.66% per annum (maturing August 2023);
- Remaining debt facilities at an assumed CAD rate of 2.75%. The current CAD rate as at 5 May 2022 is 2.30%; the selected assumption provides some scope for interest rate increases during the financial year.



#### 4. CASH AND CAPITAL

##### 4.1 Capital Expenditure

Capital expenditure of \$350,000 has been assumed for FY2023, consisting of:

- \$50,000 for general capital renewal provision;
- \$50,000 for upgrades to the SCADA system; and
- \$250,000 to commence initial capital projects that seek to increase current demand and supply.

ERA Water is currently undertaking a comparative assessment of a number of options to progress our strategic objective of increasing both scheme demand and supply over the short to medium term. The assessment, which will inform potential investment and operating decisions, will also consider the impacts and opportunities created by the Adelaide Plains Water Allocation Plan and how this might influence our future requirements for network expansion.

The capital projects which are being assessed include:

- Connection of the sixth injection bore.
- Purchase of a second UV unit to increase injection capacity and reduce the risk of future injection downtime due to failure of the single unit.
- Contributions towards the Linde Loop or other scheme extensions that add to the connected demand.
- Increasing above ground balancing storage.
- Activation and utilisation of the Langman Reserve bore for groundwater extraction.

Where commercially viable, ERA Water will seek to on charge the cost of connections to new customers either in the form of upfront payments or through a short term increase in water prices.



## 4.2 Recapitalisation

Based on feedback received from the Constituent Councils from the original proposed draft budget, ERA Water is now seeking \$600k (\$200k from each Constituent Council) as a capital contribution and a water security charge of \$250k in FY2023.

This funding will be applied to meet:

- forecast operating deficits in FY2023;
- scoping and planning works to understand the relative merits of the various opportunities for scheme enhancements;
- commence initial capital works in accordance with the scoping work undertaken if timing and funding allows.

## 4.3 Cash

Net cash from operating activities is forecast to be \$(322,366) (which includes a \$0.25 million water security charge).

Net cash from investing activities is forecast to be (\$0.350 million) on account of budgeted capital expenditure.

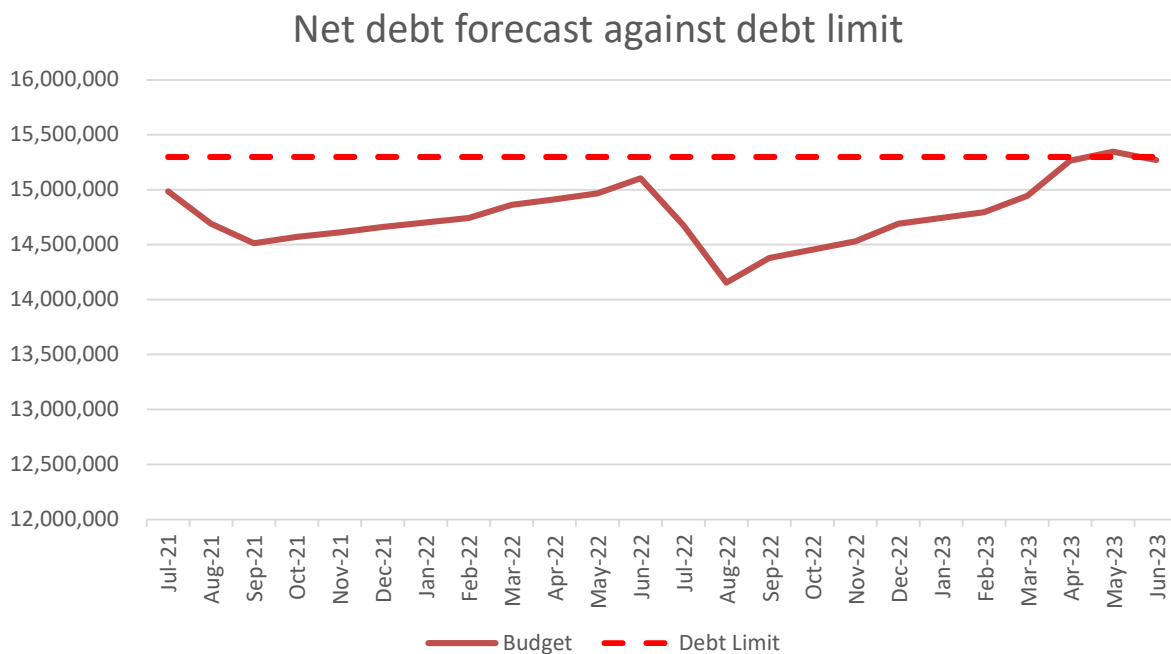
Net cash from financial activities is forecast to be \$0.676 million which includes a \$0.6 million equity contribution.

The forecast closing debt level is \$15.270 million which is \$0.030 million below the existing debt cap of \$15.300 million.

Chart 1 shows the forecast closing net debt position. Towards the end of the financial year, ERA Water will approach its debt limit and will need to manage cashflow (including potentially deferring capital projects) unless additional funding can be secured.



**Chart 1: Forecast closing cash position**



#### 4.4 Equity

Contributed equity is assumed to increase by \$0.6 million on account of the recapitalisation proposal.

Historical accumulated surpluses have been derived from the grant funding received from the Federal Government to fund the construction of the scheme. Net Surplus / Deficit represents the movement in the Operating Statement for the budget year.





## ATTACHMENT A: Financial Statements

### Statement of Comprehensive Income

\$	Jun-22 Budget	Jun-23 Fcst
<b>Income</b>		
User Charges		
Net Water Sales ERA Councils	622,413	602,624
Water Sales Other Customers	59,614	117,327
Grants, Subsidies and Contributions	-	250,000
Investment Income	-	-
<b>Total Income</b>	<b>682,027</b>	<b>969,951</b>
<b>Expenses</b>		
Employee Costs	240,000	251,475
Materials, Contracts & Other Expenses	322,500	682,500
Depreciation & Amortisation	466,534	480,680
Finance Costs	320,486	358,342
<b>Total Expenses</b>	<b>1,349,520</b>	<b>1,772,997</b>
<b>Operating Surplus / (Deficit)</b>	<b>(667,493)</b>	<b>(803,046)</b>
Amounts Received Specifically for New or Upgraded Assets	-	-
<b>Net Surplus / (Deficit)</b>	<b>(667,493)</b>	<b>(803,046)</b>
<b>Other Comprehensive Income</b>		
Amounts which will not be reclassified to operating result	-	-
Impairment expense	-	-
<b>Total Comprehensive Income</b>	<b>(667,493)</b>	<b>(803,046)</b>



## Balance Sheet

\$	Jun-22 Budget	Jun-23 Fcst
<b>Assets</b>		
<b>Current Assets</b>		
Cash & cash equivalents	89,323	92,957
Trade & Other Receivables	61,495	61,495
<b>Total Current Assets</b>	<b>150,818</b>	<b>154,452</b>
<b>Non-current Assets</b>		
Financial assets	-	-
Infrastructure, property, plant & equipment	20,147,648	20,016,967
<b>Total Non-current Assets</b>	<b>20,147,648</b>	<b>20,016,967</b>
<b>Total Assets</b>	<b>20,298,465</b>	<b>20,171,419</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade & Other Payables	217,909	217,909
Provisions	1,231	1,231
Borrowings	-	-
<b>Total Current Liabilities</b>	<b>219,140</b>	<b>219,140</b>
<b>Non-current Liabilities</b>		
Trade & Other Payables	-	-
Borrowings	15,194,502	15,270,502
<b>Total Non-current Liabilities</b>	<b>15,194,502</b>	<b>15,270,502</b>
<b>Total Liabilities</b>	<b>15,413,642</b>	<b>15,489,642</b>
<b>NET ASSETS</b>	<b>4,884,824</b>	<b>4,681,778</b>
<b>Equity</b>		
Accumulated Surplus	4,884,824	4,681,778
Asset Revaluation Reserves	-	-
<b>TOTAL EQUITY</b>	<b>4,884,824</b>	<b>4,681,778</b>



## Statement of Cash Flows

\$	Jun-22 Budget	Jun-23 Fcst
<b>Cash Flows from Operating Activities</b>		
<b>Receipts</b>		
Water Sales ERA Councils	546,328	602,624
Water Sales ERA Councils - Annual True-Up	-	-
Net Water Sales ERA Councils	546,328	602,624
Water Sales Other Customers	58,782	117,327
Other receipts	-	250,000
Investment Income	-	-
<b>Payments</b>		
Employee costs	(237,165)	(251,475)
Materials, contracts & other expenses		
Fixed Operating Costs	(84,256)	(427,500)
Operational Costs	(227,259)	(255,000)
Finance Payments	(160,222)	(358,342)
<b>Net cash provided by (or used in) Operating Activities</b>	<b>(103,793)</b>	<b>(322,366)</b>
<b>Cash Flows from Investing Activities</b>		
<b>Receipts</b>		
Amounts Received Specifically for New Assets	-	600,000
<b>Payments</b>		
Expenditure on new/upgraded Assets	(52,560)	(350,000)
<b>Net cash provided by (or used in) Investing Activities</b>	<b>(52,560)</b>	<b>250,000</b>
<b>Cash Flows from Financing Activities</b>		
<b>Receipts</b>		
Proceeds from Borrowings	139,470	76,000
<b>Payments</b>		
Repayment of borrowings	-	-
<b>Net cash provided by (or used in) Financing Activities</b>	<b>139,470</b>	<b>76,000</b>
<b>Net Increase (Decrease) in cash held</b>	<b>(16,882)</b>	<b>3,634</b>
Cash and cash equivalents at beginning of period	106,205	89,323
<b>Cash and cash equivalents at end of period</b>	<b>89,323</b>	<b>92,957</b>

## 6.6 FINANCE POLICIES

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**REPORT AUTHOR:** Accountant  
**GENERAL MANAGER:** General Manager, Corporate Services  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** fA16462/A397771  
**ATTACHMENTS:** A - C

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### PURPOSE OF REPORT

The purpose of this report is to present finance related policies which have been reviewed to the Audit Committee, for consideration and endorsement prior to being presented to the Council for adoption.

### BACKGROUND

Pursuant to Section 125 of the *Local Government Act 1999*, the Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the Council's assets, and to secure (as far as possible) the accuracy and reliability of the Council's records.

The 2021-2022 Audit Committee Work Program requires the Audit Committee to review the appropriateness of the range and content of the Council's financial policies and practices.

### RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

### FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

### EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

### SOCIAL ISSUES

Not Applicable.

### CULTURAL ISSUES

Not Applicable.

### ENVIRONMENTAL ISSUES

Not Applicable.

### RESOURCE ISSUES

Not Applicable.

### RISK MANAGEMENT

Documentation of policies relating to the Council's financial transactions improves transparency and ensures consistent treatment over subsequent reporting periods unless Accounting Standards or legislation changes.

## CONSULTATION

- **Committee Members**  
Not Applicable
- **Community**  
Not Applicable
- **Staff**  
Nil
- **Other Agencies**  
Not Applicable

## DISCUSSION

In accordance with the Finance Policy Timetable, a review a number of policies, as contained in **Attachment A** to **C**, has been undertaken. Following the review, the amendments to the policies, as detailed in Table 1 below, are presented to the Committee for consideration and recommendation to the Council for adoption, subject to any amendment which may be considered appropriate by the Audit Committee.

**TABLE 1: PROPOSED POLICY AMMENDMENTS**

Policy	Details of Proposed Amendment
Financial Hardship Policy (Attachment A)	No changes recommended.
Expenditure Policy (Attachment B)	<p>Due to position title changes the following updates have been made:</p> <ul style="list-style-type: none"> <li>• Financial Services Manager update to Manager Finance; and,</li> <li>• Team Leader, Customer &amp; Regulatory Services update to Team Leader, Regulatory Services.</li> </ul> <p>It is recommended the changes set out below be made due to realignment of positions:</p> <ul style="list-style-type: none"> <li>• Technical Officer Field Services is removed from Responsible Officer Level 1 as position no longer exists;</li> <li>• New position created under Responsible Officer Level 2 for Coordinator, Events &amp; Marketing.</li> </ul> <p>The specified delegation for the Corporate Stationary as set out in Schedule 2 is recommended to be removed due to the restructure of the Team Leader, Customer &amp; Regulatory Services position. The financial delegation now sits with the Manager, Finance subject to the transaction limit set out in Schedule 1.</p>
Rating Policy (Attachment C)	No changes recommended.

## OPTIONS

The Policies can be recommended to the Council for adoption with or without amendment.

## CONCLUSION

To ensure compliance with Section 125 of the Act, the Council must have in place appropriate policies, practices and procedures which assist the Council to carry out its activities in an efficient and orderly manner. It is important to ensure that the policies adopted by the Council are regularly reviewed to ensure that they reflect the current operating environment and continue to meet the Council's overall objectives.

## COMMENTS

Nil

## RECOMMENDATION

1. That the Audit Committee notes that the following policies have been reviewed and notes that no amendments are recommended:
  - Financial Hardship Policy; and
  - Rating Policy.
2. That the Audit Committee notes that the Expenditure Policy & Delegation of Authority has been reviewed and notes that minor amendments are recommended.
3. That the Audit Committee recommends to the Council that the following policies be adopted:
  - Financial Hardship Policy (**Attachment A**);
  - Expenditure Policy & Delegation of Authority (**Attachment B**); and
  - Rating Policy (**Attachment C**).

# Attachment A

## Finance Policies

### Financial Hardship Policy

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

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**





City of  
Norwood  
Payneham  
& St Peters

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**NAME OF POLICY:** Financial Hardship Policy

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**POLICY MANUAL:** Finance

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## **BACKGROUND**

The Council is committed to assisting customers and ratepayers experiencing financial hardship. This Policy sets out how the Council assists customers and ratepayers, who are experiencing temporary or ongoing financial hardship, and are finding it difficult to manage the payment of rates and/or sundry charges which are currently outstanding or will be due and payable at a future date.

## **KEY PRINCIPLES**

When responding to requests for financial hardship, the Council will always show respect, empathy and sensitivity towards the situation.

The principles that underpin the assessment of financial hardship are;

### **Accountability and Transparency**

The Council's practices and decisions are underpinned by accountability and transparency and must accord with the requirements and intent of relevant legislation and accepted conventions.

### **Fairness and Equity**

The Council will ensure that outstanding debts are managed fairly and equitably and the application this policy is consistent. In applying this Policy, the Council maintains that parties who incur debts, do so in full expectation of meeting the prescribed repayment terms.

The Council also acknowledges that organisational and individual financial circumstances can change. If difficulties are anticipated, individuals and organisations must promptly initiate discussions seeking alternative payment arrangements.

### **Responsibilities**

The Council will ensure that customers and ratepayers fully understand the commitments that they and the Council agree to and the requirements that both parties need to do to fulfil those commitments.

Hardship, though, is a partnership that also relies customers and ratepayers being committed to the principles and requirements of the arrangements put in place, including remaining in contact with the Council and providing information to help the Council understand your circumstances so we can provide the most appropriate assistance to you.

Responsibility for managing the review of financial hardship requests rest with the Council's Finance Unit.

## POLICY

Financial hardship is when a person is willing but unable to meet their financial obligations because of unexpected events or unforeseen changes that impacts cash flow, for example;

- changes in income or expenditure;
- changes in employment status (such as losing a job or having hours reduced);
- significant life events such as a relationship breakdown or death in the family;
- injury or illness; and
- emergency events or natural disasters

An important consideration to acknowledge is that a person in financial hardship can reasonably be expected to recover their financial position if appropriate assistance or arrangements are provided. Financial hardship assistance is intended to bridge the time between when a person's circumstances change and the time when they can start paying their debt in full – either because the original financial situation is restored (e.g. a person is re-employed after a period of unemployment) or because a new repayment arrangement is agreed which the person can meet.

Financial hardship does not include circumstance where a person chooses not to meet an unpaid financial obligation for which they are liable for.

There are two types of financial hardship: ongoing and temporary.

- **Temporary Financial Hardship** – Customers and or ratepayers who may have been identified as experiencing temporary hardship are those who have experienced a short-term change in circumstances. In the case of temporary financial hardship, the Council will provide payment flexibility and temporary assistance, such as extension of time to pay or an alternative payment arrangement.
- **Ongoing Financial Hardship** – Customers and or ratepayers who may have been identified as experiencing ongoing hardship are those who have experienced a change in circumstances and one in which they do not expect to recover from within a reasonable timeframe. The Council will provide ongoing assistance focussed on bridging the time between when a person's circumstance change and the point when they can start paying their debit in full – either because their original financial situation is restored or because a new repayment arrangement is agreed which the customer can meet.

Depending on the type of hardship being experienced, the needs will be different, which require different solutions.

The Council will require persons seeking Financial Hardship to submit an application, certified by an accredited financial councillor, including details of the applicant(s) and a Statement of Financial Position (Income and Expenditure) with an express opinion of the financial hardship.

While an application for financial hardship is being assessed, the Council will place on hold and/or suspend debt recovery process.

The Council will not commence legal action for the recovery of the debt relating to rates and/or a sundry debtors invoice for a customer, if the customer has agreed to a payment arrangement and continues to adhere to the terms of the payment arrangement, irrespective of whether the customer has been assessed for financial hardship.

When assessing an application for financial hardship assistance, consideration will be given to but not limited to the following:

- the applicant is on Centrelink income and holds a pensioner concession card or holds a Centrelink low income health care card;
- the applicant is eligible for a South Australian Government concession;

- the applicant has been referred by an accredited financial counsellor or welfare agency;
- the applicant advises they have previously applied for emergency relief (irrespective of whether or not their application was successful);
- the applicants payment history indicates that they have had difficulty meeting their financial obligations in the past;
- the applicant, through self-assessment, has identified their position regarding their ability to pay
- other personal circumstances that the applicant(s) may choose to disclose in order to support their application.

Where the applicant is a non-residential ratepayer, the Council will consider the following criteria;

- independent evidence from the applicant that financial hardship is being experienced, such as a letter from the applicant's accountant, auditor or bank manager; and
- a written commitment from the applicant to an agreed timeframe in which the deferred rates will be paid.

It is acknowledged that industrial/commercial businesses may have tenants who are not directly paying Council rates. The Council will consider applications from landlords on behalf of tenants. The same approval criteria will apply.

As any unpaid rates will ultimately be a charge on the property, no rate deferral agreement will be entered into without the express consent of the property owner.

Financial Assistance provided to successful applicants claiming financial hardship for outstanding rates payments may include;

### **Postponement (s182)**

In the case of postponement, if approved, the balance of rates will be deferred for a period of between three (3) to twelve (12) months, depending on the nature of the the financial hardship (ie temporary or ongoing). A review of the circumstances will be carried out at the end of the postponement time period.

### **Payment Arrangements**

Payment plans may be offered subject to a fair and reasonable minimum payment amount. A condition of a payment plan is paying a minimum amount to ensure the payment of future rate instalment to avoid the outstanding debt increasing further.

### **Interest – Penalty Interest (S181)**

Section 181 of the Act permits the Council to require a person to pay interest on any amounts of rates and charges which a person is liable to pay. The interest rate is fixed under S181(8)(c) of the Act

S 181(9) of the Act allows for a reduction in the penalty interest rates for the ratepayer. The Council recognises that setting a penalty interest rate which is consistent with S181(8)(c) of the Act could have a negative effect on the finances of ratepayers, which prolongs their hardship.

As such, where hardship is established and subject to any agreed payment arrangements being adhered to,;

- the interest rate applied will be cash advance debenture rate for the financial year on the deferred amount; and
- fines for non-payment of quarterly rates instalment will be suspended for the term of the postponement.

Interest on outstanding rates will be levied at the penalty interest rate unless a postponement is granted and a reduced interest rate approved.

**REVIEW PROCESS**

The Council will review this Policy within 24 months of the adoption date of the Policy.

**INFORMATION**

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Financial Services Manager, telephone 8366 4548

**ADOPTION OF THE POLICY**

This Policy was endorsed by the Audit Committee on 25 May 2020

This Policy was adopted by Council on 1 June 2020

[This Policy was endorsed by the Audit Committee on 23 May 2022](#)

[This Policy was adopted by Council on 6 June 2022](#)

**TO BE REVIEWED**

May ~~2022~~2024

# Attachment B

## Finance Policies

## Expenditure Policy

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

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**



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**NAME OF POLICY:** Expenditure

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**POLICY MANUAL:** Finance

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## BACKGROUND

Section 44 (2) of the *Local Government Act 1999*, provides that delegations may be made to:

- an employee of the Council; or
- the employee of the Council for the time being occupying a particular office or position.

In respect to approval of expenditure, the delegation is limited to the expenditure of money on works, services and operations which are contained in the Annual Budget Plan as adopted by the Council. Expenditure in excess of the approved budget, are to be authorised in line with the Council Budget Review Policy and Guidelines.

## DISCUSSION

The City of Norwood Payneham & St Peters operates in an environment which is subject to public scrutiny and legislative requirements. The Council is required to ensure that financial resources are allocated in an effective and efficient manner to ensure that “best value” is achieved and the continuation of service provision to the City in the most efficient and cost effective manner.

When purchasing goods and services to support the operations of the Council, consideration is required to be given to;

- obtaining value for money consistent with specified standards of quality and service;
- minimising risks to the Council and Staff; and
- ensuring transparency in all decision making.

## KEY PRINCIPLES

This Policy applies to all expenditure which is incurred by the Council. Expenditure must be properly authorised before the Council is to be committed to the expenditure.

The general guidelines to be followed for all expenditure, which should be paid for only after:

- the purchase of goods and/or services has been properly authorised;
- the services provided and or a goods received, have been checked for quality, quantity and performance criteria agreed at the time the purchase was approved; and
- the invoice details have been verified;
  - against purchase requisition / order / approval;
  - to evidence receipt of goods / services;
  - for correct pricing, extensions and additions; and
  - to ensure all available discounts and incentives have been availed.

The Delegation of Authority sets out a list of staff with the authority to approve the purchase of goods and services. The Delegation level is based on the position and the value of the purchase.

At the time of expenditure commitment, authorised signatories must satisfy themselves that the general guidelines have been followed.

## POLICY

All invoices and commitment of expenditure must be authorised for payment in line with the Delegation of Authority listed in;

Schedule 1: Delegation of Authority; and  
Schedule 2: Delegation of Authority – Specified Transactions.

If repairs associated with Work Health, Safety or Security are required to be attended to after normal working hours, the Responsible Officer is authorised to purchase whatever goods or services are required to carry out the repair or secure the situation until the next working day. However, the Responsible Officer is required to use discretion regarding the level of repair affected.

## REVIEW PROCESS

This Policy will be reviewed within 12 months of the adoption of the Policy.

## INFORMATION

The Contact Officer for further information at the City of Norwood Payneham & St Peters is Council's Financial Services Manager, telephone 8366 4548.

## ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 26 March 2012.

This Policy was adopted by the Council on 2 April 2012.

This Policy was endorsed by the Audit Committee on 25 February 2013.

This Policy was adopted by the Council on 4 March 2013.

This Policy was endorsed by the Audit Committee on 24 February 2014.

This Policy was adopted by the Council on 3 March 2014.

This Policy was endorsed by the Audit Committee on 25 May 2015.

This Policy was adopted by the Council on 1 June 2015.

This Policy was endorsed by the Audit Committee on 29 February 2016.

This Policy was adopted by the Council on 7 March 2016.

This Policy was endorsed by the Audit Committee on 27 February 2017.

This Policy was adopted by the Council on 6 March 2017.

This Policy was endorsed by the Audit Committee on 26 February 2018.

This Policy was adopted by the Council on 5 March 2018.

This Policy was endorsed by the Audit Committee on 25 February 2019.

This Policy was adopted by the Council on 6 March 2019.

This Policy was endorsed by the Audit Committee on 24 February 2020

This Policy was adopted by the Council on 2 March 2020

This Policy was endorsed by the Audit Committee on 25 May 2020

This Policy was adopted by the Council on 1 June 2020

This Policy was endorsed by the Audit Committee on 24 May 2021

This Policy was adopted by the Council on 7 June 2021

[This Policy was endorsed by the Audit Committee on 23 May 2022](#)

[This Policy was adopted by the Council on 6 June 2022](#)

**SCHEDULE 1: DELEGATION OF AUTHORITY**

<b><i>Nature &amp; Level</i></b>		<b>Limits (per transaction)</b>	
<b>All Invoices within adopted budget</b> (excludes Specified Transactions)			
<b>Chief Executive Officer</b>		As per Council Delegation	
<b>General Managers</b>		\$100,000	
<b>Managers – Level 1</b>		\$50,000	
<b>Manager – Level 2</b>		\$20,000	
<b>Responsible officers – Level 1</b>		\$10,000	
<b>Responsible officers – Level 2</b>		\$5,000	
<b>Other Specified Positions</b>			
▪ <b>Building Maintenance Officer</b>		\$5,000	
▪ <b>Senior Mechanic</b>		\$5,000	
▪ <b>Clerical Officer – City Services</b>		\$5,000	
▪ <b>Executive Assistants to General Managers and CEO &amp; Mayor</b>		\$2,500	
▪ <b>Corporate Card holders</b> (not Responsible Officers)		\$2,500	
▪ <b>Planning Assistants</b>		\$5,000	
▪ <b>Admin Assistant – Child Care Centre</b>		\$2,500	
▪ <b>Assistant Manager - Swim Centre</b>		\$2,000	
▪ <b>Cook - Child Care Centre</b>		\$1,000	
<b>Managers Level 1</b>	<b>Managers Level 2</b>	<b>Responsible Officers Level 1</b>	<b>Responsible Officers Level 2</b>
Manager, City Assets	Manager, Community Care Services	Team Leader, <del>Customer &amp;</del> Regulatory Services	Co-ordinator, Volunteer Services
Manager, City Services	Manager, Information Systems	Assets and Special Projects Manager	Youth Development Officer
Manager, Economic Development & Strategic Projects	Manager, Development Assessment	Project Manager, Civil	Event Co-ordinator
	Manager, Urban Planning & Sustainability	Project Manager, Buildings	Community Art Officer
	Manager, Library Services and Lifelong Learning	Works Co-ordinator - Civil	City Arborist
	Manager, Organisational Development	Works Co-ordinator – Parks & Garden	Corporate Records Co-ordinator
	<del>Financial Services</del> <del>Manager</del> <u>Manager Finance</u>	<del>Technical Officer</del> <u>Field Services</u>	Economic Development Co-ordinator
		Manager, Norwood Concert Hall	Collections Development Team Leader
		Director, Child Care Centre	Lifelong Learning Team Leader
		Manager, Swimming Centres	Manager, WHS & Risk
		Communications Officer	Manager, Governance, Legal and Property
		Manager, Traffic & Integrated Transport	<u>Coordinator, Events &amp; Marketing</u>
<b>Standing Delegations</b>			
Where the relevant General Manager/Department Manager is not available, other General Managers, Department Managers and Chief Executive Officer can authorise invoices for payment in their absences, up to their respective delegation.			



**SCHEDULE 2: DELEGATION OF AUTHORITY – SPECIFIED TRANSACTIONS**

<u>Nature &amp; Level</u>	<u>Limits (per transaction)</u>
<b>Contract Purchases</b>	As per the Tenders & Contracts Policy
<b>Contracted Purchase/Lease Agreements (once negotiated)</b>	Relevant General Manager (as per contracted amounts only) Manager, City Services (consumable/stores purchases) <\$100,000
<b>Project Approval</b>	Council >\$250,000 Chief Executive Officer <\$250,000
<b>Project Spend (approved project)</b>	Relevant General Manager <\$250,000 Project Manager Capital <\$25,000 Operating Projects <\$10,000
<b>IT Hardware &amp; Software &amp; Maintenance</b>	Manager, Information Systems
<b>Communications Equipment</b>	Manager, Information Systems
<b>Payroll (including employee deductions)</b>	General Manager, Corporate Services
<b>Encashment of Leave Entitlements</b>	Manager, Organisational Development
<b>Recruitment (placing of advertisement etc)</b>	Human Resource Officer < \$5,000
<b>Facility Hire Related Transactions</b>	<u>Communities Facility Officer &lt;\$750</u>
<b>Taxation related payments (GST,FBT,PAYG etc)</b>	<del>Financial Services Manager</del> <u>Manager Finance</u>
<b>Reimbursement of personal expenditure</b> - General Manager - Other employees	Chief Executive Officer Immediate Manager
<b>Insurance Renewals</b>	Chief Executive Officer General Manager, Corporate Services <\$50,000
<b>Insurance Claim Settlements</b>	Chief Executive Officer >\$5,000 General Manager, Corporate Services <\$5,000
<b>Rates Related Transactions</b>	General Manager, Corporate Services >\$5,000 Rate & Revenue Officer <\$5,000
<del>Corporate Stationary</del>	<del>Team Leader, Customer &amp; Regulatory Services</del> <\$5,000
<b>Provision for Doubtful Debts</b>	Council >\$5,000 Chief Executive Officer <\$5,000
<b>Write off bad debt against provision</b>	Chief Executive Officer <\$5,000
<b>Asset sales &amp; write offs</b>	Council >\$250,000 Chief Executive Officer <\$250,000
<b>Initiate, settle or abandon any legal action in Council name</b>	Council All action
<b>Salary Increases</b> - General Managers - GM Direct Reports - Other employees	Chief Executive Officer In line with re-classification policy In line with re-classification policy
<b>Standing Delegations</b>	

Where the relevant General Manager/Department Manager is not available, other General Managers, Department Managers and Chief Executive Officer can authorise invoices for payment in their absences, up to their respective delegation.

# Attachment C

## Finance Policies

### Rating Policy

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

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**



City of  
Norwood  
Payneham  
& St Peters

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<b>NAME OF POLICY:</b>	Rating Policy
<b>POLICY MANUAL:</b>	Governance

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## BACKGROUND

Section 123 of the *Local Government Act 1999* (The Act) requires Councils, as part of the Annual Business Plan, to have a rating policy which must be prepared and adopted each financial year in conjunction with the declaration of rates. The Council's power to raise rates and the framework within which the Council must operate is outlined in Chapter 10 of the Act.

### Scope

The purpose of the Policy is to outline the Council's approach to determining and collecting rates from the community. In determining the Policy, the Council is committed to the principles that apply to the imposition of taxes on the community.

**Equity:** Ratepayers with the same property value should pay the same level of tax.

**Benefit:** Ratepayers should receive some benefit from the tax paid, but not necessarily to the extent of tax paid. Rates are not a fee-for-service.

**Simplicity:** The tax must be understandable and easy to collect.

**Consistent:** Taxes should be internally consistent, based on transparent and predictable rules.

**Economic Efficiency:** The tax imposed should not distort economic behaviour. For example, a tax which is designed to change behaviour, and that behaviour changes, then the tax is considered efficient.

These principles may be in conflict with each other, therefore the Council must strike a balance between the:

- application of the principles of taxation;
- policy objective of levying rates;
- need to raise revenue; and
- the effect of the tax on the community.

The Council has considered each principle when determining its Rating Policy.

## POLICY

### Strategic Focus

The Council must balance its service levels, the needs and expectations of the community and the levying of rates to ensure it is adequately resourced to fulfil its roles and responsibilities. In determining rates for the financial year, the Council gives primary consideration to strategic directions, budget considerations, the current economic climate and the likely impacts on the community.

The resources required to successfully achieve this outcome are documented in the Annual Business Plan and Annual Budget. The Annual Budget directly supports and reflects the delivery of the Council's Strategic Plan, *City Plan 2030*.

The Council's major source of revenue is Rates Revenue, derived as a tax on land within the Council area. Rate levels are determined after consideration of expenditure priorities in relation to the Council's Strategic

Plan *City Plan 2030*, the Long Term Financial Plan, Asset Management Plans, the Annual Business Plan, ongoing service delivery requirements and community needs.

The Council recognises the importance of supporting and encouraging a diverse and healthy commercial sector and this is reflected in its strategic plans. As a result, specific business development initiatives are being introduced to support and attempt to broaden the City's economic base. Strategic and Business Planning for various precincts are an example of the work being progressed in this area.

~~Given the economic and social impacts of the COVID-19 Pandemic, the Council has considered the current and future impacts on the community during the recovery phase and has determined for the 2020-2021 financial year, that it will forgo planned rate revenue increases, which have been set out in the Long Term Financial Plan and base the Rating Policy on a zero (0%) increase in rate revenue, except where the rate increase is a result of new development, property improvements, a change in land use or zoning or a result of a sale.~~

### Rating Structure

All land within a Council area is rateable, except for land specifically exempted under Section 147(2) of the Act. This includes:

- unalienated Crown land;
- land used or held by the Crown or an instrumentality of the Crown for a public purpose (including an educational purpose), except any such land—
  - that is held or occupied by the Crown or instrumentality under a lease or licence; or
  - that constitutes domestic premises;
- land (not including domestic or residential premises) occupied by a university established by statute;
- land that is exempt from rates or taxes by virtue of the *Recreation Grounds Rates and Taxes Exemption Act 1981*;
- land occupied or held by the council, except any such land held from a council under a lease or licence;
- land occupied by a subsidiary where the land is situated in the area of the council that established the subsidiary or a constituent council (as the case may be);
- land occupied or held by an emergency services organisation under the *Fire and Emergency Services Act 2005*;
- land that is exempt from council rates under or by virtue of another Act.

### Method Used to Value Land

Pursuant to Section 151 of the Act, the Council may adopt one of three valuation methodologies to value the properties. The valuation methodologies are:

Capital Value – The value of the land and all of the improvements on the land.

Site Value – The value of the land and any improvements which permanently affect the amenity of use of land such as drainage works, but excluding the value of buildings and other improvements.

Annual Value – The valuation of the rental potential of the property.

The Council adopts Capital Value as the basis for valuing land within the Council area. The Council considers the Capital Value method of valuing land, is the fairest method of distributing the rate burden across all ratepayers, on the following basis:

- property value is a good indicator of wealth. Capital Value, which closely approximates the market value of a property, provides the best indicator of overall property value;
- the equity principle of taxation requires taxpayers of similar wealth pay similar taxes, so taxpayers of greater wealth pay more tax than taxpayers of lesser wealth;
- the distribution of property values throughout the Council area is such that just over one third of residential ratepayers will pay more than the average rate levied per property.

### Adoption of Valuations

The Council adopts the Capital Valuations as assessed by the State Valuation Office, effective at 1 July as the Capital Value of each property.

If a ratepayer is dissatisfied with the valuation made by the State Valuation Office, the ratepayer may object to the State Valuation Office in writing, within sixty (60) days of receiving the first notice of the valuation, explaining the basis for the objection provided the ratepayer has not:

- (a) previously received a notice of this valuation under the Act, in which case the objection period is sixty (60) days from the receipt of the first notice; or
- (b) previously had an objection to the valuation considered by the State Valuation Office.

Note: The sixty (60) day objection period may be extended by the Valuer-General where it can be shown there is reasonable cause. Contact details to lodge an objection are included on the Rates Notice sent by the Council.

The Council has no role in the assessment of objections. It is important to note that the lodgement of an objection does not alter the due date for the payment of rates. Rates must be paid in accordance with the Rate Notice unless otherwise notified by the Council.

### Differential General Rates

Pursuant to Section 153 of the Act, the Council can impose a general rate on all rateable land/or a differential rate based on location of land and/or the use to which the land is put. In applying the equity and benefit principles, the Council will apply a differential rate based on the use of the land.

Definitions of land use are prescribed by regulation and are categorised as follows for rating purposes:

- Residential;
- Commercial – Shop;
- Commercial – Office;
- Commercial – Other;
- Industrial – Light;
- Industrial – Other;
- Primary Production;
- Vacant Land; and,
- Other

If a ratepayer believes a particular property has been incorrectly classified as to its land use, then an objection may be made to the Council within sixty (60) days of being notified of the land use classification. It is important to note that the lodgement of an objection does not alter the due date for the payment of rates. Rates must be paid in accordance with the Rate Notice unless otherwise notified by the Council.

For the ~~2024-2022-2022-2023~~ financial year, the Council has determined that the following differential rates will be applied to all of its rateable assessments:

Land Use	Differential Rate Cents-in-the-Dollar*	% of Rate Revenue
Residential	<del>0.00193840</del> .22778	<del>81.8%</del> 78.6%
Commercial	<del>0.0023260</del> .27332	<del>15.2%</del> 16.4%
Industrial	<del>0.0023260</del> .27332	<del>0.8%</del> 0.9%
Primary Production	<del>0.0023260</del> .27332	0.01%
Vacant Land	<del>0.0023260</del> .27332	<del>1.3%</del> 1.6%
Other	<del>0.0023260</del> .27332	<del>0.8%</del> 2.5%

\*Rate in the dollar is currently based on valuations as at 24 April 2022. This will be adjusted upon receipt of final valuations being received

## Minimum Rate

A Council may impose a minimum rate to properties within the Council area in accordance with Section 158 of the Act.

The minimum rate is imposed so that all rateable properties make a base level contribution to the costs of:

- administering the Council's activities;
- the provision of the physical infrastructure that supports each property and is available for use by all ratepayers;
- services provided that are available for use by all ratepayers e.g. Library and Parks and Gardens.

Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer.

The minimum rate will increase at the same percentage increase in general rate revenue. Pursuant to Section 158(2) (d), the minimum rate will not be applied to more than 35% of properties in the Council area.

For ~~2020-2021-2022~~ financial year, the minimum rate is set at ~~\$1,0681,132~~. The minimum rate has been applied to ~~5,9966,710~~ assessments or ~~29.8%~~~~32.83%~~ of all rateable properties within the Council area.

## The Parade Separate Rate

For the purposes of promotion, enhancing business viability and profitability of the businesses and traders along The Parade, pursuant to Section 154 of the Act, the Council has previously declared The Parade Separate Rate. The revenue raised from The Parade Separate Rate may only be used for the purpose of promotion and enhancing business viability along The Parade Precinct.

The Council declared-a differential separate rate of ~~0.0054~~~~TBC~~ cents-in-the-dollar will be levied against all properties which fall within The Parade Precinct with a land use classified as Category (b) – Commercial Shop or Category (c) – Commercial Office or Category (d) – Commercial Other or Category (e) - Industrial Light.

Pursuant to Section 166(1)(a) of the Act, the Council will grant a discretionary rebate of 50% of the Parade Separate Rate to all properties that fall within the geographical boundary described above and which have a land use of Category (c) – Commercial Office and Category (d) – Commercial Other land use classified as Professional Services.

## Regional Landscape Levy

The Regional Landscape Levy is a State Government tax which the Council is required to collect under the *Landscape South Australia Act 2019*, in order to make a specified contribution to the funding of the operations of the Green Adelaide Board . Revenue collected from this levy is not retained by the Council and the Council does not determine how the revenue raised is allocated by the State Government.

The Council's contribution to the Green Adelaide Board is collected from property owners through a separate rate, the Regional Landscape Levy, based on Capital Value. The rate is fixed and calculated to raise the equivalent amount as Council's share to be contributed to the Green Adelaide Board, taking into account any rebates/remissions under Section 159-166 of the Act. The Regional Landscape Levy is separate to the General Rates levied by the Council.

For the ~~2024-2022-2023~~ Financial year, the Council will collect ~~\$1.386-384~~ million for the payment of the State Government Regional Landscape Levy. The Regional Landscape Levy has been set at ~~0.0093~~~~TBC~~ cents-in-the-dollar against all rateable properties.

## Private Laneways Separate Rate

Within the the City of Norwood Payneham & St Peters, there are a number of Private Laneways which provide pedestrian and vehicular access to residential properties and businesses, and access routes to adjoining roads and destinations. The Council recognises the difficulties that face residents and businesses that rely upon Private Laneways for access to their properties, and acknowledges that the Council is often the only authority which has the capacity to provide a solution. As such, the Council has determined to

progressively assume responsibility for selected Private Laneways within the City, through implementation of the statutory process set out in Section 210 of the *Local Government Act 1999* (the Act), to convert Private Laneways to Public Roads, whereby its ownership will vest in the Council.

For the purposes of recovering the cost of converting a Private Laneway to a Public Road, the Council may delcalre a Separate Rate over the relevant part of the Council area amounting to a rates liability against each Adjoining Allotment to the laneway.

Pursuant to Section 154 of the Local Government Act, the Council declared a Separate Rate of a fixed charge of ~~\$98.91~~ **TBC** against the properties adjoining ~~Charlotte-Rosemont~~ Lane for the ~~2021-2022-~~ **2022-2023** Financial year.

### **Payment of Rates**

Council rates will be due in four instalments in the months of September, December, March and June. The exact date that rates fall due are detailed on the Rates Notice. The total outstanding balance of rates may be paid in full at any time.

In addition, regular pre-payments of Council Rates are allowed of \$30 or more at any time and can be made at any Council office, via BPay, via Australia Post BillPay or by the Council website.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard arrangements should contact the Council's Rates Officer on 8366 4554 to discuss alternative payment arrangements. Such enquiries are treated confidentially by the Council.

The council provides various methods to enable the payment of rates. Payment methods are detailed on the rates notice.

### **Late Payment of Rates**

The Council has determined that penalties for late payments will be imposed in accordance with the provisions of Section 181(8) of the Act and relevant Council procedures.

Late payment fines are levied in accordance with the provisions of Section 181(8) of the Act.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments and due dates can contact the Council to discuss alternative payment arrangements. Fines and interest are still levied in accordance with the Act while there is an arrears balance.

The Council will consider applications for remissions of fines in certain extenuating circumstances. A request for waiver of fines should be made in writing, setting out detailed reasons why a fine remission has been requested, or may be submitted on the Application for Remission of Rates and/or Fines Form.

When the Council receives a payment in respect of overdue rates, the Council will apply the money received as follows:

- First – to satisfy any costs awarded in connection with court proceedings;
- Second – to satisfy any interest costs;
- Third – in payment of any fines imposed;
- Fourth – in payment of rates, in chronological order (starting with the oldest account first).

### **Recovery of Rates**

The Council will issue one (1) Reminder Notice for payment of rates when rates remain unpaid by the due date.

Rates, which remain in arrears for a period exceeding 30 days, will be subject to recovery action in accordance with the Council's Credit Policy.

### **Sale of Land for Non-payment of Rates**

Section 184 of the Act provides that a Council may sell any property where the rates have been in arrears for three (3) years or more. Before a Council sells land in pursuance of this section, it must send a notice to the principal ratepayer at the address appearing in the assessment record stating;-



- a) the period for which the rates have been in arrears; and
- b) the amount of the total liability for rates presently outstanding in relation to the land; and
- c) that if that amount is not paid in full within one (1) month of service of the notice (or such longer time as the Council may allow), the Council intends to sell the land for non-payment of rates.

Except in extraordinary circumstances, the Council will enforce the sale of land for arrears of rates.

### **Remission and Postponement of Rates**

Application for remission of rates and charges or postponement of rates will be considered under the discretionary provisions of Sections 181 and 182 of the Act.

Requests must be lodged in writing or may be submitted on the Application for Remission or Postponement of Rates and/or Fines form. All requests must provide evidence of financial hardship. Monthly interest at the prescribed rate will be applied to rates postponed under the Section 182.

Such enquiries are treated confidentially by the Council.

### **Postponement of Rates for Seniors**

Section 182A of the Act sets out the criteria that applies for a senior ratepayer to be eligible for the postponement of payment of rates.

Applications must be lodged in writing and must provide evidence of eligibility plus other evidence as required. Requests must be lodged on the Application Form for Postponement of Rates. Monthly interest at the prescribed rate will be applied to rates postponed under Section 182A.

Where an application for postponement under Section 182A is granted, a presumption of ongoing annual postponement will be assumed. If an entitlement of postponement ceases to exist, the owner of the land must inform the Council in writing of that fact.

Ratepayers requesting postponement of rates will initially be referred to the availability of reverse mortgage loans through financial institutions. Seniors granted postponement of rates are required to pay a minimum of \$500 of rates and charges levied in each financial year in compliance with the Local Government (General) Regulations.

Such enquiries are treated confidentially by the Council.

### **Rebate of Rates**

Rebates of rates will be only granted when the applicant satisfies the requirements for Mandatory Rebates pursuant to Section 159 to Section 165 of the Act.

Applications for discretionary rebates lodged under Section 166 of the Act, will be considered under Council's Rate Rebate Policy.

### **Rate Capping Rebate**

Pursuant to Sections 153(3) and 153(4) of the Act, the Council will grant a rebate of General Rates to the principal ratepayer of a residential assessment where there is a significant increase in the rates payable as a result of a rapid change in the property value, and where that property is their principal place of residence.

For the ~~2024-2022-2022-2023~~ financial year, the rebate will be automatically applied where the increase in rates payable from one financial year to the next financial year is greater than ~~8.712~~%.

Where this rebate is not automatically applied, ratepayers who consider they are eligible for the Rate Cap Rebate may lodge an application form, which will be assessed against the eligibility criteria. The application must be lodged by 30 June in the financial year that the rates are declared.

The rebate will not apply where:

- (a) any such increase is due in whole or in part to an increase in valuation of the land because of improvements made to it are worth more than \$30,000, or



- (b) any such increase is due in full or part to the use of the land for rating purposes on the date the Council declared its general rates for the ~~2021~~~~2022~~-~~2022~~-~~2023~~ financial year being different than the land use on the date the Council declared its general rates for the ~~2020~~~~2021~~-~~2021~~-~~2022~~ financial year, or
- (c) any such increase is in whole or part because of a change in the zoning of the land; or
- (d) the ownership of the property has changed since 1 January ~~2020~~~~2021~~.

### **Disclaimer**

A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that the Council has failed to properly apply this policy, it should raise the matter with the Council. In the first instance contact the Rates and Revenue Officer on 8366 4554 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied, they should write to the Chief Executive Officer.

### **REVIEW PROCESS**

The Council will review this Policy within 12 months of the adoption date of the Policy.

### **INFORMATION**

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Rates and Revenue Officer, telephone 8366 4554.

### **ADOPTION OF THE POLICY**

This Policy was reviewed by the Audit Committee on ~~24~~~~23~~ May ~~2021~~~~2022~~.  
The Rating Policy was adopted by Council on ~~5~~~~4~~ July ~~2021~~-~~2022~~ .

### **TO BE REVIEWED**

May ~~2022~~~~2023~~

**7. CONFIDENTIAL REPORTS**  
Nil

**8. OTHER BUSINESS**  
(Of an urgent nature only)

**9. NEXT MEETING**  
Monday 25 July 2022

**10. CLOSURE**