



NOTICE

of

ORDINARY COUNCIL MEETING

*Pursuant to the provisions of Section 84(1) of the
Local Government Act 1999*

TO BE HELD IN

**COUNCIL CHAMBERS
PLAYFORD CIVIC CENTRE
10 PLAYFORD BOULEVARD, ELIZABETH**

ON

TUESDAY, 23 JANUARY 2024 AT 7:00PM

THIS MEETING WILL ALSO BE VIEWABLE AT
<https://www.youtube.com/user/CityOfPlayford>

**SAM GREEN
CHIEF EXECUTIVE OFFICER**

Issue Date: Thursday, 18 January 2024

MEMBERSHIP

MAYOR GLENN DOCHERTY – PRINCIPAL MEMBER

Cr Akram Arifi
Cr Andrew Craig
Cr David Kerrison
Cr Jane Onuzans
Cr Tanya Smiljanic

Cr Marilyn Baker
Cr Shirley Halls
Cr Clint Marsh
Cr Peter Rentoulis
Cr Katrina Stroet

Cr Zahra Bayani
Cr Chantelle Karlsen
Cr Misty Norris
Cr Gay Smallwood-Smith
Cr Rebecca Vandepeear

**City of Playford
Ordinary Council Meeting**

AGENDA

TUESDAY, 23 JANUARY 2024 AT 7:00PM

1 ATTENDANCE RECORD

1.1 Present

1.2 Apologies

Cr Tanya Smiljanic - Leave of Absence
Cr Zahra Bayani - Leave of Absence

1.3 Not Present

2 CONFIRMATION OF MINUTES

RECOMMENDATION

The Minutes of the Ordinary Council Meeting held 19 December 2023 be confirmed as a true and accurate record of proceedings.

3 DECLARATIONS OF INTEREST

4 MAYOR'S REPORT

5 REPORTS OF REPRESENTATIVES OF COUNCIL ON OTHER ORGANISATIONS

6 REPORTS BY COUNCILLORS

6.1 Information Session Record of Attendance6

7 REPORTS OF REPRESENTATIVES (CONFERENCES & TRAINING PROGRAMS)

8 QUESTIONS WITHOUT NOTICE

9 QUESTIONS ON NOTICE

Nil

10 PETITIONS

Nil

11 DEPUTATION / REPRESENTATIONS

Nil

12 MOTIONS WITHOUT NOTICE**13 MOTIONS ON NOTICE**

Nil

14 COMMITTEE REPORTS**15 STAFF REPORTS***Matters for Information*

15.1 Mid Year Review - End of Year Forecast (Attachment)8

15.2 Budget Update Report (Attachment)17

16 INFORMAL DISCUSSION

Nil

17 CONFIDENTIAL MATTERS

Nil

18 CLOSURE

Reports by Councillors

6.1 INFORMATION SESSION RECORD OF ATTENDANCE

Contact Person: Sam Green

Information Session Record of Attendance

- The Information Session Record of Attendance for January 2024 is provided below.

	16 January 2024 Start: 6:59 pm Finish: 8:41 pm	
	Attendance	Attendance Comment
Mayor Glenn Docherty	✓	
Cr Akram Arifi	✓	
Cr Andrew Craig	✓	
Cr Chantelle Karlsen	✓	
Cr Clint Marsh	✓	Attended via Zoom
Cr David Kerrison	✓	Attended via Zoom
Cr Gay Smallwood-Smith	✓	
Cr Jane Onuzans	✓	
Cr Katrina Stroet	✓	Attended via Zoom Arrived at 7:02 pm
Cr Marilyn Baker	✓	
Cr Misty Norris	✓	
Cr Peter Rentoulis	✓	Attended via Zoom
Cr Rebecca Vandeppear	✓	
Cr Shirley Halls	✓	
Cr Tanya Smiljanic	✓	Attended via Zoom
Cr Zahra Bayani	Leave of absence	

STAFF REPORTS

Matters for Information

15.1 MID YEAR REVIEW - END OF YEAR FORECAST

Responsible Executive Manager : Sam Green

Report Author : Trisca Price

Delegated Authority : Matters for Information

Attachments : 1 [↓](#). Forecast Financial Statements 2023/24

Purpose

To inform Council whether the organisation is on track to achieve its financial targets as outlined in the budget.

STAFF RECOMMENDATION

Council notes the Mid-Year Review Report and 2023/24 Forecast Financial Statements (Attachment 1).

RELEVANCE TO STRATEGIC PLAN

This item ensures Council meets legislative requirements under the *Local Government (Financial Management) Regulations 2011* and Section 123(13) of the *Local Government Act 1999*. It also provides transparent financial reporting to the community by illustrating how our Finance Strategy is achieving long term financial sustainability.

RELEVANCE TO COMMUNITY ENGAGEMENT POLICY

The Mid-Year Review is principally for internal management purposes and there is no requirement to consult with the community.

BACKGROUND

In accordance with Regulation 9(1)(b) & (2) of the *Local Government (Financial Management) Regulations 2011*, Council must provide a report showing a revised forecast of each item in the budgeted financial statements and presented in a manner consistent with the Model Financial Statements.

CURRENT SITUATION

Operating Budget

The results of the Mid-Year Review indicate Council is likely to experience pressure to achieve the financial targets outlined in the Revised Budget adopted by Council on 24 October 2023. Councils approach to budget review is to reflect changes for those items that are ongoing impacts to our base budget and not just a reflection of our current forecasted position and therefore Council has not adjusted its budget for the FA Grants pre-payment.

The Year-End operating result is currently forecast as a deficit of \$4.6M, which is \$14.6M unfavourable to the budgeted operating result of \$10.0M as shown in the table below:

	2023/24 Original Budget \$000	2023/24 Revised Budget \$000	2023/24 Forecast \$000	Variance Fav/(Unfav) \$000
Operating income	139.0	141.9	126.4	(15.5)
Less: Operating expenditure	131.2	131.9	131.0	0.9
Operating Surplus / (Deficit)	7.8	10.0	(4.6)	14.6

The unfavourable revenue forecast of \$15.5M is mainly due to prepayment of the 2023/24 FA Grants Scheme (FA Grants) allocation in June 2023 as shown in the table below. Budgets includes receipt of the 2023/24 FA Grants allocation at 100%, while the forecast reflects only ~5%. Uncertainty remains around prepayments of the 2024/25 FA Grants, however if a portion of the 2023-24 FA Grants is prepaid in June 2024 this would improve the current forecasted position.

	Cash Payment Received \$000	Annual Allocation (Budget) \$000	Prepayment \$000
2020/21	\$11,396	\$11,332	-\$5,940 +\$6,004
2021/22	\$16,583	\$12,371	-\$6,004 +\$10,216
2022/23	\$19,257	\$14,127	-\$10,216 +\$15,346
2023/24	\$886	\$16,231	-\$15,346

The favourable expenditure forecast of \$0.9M arises from cost pressures on electricity, offset by an underspend in employee costs due to vacancies and lower interest costs reflective of lower debt balances.

Management will continue to monitor the year end forecast and inform Council of improvements or further impacts during the year.

Detailed financial statements are provided in Attachment 1.

Capital Budget

The Net Capital forecast of \$40.7M is \$22.6M less than the Revised Budget.

Capital Income is forecast to be \$12.0M lower than budget due to grants to be carried over to 2024/25 aligned with expenditure forecast to be \$34.6M lower than budget. While the net impact of the capital forecast indicates a reduction on the 2023/24 Net Capital Expenditure, this may not result in an adjustment to the full-life budget of the individual projects. Rather it reflects the timing of when expenditure is likely to be incurred. Any amounts not expended in 2023/24 may be carried over to 2024/25 as a part of Second Budget Review in March with current indications this could be around \$26M. Further detail is provided in the table below:

	Full Year Forecast \$'000	Full Year Budget \$'000	Variance Less/ (Greater) \$'000	Explanation of variance where considered material
Buildings	1,491	2,210	719	Deferral of ATCO Transportable renewal.
Fleet	3,861	4,972	1,111	Delay in delivery of vehicles offset by plant being bought forward.
IT	1,166	1,213	47	
Northern CBD	218	1,451	1,233	NCBD development costs incurred in FY25, Prince Charles Street construction to continue in FY25.
Other	1,981	5,050	3,069	Development costs under negotiation with developers and Munno Para West Reserve (Peerless Rd) construction to continue in FY25.
Playford Alive	682	885	203	PA Open Space Upgrade (Pete Smith) construction to continue in FY25.
Parks	4,768	8,739	3,971	McGilp Reserve Redevelopment, Kalara Reserve-Andrews Farm Soccer Upgrades, Argana Park - Shared Change Facilities in design stage.
Stormwater	730	1,711	981	Park Rd Drainage construction in FY25.
Streetscapes	9,741	10,311	570	Old Port Wakefield - Virginia Main Street forecast saving and ACH Verge works incurred in FY24.
Transport	15,644	26,375	10,731	Argana Park - Car Parking and Munno Para Sportsground Stage 1 in design stage, Supplementary Local Roads to be allocated, AMP Kinkaid, Traffic Management Minor Works and Curtis Rd/Frisby Rd Upgrade to continue in FY25 and AMP Kerbs and Reseal works on hold or not progressing.
Wetlands	394	394	-	
Total Net Capital Expenditure	40,676	63,311	22,635	

SUMMARY

As per the *Local Government (Financial Management) Regulations 2011*, the forecast is presented in a manner consistent with the Model Financial Statements in Attachment 1. This includes a revised:

- Statement of Comprehensive Income
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Uniform Presentation of Finances
- Financial Indicators.

These revised statements show the Original Budget, the Revised Budget (as adopted in October 2023) and the full year forecast as at 31 December 2023.

FUTURE ACTION

Future monthly budget update reports will continue to include updated monthly forecasts for the remainder of the financial year. Information regarding variances to the forecasts will be provided as part of the monthly reports.

Further, it is proposed that the Final Budget Review for the year be presented in March to give Council adequate time to consider the potential options to mitigate cost pressures or effectively utilise savings, if necessary.

City of Playford
Statement of Comprehensive Income
For the year ended 30 June 2024

Attachment 1

2022/23 Actual \$000's		2023/24 Original Budget \$000's	2023/24 Revised Budget 1 \$000's	2023/24 Mid Year Forecast \$000's	Variance Fav/ (Unfav) \$000's	Variance Fav/ (Unfav) %	Explanation of variance where considered material
	INCOME						
91,750	Rates	102,004	102,004	102,198	194	0%	
3,169	Statutory Charges	2,888	2,888	3,050	162	6%	Additional application fees and Section 7 searches
3,881	User Charges	6,047	6,047	6,497	450	7%	Additional Internal ASR water revenue
56	Investment Income	52	52	82	30	58%	Additional interest due to higher interest rates
1,094	Reimbursements	637	637	814	177	28%	Additional Aquadome and tree services reimbursements
710	Other Income	177	177	224	47	27%	Additional event sponsorship and LGFA bonus
8,675	Grants, Subsidies and Contributions - capital	7,202	9,154	8,303	(851)	(9%)	LRCI grant to be claimed in FY24 offset by higher developer contributions
24,012	Grants, Subsidies and Contributions - operating	19,985	21,002	5,270	(15,732)	(75%)	Financial assistance grants prepaid in 2022-23
-	Net Gain - Equity Accounted Council Businesses	-	-	-	-	0%	
133,347	TOTAL INCOME	138,992	141,961	126,438	(15,523)	(11%)	
	EXPENSES						
42,828	Employee costs	47,719	47,785	47,013	772	2%	
41,243	Materials, Contracts & Other Expenses	47,625	48,181	48,621	(440)	(1%)	Cost pressure in electricity with additional legal costs and increased internal ASR water expense
3,895	Finance costs	4,756	4,793	4,443	350	7%	Lower debt balance
28,029	Depreciation, Amortisation and Impairment	30,502	30,595	30,552	43	0%	
303	Net Loss - Equity Accounted Council Businesses	585	585	446	139	24%	NAWMA revised deficit following BR1
116,298	TOTAL EXPENSES	131,187	131,939	131,075	864	1%	
17,049	Operating Surplus / (Deficit)	7,805	10,022	(4,637)	(14,659)	(146%)	
1,612	Asset Disposal & Fair Value Adjustments	-	-	-	-		
5,220	Amounts Received Specifically for New or Upgraded Assets	15,961	20,166	8,181	(11,985)	(59%)	Dely in capital spend
21,571	Physical Resources Received Free of Charge	25,000	25,000	35,218	10,218	41%	Additional Contributed Assets
45,452	NET SURPLUS / (DEFICIT)	48,766	55,188	38,762	(16,426)	(30%)	
	Other Comprehensive Income						
88,266	Changes in Revaluation Surplus - I,PP&E	46,024	46,024	46,024	-	0%	
125	Share of Other Comprehensive Income - Equity Accounted Council Businesses	-	-	-	-	0%	
(403)	Other Equity Adjustments - Equity Accounted Council Businesses	-	-	-	-	0%	
524	Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	-	-	-	-	0%	
88,512	Total Other Comprehensive Income	46,024	46,024	46,024	-	0%	
133,964	TOTAL COMPREHENSIVE INCOME	94,790	101,212	84,786	(16,426)	(16%)	

City of Playford
Year End Balance Sheet
For the year ended 30 June 2024

Attachment 1

2022/23 Actual \$000's		2023/24 Original Budget \$000's	2023/24 Revised Budget 1 \$000's	2023/24 Mid Year Forecast \$000's	Variance Inc/(Dec) \$000's	Variance Inc/ (Dec) %	Explanation of variance where considered material
	CURRENT ASSETS						
15,403	Cash & Cash Equivalents	1,500	1,500	1,500	-	0%	The budget is an estimate only based on the best available information at the time.
13,924	Trade & Other Receivables	7,292	7,871	16,347	8,476	108%	
254	Inventories	210	237	239	2	1%	
24	Other Financial Assets	-	-	-	-	0%	
897	Other current assets	699	815	822	7	1%	
362	Non-current assets classified as Held for Sale	5,180	5,180	15,541	10,361	200%	Higher due to delays in land sale.
30,864	TOTAL CURRENT ASSETS	14,881	15,603	34,449	18,846	121%	
	NON-CURRENT ASSETS						
248	Financial Assets	223	223	222	(1)	(0%)	Lower due to delays capital spend
10,178	Equity Accounted Investments in Council Businesses	10,106	9,593	9,732	139	1%	
1,620,697	Infrastructure, Property, Plant & Equipment	1,749,726	1,756,617	1,728,601	(28,016)	(2%)	
31,754	Other Non-Current Assets	12,726	12,726	12,726	-	0%	
1,662,877	TOTAL NON-CURRENT ASSETS	1,772,781	1,779,159	1,751,281	(27,878)	(2%)	
1,693,741	TOTAL ASSETS	1,787,662	1,794,762	1,785,730	(9,032)	(1%)	
	CURRENT LIABILITIES						
20,581	Trade & Other Payables	15,083	11,979	17,220	5,241	44%	The budget is an estimate only based on the best available information at the time.
6,531	Borrowings	5,303	6,522	5,312	(1,210)	(19%)	
6,268	Provisions	6,575	6,429	6,429	-	0%	
33,380	TOTAL CURRENT LIABILITIES	26,961	24,930	28,961	4,031	16%	
	NON-CURRENT LIABILITIES						
94,722	Long Term Borrowings	104,162	102,903	106,266	3,363	3%	Higher due to delays in land sale and offset in short term borrowings
1,290	Long Term Provisions	1,397	1,368	1,368	-	0%	
96,012	TOTAL NON-CURRENT LIABILITIES	105,559	104,271	107,634	3,363	3%	
129,392	TOTAL LIABILITIES	132,520	129,201	136,595	7,394	6%	
1,564,349	NET ASSETS	1,655,142	1,665,561	1,649,135	(16,426)	(1%)	
	EQUITY						
447,720	Accumulated Surplus	515,341	509,572	486,416	(23,156)	(5%)	
1,100,688	Asset Revaluation Reserves	1,131,700	1,146,712	1,146,712	-	0%	
15,941	Other Reserves	8,101	9,277	16,007	6,730	73%	
1,564,349	TOTAL EQUITY	1,655,142	1,665,561	1,649,135	(16,426)	(1%)	

City of Playford
Statement of Cash Flows
For the year ended 30 June 2024

Attachment 1

2022/23 Actual \$000's		2023/24 Original Budget \$000's	2023/24 Revised Budget 1 \$000's	2023/24 Mid Year Forecast \$000's	Variance Inc/(Dec) \$000's	Variance Inc/ (Dec) %	Explanation of variance where considered material
Inflows / (Outflows)		Inflows / (Outflows)	Inflows / (Outflows)	Inflows / (Outflows)			
	CASHFLOWS FROM OPERATING ACTIVITIES						
	Receipts						
90,845	Rates Receipts	101,547	101,639	101,824	185	0%	
3,169	Statutory Charges	2,821	3,493	2,286	(1,207)	(35%)	Timing of receipting between years
4,184	User Charges	6,043	6,479	4,062	(2,417)	(37%)	Timing of receipting between years
23,816	Grants, Subsidies and Contributions	19,552	10,286	7,690	(2,596)	(25%)	Timing of receipting between years
56	Investment Receipts	51	61	55	(6)	(10%)	Increased Interest rates
1,160	Reimbursements	626	879	673	(206)	(23%)	
1,098	Other Receipts	180	370	294	(76)	(21%)	
	Payments						
(42,977)	Payments to Employees	(47,581)	(47,545)	(46,773)	(772)	(2%)	
(48,366)	Payments for Materials, Contracts & Other Expenses	(45,976)	(44,990)	(50,981)	5,991	13%	Timing of payments between years
(3,895)	Finance Payments	(4,756)	(4,793)	(4,443)	(350)	(7%)	Lower debt balance
29,090	NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	32,507	25,879	14,687	(11,192)	(43%)	
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
75,950	Proceeds from Borrowings	2,805	15,345	16,851	1,506	10%	Higher borrowings
21	Proceeds from Bonds & Deposits					0%	
	Payments						
(81,164)	Repayments of Borrowings	(6,440)	(7,090)	(6,440)	(650)	(9%)	Lower borrowings
(153)	Repayment of Finance Lease Liabilities	(82)	(82)	(97)	15	18%	New leases
(5,346)	NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(3,717)	8,173	10,314	2,141	26%	
	CASH FLOWS FROM INVESTMENT ACTIVITIES						
	Receipts						
1,610	Sale of Replaced Assets	-	-	-	-	0%	
11,606	Sale of Surplus Assets	17,540	17,540	-	(17,540)	(100%)	Delay in settlement
5,220	Amounts Received Specifically for New/Upgraded Assets	8,668	8,804	3,139	(5,665)	(64%)	Delayed projects carry in
8,429	Grants utilised for capital purposes	7,202	9,154	6,790	(2,364)	(26%)	Delayed projects carry in
24	Repayments of Loans by Community Groups	24	24	24	-	0%	
	Payments						
(12,098)	Expenditure on Renewal/Replacement of Assets	(24,145)	(34,322)	(27,050)	(7,272)	(21%)	Delayed projects carry in
(24,950)	Expenditure on New/Upgraded Assets	(38,079)	(49,155)	(21,807)	(27,348)	(56%)	Delayed projects carry in
(10,159)	NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES	(28,790)	(47,955)	(38,904)	(9,051)	(19%)	
13,585	NET INCREASE (DECREASE) IN CASH HELD	-	(13,903)	(13,903)	-	0%	
1,818	CASH AT BEGINNING OF REPORTING PERIOD	1,500	15,403	15,403	-	0%	
15,403	CASH AT END OF REPORTING PERIOD	1,500	1,500	1,500	-	0%	

City of Playford
Statement of Changes in Equity
For the year ended 30 June 2024

2022/23 Actual \$000's		2023/24 Original Budget \$000's	2023/24 Revised Budget 1 \$000's	2023/24 Mid Year Forecast \$000's	Variance Inc/(Dec) \$000's	Variance Inc/ (Dec) %	Explanation of variance where considered material
	ACCUMULATED SURPLUS						
415,270	Balance at end of previous reporting period	461,649	447,720	447,720	-	0%	
45,452	Net Surplus / (Deficit) for Year	48,766	55,188	38,762	(16,426)	(30%)	See Statement of Comprehensive Income
	Adjustments (Correction of Prior Period Errors)	-	-	-	-	0%	
(403)	Other Equity Adjustments - Equity Accounted Council Businesses	-	-	-	-	0%	
(9,918)	Transfer to Accumulated Surplus on Sale of I,PP&E	-	-	-	-	0%	
(2,681)	Transfers between Reserves	4,926	6,664	(66)	(6,730)	(101%)	Delays in capital spend
447,720	Balance at end of reporting period	515,341	509,572	486,416	(23,156)	(5%)	
	ASSET REVALUATION RESERVE						
1,001,855	Balance at end of previous reporting period	1,085,676	1,100,688	1,100,688	-	0%	
125	Other Comprehensive Income	-	-	-	-	0%	
88,266	Gain(Loss) on revaluation of infrastructure, property, plant & equipment	46,024	46,024	46,024	-	0%	
524	Impairment (expense) / recoupments offset to asset revaluation reserve	-	-	-	-	0%	
9,918	Transfers to accumulated surplus	-	-	-	-	0%	
	Transfers between Reserves	-	-	-	-		
1,100,688	Balance at end of reporting period	1,131,700	1,146,712	1,146,712	-	0%	
	OTHER RESERVES						
13,260	Balance at end of previous reporting period	13,027	15,941	15,941	-	0%	
-	Transfers to accumulated surplus	(4,926)	(6,664)	66	6,730	101%	Higher due to delays in capital spend
2,681	Transfers from accumulated surplus	-	-	-	-	100%	
15,941	Balance at end of reporting period	8,101	9,277	16,007	6,730	73%	
1,564,349	TOTAL EQUITY AT END OF REPORTING PERIOD	1,655,142	1,665,561	1,649,135	(16,426)	(1%)	
447,720	Accumulated Surplus	515,341	509,572	486,416	(23,156)	(5%)	
1,116,629	Reserves	1,139,801	1,155,989	1,162,719	6,730	1%	
1,564,349	TOTAL EQUITY AT END OF REPORTING PERIOD	1,655,142	1,665,561	1,649,135	(16,426)	(1%)	

City of Playford
Uniform Presentation of Finances
For the year ended 30 June 2024

Attachment 1

2022/23 Actual		2023/24 Original Budget \$000's	2023/24 Revised Budget 1 \$000's	2023/24 Mid Year Forecast \$000's	Variance Fav/ (Unfav) \$000's	Variance Fav/ (Unfav) %	Explanation of variance where considered material
\$000's							
	INCOME						
91,750	Rates	102,004	102,004	102,198	194	0%	
3,169	Statutory Charges	2,888	2,888	3,050	162	6%	Additional application fees and Section 7 Searches
3,881	User Charges	6,047	6,047	6,497	450	7%	Additional Internal ASR water revenue
56	Investment Income	52	52	82	30	58%	Additional interest income due to higher interest rates
1,094	Reimbursements	637	637	814	177	28%	Additional Aquadome and tree services reimbursements
710	Other Income	177	177	224	47	27%	Additional event sponsorship and LGFA bonus
8,675	Grants, Subsidies and Contributions - capital	7,202	9,154	8,303	(851)	(9%)	LRCI grant to be claimed in FY24 offset by higher developer contributions
24,012	Grants, Subsidies and Contributions - operating	19,985	21,003	5,270	(15,733)	(75%)	Financial assistance grants prepaid in 2022-23
-	Net Gain - Equity Accounted Council Businesses	-	-	-	-	0%	
133,347	TOTAL INCOME	138,992	141,961	126,438	(15,523)	(11%)	
	EXPENSES						
42,828	Employee costs	47,719	47,785	47,013	(772)	(2%)	
41,243	Materials, Contracts & Other Expenses	47,625	48,181	48,621	440	1%	Cost pressures in electricity with additional legal costs and increased Internal ASR water expense offset by operating costs associated with delayed capital spend
3,895	Finance costs	4,756	4,793	4,443	(350)	(7%)	Delay in capital spend
28,029	Depreciation, Amortisation and Impairment	30,502	30,596	30,552	(44)	(0%)	
303	Net Loss - Equity Accounted Council Businesses	585	585	446	(139)	(24%)	NAWMA revised deficit following BR1
116,298	TOTAL EXPENSES	131,187	131,939	131,075	(864)	(1%)	
17,049	Operating Surplus / (Deficit)	7,805	10,022	(4,637)	(14,659)	(146%)	
11,919	Adjusted Operating surplus/ (deficit)	2,675	4,892	10,710	5,818	119%	
	Net outlays on existing assets						
(12,098)	Capital expenditure on renewal and replacement of existing assets	(24,145)	(34,322)	(27,050)	7,272	21%	Delayed projects carry in
28,029	add back Depreciation, Amortisation and Impairment	30,502	30,595	30,552	(43)	(0%)	
1,610	add back Proceeds from Sale of Replaced Assets	-	-	-	-	0%	
17,541	Net Outlays on Existing Assets	6,357	(3,727)	3,502	7,229	(194%)	
	Net outlays on new and upgraded assets						
(24,950)	Capital expenditure on new and upgraded assets	(38,079)	(49,155)	(21,807)	27,348	56%	Delayed projects carry in
5,220	add back Amounts Received Specifically for New and Upgraded Assets	8,668	8,804	3,139	(5,665)	(64%)	
11,606	add back Proceeds from sale of surplus assets	17,540	17,540	-	(17,540)	(100%)	
(8,124)	Outlays on New and Upgraded Assets	(11,871)	(22,811)	(18,668)	4,143	18%	
21,336	NET LENDING / (BORROWING) FOR FINANCIAL YEAR	(2,839)	(21,646)	(4,456)	17,190	79%	

City of Playford
Financial Indicators
For the year ended 30 June 2024

Attachment 1

2022/23 Actual	Financial Indicator	Explanation	2023/24 Original Budget	2023/24 Revised Budget 1	2023/24 Mid Year Forecast	Target	Comments
12.8%	Operating Surplus Ratio	Performance Indicator This ratio expresses Council's operating result as a percentage of Council's total income	5.6%	7.1%	-3.7%	1%-10%	Forecast adjust for prepayment within target
9.3%		<i>Adjusted for FAGS prepaid grants</i>	N/A	N/A	7.6%		
7.6%	Structural Surplus Ratio	Performance Indicator This ratio expresses Council's operating result as a percentage of Council's total income excluding once-off operating grants and contributions <i>relating to capital spend</i>	1.1%	1.5%	-10.1%	1%-4%	Forecast adjust for prepayment within target
3.6%		<i>Adjusted for FAGS prepaid grants</i>	N/A	N/A	2.3%		
74.8%	Net Financial Liabilities Ratio	Debt Indicator This ratio shows net financial liabilities as a percentage of Total Operating Income.	88.9%	84.3%	93.7%	50%-160%	Within target
89.8%		<i>Adjusted for FAGS prepaid grants</i>	N/A	N/A	N/A		
4.2%	Interest Expense Ratio	Debt Indicator Shows how much discretionary income is used to pay interest on borrowings	4.7%	4.7%	4.3%	Between 4% and 8%	Within target
64.9%	Asset Renewal Funding Ratio	Infrastructure Indicator This ratio shows whether or not Council is replacing assets at the rate as required in the Asset Management Plan.	121.6%	172.9%	136.3%	Between 90% and 110%	Above target range due to delayed AMP from 21/22 & 22/23
166.3%	Cash Flow from Operations Ratio	Infrastructure Indicator Measures whether Council is generating enough cash from its operations to cover the replacement of assets over time.	161.4%	105.2%	59.7%	Between 90% and 110%	Forecast adjust for prepayment within target
137.0%		<i>Adjusted for FAGS prepaid grants</i>	N/A	N/A	105.2%		

15.2 BUDGET UPDATE REPORT

Responsible Executive Manager : Sam Green

Report Author : Trisca Price

Delegated Authority : Matters for Information

Attachments : 1 [↓](#). Budget Update Report

Purpose

To inform Council on the organisation's financial performance to the end of December 2023.

STAFF RECOMMENDATION

Council notes the Budget Update report for the period ending 31 December 2023.

RELEVANCE TO STRATEGIC PLAN

This item ensures Council meets its legislative requirements under the *Local Government (Financial Management) Regulations 2011* and Section 123(13) of the *Local Government Act 1999*. It also provides transparent financial reporting to the community by illustrating how our Finance Strategy is achieving long term financial sustainability.

RELEVANCE TO COMMUNITY ENGAGEMENT POLICY

There is no requirement to consult the public on this matter.

BACKGROUND

Council has responsibility under the *Local Government Financial Management Regulations 2011* and Section 123(13) of the *Local Government Act 1999* to consider financial reports on the Council's financial performance and budget position.

CURRENT SITUATION

Budget Position

A Revised Budget was adopted by Council on 24 October 2023 following the First Budget Review. There was an increase of \$2.2M to the overall operating surplus to \$10.0M, with a Structural Surplus increase of \$0.6M to \$2.1M. Favourable movements included increased Federal Assistance Grant allocation for 2023/24, increased grant funding for Supplementary Local Roads (SLR) and Special Local Roads (Kinkaid), and savings in interest costs. These were offset by increased operating costs associated with approved capital costs and other minor expenses not included in the Annual Business Plan.

The table below summarises the impact of budget review:

Operating Position 2023/24	Operating \$000's (Unfav)/Fav	Structural \$000's
Original Budget	7,805	1,462
Grant Funding (Financial Assistance Grant)	888	888
Grant Funding (Supplementary Local Rd)	688	-
Grant Funding (Special Local Rd)	930	-
Additional operating costs associated with increased capital	(224)	(224)
Other minor changes	(65)	(65)
Total Value of Changes	2,217	599
Revised Budget Surplus	10,022	2,061

The Net Capital budget increased in the First Budget Review by \$17M to \$63.3M as detailed in the table below.

Capital Budget 2023/24	Revenue \$000's	Expense \$000's	Net Capital \$000's
Original Budget	15,961	62,224	46,263
Approved Projects via Resolution	-	2,295	2,295
Realignment of project budgets	4,135	14,279	10,144
New Grant Funded Projects	70	1,000	930
Additional Scope	-	179	179
Additional budget request on existing projects	-	5,386	5,386
Projects not being delivered	-	(1,928)	(1,928)
Other Minor Project variations	-	42	42
Total Value of Changes	4,205	21,253	17,048
Revised Capital Budget	20,166	83,477	63,311

Operating Position

Year to Date

The result as at 31 December 2023 is an operating surplus of \$0.4M compared with a budgeted surplus of \$0.2M.

The structural deficit result of \$2.2M compares with a budgeted structural deficit of \$2.4M. The structural deficit excludes the one-off operating grants/contributions which will fund future infrastructure projects and other one-off non recurrent items.

Full Year Forecast

As at 31 December 2023, the forecast is an operating deficit of \$4.6M compared with a budgeted operating surplus of \$10.0M, unfavourable by \$14.6M and structural deficit of \$12.0M compared with a budgeted structural surplus of \$2.1M. This largely reflects the reduced forecasted FA Grant's income due to brought forward payment of \$15.3M (93% of the 2023/24 allocation) last financial year.

Capital Position

The full year net capital forecast of \$40.7M is \$22.6M less than the net capital budget of \$63.3M.

This reflects a retiming of capital expenditure due to multiyear projects that will be carried out as they continue into 2024/25. Further detail in relation to this Budget Update Report can be found in Attachment 1.

Debt Position

On 27 June 2023 Council adopted the 2023/24 Annual Business Plan and Budget and approved in accordance with Section 134 of the *Local Government Act 1999*, a maximum debt facility of \$150 million. No change was made to the approved facility as part of Budget Review 1.

Actual borrowings as at 31 December 2023 were \$93.0 million, well below the approved maximum debt facility.

FUTURE ACTION

Further updates to be provided on a monthly basis.

Budget Update Report

December 2023

YTD Result as at December 2023

The table below shows the year to date position for income and expense with a year to date net Deficit of \$2.2M (excluding non-structural items) which is favourable to YTD Budget by \$0.2M.

	YTD Actual \$'000	YTD Budget \$'000	Variance Fav/(Unfav) \$'000	%	Explanation of variance where considered material
Income					
RATES REVENUES	51,067	50,957	110	0%	
STATUTORY CHARGES	1,850	1,729	121	7%	Additional application fees and Section 7 Searches
USER CHARGES	2,655	2,178	477	22%	Additional Internal ASR water revenue
INVESTMENT INCOME	46	25	21	84%	Additional interest income due to higher interest rates
REIMBURSEMENTS	450	225	225	100%	Additional Aquadome and tree services reimbursements
OTHER INCOME	231	171	60	35%	Additional event sponsorship and LGFA bonus
GRANTS, SUBSIDIES, CONTRIBUTIONS	5,773	5,484	289	5%	Additional grants and developer contributions
Total Income	62,072	60,769	1,303	2%	
Expense					
EMPLOYEE COSTS	22,919	22,865	(54)	0%	
MATERIALS CONTRACTS OTHER EXPENSES	22,669	21,104	(1,565)	(7%)	Cost pressures in electricity with additional legal costs and increased Internal ASR water expense
FINANCE COSTS	1,904	2,097	193	9%	Lower debt balance
DEPRECIATION, AMORTISATION & IMPAIRMENT	14,212	14,462	250	2%	
Total Expense	61,704	60,528	(1,176)	(2%)	
Net Surplus/(Deficit)	368	241	127		
Non-Structural Items ¹	2,550	2,625	(75)		
Net Structural Surplus/(Deficit)	(2,182)	(2,384)	202		

Notes:

1. Developer contributions, operating grants used for capital projects, reserves & one off investment decisions not part of recurrent base budget or for future use on infrastructure projects

Budget Update Report

December 2023

Full Year Forecast Result as at December 2023

The table below shows the full year forecasted result for income and expense with a net Deficit of \$12.0M (excluding non-structural items) which is unfavourable to Budget by \$14.1M.

	Full Year Forecast \$'000	Full Year Budget \$'000	Variance Fav/(Unfav) \$'000	%	Explanation of variance where considered material
Income					
RATES REVENUES	102,198	102,004	194	0%	
STATUTORY CHARGES	3,050	2,888	162	6%	Additional application fees and Section 7 Searches
USER CHARGES	6,497	6,047	450	7%	Additional Internal ASR water revenue
INVESTMENT INCOME	82	52	30	58%	Additional interest income due to higher interest rates
REIMBURSEMENTS	814	637	177	28%	Additional Aquadome and tree services reimbursements
OTHER INCOME	224	177	47	27%	Additional event sponsorship and LGFA bonus
GRANTS, SUBSIDIES, CONTRIBUTIONS	13,573	30,156	(16,583)	(55%)	Financial assistance grants prepaid in 2022-23, part LRCI grant to be claimed in FY24 offset by higher developer contributions and additional grants
Total Income	126,438	141,961	(15,523)	(11%)	
Expense					
EMPLOYEE COSTS	47,013	47,785	772	2%	
MATERIALS CONTRACTS OTHER EXPENSES	48,621	48,181	(440)	(1%)	Cost pressures in electricity with additional legal costs and increased Internal ASR water expense offset by operating costs associated with delayed capital spend
FINANCE COSTS	4,443	4,793	350	7%	Delay in capital spend
DEPRECIATION, AMORTISATION & IMPAIRMENT	30,552	30,595	43	0%	
NET LOSS- JOINT VENTURES & ASSOCIATES	446	585	139	24%	NAWMA revised deficit following BR1
Total Expense	131,075	131,939	864	1%	
Net Surplus/(Deficit)	(4,637)	10,022	(14,659)		
Non-Structural Items ¹	7,384	7,961	(577)		
Net Structural Surplus/(Deficit)	(12,021)	2,061	(14,082)		
For comparative purposes only					
Adjustment for advance payment of FA Grants	15,345		15,345		
Adjusted Net Structural Surplus/(Deficit)	3,324	2,061	1,263		

Notes:

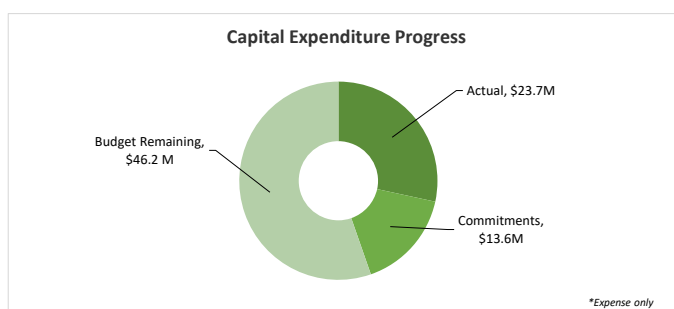
1. Developer contributions, operating grants used for capital projects, reserves & one off investment decisions not part of recurrent base budget or for future use on

Capital Full Year Movement (2023-2024)

The table below shows the full year forecasted net capital expenditure of \$40.7M which is less than budget by \$22.6M.

	Full Year Forecast	Full Year Budget	Variance Less/ (Greater)	Explanation of variance where considered material
Revenue	(8,181)	(20,166)	11,985	Grants deferred until construction for Park Road Drainage, McGilp Reserve Redevelopment, Virgo St Reserve and Barrow St Reserve Upgrades, Munno Para Sportsground Stage 1, Kalara Reserve Upgrades, Argana Park Shared Change Facilities, Blackspot Stebonheath/Dalkeith Rd Intersection, Blakes Crossing LATM, Curtis Rd/Frisby Rd Intersection Upgrade and Argana Park Oval Lighting.
Expenses	48,857	83,477	34,620	Deferred construction for above projects as well as deferred works in AMP buildings and delay in delivery of AMP Fleet vehicles.
Total Net Capital Expenditure	40,676	63,311	22,635	

	Full Year Forecast \$'000	Full Year Budget \$'000	Variance Less/ (Greater) \$'000	Explanation of variance where considered material
Buildings	1,491	2,210	719	Deferral of ATCO Transportable renewal.
Fleet	3,861	4,972	1,111	Delay in delivery of vehicles offset by plant being bought forward.
IT	1,166	1,213	47	
Northern CBD	218	1,451	1,233	NCBD development costs incurred in FY25, Prince Charles Street construction to continue in FY25.
Other	1,981	5,050	3,069	Development costs under negotiation with developers and Munno Para West Reserve (Peerless Rd) construction to continue in FY25.
Playford Alive	682	885	203	PA Open Space Upgrade (Pete Smith) construction to continue in FY25.
Parks	4,768	8,739	3,971	McGilp Reserve Redevelopment, Kalara Reserve-Andrews Farm Soccer Upgrades, Argana Park - Shared Change Facilities in design stage.
Stormwater	730	1,711	981	Park Rd Drainage construction in FY25.
Streetscapes	9,741	10,311	570	Old Port Wakefield - Virginia Main Street forecast saving and ACH Verge works incurred in FY24.
Transport	15,644	26,375	10,731	Argana Park - Car Parking and Munno Para Sportsground Stage 1 in design stage, Supplementary Local Roads to be allocated, AMP Kinkaid, Traffic Management Minor Works and Curtis Rd/Frisby Rd Upgrade to continue in FY25 and AMP Kerbs and Reseal works on hold or not progressing.
Wetlands	394	394	-	
Total Net Capital Expenditure	40,676	63,311	22,635	

Capital Expenditure Progress as at December

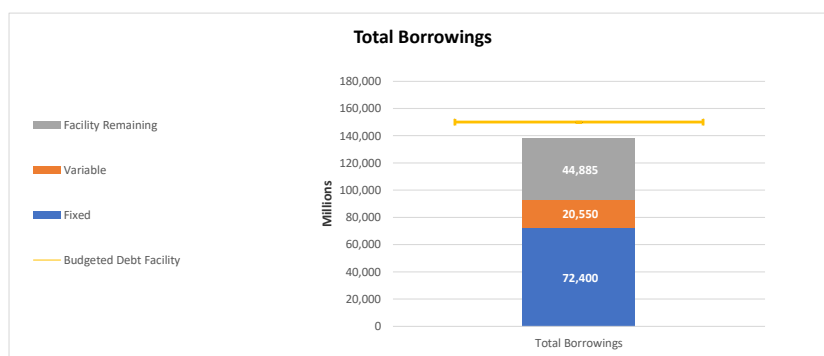
Borrowings/Investment Summary (2023/2024)**Debt Mix:**

As at December 2023 the balance of Council's short-term investments is \$0.3M.

Council's total borrowings as at the end of December 2023 are \$93.0M, comprising \$72.4M in fixed rate borrowings and \$20.6M of variable rate borrowings; total facilities accumulate to \$137.8M.

Total borrowings, net of repayments, have increased \$4.3M from \$88.7M the prior month. This is consistent with Council's capital spend timing and receipts.

The LTFP has a budgeted debt facility of \$150.0M based on the assumption of full delivery of capital programs and an allowance for Treasury cash flow management. These borrowings fall within the approved budget, Council's adopted financial indicators and the LTFP. Forecasted Debt as at 30 June 2024 is \$112.1M.

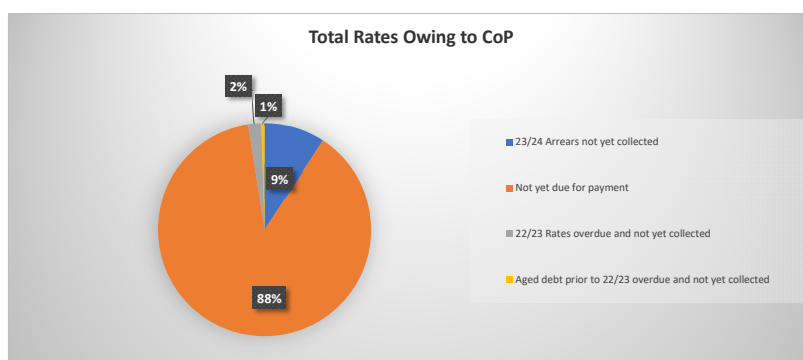
**Rates Recovery:**

Rates recovery has a direct impact on positive cash flow which then correlates to borrowings. By maximising cashflows, less borrowings are required to fund operational expenditure.

Total rates owing of \$47.4M (44.8%) as at December 2023 reflects an increase of 0.1% compared to December 2022.

7.9% of ratepayers are proactively utilising Council's bill smoothing options including direct debit and centrepay.

0.7% of councils ratepayers have arrangements in place under council's hardship policy.



Reserves

The reserves are a collation of developer contributions received over a number of periods and are managed as a cash offset against our debt. Under legislation we are required to apply interest income to the balance in reserves using the RBA average cash rate.

The forecasted balance of reserves as at 30 June 2024 is \$16.4M.

Below is a summary of the forecasted contributions, expenditure and estimated interest as at December 2023.

Reserve	Opening Balance	Forecasted Developer Contributions & State Govt Grants	Forecasted Expenditure	Estimated Interest	Forecasted Closing balance
	\$'000	\$'000	\$'000	\$'000	23/24
Open Space Reserve	9,563	1,962	(3,520)	335	8,340
Stormwater Infrastructure Deed - Virginia	(157)	-	(145)	(13)	(315)
Stormwater Infrastructure Deed - Angle Vale	505	1,664	(2)	91	2,258
Stormwater Infrastructure Deed - Playford North Extension	(609)	-	-	(25)	(634)
Social Infrastructure Deed - Virginia	159	44	-	8	211
Social Infrastructure Deed - Angle Vale	1,493	286	-	-	1,779
Social Infrastructure Deed - PNE	379	194	-	24	597
Supplementary Local Roads	2,721	688	(998)	101	2,512
Playford Alive Initiative Fund	147	208	(74)	12	293
Urban fund tree	23	5	-	1	29
Gawler Rail Vegetation Offset	232	-	(87)	6	151
Other one-off Reserves	1,485	-	(381)	45	1,149
	15,941	5,051	(5,207)	585	16,370

Budget Update Report

December 2023

Financial Indicators

Financial sustainability is achieved when Council can deliver the services it provides to the community at an agreed and consistent standard across a long period, without the need for significant rate increases or significant service reductions, whilst maintaining inter-generational equity.

Financial sustainability enables Council to:

- Deliver and maintain intergenerational equity
- Maintain a solid and healthy financial position
- Maintain a degree of stability and predictability for future rate increases
- Manage its debt levels

Council has six financial indicators used to measure its financial sustainability.

Financial Indicator	Explanation	Target	Forecast	Adjusted Forecast	Budget	Points to note on indicators outside of target range
Operating Surplus Ratio	Gives an indication of Council's ability to service its operations from expected income, while maintaining long term financial sustainability.	Between 1% and 10%	✗ -3.7%	✓ 7.6%	✓ 7.1%	Adjusted for prepayment of 23/24 FA Grants in 22/23 and part LRCI grant to be claimed in FY24
Structural Surplus Ratio	Operating Surplus Ratio excluding one off grants, contributions, reserves and investments	Between 1% and 4%	✗ -10.1%	✓ 2.3%	✓ 1.5%	Adjusted for prepayment of 23/24 FA Grants in 22/23
Cash Flow from Operations Ratio*	Measures whether Council is generating enough cash from its operations to cover the replacement of assets over time.	Between 90% and 110%	✗ 59.7%	✗ 122.0%	✓ 105.2%	Adjusted for prepayment of 23/24 FA Grants in 22/23
Asset Renewal Funding Ratio	Shows whether or not Council is replacing assets at the rate as required in the Asset Management Plan.	Between 90% and 110%	✗ 136.3%	✗ 136.3%	✗ 172.9%	Above target as a result of deferred AMP Program from 2022/23 carried over to 2023/24
Net Financial Liabilities Ratio**	Shows the extent to which Council is managing its debt.	Between 50% and 160%	✓ 74.8%	✓ 66.7%	✓ 84.3%	
Interest Expense Ratio	Shows how much discretionary income is used to pay interest on borrowings	Between 4% and 8%	✓ 4.3%	✓ 4.3%	✓ 4.7%	

*Note that the Cashflow from Operation Ratio Forecast is only updated at BR1, Mid Year, BR2

**Note that forecast for Net Financial Liabilities Ratio is based on current period balance

Adjusted Forecast corrects the distortion created due to accounting treatment of the advance payment of FA Grants allocation, and creates a more accurate basis for comparison.