

Special Council Meeting Minutes

13 April 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

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VENUE Council Chambers, Norwood Town Hall

HOUR 7.00pm

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

Staff Mario Barone (Chief Executive Officer)
Peter Perilli (General Manager, Urban Services)
Carlos Buzzetti (General Manager, Urban Planning & Environment)
Lisa Mara (General Manager, Governance & Community Affairs)
Sharon Perkins (General Manager, Corporate Services)
Teri Hopkins (Manager, Governance & Legal)
Andrew Alderson (Financial Services Manager)
Simonne Reid (Communications Officer)
Skye Grinter-Falzun (Executive Assistant to the Chief Executive Officer)

Visitor Ms Sandra Di Blasio (Independent Member, Audit Committee)

APOLOGIES Nil

ABSENT Nil

**1. CONFIRMATION OF THE MINUTES OF THE SPECIAL COUNCIL MEETING HELD ON
11 APRIL 2022**

Cr Minney moved that the minutes of the Special Council meeting held on 11 April 2022 be taken as read and confirmed. Seconded by Cr Dottore and carried unanimously.

2. STAFF REPORTS

2.1 ERA WATER DRAFT 2022-2023 BUDGET

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA87866/A374311
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to present to the Council the ERA Water Draft 2022-2023 Budget for endorsement.

BACKGROUND

ERA Water is a Regional Subsidiary established pursuant to Section 43 of the *Local Government Act 1999*, for the primary purpose of implementing the Waterproofing Eastern Adelaide Project (the Scheme), which involves the establishment of wetland bio-filters, aquifer recharge and recovery, pipeline installations and water storage facilities. ERA Water manage the Scheme on behalf of the Constituent Councils and provide recycled stormwater for the irrigation of parks and reserves to Constituent Councils. The City of Norwood Payneham & St Peters, together with the City of Burnside and the Town of Walkerville make up the Constituent Councils of ERA Water.

Pursuant to Clause 5.1.1 of the ERA Water Charter (the Charter), prior to 31 March of each year, ERA Water must prepare and submit the ERA Water Draft Budget to the Constituent Councils for approval.

The Draft Budget can only be adopted by the ERA Water Board, following unanimous approval of the Constituent Councils.

Upon completion of the Draft Budget, pursuant to Clause 6.1 of the Charter, ERA Water must prepare and provide the draft Annual Business Plan to Constituent Councils. The Annual Business Plan can only be adopted by the ERA Water Board, once absolute majority is provided by the Constituent Councils.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

The Draft 2022-2023 Budget is forecasting an Operating Deficit of \$479,000. This Council's share of the Operating Deficit, which will be required to be included in the Council's 2022-2023 Budget is \$159,667. The ERA Budget is based on the Constituent Councils accepting the recapitalisation proposal, which comprises 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 which has been 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 Draft Budget includes water sales to this Council of \$220,477, which is based on water consumption of 76.67ML. The Council's Draft 2022-2023 Budget includes \$380,000, which includes water sourced from SA Water and ERA Water for the Council's reserves, parks, medians and sporting grounds, the water security charge of \$95,000 and the capital contribution of \$1 million.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

- **Elected Members**

Cr John Minney is a member of the ERA Water Board.

An Elected Member Information Briefing regarding this issue was held on the 23 March 2022.

- **Community**

Not Applicable.

- **Staff**

Nil

- **Other Agencies**

Not Applicable.

DISCUSSION

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 Constituent 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.

The ERA Water Draft 2022-2023 Budget includes Capital Expenditure of \$850,000, which is contingent upon the recapitalisation proposal being supported by the Constituent Council's. Should the recapitalisation proposal not be supported, the Capital Expenditure will be scaled back.

The ERA Budget forecasts, a minor cash surplus and the repayment of borrowings to the value \$1.355 million, which is predicated on a capital injection of \$2.2 million as set out in the recapitalisation proposal. Should the Constituent Councils not accept the recapitalisation proposal, ERA water will seek the prepayment of the water charges from the Constituent Councils and defer non urgent capital upgrades and other expenditure. It should be noted that should the recapitalisation proposal not be accepted by the Constituent Councils, it is likely that ERA water will exceed its debt cap of \$15.3 million by December 2022.

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

OPTIONS

The Council can choose not to endorse the Draft 2022-2023 Budget, however, there are no specific issues or activities which present a financial or risk management issue for the Council to take this course of action.

CONCLUSION

As with any forecast, the financial projections contained within the Budget are meant to provide an indication of the Scheme direction and financial capacity based on a set of assumptions. The achievement of the financial forecast is dependent on the assumptions holding true. The key assumption, in which ERA Water has limited influence on, is the level of rainfall which is received.

COMMENTS

Nil

RECOMMENDATION

1. That ERA Water be advised that the Council has considered and hereby approves the Recapitalisation proposal.
2. That ERA Water be advised that pursuant to Clause 5.1.1 of the Charter, the Council has considered and hereby approves the Draft 2022-2023 Budget, as contained in **Attachment A**.

Cr Minney moved:

1. *That ERA Water be advised that the Council has considered and hereby approves the Recapitalisation proposal.*
2. *That ERA Water be advised that pursuant to Clause 5.1.1 of the Charter, the Council has considered and hereby approves the Draft 2022-2023 Budget, as contained in Attachment A.*

Seconded by Cr Dottore and carried unanimously

2.2 DRAFT 2022-2023 BUDGET

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA83737
ATTACHMENTS: A – D

PURPOSE OF REPORT

The purpose of this report is to present and obtain “in principle” endorsement of the Draft 2022-2023 Budget.

BACKGROUND

Section 123(8) of the *Local Government Act 1999*, requires the Council to adopt an Annual Business Plan and a Budget for the ensuing financial year after 31 May and except in a case involving extraordinary administrative difficulty, before 15 August.

The Draft Budget comprises the Recurrent Budget, which incorporates the revenue and expenditure required to provide the “Business as Usual” services. The second component incorporates the Capital and Operating Project Budget. The Operating Projects Budget encompasses programs and activities that are outside the “Business as Usual” services and are considered discretionary in nature (i.e. the Council is under no obligation to provide the services, activities or programs), or if required to undertake the activity (ie. Local Government Elections), are irregular in nature. Operating Projects may be one-off activities or programs, an expansion of an existing service or program or proposals to introduce a new service or program. Operating Projects are funded via Rate Revenue or a fee for service charge.

The Capital Works Budget encompasses projects associated with renewal, upgrading or creating new infrastructure assets. Examples of projects are the Civil Infrastructure Whole-of-Life Program (renew), Playground/Reserve redevelopment (upgrade) and Artworks (new). Renewal Capital Projects are funded through Rate Revenue, via the depreciation charge, with new or upgrade works funded through borrowings or cash reserves.

The Draft 2022-2023 Annual Business Plan, will be considered at the Council Meeting scheduled on 2 May 2022.

The Draft 2022-2023 Annual Business Plan and Budget will be released for public consultation for a period of twenty-one (21) days as required by the *Local Government Act 1999*.

RELEVANT POLICIES & STRATEGIC DIRECTIONS

The Council’s long term strategic direction is outlined in *City Plan 2030: Shaping our Future*. The Draft 2022-2023 Annual Business Plan and supporting Draft 2022-2023 Budget, sets out the proposed services and programs and explains how the Council intends to finance its continuing activities which are proposed to be undertaken during the year.

The Council’s Long Term Financial Plan (LTFP), is a key document in the Council’s Planning Framework. It is the primary financial management tool which links the Council’s Strategic Plan, *City Plan 2030 – Shaping our Future*, Whole-of-Life Assets Management Plans and 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 severe increases in rate revenue or cuts in service provision and standards.

From an operational perspective, financial sustainability is being able to manage the conflict between keeping rate revenues increases to a reasonable level, maintaining existing service standards and financing new services and major capital investments.

The Draft 2022-2023 Budget has been developed on the basis of ensuring that it will assist in delivering on the Council’s Long Term Strategic direction and financial objectives set out in the LTFP.

FINANCIAL AND BUDGET IMPLICATIONS

For the 2022-2023 Financial year, the LTFP sets out an Operating Surplus of \$1.4 million, based on a Rate Revenue increase of 4.43%.

To ensure that the Council can deliver on its financial objectives, as set out in the Council's Long Term Financial Plan, the Draft Recurrent Budget has been prepared with reference to the Budget Parameters which were adopted by the Council at its meeting held on 17 January 2022.

The Draft Operating Surplus includes \$362,000 from the Federal Government's Roads-to-Recovery Grant Funding Program. In respect to this Program, as Elected Members are aware, the Council receives funding annually from the Federal Government under the Roads-to-Recovery Program, to undertake works over and above (ie. additional to) the Council's existing Civil Infrastructure Capital Works Program.

The Draft Budget presented in this report, is based on the recommendations of the Audit Committee which were adopted by the Council at its meeting held on 4 April 2022, will deliver an Operating Surplus of \$1.086 million (based on a 6% increase in Rate Revenue) and a Net Surplus (after capital income) of \$10.716 million.

While the proposed Rate Revenue increase is higher than the Rate Revenue increase set out in the LTFP, it is within the target band of between 3% and 6% adopted by the Council. At the time of writing this report, the Rate increase for the average residential ratepayer was not available.

The Draft Budget, as presented in this report, will deliver an Operating cash surplus, after Principal loan repayments, of \$1.398 million, with an overall cash deficit of \$1.554 million after financing and investing activities.

EXTERNAL ECONOMIC IMPLICATIONS

As the State continues its recovery from the impacts of the COVID-19 pandemic, the decisions made by the Council with respect to the Draft 2022-2023 Budget and consequent rating decisions will have a financial impact on property owners and suppliers of goods and services to the Council. The level of impact will be dependent on the final decisions which the Council determines in respect to the service levels and the level of income required to meet the agreed service levels.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

The Draft 2022-2023 Budget will be impacted upon by the decisions which are made by the Federal Government and the State Government in their respective budgets. The Federal Government Budget Papers indicate that funding of \$2.1 billion has been brought forward from 2022-2023 to be paid in 2021-2022. This amount, based on the value of the 2021-2022 advance, represents the advancement of three (3) quarters of the 2022-2023 Financial Assistance Grant. The cash advance is aimed at providing Councils with immediate access to funds to assist in the management of 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 is at risk of being unable to deliver its budgeted Operating Surplus. It should be noted, that given the cash is due to be received in the 2021-2022 financial year, there is no significant cashflow impact. The State Budget is scheduled to be handed down in May.

As a result, the Draft 2022-2023 Budget presented in this report, has been developed on the following assumptions:

- that the Financial Assistance Grants, comprising of the General Assistance Grant and the Road Funding Grant, will be provided based on the current funding arrangements of four (4) quarterly installments. The value of these payments has not been indexed;
- 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 the State Budget will be incorporated when this information becomes available.

It should be noted that the cost escalation for materials and contracted services has been set at 2.25%. Given the economic pressure resulting from COVID-19, natural disasters and the current worldwide unrest, the inflationary impact on the Council's key inputs, the cost impacts on the delivery of Council services and activities and delivery of the Capital works program, may be in excess of the 2.25% cost escalation parameter set by the Council at its meeting held on 17 January 2022.

Should these 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 operating initiatives and projects or the budgeted Operating result.

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

CONSULTATION

- **Elected Members**

An overview of the Draft 2022-2023 Recurrent Budget was provided to Elected Members at an Information Briefing held on 2 March 2022.

An overview of the proposed Capital Works program and Operating Projects was presented to Elected Members at an Information Briefing held on 16 March 2022.

- **Audit Committee**

The Audit Committee considered a report on the Draft 2022-2023 Budget at its Special Meeting held on 28 March 2022. Following consideration of the report, the Audit Committee resolved the following:

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 adheres 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 from 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 Rate 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;

Investment Prospectus	\$20,000
Smart City Technology Plan	\$80,000
25 Years of NPSP	\$25,000

5. That the funding allocation for the following Operating Projects be reduced by the following amounts:

Tour Down Under	\$50,000
Review of Access & Inclusion Plan	\$10,000

The Council, through the adoption of the Minutes of Special Audit Committee Meeting held on 28 March 2022, endorsed the recommendations of the Audit Committee.

- **Community**

The community will be provided the opportunity have input into the Draft 2022-2023 Budget through public consultation on the Draft Annual Business Plan, which is scheduled to be undertaken from 9 May 2022 through to 1 June 2022.

- **Staff**

The preparation of the Draft 2022-2023 Budget has been completed with the involvement of the Chief Executive Officer, General Managers and staff responsible for management of the Budget.

- **Other Agencies**

Not Applicable.

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.

DISCUSSION

The Draft 2022-2023 Budget is based on the continuation of existing services and priorities, as determined by the Council, being appropriately resourced and that the Council can maintain the service standards for its existing services to support the delivery of the Strategic Objectives outlined in the Council's *CityPlan 2030: Shaping our Future* and that those services receive appropriate funding.

The key driver therefore is to develop a Budget that not only contributes to the Council's broader strategic objectives of achieving *Community Well-being*, but also ensures that the Council is managing its financial resources in a sustainable and equitable manner and to ensure that future financial shocks can either be avoided or managed in a measured way, so that the funding requirements are balanced with ensuring that the community does not face unreasonable increases in their annual rates contribution.

Budget Parameters/Assumptions

In developing the Draft 2022-2023 Budget, the following principles and assumptions have been applied:

- the Recurrent Budget be prepared based on the provision of existing services, programs and activities;
- the cost escalation for Material, Contracts and Other Expenses has been set at a maximum of 2.25%;
- Wages and Salaries increases are based on the Council's Enterprise Agreements; and
- fees and charges not set by Legislation are increased by 2% at a minimum.

Based on the Draft Recurrent Budget and the Operating and Capital Works Program, as set out in this report, it is recommended that a 6% Rate Revenue increase be considered for the 2022-2023 Financial Year.

Budget Overview

Table 1 below sets out the Draft Budget, based on the recommended Rate Revenue increase of 6% which will deliver an Operating Surplus of \$1.086 million.

The Recurrent Budget, which incorporates the revenues and expenditure required to provide the "Business as Usual" services, provides a surplus of \$2.822 million, which will be used to fund the delivery of the proposed Operating Projects, which are set out **Attachment A** and additional interest costs to cover the additional finance costs associated with borrowings required to fund the delivery of the proposed Capital Works Program, which is contained in **Attachment A**.

The total operating expenditure is \$48.2 million, with \$36.2 million (75%) of the total expenditure being more readily influenced by the decisions made as part of the budget process. The remaining \$12 million (25%) of expenditure relates to Ownership costs, which are a result of past investment decisions in respect to the upgrading existing assets or building new assets. While the ownership expenditure associated with the Council's past Capital Works program cannot be influenced or changed in the current year, the annual increase in future ownership costs is influenced by the decisions made in respect to the amount of expenditure incurred in 2022-2023 on the investment in renewed, new and upgraded assets. As such, decisions regarding the current years projects need to be made in the context of the future impact on operating expenditures and Rate increases.

It should be noted, that while the cost the finalise or undertake the 2021-2022 Operating Projects to be carried forward into the 2022-2023 Draft Budget, are included to determine the Draft 2022-2023 Operating Surplus, the funding to undertake these projects will be sourced from cash reserves.

In addition, the draft budget from Regional Subsidiaries have not been incorporated into the Draft Operating result. The Council is required to report the Council's share of the Regional Subsidiaries operating results and while this will have an impact on the Council's reported Operating Result, this is a non-cash transaction that does not have an impact on the Council's cash position.

TABLE 1: 2022-2023 PROPOSED STATEMENT OF COMPREHENSIVE INCOME

	Recurrent Budget 2022-2023	Carry Forwards 2022-2023	Operating Projects 2022-2023	Capital Projects 2022-2023	Proposed 2022-2023
	\$	\$	\$	\$	\$
INCOME					
Rates	39,980,282	-	-	-	39,980,282
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	-	-	-	-	-
Total Income	48,803,852	-	492,298	-	49,296,150
EXPENSES					
Employee costs	15,974,750	-	108,000	-	16,082,750
Materials, contracts & other expenses	18,333,188	429,238	1,334,000	-	20,096,426
Finance costs	515,000	-	-	357,424	872,424
Depreciation & amortisation	11,158,733	-	-	-	11,158,733
Net loss Joint Ventures & Associates	-	-	-	-	-
Total Expenses	45,981,671	429,238	1,422,000	357,424	48,210,333
OPERATING SURPLUS / (DEFICIT)	2,822,181	(429,238)	(949,702)	(357,424)	1,085,723
Net gain (loss) on disposal or revaluation of assets	-	-	-	25,000	25,000
Amounts specifically for new or upgraded assets	-	-	-	9,604,823	9,604,823
NET SURPLUS (DEFICIT)	2,822,181	(429,238)	(949,702)	9,272,399	10,715,640

2022-2023 Recurrent Budget Overview

In setting the general parameters for the preparation of the Draft 2022-2023 Budget, the Council endorsed Budget Parameters which set the maximum combined increase in the overall budget of 2.25%. Overall, the Recurrent Operating Expenditure compared to the 2021-2022 Adopted Recurrent Budget, exclusive of Ownership Costs is 1.85%. It should be noted that given the extent of the proposed Capital Works Program, it is proposed to increase capitalization of the staff costs for the Council's existing staff responsible for the delivery of the Capital works program. As set out in Table 2 below, the draft Recurrent Budget meets the budget parameters, with the exception of Materials and Services, which has been unfavorably impacted by increases in waste collection costs, insurance premiums, contract rates for a number of key services and the proposed ERA Water surcharge.

TABLE 2: BUDGET PARAMETERS

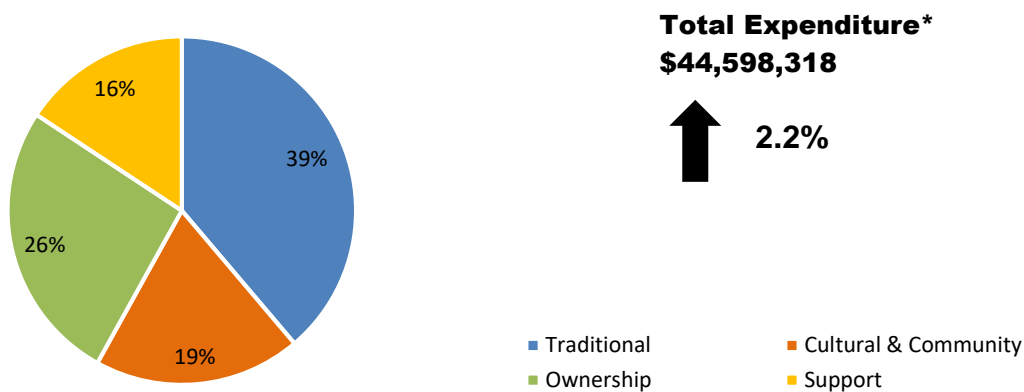
	2022-2023	2021-2022*	Movement	% change	Budget Parameter
User Fees	\$3,737,711	\$3,618,720	\$118,991	3.3%	✓
Statutory Charges	\$2,006,750	\$1,865,875	\$140,875	7.6%	✓
Employee Expenses	\$15,974,750	\$15,898,652	\$76,098	0.48%	✓
Material & Services	\$16,949,835	\$16,333,626	\$484,309	3.77%	✗

* Adjusted for impact of Payneham Swimming Centre Closure

As set out in Figure 1 below, services, programs and activities delivered through the Recurrent Budget (excludes operating projects), can be classified into *Traditional Services*, which are the provision of a range of services, programs and infrastructure to meet the needs and expectations of the community. A number of these services are the responsibility of the Council by virtue of the requirements of the *Local Government Act 1999* and other relevant legislation. Other services, which are classified into *Cultural and Community*, are provided by the Council in response to the community's expectations and/or needs. Together, these services represent 58% (\$25.8 million) of the draft Recurrent Budget. These services, programs and activities are supported by the Council's *Governance and Administration* structure. These support services represent 16% (\$7.0m) of the draft Recurrent Budget.

The final component of the Recurrent Budget is Ownership Costs (\$11.6m). As set out above, these costs are now being incurred as a result of past investment decisions in long term assets and as such, the Council has little influence over the value of these costs for the current year. These future costs can however, be influenced by the decisions that are made regarding the level of capital investment in new and upgraded assets when considering the 2022-2023 Projects Budget.

FIGURE 1: COMPONENTS OF DRAFT RECURRENT BUDGET



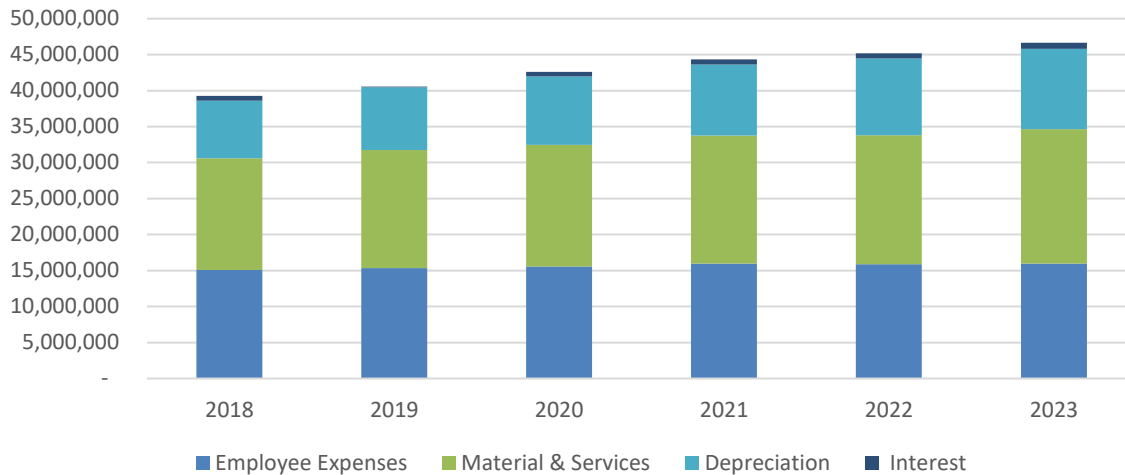
* excludes Regional Landscape Levy

The services, programs and activities which make up each element of Recurrent Budget is contained in Table 3 below and **Attachment B**.

The cost elements of the Recurrent Budget set out in Figure 2 below, are Employee Expenses, which represent 35%, Material, Contracts & Other Expenses, which represent 40%, Depreciation which represents 24% and Finance Costs (excluding any new borrowings) which represent 1% of the total draft Recurrent Budget. Over the past five (5) years, Material, Contracts & Other Expenses and Finance costs, as a percentage of the total recurrent budget have been consistent, whereas Employee Expenses have been decreasing from 38% of the total budget to 35% and ownership costs increasing from 20% to 23% of the total Recurrent Budget. The overall Recurrent Budget increase for 2022-2023 is 2.1%, with the increase being driven predominately by depreciation expense.

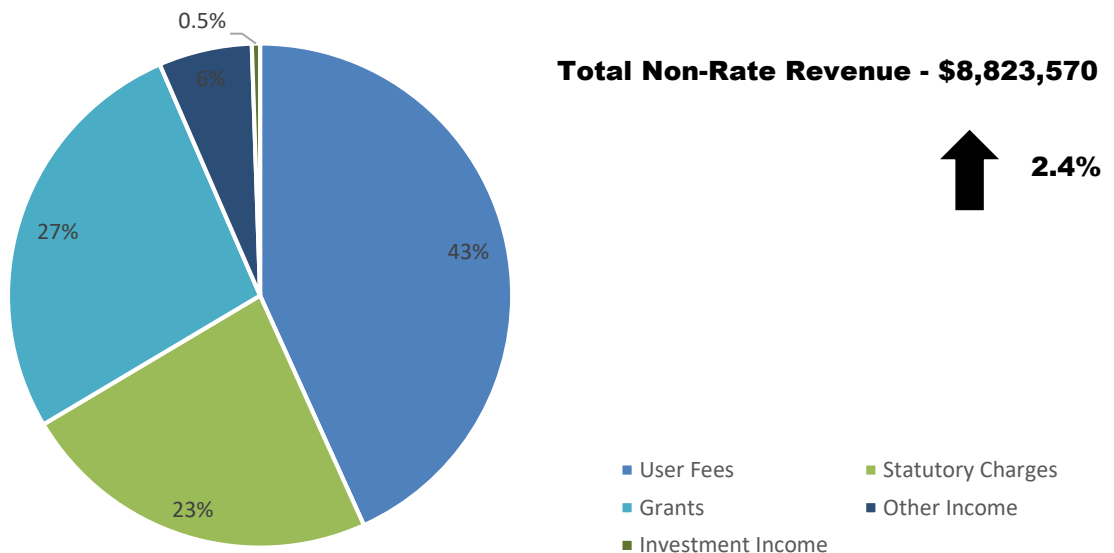
It should be noted that the Payneham Memorial Swimming Centre will be redeveloped during 2022-2023 and will close at the end of the 2021-2022 Swimming Season. In comparing the overall Recurrent Budget increase for 2022-2023, the 2021-2022 Adopted Budget has been adjusted to reflect the impact of the Swimming Centre closure.

FIGURE 2: COST ELEMENTS



Rate revenue is the Council's major source of income and funds in the order of **80%** of the Council's Operating Expenditure. The balance is funded from non-rate revenue which is predominately made up of User Charges (45%) which incorporate Child Care Centre fees, Swimming Centre charges, Hire and Lease fees associated with Council facilities, HACC Services; Grant Income (27%) and Statutory Charges (21%) which incorporates Dog Registration fees, Parking Infringements, Residential Parking permits, Planning & Development fees, Hoarding Licences, Outdoor Dining permits. Non-rate revenue represents 20% of the Council's total revenue, with \$8.726 million being factored into the draft Recurrent Budget.

FIGURE 3: BREAKDOWN OF NON-RATE REVENUE



Revenue derived from the Council's main sources of non-rate revenue (statutory and user charges) has remained stable over the last five (5) years. The static and/or diminishing nature of other revenue sources means that the Council is increasingly dependent on Rate revenue to fund the provision of services and programs.

User Charges includes fees payable for the use of the Council's discretionary services and facilities, with 86% of the Council's User Charges income being generated from the St Peters Child Care Centre & Pre-school, the Swimming Centres and the Norwood Concert Hall.

Statutory Charges includes fees and charges that are set by legislation. In some circumstances, such as Parking Infringements, the fees charged are set at a fixed rate set out in the respective legislation, where as other legislation allows the Council to charge a fee with the value of the fee determined by the Council, up to a maximum limit as set out in the legislation (i.e. Dog Registration Fees). Income earned from Parking Expiration Notices is the main source (57%) of Statutory Charges Income.

Table 3 below sets out additional information on the Recurrent Operating Budget by functional area.

TABLE 3: DRAFT 2022-2023 RECURRENT BUDGET BY FUNCTION

Function	Expenditure	Income	Net Operating Surplus / (Deficit)
Rates	1,383,353	39,862,982	38,479,629
Traditional	17,364,553	3,077,341	(14,287,212)
Infrastructure Management	4,234,802	545,000	(3,689,802)
Waste & Recycling Services	4,536,706	43,000	(4,493,706)
Trees, Parks, Sports & Recreation	4,668,126	330,591	(4,337,535)
Economic Development, Regulatory Services, Environment & Planning	3,924,919	2,158,750	(1,766,169)
Cultural & Community	8,568,575	4,667,779	(3,900,796)
Community Services Health Aged & Youth Services	4,721,115	3,814,169	(906,946)
Libraries & Community Facilities	2,922,251	845,810	(2,076,441)
Community Events, Arts & Heritage	925,209	7,800	(917,409)
Governance, Communications & Administration	6,991,457	1,152,250	(5,839,207)
Governance,	1,941,262	340,000	(1,601,262)
Administration	4,459,927	792,250	(3,667,677)
Communications	590,268	20,000	(570,268)
Ownership	11,673,733	43,500	(11,630,233)
Total	45,981,671	48,803,852	2,822,181

2022-2023 Proposed Operating Projects

The Draft Budget, set out in Table 1, incorporates a funding allocation for new Operating Projects to the value of \$1.442 million. Operating Project expenditure is offset by income of \$492,000, which includes Roads-to-Recovery Funding. As Elected Members are aware, Roads-to-Recovery Funding is utilised to fund the Civil Infrastructure Renewal Program.

The proposed Operating Projects for 2022-2023 have been broken down into a number of categories as detailed in Table 4.

TABLE 4: OPERATING PROJECT CATEGORIES

Operating Project Category	2022-2023 Proposed Operating Projects \$	2021-2022 Carry Forward Operating Projects
Proposed New Projects arising from		
• Proposals submitted by Elected Members	36,000	-
• Events & Awards	218,000	-
• Traffic Management Initiatives	381,000	25,000
• Environmental Initiatives	52,000	13,000
• Council Operational Plans <ul style="list-style-type: none"> ○ <i>Smart Cities, Emission Reduction, Open Space & Playground Strategy etc.</i> 	170,000	219,870
• Corporate & Governance	375,000	68,794
• Other	210,000	102,574
Total Operating Projects Expenditure	1,442,000	429,238

In addition to the new Operating Projects, there are a number of Operating Projects that were adopted as part of the 2022-2023 Budget, that are not anticipated to be completed by 30 June 2022. A review of the current year's Operating Projects has been undertaken and based on a review of year-to-date expenditure, the Draft Budget, as detailed above, includes a funding allocation for 2021-2022 Operating Projects to be carried forward of \$429,000. The Draft Budget will be adjusted accordingly following the 2021-2022 Third Budget Update. Operating Projects carried forward will be funded by cash reserves.

In undertaking the assessment of the proposed Operating Projects, the following projects are not recommended to be included within the Draft 2022-2023 Operating Projects Budget. The projects and the reasons for not supporting the funding submission are detailed below.

- Part-time Biodiversity Officer

The funding submission proposes to employ a part-time Biodiversity Officer to assist with the restoration of native understorey vegetation in strategic locations, such as River Torrens Linear Park and other reserves and manage the Council's programs to remove synthetic grass from nature strips and verge greening program. The funding submission is not recommended for inclusion in the Draft Budget as it is not considered that it will deliver the desired outcome as it does not address on-going resourcing required to undertake the desired planting and is not considered a priority. In addition, the management of the removal synthetic grass from nature strips and the Verge Greening program, is essentially an administration activity that requires a different skill set to a Biodiversity Officer.

In addition to the proposal to employ a part time Biodiversity Officer, following the consideration of the Draft Budget, the Audit Committee recommended that a number of projects not be funded as part of the Draft 2022-2023 Budget. These are outlined below:

1. Investment Prospectus \$20,000

The funding submission proposes to produce an Investment Prospectus publication which includes background information on the fabric of the City, highlight the competitive strengths and key sectors, and incorporate social and environmental aspects, which contribute to the overall attraction and vibrancy of the City.

The delivery of an Investment Prospectus is listed in the Council's 2021-2026 Economic Development Strategy, with the aim of the publication being to promote the City to potential investors, and businesses looking to start-up or relocate to the City of Norwood Payneham & St Peters.

2. Smart City Technology Plan \$80,000

Following the Smart Parking Pilot project in the Webbe Street car park, Norwood, it is proposed to introduce Smart Parking technology to monitor and manage car parking in the ground floor of the Webbe Street carpark, Norwood. The overall objectives of monitoring car parking spaces in the Webbe Street car park with technology include:

- increasing turn-over of available parking spaces to benefit local traders;
- where required, issuing expiation notices in an effective and efficient manner, minimising the extent of time the Council's Regulatory Services Compliance Officers need to physically spend in the car park monitoring vehicle stays;
improving the standard of proof of evidence for issuing expiations; using data obtained from in-ground sensors, and/or CCTV footage;
- freeing up time for the Council's Regulatory Services Compliance Officers to perform more duties, such as monitoring parking adjacent school zones, elsewhere in the City;
- increasing revenue sourced from parking expiations, noting that this is not one of the key drivers for the project; and
- monitoring of car parking usage rates, including peak periods, to inform timing of delivery for other council projects such as capital works upgrades in the vicinity of the carpark.

The use of Smart parking technology is a listed action in the Council's Smart City Technology Plan.

3. 25 Years of NPSP \$25,000

To host a reception to celebrate 25 years of the City of Norwood Payneham & St Peters.

The Audit Committee also recommended that the proposed funding allocation for a number of projects be reduced as part of the Draft 2022-2023 Budget. These are outlined below:

4. Tour Down Under \$50,000

Subject to the Council's Expression of Interest being successful, a Stage of the 2023 Tour Down Under and associated community event will be hosted.

The recommended funding reduction is to exclude the associated community event from the scope of this project.

5. Review of Access & Inclusion Plan \$10,000

The Council's *Access & Inclusion Strategy 2018-2022* aims to improve opportunities for accessibility and inclusion throughout the City for citizens of all ages, abilities and backgrounds.

The Strategy is due for review in 2022. As part of the review, it is important to ensure that the actions reflected in the Strategy are current and relevant. The current Strategy is based on information from consultations that were undertaken in 2013 and 2016.

It proposed to undertake a community engagement process as part of the review which will include:

- workshops with Elected Members, staff and Volunteers;
- consultation with members of the community to include culturally and linguistically diverse citizens, citizens with disability, older citizens, schools (includes students), businesses and service providers;
and
- development of a survey for community members to complete.

The recommended reduction in funding is to reduce and better focus on the community engagement process.

A copy of the funding submissions, including those projects which are not recommended for inclusion in the Draft Budget are contained in **Attachment C**.

Budgeted Capital Projects

The Draft 2022-2023 Budget, as presented, incorporates Capital Projects to the value of \$ 51.3 million, inclusive of 2021-2022 carry forwards and staff costs of \$1.280 million which are capitalised (i.e. staff involved in the delivery of the projects involving physical assets) and included in the final asset cost.

Of the proposed Capital Project expenditure, 54% relates to major asset upgrades that were adopted as part of the 2021-2022 Annual Business Plan, with the construction programs for the upgrades to commence and be finalised during the 2022-2023 financial year. In addition, the proposed Capital Budget includes one (1) new major upgrade project, the Cruickshank Reserve Facilities Upgrade. This project was endorsed by the Council at its meeting held on 7 March 2022 and has been submitted as the preferred project to be funded by the Federal Government Local Roads and Community Infrastructure funding program Phase 3. The Council has, on application, a funding allocation of \$889,000 to be spent by June 2023. While the initial cost estimate to undertake the works to construct a new multipurpose building to support tennis, netball and other recreation activities at the Reserve, was in the order of \$800,000, due to supply and other market pressures, the cost estimate to undertake the redevelopment is likely to be in the order of \$1 million. In addition, due to market pressure for labour and materials, there is a potential that the works may not be completed within the required timeframe and this could put at risk the Council's access to the available funding. However, this project is being progressed as endorsed by the Council.

The proposed Capital Expenditure is offset by Capital funding which incorporates grants and other revenues to the value of \$9.6 million, which results in a net cost to Council of \$41.6 million. The proposed Capital Projects for 2022-2023, have been broken down into a number of categories as set out Table 5 below:

TABLE 5: CAPITAL PROJECT CATEGORIES

Capital Project category	2022-2023 Proposed Capital Projects \$
Whole-of-Life Capital Works Program	
* Road Resealing	4,591,018
* Footpath Reconstruction	897,338
* Kerb Reconstruction	1,779,290
* Stormwater Drainage Program (inc. carry forward budgets) *	9,534,205
Other Infrastructure Asset Renewal	2,196,000
Major Projects (inc. carry forward budgets)	28,796,960
Quadrennial Art Project (inc. carry forward budgets)	258,762
Non-Infrastructure Renewal	348,000
New IT Projects	174,400
Minor projects carried forward	1,403,645
Capitalisation of Salaries (existing staff)	1,280,124
Total Capital Projects Expenditure	51,259,743
Capital Funding	9,629,823
Net Cost	41,629,920

* includes \$2million carried forward for Trinity Valley Stage 1. A grant application for \$3.6 million has been lodged to assist in funding Stage 2 and Stage 3 of the Trinity Valley Drainage Upgrade Project. Should the funding application be un-successful, the program will be scaled back.

It should be noted, that while 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 (Quadrennial Art Project), the *Public Art Policy* also states that the funding allocation is subject to annual budget deliberations. Based on the proposed Capital Works Program (excluding carry forwards), the 2022-2023 funding allocation to the Quadrennial Art Project is \$112,000.

A review of the current year's Capital projects has been undertaken and based on a review of year-to-date expenditure and project timelines, the Draft Budget, as detailed above, includes a funding allocation for 2021-2022 Capital projects to be carried forward of \$11.6 million. The Draft Budget will be adjusted accordingly following the 2021-2022 Third Budget Update.

In undertaking the assessment of the proposed Capital Projects, the following projects are not recommended for inclusion in the Draft 2022-2023 Capital Projects Budget. The projects and the reasons for not recommending the funding submission are detailed below.

1. Adey Reserve Masterplan

The 2021-2022 Budget contains a funding allocation of \$50,000 to develop a Masterplan for Adey Reserve. The Funding seeks to increase the funding allocation to \$60,000. The current funding allocation is considered adequate, as such the funding submission is not recommended for inclusion in the draft Budget.

2. Mary MacKillop Park Playground

The funding submission proposes the installation of a playground on Mary MacKillop Park to provide opportunities for further activation in this space and provide an ancillary recreational offering to users of the Norwood Swimming Centre. It is proposed that the playground be suitable for a range of ages and all abilities. Given the proximity to the Norwood Swimming Centre and the development of Norwood Swimming Centre Masterplan, the funding submission is not recommended as the redevelopment of the reserve should be considered as part of the Norwood Swimming Centre Masterplan.

A copy of the funding submissions, including those projects which are not recommended, are contained in **Attachment C**.

Borrowings

Capital expenditure of \$51.3 million, as set out in **Attachment A**, is proposed to be funded as follows:

Use of depreciation recovered through rate revenue	\$ 11,158,733
Roads to Recovery Funding	\$362,000
Grant Funding and other capital funding	\$9,629,823
Borrowings and cash reserves	\$30,109,187

In determining the timing and the level of borrowings required to fund the capital program, consideration has been given to the cash flow requirements and to intergenerational equity between current and future users (that is, an asset is funded from loan borrowings which is paid off over the life of the asset rather than raising rate revenue from current rate payers to pay for the asset). Whilst these considerations have formed part of the budget model, they will be reviewed and reconsidered before the decision to commit to any borrowings.

Given the nature of the major projects to be undertaken, to minimise the interest costs and debt servicing needs, it is recommended that the Council utilise the Discounted Cash Advance Facilities in place to fund the cashflow required during the construction phases as opposed to the utilisation of the standard fixed period debenture loans.

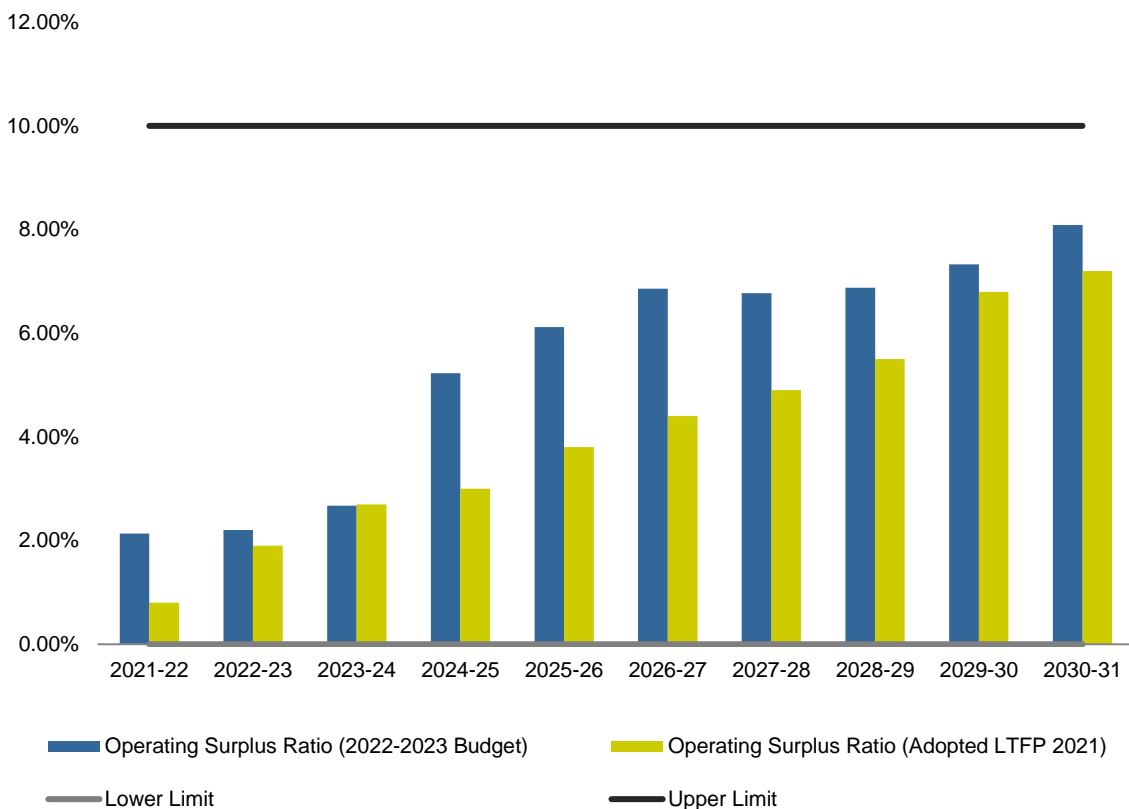
Long Term Financial Plan

Pursuant to Section 122 4 a(1) of the *Local Government Act 1999*, the Council must undertake a review of its Long-Term Financial Plan (LTFP) on an annual basis. To meet this legislative requirement, a review of the LTFP financial targets, which takes into account of the Draft 2022-2023 Budget, as presented in this report and its impact on the financial projections set out in the Long-Term Financial Plan, has been undertaken.

Outcome 1: A Balanced Budget

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

The Council's long-term sustainability is dependent upon ensuring that on average overtime, the operating expenses are less than the associated revenues. The Council's performance is measured by the Operating Ratio which measures the Council's Operating result, whether that be a surplus or deficit as a percentage of operating revenues. Ideally, at a minimum, the Operating surplus should be equal to the annual principal loan repayments.

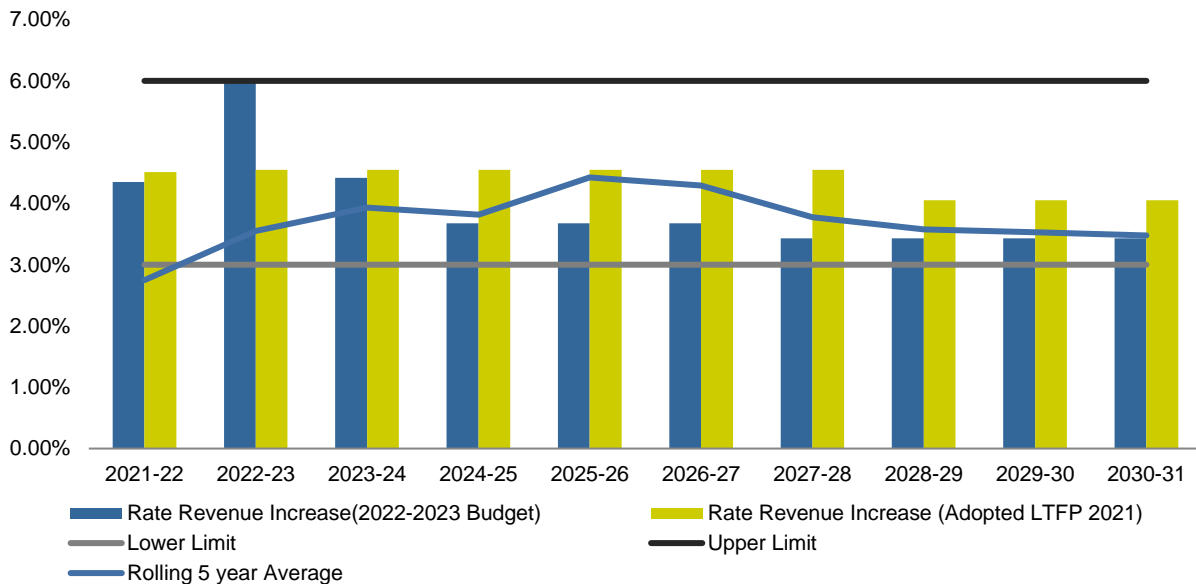


For 2022-2023, the Draft Budget is based on a rate revenue increase of 6%, which is within the target range of the financial target of between 3% and 6%, however it is higher than the LTFP increase of 4.55%. This increase, together with the expected "uplift" in user fees, following the redevelopment of the Payneham Memorial Swimming Centre, will result in the significant increase in the projected Operating Surplus. Based on the recommendations of the Audit Committee, the 2022-2023 Operating Surplus is \$1.086 million compared to the LTFP target of \$917,000 and an Operating cash surplus of \$1.398 million, after Principal loan repayments, with an overall cash deficit of \$1.554 million after financing and investing activities compared to the LTFP Target of an operating cash deficit of \$1.110 and an overall cash deficit of \$1.285 million after financing and investing activities.

Outcome 2: Rate Stability

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

Rate revenue is a major component of Council’s revenue base. The Council’s objective is to have a Long Term Financial Plan based on consistent rate revenue increases which meet the increased cost of the base level services and programs but also reflect new assessment growth and increased service levels. The benchmark target is between 3% and 6%.

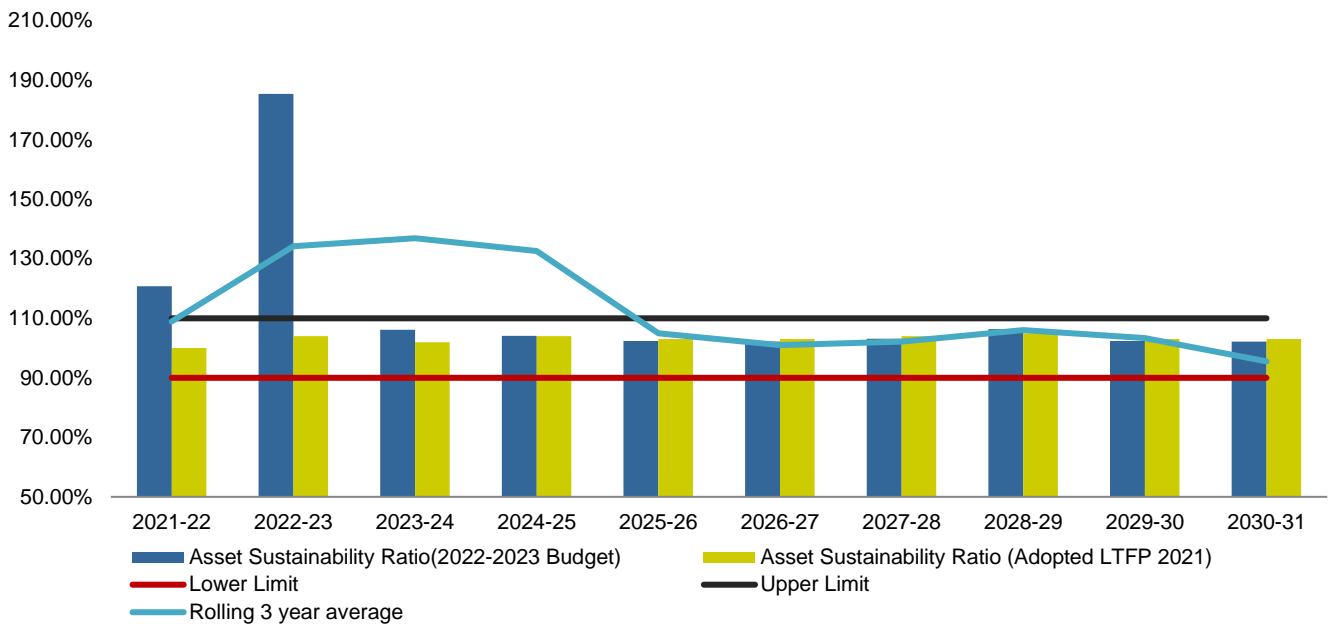


The amended Draft Budget is based on a rate revenue increase of 6%, which is an increase in Rate revenue of \$543,000 when compared to the adopted LTFP. At the time of writing this report, the initial rate modelling of the impact of the rate revenue on the rate increase for the average residential ratepayer was not available.

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 City Plan 2030

The Council measures its performance in achieving this outcome through the Asset Sustainability Ratio. The Asset Sustainability Ratio measures how well the Council is performing with respect to the renewal or replacement of existing physical assets, such as roads, footpaths, kerbing, buildings, council plant etc. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council’s Asset Management Plans. Ideally, physical assets should be renewed or replaced at the same rate the stock of assets is wearing out, however it is recognized that there may be some instances that require the Council to either accelerate decelerate the renewal or replacement of its existing asset base.



The asset sustainability ratio for 2022-2023, is reflective of the carry forward renewal expenditure associated with the major projects to be completed during 2022-2023 financial year and the increase in the proposed Drainage Program. It should be noted that the Council has submitted a grant funding application to fund the accelerated Stormwater Drainage Program. Should this grant funding application not be successful, the Stormwater Drainage Program will be scaled backed.

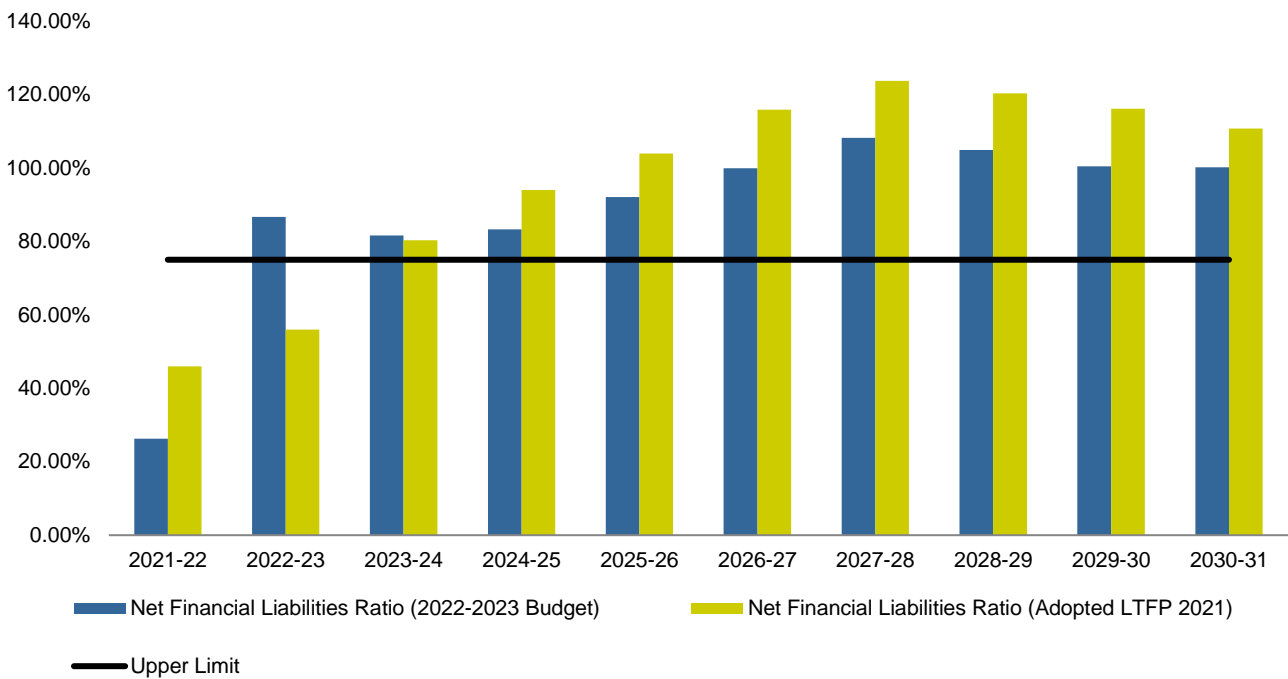
Outcome 4: Debt Management

Prudent use of debt to invest in new long-term assets to ensure intergenerational equity between current and future users

Prudent debt management is the process of establishing and executing a strategy for managing a Council debt in order to raise the required amount of funding to achieve its capital investment objectives. It is important that the use of debt is balanced with other funding sources, such as grants and cash reserves, to ensure that the members of the community that receive the benefits from the investment, share the cost. In addition, the Council must ensure that it has the capacity to service its debt.

Net Financial Liabilities

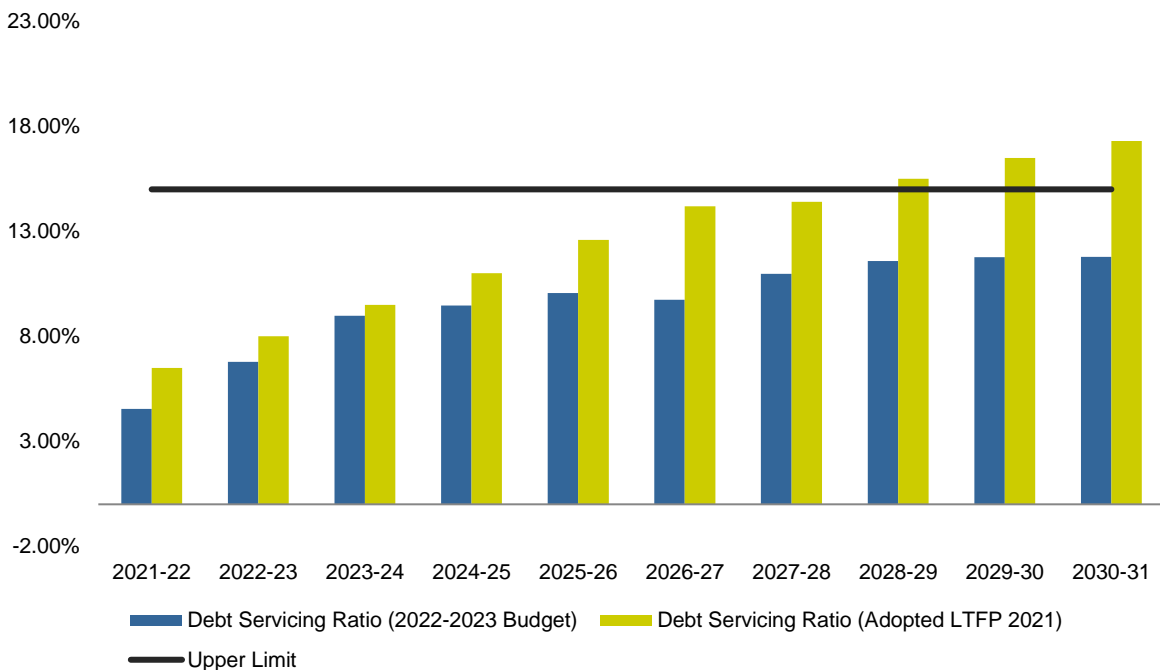
The Net Financial Liabilities measures the extent of indebtedness of the Council as a percentage of operating revenue. If the ratio falls over time this indicates that the Council's capacity to meet its financial obligations from operating income is strengthening.



As a result of an increase in the cash balance, resulting from the additional Rate Revenue increase of 1.5% and the slight reduction in the Operating Project Expenditure, the Net Financial Liabilities has fallen below 100% each year with the exception of 2027-2028. As there is no proposed reduction in the Capital Works Program, there is no movement in the forecast level in Long-term Borrowings. The improvement in the Net Financial Liabilities is driven entirely from increased cash balances.

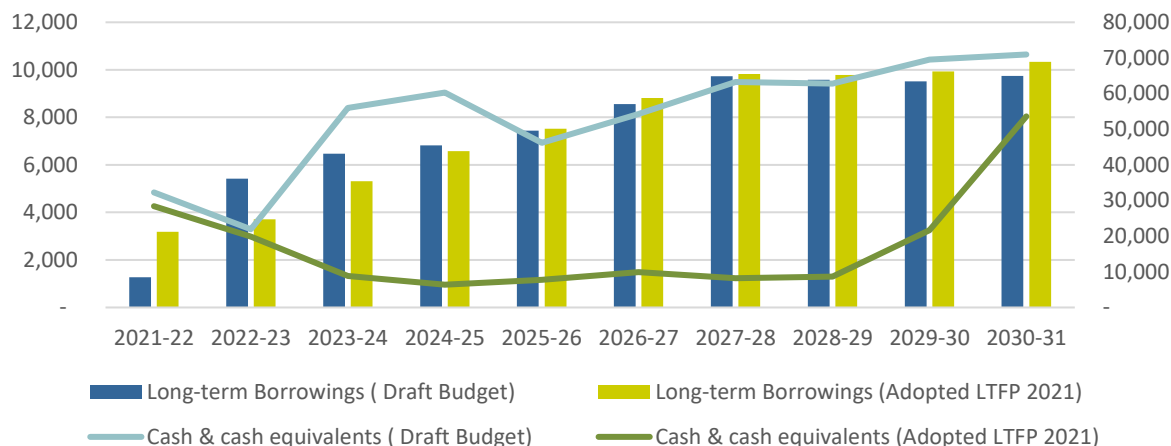
Debt Servicing Ratio

The Debt Servicing Ratio measures the extent of rate revenue that is used to meet interest and principal loan repayments.



The improvement in the Debt servicing ratio, is driven by the proposed increase in Rate revenue.

Cash and Borrowings



Subject to the future expenditure on new asset investment and service initiatives being maintained in line with the current funding allocations as contained in the LTFP, as a result of the proposed increase in rate revenue, together with the anticipated uplift in user charges income emanating from the redeveloped Payneham Memorial Swimming Centre, the cash balance is estimated to increase by \$6 million by 2030-31. Long-term borrowings will peak at \$65 million.

OPTIONS

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

- endorse 'in principle' the Draft 2022-2023 Budget, set out in the Financial Statements contained in **Attachment D**, which incorporates the proposed Operating and Capital Projects contained in **Attachment A**; or
- vary the Draft 2022-2023 Budget, set out in the Financial Statements contained in **Attachment D**, which incorporates the proposed Operating and Capital Projects contained in **Attachment A** by either:
 - reducing Operating and Capital Projects; and/or
 - increasing or decreasing non-rate revenue; or
 - increasing or decreasing the proposed Rate Revenue increase; or
 - increasing or decreasing recurrent expenditure.

CONCLUSION

The Draft 2022-2023 Budget, as presented in this report, is based on the Council continuing to deliver its existing services, programs and activities.

To ensure that a responsible budget is set, the Council has adopted a series of Budget Parameters, to guide Council Staff in preparing their respective budget estimates. As detailed in this report, the Draft 2022-2023 Recurrent Budget has been delivered with reference to these guidelines and where the parameters have not been achieved, the reasons have been provided.

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

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

Decisions regarding the Draft 2022-2023 Budget, need to take into account the impact on the Council's ability to continue to meet its operational and financial outcomes in the future.

With reference to the financial targets set out in the Long-Term Financial Plan, Table 6 sets out the performance of the Draft 2022-2023 Budget, as set out in this report, against the LTFP Financial Outcomes.

TABLE 6: LONG TERM FINANCIAL PLAN TARGETS

Outcome	Measure	Target	Draft Budget	
A Balanced budget	Operating Ratio <i>Measures the Councils Operating result, whether that be a surplus or deficit as a percentage of operating revenues</i>	Between 0% and 10%	2.2%	✓
Rate Stability	Rate Revenue Increase <i>The annual increase in revenue generated from general rates</i>	Between 3% and 6%	6%	✓
Infrastructure and Asset Management	Asset Sustainability Ratio <i>Measures the rate at which the Councils assets are being renewed or replaced against the Infrastructure & Asset Management Plan</i>	Between 90% and 110% <i>on a rolling three (3) year average</i>	124%	✗
Debt Management	Net Financial Liabilities Ratio <i>Measures the percentage operating revenues that would be required to settle the net amount owed by the Council.</i>	Less than 75%	86.7%	✗
	Debt Servicing Ratio <i>Measures the Council's commitment to interest costs and debt repayments are met by general rate revenue</i>	less than 15%	4.7%	✓

COMMENTS

If Elected Members have any questions in relation to specific budget items or proposed allocations, please contact the General Manager, Corporate Services on 8366 4585, prior to the meeting as these discussions may assist in resolving any enquiry.

RECOMMENDATION

1. That the proposed Operating and Capital Projects as set out in **Attachment A** be endorsed "in principle".
2. That the Draft 2022-2023 Budget, set out in the Financial Statements contained in **Attachment D**, which incorporates the proposed Operating and Capital Projects contained in **Attachment A**, be endorsed "in principle".
3. The Council notes that a report on the adoption of the Draft 2022-2023 Annual Business Plan and Budget, which includes the 2022-2023 Rating Strategy, will be prepared for the Council's consideration.

Ms Sandra Di Blasio, Independent Member of the Council's Audit Committee, addressed the Council in respect to the draft Budget.

Cr Sims left the meeting 7:13pm.

Cr Sims returned to the meeting 7:14pm.

Cr Minney moved:

- 1. That the proposed Operating and Capital Projects as set out in Attachment A be endorsed "in principle".*
- 2. That the Draft 2022-2023 Budget, set out in the Financial Statements contained in Attachment D, which incorporates the proposed Operating and Capital Projects contained in Attachment A, be endorsed "in principle".*
- 3. The Council notes that a report on the adoption of the Draft 2022-2023 Annual Business Plan and Budget, which includes the 2022-2023 Rating Strategy, will be prepared for the Council's consideration.*

Seconded by Cr Sims and carried unanimously.

3. CLOSURE

There being no further business, the Mayor declared the meeting closed at 7:23pm.

Mayor Robert Bria

Minutes Confirmed on _____
(date)