

**MAYOR
COUNCILLORS
CITY OF MOUNT GAMBIER**

NOTICE is hereby given that Mayor Andrew Lee has called a Budget Meeting of the Council to be held at the Council Chamber, Civic Centre, 10 Watson Terrace, Mount Gambier on the following date and time:

Wednesday 5th July, 2017 - Council Chamber – Civic Centre (commencing at 6:00 pm)

For the purpose of:

1. Draft 2017/2018 Annual Business Plan and Budget

An Agenda for the meeting to be held on Wednesday 5th July, 2017 at 6:00 pm is attached.



Mark McSHANE
CHIEF EXECUTIVE OFFICER

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AGENDA OF SPECIAL COUNCIL MEETING

Meeting to be held at the Council Chamber, Civic Centre, 10 Watson Terrace, Mount Gambier
on Wednesday 5th July, 2017 at 6.00 p.m.

PRESENT

Mayor Andrew Lee
Cr Christian Greco
Cr Mark Lovett
Cr Josh Lynagh
Cr Sonya Meziniec
Cr Frank Morello
Cr Steven Perryman
Cr Hanna Persello
Cr Penny Richardson
Cr Ian Von Stanke

COUNCIL OFFICERS

Chief Executive Officer	-	Mr M McShane
General Manager Community Wellbeing	-	Ms B Cernovskis
General Manager Council Business Services	-	Mrs P Lee
General Manager City Growth	-	Dr J Nagy
General Manager City Infrastructure	-	Mr N Serle
Administration Officer Executive Support	-	Mrs F McGregor

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR INDIGENOUS PEOPLES HAVE WITH THIS LAND.

1. APOLOGY(IES)

Apology received from Cr Mutton

That the apology from Cr Mutton be received.

Moved:

Seconded:

2. COUNCIL REPORTS

Council Reports commence on the following page.



2.1. Council Report No. AR17/25096 - Draft 2017/2018 Budget Update

COMMITTEE	Council
MEETING DATE:	5 July 2017
REPORT NO.	AR17/25096
RM8 REFERENCE	AF16/326
AUTHOR	Gary Button
SUMMARY	An update on the process of development of the Draft 2017/2018 Budget
COMMUNITY PLAN REFERENCE	Goal 3: Our Diverse Economy
	Goal 1: Our People
	Goal 2: Our Location
	Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage

REPORT RECOMMENDATION

- (a) That Council Report No. AR17/25096 titled '*Draft 2017/2018 Budget Update*' dated 28 June 2017 as presented to the Council on 5 July 2017 be noted.

Moved:

Seconded:



Background

At its meeting on 21 February 2017 Council considered a proposed program for the preparation and adoption of the 2017/2018 Annual Business Plan and Budget.

On Tuesday 16 May 2017 Council approved the Draft 2017/2018 Annual Business Plan and Budget for community consultation.

On Wednesday 21 June 2017 Council considered community consultation outcomes and instructed the preparation of a final Annual Business Plan and Budget for 2017/2018 with a single minor amendment to capital expenditure for presentation and consideration for adoption at the meeting of Council scheduled on 5 July 2017.

Discussion

The current status of the 2017/2018 Annual Business Plan and Budget program is as follows:

Date (2017)	Description	Status
11 April	Members Budget Workshop/Briefing	Complete
16 May	Council Meeting to consider and adopt for consultation Draft 2017/2018 Annual Business Plan and Budget	Complete
17 May	2017/2018 Draft Annual Business Plan and Budget released for public comment	Complete
9 June	Public submissions on Draft 2017/2018 Annual Business Plan and Budget closed	Complete
21 June	Council Meeting to hear public submissions and to discuss the Draft 2017/2018 Annual Business Plan and Budget	Complete
5 July	Council Meeting to consider and adopt the 2017/2018 Annual Business Plan and Budget and associated declarations	
tbc – mid July	Last date for finalisation/distribution of first quarterly rate notice and distribution of Summary 2017/2018 Annual Business Plan	
8 September	First quarterly rate instalment final payment date	

Following the instruction from the Council meeting held on 21 June 2017 a final 2017/2018 Annual Business Plan and Budget has been prepared containing the following estimates of income and expenditure:

	Draft \$	Revised \$
Required Rates	19,608,000	19,608,000
Operating Revenue	7,293,000	7,415,000
Less Operating Expenditure	<u>26,903,000</u>	<u>26,690,000</u>
Operating Surplus / (-Deficit)	(2,000)	333,000
Plus Non-Operating Revenue	7,080,000	7,080,000
Less Non-Operating Expenditure	690,000	690,000
Less Capital Expenditure	6,863,000	6,883,000
Plus Capital Revenue	<u>569,000</u>	<u>569,000</u>
Budget Cash Surplus / (Deficit)	94,000	409,000
as at 30 th June 2018		

Increase in gross rate revenue of 4.5% (including growth) would be required.



Conclusion

Council may now consider the adoption of the 2017/2018 Annual Business Plan and Budget and a series of resolutions/declarations to finalise the annual budget process.

Attachments

Nil



Gary BUTTON
FINANCE MANAGER



Mark McSHANE
CHIEF EXECUTIVE OFFICER

28 June 2017
MMcC



3. ADOPTION OF 2017/18 ANNUAL BUSINESS PLAN - Ref. AF16/326

moved that pursuant to the provisions of 123(6) of the Local Government Act, 1999 and Regulation 6 of the Local Government (Financial Management) Regulations 2011, Council;

(a) having considered submissions made during the public consultation period and having regard to all relevant information in the possession of the Council, hereby adopts for the year ending 30th June, 2018 the Annual Business Plan, and;

(b) the Chief Executive Officer be authorised to make any necessary alterations and amendments to the text of the Annual Business Plan (principally accommodating amendments made at Budget meetings) prior to formal publication.

seconded

4. ADOPTION OF 2017/2018 BUDGET - Ref. AF16/326

moved:

(a) Council adopt the following estimates of income and expenditure as provided for in the 2017/2018 Business Plan and Budget incorporating an overall increase in rate revenue of 4.5%:

	\$
Required Rates	19,608,000
Operating Revenue	7,415,000
Less Operating Expenditure	<u>26,690,000</u>
Operating Surplus / (-Deficit)	333,000
Plus Non-Operating Revenue	7,080,000
Less Non-Operating Expenditure	690,000
Less Capital Expenditure	6,883,000
Plus Capital Revenue	<u>569,000</u>
Budget Cash Surplus / (Deficit) as at 30 th June 2018	409,000

(b) Council adopts the Budget for the 2017/2018 financial year, which includes the following documents (*Attachment 1 - AR17/18096 Financial Statements*) pursuant to Section 123(7) of the Local Government Act 1999 and Regulation 7 of the Local Government (Financial Management) Regulations 2011.

- (i) Budgeted Statement of Comprehensive Income
- (ii) Budgeted Statement of Financial Position
- (iii) Budgeted Statement of Changes in Equity
- (iv) Budgeted Statement of Cash Flows
- (v) Budgeted Financial Indicators
- (vi) Budgeted Uniform Presentation of Finances

seconded



5. ADOPTION OF CAPITAL VALUATIONS - Ref. AF17/178

moved that pursuant to Section 167(2) of the Local Government Act, 1999 the Council adopts for rating purposes for the 2017/2018 financial year, the Valuer General's most recent valuations of the CAPITAL VALUES applicable to land within the area of the Council, totalling \$3,546,775,340 and that the date of adoption of the valuations is the 5th day of July, 2017.

seconded

6. DECLARATION OF THE ATTRIBUTION OF LAND USES AND CODES – Ref. AF17/178

moved that in exercise of the powers contained in Chapter 10 of the Local Government Act 1999, the attribution of the land uses in the Assessment Record for the 2017/2018 financial year will be in accordance with the categories of land use prescribed by Regulation 14 of the Local Government (General) Regulations 2013.

seconded

7. DECLARATION OF RATES – Ref. AF17/178

moved that pursuant to Sections 152(1)(c), 153(1)(b) and 156(1)(a) of the Local Government Act 1999 and in order to raise rates in the amount of \$19,608,000 the Council hereby declares that differential general rates will apply and will vary according to the use of the land and declares the differential general rates for rateable land within the Council area for the 2017/2018 financial year will be as follows:

1. .24194 of a cent per dollar of assessed capital value on rateable land of category (a) (Residential) category (g) Primary Production., and category (i) (Other) use;
2. .653238 of a cent per dollar of assessed capital value on rateable land of category (b) (Commercial-Shop) category (c) (Commercial-Office), category (d) (Commercial-Other) category (e) (Industry-Light), category (f) (Industry-Other) and category (h) (Vacant Land) use;

seconded

8. DECLARATION OF A FIXED CHARGE – Ref. AF17/178

moved that pursuant to Section 152(1)(c)(ii) of the Local Government Act, 1999 the Council declares in respect of the 2017/2018 financial year a fixed charge on rateable land within the Council area in the sum of \$630.30.

seconded



9. DECLARATION OF SEPARATE RATE - Ref. AF17/178

moved that in exercise of the powers contained in Section 95 of the Natural Resources Management Act, 2004 and Section 154 of the Local Government Act, 1999 and regulation 4B of the Natural Resources Management (Financial Provisions) Regulations 2005 in order to reimburse to the Council the amount contributed to the South East Natural Resources Management Board being a net \$1,079,041 (after write offs), differential separate rates based on a fixed charge of an amount that depends upon the use of the land on all rateable land in the Council's area and in the area of the said Board for the 2017/2018 financial year as follows:

1. \$72.65 per assessment on rateable land of category (a) (Residential), category (h) (Vacant Land) and category (i) (Other) use;
2. \$110.05 per assessment on rateable land of category (b) (Commercial-Shop) category (c) (Commercial-Office), category (d) (Commercial-Other) use;
3. \$174.30 per assessment on rateable land of category (e) (Industry-Light) and category (f) (Industry-Other) use;
4. \$323.00 per assessment on rateable land of category (g) (Primary Production) use;

seconded

10. DECLARATION OF RESIDENTIAL RATE CAP - Ref. AF17/178

moved that pursuant to section 153(3) of the Local Government Act 1999 and for the financial year ending 30th June 2018 but subject to the criteria set out in the Annual Business Plan 2017/2018 being met, the Council fixes a maximum increase to the general rate of 15% in respect of any rateable land that constitutes the principal place of residence of a principal ratepayer and determines that any amount in excess of the 15% be remitted.

seconded

11. PAYMENT OF COUNCIL RATES - Quarterly Billing - Ref. AF17/178

moved that that pursuant to Section 181(2) of the Local Government Act, 1999 the Council declares that quarterly payment of rates and charges in respect of the 2017/2018 financial year be payable on or before:

- Friday, 8th September 2017
- Friday, 8th December 2017
- Friday, 9th March 2018
- Friday, 8th June 2018

Meeting closed at

MJT



12. ATTACHMENTS

Attachment 1 AR17/18096 - Financial Statements



CITY OF MOUNT GAMBIER

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2018

	Budget 2018 \$'000	3rd Review 2017 \$'000	Actual 2016 \$'000
INCOME			
Rates	19,481	18,632	18,327
Statutory charges	388	372	340
User charges	3,637	3,565	3,806
Grants, subsidies and contributions	3,052	3,775	2,250
Investment income	15	11	32
Reimbursements	155	166	274
Other income	-	35	382
Total Income	26,728	26,556	25,411
EXPENSES			
Employee costs	10,298	10,608	10,066
Materials, contracts & other expenses	9,440	9,463	8,955
Depreciation, amortisation & impairment	6,630	6,208	6,704
Finance costs	322	272	236
Total Expenses	26,690	26,551	25,961
OPERATING SURPLUS / (DEFICIT)	38	5	(550)
Asset disposal & fair value adjustments	-	4	(124)
Amounts received specifically for new or upgraded assets	295	2189	585
Physical resources received free of charge	-	-	604
NET SURPLUS / (DEFICIT)	333	2,198	515
transferred to Equity Statement			
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	-	-	-
Total Other Comprehensive Income	-	-	-
TOTAL COMPREHENSIVE INCOME	333	2,198	515

CITY OF MOUNT GAMBIER

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Budget 2018 \$'000	3rd Review 2017 \$'000	Actual 2016 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	-	-	991
Trade & other receivables	1,158	1,158	1,158
Other financial assets	-	-	-
Inventories	39	39	39
	<u>1,197</u>	<u>1,197</u>	<u>2,188</u>
Total Current Assets	<u>1,197</u>	<u>1,197</u>	<u>2,188</u>
Non-current Assets			
Financial assets	28	28	68
Infrastructure, property, plant & equipment	238,987	239,323	234,422
Other non-current assets	-	-	-
Total Non-current Assets	<u>239,015</u>	<u>239,351</u>	<u>234,490</u>
Total Assets	<u>240,212</u>	<u>240,548</u>	<u>236,678</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	3,992	4,236	2,092
Borrowings	239	239	239
Provisions	2,435	2,435	2,435
Total Current Liabilities	<u>6,666</u>	<u>6,910</u>	<u>4,766</u>
Non-current Liabilities			
Trade & Other Payables	-	-	-
Borrowings	2,778	3,203	3,675
Provisions	209	209	209
Total Non-current Liabilities	<u>2,987</u>	<u>3,412</u>	<u>3,884</u>
Total Liabilities	<u>9,653</u>	<u>10,322</u>	<u>8,650</u>
NET ASSETS	<u>230,559</u>	<u>230,226</u>	<u>228,028</u>
EQUITY			
Accumulated Surplus	60,366	59,768	54,680
Asset Revaluation Reserves	168,966	168,966	168,966
Other Reserves	1,227	1,492	4,382
TOTAL EQUITY	<u>230,559</u>	<u>230,226</u>	<u>228,028</u>

CITY OF MOUNT GAMBIER

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2018

Budget 2018	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period	59,768	168,966	1,492	230,226
Net Surplus / (Deficit) for Year	333			333
Other Comprehensive Income				
Transfers between reserves	265		(265)	-
Balance at end of period	60,366	168,966	1,227	230,559
Budget 3rd Review 2016				
Balance at end of previous reporting period	54,680	168,966	4,382	228,028
Net Surplus / (Deficit) for Year	2,198			2,198
Other Comprehensive Income				
Changes in revaluation surplus - infrastructure, property, plant & equipment		-		-
Transfers between reserves	2,890		(2,890)	-
Balance at end of period	59,768	168,966	1,492	230,226

CITY OF MOUNT GAMBIER

STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

	Budget 2018 \$'000	3rd Review 2017 \$'000	Actual 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other	19,481	18,632	18,345
Fees & other charges	388	372	367
User charges	3,637	3,565	4,298
Investment receipts	15	11	33
Grants utilised for operating purposes	3,052	3,775	2,419
Reimbursements	155	166	301
Other revenues	-	35	1,569
<u>Payments</u>			
Employee costs	(10,298)	(10,608)	(9,778)
Materials, contracts & other expenses	(9,440)	(9,463)	(10,766)
Finance payments	(322)	(272)	(237)
Net Cash provided by (or used in) Operating Activities	6,668	6,213	6,551
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets	295	2,189	585
Sale of replaced assets	569	340	368
Sale of surplus assets	-	-	-
Repayments of loans by community groups	-	40	46
<u>Payments</u>			
Expenditure on renewal/replacement of assets	(4,273)	(6,356)	(4,579)
Expenditure on new/upgraded assets	(2,610)	(5,089)	(2,154)
Net Cash provided by (or used in) Investing Activities	(6,019)	(8,876)	(5,734)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings	-	240	-
<u>Payments</u>			
Repayments of borrowings	(425)	(712)	(839)
Repayment of finance lease liabilities	-	-	-
Net Cash provided by (or used in) Financing Activities	(425)	(472)	(839)
Net Increase (Decrease) in cash held	224	(3,135)	(22)
Cash & cash equivalents at beginning of period	(2,166)	969	969
Cash & cash equivalents at end of period	(1,942)	(2,166)	947

CITY OF MOUNT GAMBIER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

FINANCIAL INDICATORS

	Budget 2018	3rd Review 2017	Actual 2016
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These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

The Information Paper was revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.

Operating Surplus Ratio

<u>Operating Surplus</u>	0.0%	0.0%	(2.0%)
Total Operating Revenue			

This ratio expresses the operating surplus as a percentage of total operating revenue.

Adjusted Operating Surplus Ratio

	0%	N/A	3%
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	33%	36%	25%
Total Operating Revenue			

Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	74%	147%	57%
Infrastructure & Asset Management Plan required expenditure			

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

CITY OF MOUNT GAMBIER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	Budget 2018 \$'000	3rd Review 2017 \$'000
Income	26,728	26,556
<i>less</i> Expenses	<u>26,690</u>	<u>26,551</u>
Operating Surplus / (Deficit)	38	5
 <i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	4,273	6,356
Depreciation, Amortisation and Impairment	(6,630)	(6,208)
Proceeds from Sale of Replaced Assets	<u>(569)</u>	<u>(340)</u>
	(2,926)	(192)
 <i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	2,610	5,089
Amounts received specifically for New and Upgraded Assets	(295)	(2,189)
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-	-
	<u>2,315</u>	<u>2,900</u>
Net Lending / (Borrowing) for Financial Year	<u>649</u>	<u>(2,703)</u>