

2017/18 Draft Business Plan and Budget - Questions

Debt

What are the levels of debt and what are the repayments?

- The level of debt as at 8 May 2017 is \$11.3 m
- The forecast debt for 30 June 2017 is \$12.4 m
- The forecast debt for 30 June 2018 is \$14.5 m
- The interest cost forecast for the 16/17 year is \$410 k
- The interest cost in the 17/18 draft Budget is \$491 k

How is the debt repaid?

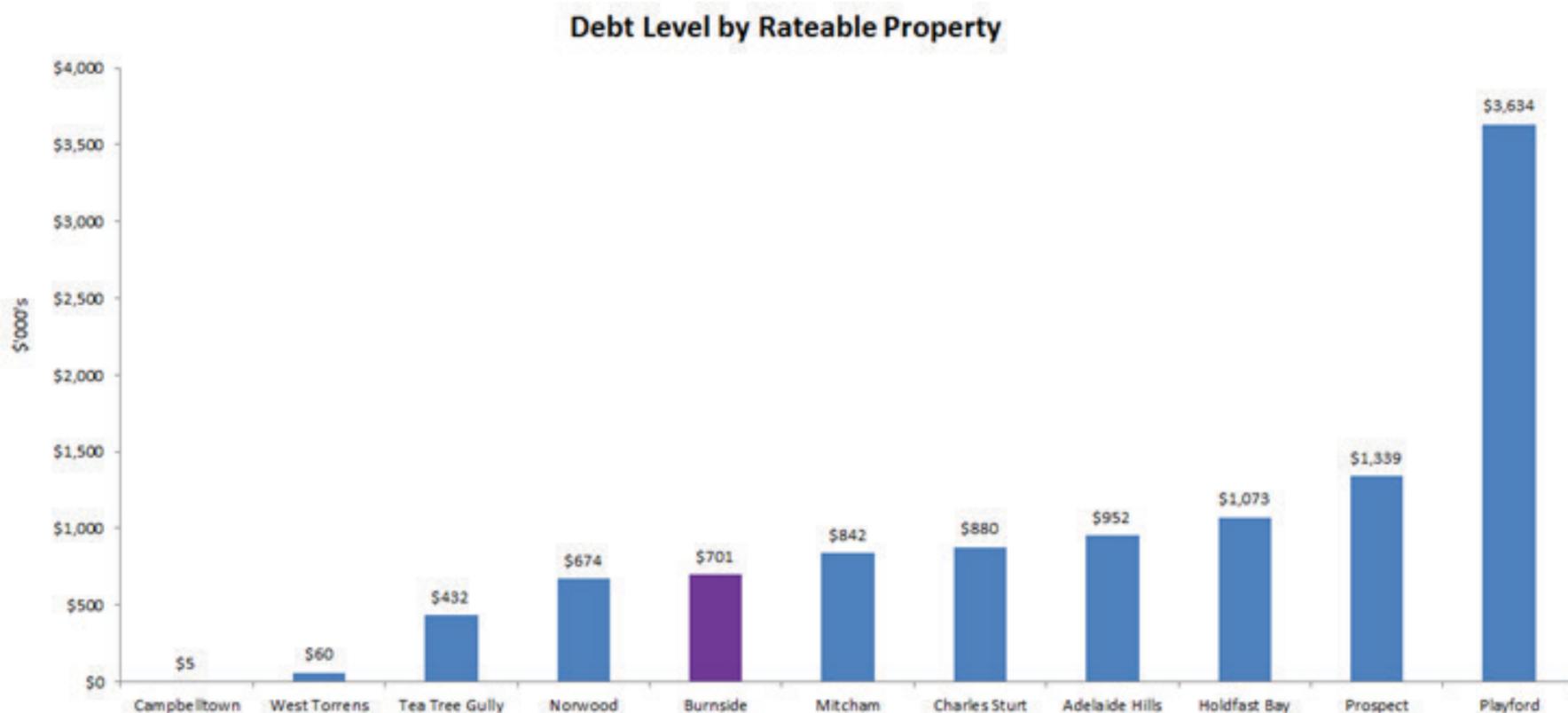
Debt is repaid based on Principal and Interest payments made to the financial institution. Council's current debt repayment term is 20 years.

Why have you chosen to compare the listed Councils to Burnside in your presentation?

The listed Councils were chosen as they are Eastern Region Councils or a similar population size to Burnside.

To facilitate fair comparison of debt for councils please give debt comparison chart on debt by property? For example compare like properties from other council areas.

Please refer to the chart below:



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Funds / loans

Why don't we have a future fund (like Marion)?

Having a future fund would mean rating ratepayers now for assets to be built in the future without any guarantee that residents paying for the asset will be able to utilise this asset. Instead, Council chooses to use debt to build assets now and charge the current and future generations who will be using the asset. This is line with the principles of Inter-generational Equity.

Are loans fixed? Over what period?

What loans have been taken out?

What is the range of interest rates Council pays?

Council has two debenture loans and one Cash Advance Debenture Loan with the following interest rates and periods being applicable:

Debenture Loan 1 – \$2 m at 4.20 per cent (fixed for 15 years)

Debenture Loan 2 – \$3 m at 4.80 per cent (fixed for 15 years)

Cash Advance Debenture Loan – this is like an overdraft facility so the balance varies (variable interest rate currently at 3.75 per cent)

As of 8 May 2017 City of Burnside's total debt level was \$11.3 m.

Capital budget

Why is the Capital budget presented separate to the Operating budget?

Both the Capital and Operating expenses/revenues are accounted for together, as can be seen in the financial statement within the Draft Annual Business Plan and Budget document.

The information is presented separately in the main body of the document as required by legislation.

Legal costs

Why are Council's legal costs so much?

Legal costs can be quite unpredictable and depend on particular planning and other matters that come up during the year.

In 2015/16 Council's legal cost was \$471 k and it is significantly lower in 2016/17 at \$283 k (as at April). For 2017/18, Council has budgeted \$377 k.

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In addition, we are also introducing more rigour around acquiring legal advice and are hoping that this will contribute towards keeping legal fees down.

Employee numbers/cost

Has there been an increase in employee numbers projected for 2017/18?

What is the projected cost of salaries?

No, there has not been an increase in employee numbers. The 2016/17 Salaries Budget was based on 163.9 Full Time Equivalents (FTE). Part of Council's savings target for this current financial year was to reduce FTE Levels by 3. Council has successfully reduced it by 2.4 FTE so far and we are committed to reaching the target level of 3 FTE's by the end of this financial year. As such, next year's Budget is based on 160.9 FTE's.

The projected cost of salaries is \$15.71 m compared to the 2016/17 Adopted Budget of \$15.73 m, which highlights that even though staff salaries will increase during the year, Council has managed to maintain last year's expenditure levels.

Depreciation

What is depreciated?

What is the percentage of depreciation on buildings?

How much of these assets are land?

Other than land, all other assets recognised are systematically depreciated over their useful lives in line with Australian accounting standards.

Once an asset is ready for use, Council calculates the depreciation on it by considering the initial cost of the asset, any residual value and the useful life of the asset.

There is not a 'blanket' percentage applied to all assets, as each asset has a differing value and useful life.

Land is not depreciated. 50 per cent of Council's assets are land assets.

Should debt repayments equal the depreciation rate?

Council repay debts over 20 year terms; and the useful life of assets vary from 5-100 years.

Depreciation is calculated in line with the useful life of an asset.

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Rate percentage / growth percentage

Is the rate percentage represented correctly - what about growth?

All Councils present the rate increase separately to growth. For 2017/18, the growth percentage factored in for City of Burnside is 0.50 per cent.

Why are you pitching the percentage increase above Local Government Price Index?

The Local Government Price Index as at December 2016 was 1.60 per cent. However, this is a historical figure and does not consider the impact of rising electricity costs, solid waste levy and other cost pressures which will be faced by Council in 2017/18. Council has taken these pressures into consideration and predicted that the cost of running Council business next year will be 2.88 per cent. However, due to cost reductions of \$560 k being targeted, Council is able to propose a rates increase of 2.30 per cent instead of 2.88 per cent.

The Local Government Price Index for March 2017 has been reported as being 2.10 per cent.

How many people are on concession rates? What are the concessions?

Hardship rebates, postpone rates.

There are no ratepayers on a concession or on hardship but we have 11 ratepayers that postpone their rates.

Options for payment of rates for ratepayers facing hardships are:

Postponement of rates for Seniors:

- Ratepayers who hold a State Seniors card (or who are eligible to hold a State Seniors card and have applied for one) are able to apply to Council to postpone payment of rates on their principle place of residence. Postponed rates remain as a charge on the land and are not required to be repaid until this property is sold or disposed of. The maximum rates that Seniors are required to pay is \$500.00 per annum and anything over the \$500.00 is postponed and charged interest monthly.*

Hardship

- Remission of rates or postponement of rates from ratepayers suffering ongoing or extreme financial hardship:*

Council considers each application on its own merits. Postponed rates (on the basis of hardship) are also subject to evidenced ongoing extreme hardship criteria.

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Suggesting a 2.3% increase is very misleading when a re-valuation occurs – many will incur a higher impost. Why not run a program which allows council to cap increases to a reasonable level – other councils can do this, and do!

Per the valuations received as at 10 May 2017, the average increase in valuation was 6.84 per cent. However, as can be seen in the table below, majority of the properties have had an increase of less than 6 per cent, which suggests that only a minority will incur a higher than 2.30 per cent rates increase.

Administration is still in the process of receiving valuations from the State Valuation Office and the final statistics will be presented to Council at its 13 June 2017 Council meeting.

Rates Increase Range	Number Of Properties within Range
Less than 0	2962
0 - 2%	5977
2 - 3%	4893
3 - 5%	2526
5 - 6%	1443
6 - 8%	1935
8 - 10%	846
10 - 20%	140
20 - 30%	8
Greater than 30%	43
Total	20773

Proposed projects

Can you provide some detail on the Efficiency & Effectiveness Program Operating project (\$50 k budgeted)?

Council is in the process of reviewing its current service provision to ensure that the services provided meet community expectations and that they are delivered efficiently. The Operating Project for \$50 k relates to acquisition of specialist advice and peer reviews relating to these service reviews.

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Is this expenditure for the Efficiency & Effectiveness Program expected to be spent every year?

Council will continue to undertake service reviews and the Efficiency and Effectiveness program. We expect this program will be self-funding through savings achieved.

Why do we need new a pool cover if we just upgraded the George Bolton Swimming Centre?

The Pool covers were not replaced as part of this upgrade and both covers have reached the end of their useful life.

The main pool cover has been in operation for 7 years and the learners pool cover for approximately 15 years. In addition, the cover and rollers for the learner pools are no longer suitable due to the island structure that was installed as part of the upgrade.

New covers for both the learner and main pool would continue to reduce gas consumption, chemicals and water evaporation when placed over the pools at night time when the Centre is closed.

What is happening with the Conyngham St Depot Master Plan?

The Conyngham Street Depot is currently designated 'Operational Land' and complements the Glynburn Road Depot by allowing for the storage and handling of materials.

The Conyngham Street Depot Master Plan is looking at opportunities for further development of this site.

Council is currently consulting with the community to seek feedback in the development of the Master Plan. The consultation period closes on 22 May.

What are the funds for renewal at Hazelwood Park? Is it intended for parking to spill out onto the street?

The funds allocated for the renewal at Hazelwood Park relates to money for upgrading the car parking, as well as some minor path and creek works. All renewal works will be carried out in line with The Hazelwood Park Conservation and Management Plan.

Council have not yet received the concept designs but at this stage do not expect the car park to extend out onto the street. There will be a community consultation process before designs are finalised.

How many kilometres will the \$1.8 m kerb renewal program in the 2017/18 Draft Budget cover?

The proposed 17/18 kerbing program is intended to upgrade around 9k m of kerbing.

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Why didn't you list the \$value of proposed projects in the documents?

The decision to not include a listing of the budget allocated for each project was made to strive for competition/better value for money in the market. That is, suppliers would see the budgeted amount allocated in the documents and tender for projects based on this value - not based on what it costs them to deliver the project.

By not publishing the values, suppliers must give true values on the cost of the project, and these values are generally below the amount budgeted - creating a saving for Council and achieving better value for money.

Current services

Do you have too many services?

How do you know if the community want these services, can we choose? List them and let us choose.

Will you review the services and will the reviews be done by independent people?

The City of Burnside delivers 118 services.

An independent consultant has undertaken an 'Efficiency and Effectiveness' review. This review looked at the services that Council provides and identified some recommendations for rationalisation and/or improvement.

Council is now in the process of reviewing what services can be stopped, introduced or delivered differently; and where savings can be achieved.

Consultation with the community on the services provided, or any changes proposed, will happen as part of this process. The community has also told us some of this information as part of the Annual Community Survey.

Was the 0.9 per cent rate increase detrimental to services last financial year?

No, the 0.9 per cent increase did not have any detrimental impact on services and service levels last financial year. The low rate was possible as Council had committed to reducing costs and achieving efficiencies.

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General questions

How does Council promote Council Workshops?

Current practice includes notification on Council website as well as notification at the Civic Centre. All Workshop agendas and presentations are available on the website.

Are we replacing our street lights with LED lighting?

Council has a Public Lighting Policy which outlines that any existing streets identified as non-compliant to AS/NZS 1158 requirements will be upgraded with energy efficient LED luminaires. Council will also progressively upgrade all other luminaires with energy efficient LED luminaires.

What is Council doing about the state of kerbing, which in most areas is sub-par?

Through the recent Asset Management Plans undertaken, we have been able to determine the condition levels of kerbing assets and Council is committed to addressing the asset backlog in this area. Council has allocated \$1.8 m in 2017/18 to address Kerb Renewal which will address approximately 13 streets.

Why so many meetings in confidence?

The Local Government Act, 1999 contains provisions which allow a Council to deal with certain matters in confidence.

Each item presented to Council is considered on a case by case basis and it is the subject matter that gives rise to whether the Administration will ultimately recommend to the Council that a matter be dealt with in confidence. A confidential recommendation is made by the Administration if the circumstances so require and in accordance with the confidentiality provisions contained in the Local Government Act, 1999. The Administration cannot control the subject matter. If more matters are presented to Council that may require confidentiality, then Council must deal with those. If less matters are presented to Council that may require confidentiality then Council must deal with those.

If the Council determines that a matter under section 90(3) applies and it is appropriate to maintain such confidentiality, it will resolve to do so. Ultimately, it is the Council that must determine whether to keep the matter in confidence but it must do so in accordance with the established confidentiality provisions contained in the Local Government Act, 1999.

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Does the Community Bus have wheelchair access?

One of the Community Buses has a wheelchair access and the other does not.

When is the RFID (Radio Frequency Identification Device) project going to be completed and when will the library users be able to use the self-service kiosks?

There have been some delays with regards to this project due to some electrical works that need to be done. However, it is expected that the RFID project will be completed by June 2017.

Can we have access to more info about ERA Water?

The CEO provides a regular update to Council on ERA Water and all of the non-confidential reports and minutes are available on the Council website. Each report is dealt with on its own merit and there are instances where the ERA Water Board has requested that the report and minutes be kept confidential and Council has considered it prudent to do so.

The Confidential Items Register is however reviewed on a regular basis and confidential reports and minutes released when appropriate.

Can I have an incentive to pay my rates annually/in first rate round? Discount or benefit?

Administration will conduct a cost benefit analysis of providing an incentive for paying upfront. If beneficial, this proposal will be presented to Council for endorsement.

Is there a traffic management study included for Dulwich Avenue in the 2017/18 Budget?

There is no specific allocation of money at this stage for a broader traffic management study in Dulwich Avenue.

When is the traffic study in the south west sector (ie Dulwich area promised by the staff 5 years ago going to be commenced)?

There is no specific allocation of money at this stage for a broader traffic management study in Dulwich Avenue.

When is the Civic Centre going to be steam cleaned?

The external cleaning of the heritage parts of the Civic Centre is scheduled to occur in 2017/18.

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Are we able to install traffic lights at the Gilles Road, Portrush Road intersection.

No we cannot as it is a Department of Planning, Transport and Infrastructure (DPTI) Road.

This request has been formally put to DPTI previously as a result of both local area traffic management study/issues and bus route changes.

However, at this stage DPTI are reluctant to support this due to the negative impact on Portrush Road being part of the national highway and freight network.

What is the total cost of Brownhill Keswick Creek to Burnside over full life of project?

The total cost of the project is estimated to be around \$150 m with Burnside's commitment being approximately \$17 m.

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What efforts are made to try and attract more business to the council area, to create more growth for Council?

Council is currently undertaking the following activities in an attempt to attract businesses to the council area:

- Reducing the regulatory burden by improving and streamlining processes that create efficiencies and reduce the cost of doing business. This includes simplifying*

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- regulations in order to assist businesses in start-up phase, or during expansion;*
- Connecting the business community with external agencies to encourage growth potential for local growers, producers and purveyors of food and beverages;*
- Promoting retail and associated opportunities in local centres and shopping precincts, attracting interest and new business to the various commercial areas;*
- Mapping local centres, retail precincts and professional services precincts;*
- Advising the creative sector of cultural and creative showcase activities and events; and*
- Sharing the authentic stories of our heritage; highlighting the landscape, people, and the places that comprise the historical fabric of our city. Also, implementing an application for smartphones.*

In addition, Council is currently developing an Economic Development Strategy, designed specifically to encourage, nurture and enhance economic opportunities; attract and grow current and emerging business; and guide the journey towards future sustainable economic growth and prosperity for its customers and stakeholders.

What are the benefits of the LGA?

The role and benefits of the LGA includes the following:

- Advocacy: Influencing state and federal government policy, legislation and funding. Recent wins in this area are:*
 - Retention of pensioner concessions worth \$28 m per year for our seniors;*
 - Avoiding the introduction of rate capping in 2016/17 which would impact Council budgets;*
 - Securing additional road funding providing access to \$93.8 m in 2016/17.*
- Aggregation: Bringing councils together to pursue worthwhile opportunities. Benefits in this area are:*
 - Group Insurance;*
 - Access to cheaper money via LGFA;*
 - Access to bulk electricity contracts.*
- Advancement: Assisting with the business of council, its operations and efficiency. Benefits in this area are:*
 - Governance resources, advice & insights;*
 - \$1.3 m invested annually in targeted research and development;*
 - Access to unique training solutions & professional development.*

How much do we pay Mutual Liability Scheme? What percentage does LGA get?

In 2016/17 Council paid \$264,085 to the Mutual Liability Scheme. We are not aware of what percentage the LGA gets from the Mutual Liability Scheme.

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What about the Long Term Financial Plan - what happens to it once the budget is adopted? Are you going to consult on the LTFP?

Once the 2017/18 Budget is adopted, the 2017/18 Long Term Financial Plan will be reviewed and presented for adoption around November this year. This year, we expect to consult with the community on this Plan.

What is the ERA Water Connection cost? How much is included in the budget?

It has been estimated that the cost of the network connections for City of Burnside will be \$60,000 in 2017/18 and \$140,000 in 2018/19. The draft Budget for Council includes \$60,000 and it's 2017/18 LTFP, when reviewed later this year, will incorporate the \$140,000 in 2018/19.

If ERA Water is expecting to spend \$3.5 m, do they require "additional cash" (over and above \$12 m)?

ERA Water's draft 2017/18 LTFP shows that the current borrowing cap of \$12 m is forecast to be exceeded in 2018/19 by approximately \$13 k. Whilst this marginally exceeds the current cap in place, it is important to note that the financial model used in the Prudential Review had peak debt of around \$12.6 m.

When can a reserve fund be created to squirrel funds to acquire open space for passive use?

Council currently maintains an Open Space Reserve Fund which is used as determined by Council for the purposes of acquiring open space in the City of Burnside.

Why is the Mayor/CEO not in attendance at budget meetings? This happens in most other LGAs – it is called accountability!

The Mayor/CEO are well informed and involved in the budget process. The subject matter experts present and handle the Budget meetings as they are best placed to present the relevant information and answer any questions. The results and feedback of these meetings is presented to the Mayor/CEO subsequently.

What negotiations have taken place with Adelaide City Council (ACC) to develop the south east section of Victoria Park for passive recreational use?

The Council Administration held discussions with ACC staff in early 2016 during the consultation period for the 'Adelaide Park Lands Management Strategy 2015-2025'. This Strategy was adopted by ACC in November 2016 and can be found here - http://www.adelaideparklands.com.au/assets/STRATEGY_Park_Lands_Management_Strategy.pdf. The relevant discussion on the south east section of Victoria Park commences on page 50.